

# **Corporate Governance Report 2021**

Recruit Holdings Co., Ltd.

Last Update: June 18, 2021

**Recruit Holdings Co., Ltd.**

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<https://recruit-holdings.com/>

This Corporate Governance Report (“Corporate Governance Report” or the “Report”) discusses the status of corporate governance in Recruit Holdings Co., Ltd. with reference to the Principles and Supplementary Principles provided in Japan’s Corporate Governance Code (the “Corporate Governance Code”).

<https://www.jpx.co.jp/english/news/1020/b5b4pj000000jvxx-att/20180601.pdf>

In this Report, the terms the “Company,” “Recruit Group,” “we,” and “our” refer to Recruit Holdings Co., Ltd. and its consolidated subsidiaries unless the context indicates otherwise. The “Holding Company” refers to Recruit Holdings Co., Ltd. (“Recruit Holdings”) on a standalone basis.

The Company’s fiscal year starts on April 1 and ends on March 31 of each year. Accordingly, “FY2020” refers to the period from April 1, 2020 to March 31, 2021. References to “FY” or “fiscal year” for prior and subsequent are to 12-month periods commencing in each case on April 1 of the year indicated and ending on March 31 of the following year.

## Basic Policy on Corporate Governance

### Management Philosophy

The management philosophy of the Company is expressed in its Basic Principle, Vision, Mission and Values:

#### Basic Principle

We are focused on creating new value for our society to continue to a brighter world where all individuals can live life to the fullest.

#### Vision

Follow Your Heart

#### Mission

Opportunities for Life.

Faster, simpler and closer to you.

#### Values

Wow the World

Bet on Passion

Prioritize Social Value

Guided by Recruit Group Management Philosophy, the Board of Directors prioritizes corporate governance policies and practices that are designed to achieve long-term growth, increased corporate and shareholder value, and benefits for all of our stakeholders. Our stakeholders include employees, individual users and

business clients, as well as our shareholders, business partners, non-profit organizations (NPOs) and non-governmental organizations (NGOs), national and other governments, and local communities.

In order to further enhance corporate value in the future, the Company believes it is important to prosper together with all stakeholders through all corporate activities with a sound governance foundation. Therefore, the Company has redefined its commitment to sustainability as well as setting ESG targets, and defines corporate governance as one of our material foundations for our corporate activities, and prioritizes related initiatives.

On June 11, 2021, Tokyo Stock Exchange (TSE) announced the revision of the Corporate Governance Code, and the contents of this report comply with the code before the revision. Based on this premise, the Company complies with all of the Principles and Supplementary Principles stipulated in the Corporate Governance Code of Japan before the revision. In this Corporate Governance Report, moreover, in addition to items for which mandatory disclosure is indicated in the Corporate Governance Code, the Board of Directors has stipulated the policy that other principles and supplementary principles relevant to the Company are to be disclosed to the extent possible.

The above section complies with Corporate Governance Principles 2-1, 3-1(ii).

### Company Goals and Strategies

The Company strives to maximize enterprise value and shareholder value by responding to the rapidly transforming technology and internet landscape and by identifying business opportunities globally. Through HR Technology, HR Solutions in Media & Solutions and Staffing, the Company aims to dramatically improve matching between job seekers and employment opportunities within the HR Matching market. Also, through SaaS solutions provided by Media & Solutions, the Company strives to improve the business performance and productivity of clients' businesses.

In an environment of high uncertainty, the Company believes that making a positive impact on society and this shared planet is key to achieving sustainable growth, and prospering together with all stakeholders through all corporate activities with a sound governance foundation is important. Therefore, the Company has set specific targets for environmental, social and governance (ESG) matters as a corporate strategy which will be monitored by the Board of Directors, and will take initiatives through dialogue with stakeholders.

Please visit the Company website for the details.

The Earning Release for FY2020 disclosed in May 2021:

[https://recruit-holdings.com/ir/library/upload/report\\_202103Q4\\_er\\_en.pdf](https://recruit-holdings.com/ir/library/upload/report_202103Q4_er_en.pdf)

To implement the management strategy described above, the Company has established a corporate framework within which the Company could best continue to grow globally while meeting the challenges of a constantly evolving worldwide technology-focused business. In April 2018, the Company was reorganized and established a managing entity called SBU Headquarters, which manages the subsidiaries of each Strategic Business Unit (SBU). The focus of this reorganization was to create an operating environment in which the Company could execute transactions for expansion, divestitures, and reorganization of the business portfolio in the most expedient manner possible.

On April 1, 2021, Recruit Co., Ltd., the headquarters of Media & Solutions SBU, integrated its wholly-owned seven core operating companies and functional companies into Recruit Co., Ltd. Recruit Co., Ltd. aims to implement management strategy, while strengthening corporate governance functions in Media & Solutions SBU.

The Board of Directors values constructive dialogue with shareholders on a range of issues, including the Company's strategies. In its discussions of mid- to long-term strategies, the Board of Directors reviews and

makes effective use of feedback from shareholders.

To ensure that management is focused on implementing the mid- to long-term strategy, the Company's compensation plans for internal Directors of the Board and Corporate Executive Officers incorporate performance indicators which reflect financial performance goals and shareholder value.

The Board of Directors and management are committed to using the Company's capital efficiently to achieve sustainable growth and increase the enterprise value of the Company over the long term. To that end, they closely monitor the Company's cost of capital and assess growth opportunities against their prudently established targets for return on investment and equity. The Company sets its ROE target at approximately 15%, aiming to achieve capital efficiency above the cost of shareholders' equity on a consolidated basis. When evaluating each investment opportunity, management and the Board of Directors apply a hurdle rate exceeding the cost of capital.

The section above complies with Corporate Governance Principles 3-1 (i) and 5-2 and Supplementary Principles 4-1-2.

## Disclosure Based on Principles of the Corporate Governance Code

The Company has adopted the following policies based on the five general Principles of Japan's Corporate Governance Code.

### Securing the Rights and Equal Treatment of Shareholders

The Company recognizes the Shareholders Meeting as the Company's highest decision-making body. The Shareholders Meeting serves as an opportunity for shareholders to express their views on the Company's strategy and goals, and the Board of Directors engages in constructive dialogue with shareholders so that their opinions are properly taken into account.

To ensure the fair and equal treatment of shareholders and to foster an appropriate environment for shareholders to exercise their voting rights, the Company implements the following measures:

- Early delivery of the Notice of Shareholders Meeting to allow enough time for a thorough understanding of the status of the business
- Posting of the Notice of Shareholders Meeting electronically in Japanese and English prior to sending it by mail
- Allowing voting by mail and the Internet for those who are unable to attend the Shareholders Meeting

The Company is committed to disclosing all information that will help shareholders cast informed votes at the Shareholders Meeting. Its disclosures relating to the Shareholders Meeting agenda go beyond what is legally mandated.

The Company facilitates shareholder activity in accordance with the "Share Handling Rules" which stipulate methods for shareholders to exercise their rights effectively. The methods include requests to view the shareholder registry or Board of Directors meeting minutes, the shareholders' right to make proposals at the Shareholders Meeting, the ability to bring a cease and desist order or file a shareholder class action in case of violation of law by a Director of the Board, and other rights of minority shareholders recognized in the Companies Act of Japan.

The above section complies with Corporate Governance General Principle 1, Principles 1-1, and 1-2 and Supplementary Principle 1-1-3 and 1-2-1.

### Appropriate Cooperation with Stakeholders Other Than Shareholders

The Company considers all of its stakeholders to be important, including not only its shareholders but also its employees, individual users, business clients, business partners, non-profit organizations (NPOs) and non-governmental organizations (NGOs), national and other governments, and local communities. The Company aims to realize its Basic Principle and create corporate value for all the stakeholders in a sustainable manner.

In order to achieve the Basic Principle, the Board of Directors and Corporate Executive Officers consider it important to realize a continuous cycle of long-term business growth and contribution to society through the business. Dialogue with stakeholders is reported to the Board of Directors, and the Board of Directors and Corporate Executive Officers incorporate their inputs into our management strategies and goals.

The committees, which were voluntarily established as advisory bodies to the Board of Directors, hold discussions regarding stakeholders. Each committee reports to the Board of Directors on stakeholder engagement topics, including stakeholder input for the following:

- Policies and proposed actions for promoting a compliance mindset from the Compliance Committee
- Key risk themes from the Risk Management Committee
- Policies on sustainability actions from the Sustainability Committee

The Board of Directors monitors the progress of these activities and discusses important issues to incorporate into management discussions.

In addition, the Board of Directors and Corporate Executive Officers take the lead in discussions and initiatives based on dialogue with stakeholders, including dialogue with shareholders through online meetings and stakeholder surveys, and communication with specialists and experts.

The above section complies with Corporate Governance General Principle 2.

#### Ensuring Appropriate Information Disclosure and Transparency

The Company actively discloses non-financial information including environmental, social, and governance (ESG) topics and our corporate culture, in addition to financial information such as quarterly financial performance.

The Company discloses such information online in both English and Japanese in principle, and goes beyond legally mandated disclosures to make voluntary disclosures in order to ensure transparency and fairness for a broad range of stakeholders.

The disclosures include financial information, such as a quarterly financial results summary and FAQs, non-financial information, and transcripts and audio recordings of conference calls, which are disclosed on the Company website. The Company started to voluntarily disclose the English version of its Annual Report (translated from “*Yukashouken Houkokusho*”), beginning in 2020, which listed companies in Japan are legally required to publish in Japanese and includes disclosure of annual financial results and non-financial information such as governance and risk information.

Each Director of the Board is involved in disclosing useful and readily understandable information for stakeholders. Information disclosure forms the basis of the Company’s dialogue with shareholders and other stakeholders, and feedback obtained through this engagement with stakeholders is used to further improve its disclosures.

The above section complies with Corporate Governance General Principle 3 and Supplementary Principles 3-1-1.

#### Responsibilities of the Board of Directors and Committees

The Company’s Board of Directors is responsible for (i) decisions on basic management policies, (ii) management oversight, (iii) executive decisions that could have a major impact on the Recruit Group, and (iv) decisions on matters required to be resolved by the Board of Directors as provided in relevant laws and regulations, all of which are aimed at increasing corporate value and shareholder value in the medium to long term.

To establish an environment that supports appropriate risk-taking by the Directors of the Board and Corporate Executive Officers, the Board of Directors establishes the Compliance Committee and the Risk Management Committee as advisory bodies. The two Committees monitor SBU activities and identify key risks for the Company. The Business Strategy Meeting then considers whether the particularly significant risks have been identified and adequate mitigation measures are set. The results are reported to the Board of Directors. Based on the Committee reports, the Board of Directors assesses and manages the Company’s overall risk. When the decision-making speed is critical, the Board of Directors entrusts a certain degree of executive decision-making authority to the President, CEO, and Representative Director and oversees the execution status.

To ensure effective oversight of Executive Directors and Corporate Executive Officers, the Board of Directors appoints multiple independent outside Directors of the Board and outside Audit & Supervisory Board members. In order to enhance the objectivity and effectiveness of supervisory functions, the Nomination and Compensation Committees are chaired by Independent Directors, and serve as advisory bodies to the Board of Directors.

Regarding nomination and dismissal of Directors and Corporate Executive Officers, the Nomination Committee deliberates whether an appointment or dismissal is appropriate by taking into consideration the overall assessment of candidates for positions including evaluation of performance, capabilities, and qualities.

Directors of the Board, elected by the shareholders and entrusted with management of the Company, bear fiduciary responsibilities, including diligence in the performance of their duties, and contribution to sustainable growth and increases in enterprise and shareholder value over the medium to long term.

The Company's Directors, Audit & Supervisory Board members, and Corporate Executive Officers are aware of their responsibilities entrusted to them by shareholders, and act for the joint benefit of shareholders and the Company while ensuring appropriate cooperation with stakeholders.

The Sustainability Committee meets twice annually, and serves as an advisory body to the Board of Directors. The Committee's participants include Executive Directors, Corporate Executive Officers who are CEOs of SBU Headquarters, the chairperson of the Board of Directors, and internal and outside experts. To increase awareness of the demands and expectations of broader society, the Committee emphasizes engagement with diverse stakeholders and conducts extensive discussion with stakeholders including NGOs. The Board of Directors then confirms the action plans and fiscal year policy for the Company's sustainability activities and promotes specific activities.

Annually, the Board of Directors analyzes and assesses its own effectiveness, confirms whether deliberations are conducted properly from the perspective of all stakeholders involved in the Company, and carries out initiatives for improvement.

The above section complies with Corporate Governance General Principle 4, Principles 4-1, 4-3 and 4-5.

### Dialogue with Shareholders

The Company believes constructive dialogue with shareholders can help realize the Recruit Group Management Philosophy and achieve sustainable increases in enterprise value and shareholder value.

In addition to discussions with shareholders at the Annual Meeting of Shareholders, Directors of the Board and Corporate Executive Officers meet with both overseas and Japanese shareholders and investors. Through this dialogue, Directors and Corporate Executive Officers help shareholders and investors understand the Company's management policies and receive feedback from shareholders on the Company's strategy, goals and policies.

To promote dialogue with shareholders and investors, the Board of Directors appoints a Corporate Executive Officer in charge of Investor Relations in the Corporate Planning Division, and establishes a department dedicated to Investor Relations. In addition, the Company also sets up a contact point for inquiries from individual shareholders and individual investors.

The Board of Directors including Independent Directors discusses the feedback from shareholders and investors and uses this feedback to fulfill its role to monitor management and execute decisions.

The above section complies with Corporate Governance General Principle 5.

### Other Disclosures Than General Principles

The status of compliance with all principles and supplementary principles of the Corporate Governance Code, including the principles and supplementary principles for which disclosure is to be made, is described in this Report, with index numbers assigned to the principles indicated for reference.

## Capital Structure

### Ratio of Shares Owned by Overseas Shareholders

More than 30%

### Major Shareholders

Name	Number of shares owned	Ratio of ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	169,067,500	10.33
Custody Bank of Japan, Ltd. (Trust account)	91,430,800	5.59
JP MORGAN CHASE BANK 385632	50,782,321	3.10
TOPPAN PRINTING CO., LTD.	50,100,000	3.06
Dai Nippon Printing Co., Ltd.	40,100,000	2.45
Custody Bank of Japan, Ltd. (Trust account 7)	36,218,100	2.21
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	34,265,525	2.09
Nippon Television Network Corporation	29,330,000	1.79
The Recruit Group Employees Shareholding Association	28,794,780	1.76
NTT DATA Corporation	28,350,000	1.73

### Controlling Shareholders (excluding Parent Company)

None

### Parent Company

None

### Supplementary Information

The Company's treasury stock (60,374,434 shares) is excluded in the calculation of the shareholding ratio in the Major Shareholders section above. Treasury stock does not include the Company's stock held by the Board Incentive Plan (1,389,130 shares).

A Report of Large Volume Holding that was made available for public inspection on November 7, 2019 reports that BlackRock Japan Co., Ltd. and its joint holders BlackRock Advisers, LLC, BlackRock Investment Management LLC, BlackRock Fund Managers Limited, BlackRock Asset Management Ireland Limited, BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., and BlackRock Investment Management (UK) Limited hold shares as given below as of October 31, 2019. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the Report of Large Volume Holding mentioned above is as follows.

Name	Number of shares owned
BlackRock Japan Co., Ltd.	23,983,500
BlackRock Advisers, LLC	1,710,894
BlackRock Investment Management LLC	2,162,802
BlackRock Fund Managers Limited	1,934,004
BlackRock Asset Management Ireland Limited	5,769,456
BlackRock Fund Advisors	19,339,000
BlackRock Institutional Trust Company, N.A.	22,294,930
BlackRock Investment Management (UK) Limited	8,165,122
Total	85,359,708

A Report of the Report of Large Volume Holding that was made available for public inspection on May 11, 2020 reports that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holders Nikko Asset Management Co., Ltd. hold shares as given below as of April 30, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the change report is as follows.

Name	Number of shares owned
Sumitomo Mitsui Trust Asset Management Co., Ltd.	48,135,600
Nikko Asset Management Co., Ltd.	37,486,600
Total	85,622,200

A change report of the Report of Large Volume Holding that was made available for public inspection on July 21, 2020 reports that Nomura Securities Co., Ltd. and its joint holders NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd. hold shares as given below as of July 15, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the change report is as follows.

Name	Number of shares owned
Nomura Securities Co., Ltd.	2,572,647
NOMURA INTERNATIONAL PLC	1,812,603

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Nomura Asset Management Co., Ltd.	83,182,100
Total	87,567,350

A change report of the Report of Large Volume Holding that was made available for public inspection on December 7, 2020 reports that Capital Research and Management Company and its joint holders Capital International Inc. and Capital International K.K. hold shares as given below as of November 30, 2020. However, their holdings are not reflected in the status of major shareholders above since the Company was not able to confirm beneficial ownership or the number of shares held as of March 31, 2021.

Overview of the change report is as follows.

Name	Number of shares owned
Capital Research and Management Company	56,357,897
Capital International K.K.	3,351,200
Total	59,709,097

**Corporate Attributes**

Stock exchange listings and market classification	First Section of the Tokyo Stock Exchange
Fiscal year-end	March
Type of business	Services
Number of employees as of previous fiscal year-end (Consolidated)	1,000 or more
Consolidated revenue in previous fiscal year	1 trillion yen or more
Number of consolidated subsidiaries at previous fiscal year-end	300 or more

**Policy on Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholders**

Not applicable.

**Other Exceptional Circumstances That May Have a Material Impact on Corporate Governance**

Not applicable.

## Overview of Business Management Organization and Other Corporate Governance Systems

### Items relating to Organizational Structure and Operations, Etc.

Structure of organization	Company with an Audit & Supervisory Board
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#### Directors of the Board

Maximum number of Directors stipulated in Articles of Incorporation	Up to 11
Term of office for Directors stipulated in Articles of Incorporation	1 year
Chair of the Board of Directors	Chairperson
Current number of Directors	6
Appointment of outside Directors	Appointed
Number of outside Directors	2
Number of Independent Directors of the above	2

#### Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*										
		a	b	c	e	f	g	h	i	j	k	
Naoki Izumiya	Outside Directors								△			
Hiroki Totoki	Outside Directors								○			

\* Categories for "Relationship with the Company"

\* "○" when the Director currently falls or has recently fallen under the category; "△" when the Director fell under the category in the past

\* "●" when a close relative of the Director currently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a A person serving in an executive role at the Company or its subsidiary

b A person serving in an executive role at or who is a non-executive director of the parent company

c A person serving in an executive role at an affiliate that is another subsidiary of the parent company

d An entity whose major customers include the Company or a person serving in an executive role at such entity

e An entity who is a major customer or supplier of the Company or a person serving in an executive role at such entity

f A consultant, accountant, or lawyer who receives a large amount of monetary compensation or other property (other than compensation as an outside Director) from the Company

g A major shareholder of the Company (or a person serving in an executive role at such shareholder, in cases where the major shareholder is corporate or other entity)

h A person serving in an executive role at a customer or supplier of the Company (other than those to which item d, e, or f applies) (this item applies only to the outside Director himself/herself)

i A person serving in an executive role at an entity that has an outside Director or Audit & Supervisory Board member from the Company (this item applies only to the outside Director himself/herself)

j A person serving in an executive role at an entity to which the Company makes donations (this item applies only to the outside Director himself/herself)

k Other

**Relationship with the Company (2)**

Name	Independent Director	Supplementary Information related to the Applicable Category	Reason for Appointment
Naoki Izumiya	○	<p>Mr. Izumiya meets both the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Holding Company.</p> <p>Within the past 10 years, Mr. Izumiya has served as Chairman and Representative Director of Asahi Group Holdings, Ltd., which has a business relationship with the Company in services including our Media &amp; Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Asahi Group Holdings, Ltd. and the Company, respectively, and are thus too small to be material.</p> <p>In addition, he currently serves as Independent Director of Obayashi Corporation, which has a business relationship with the Company in services including the Media &amp; Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Obayashi Corporation and the Company, respectively, and are thus too small to be material.</p> <p>Therefore, the Company believes that Mr. Izumiya has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>	<p>Mr. Izumiya has a strong background in advanced corporate communication strategy, a track record of executive development, and extensive experience enhancing enterprise value through aggressive acquisition and successful synergistic integration of overseas companies. Mr. Izumiya has served as an outside Director of the Board of Recruit Holdings since 2018. We believe that he is the appropriate person to advise the Company on overall management and supervise the execution of the business, and should continue to serve as outside Director of the Board.</p> <p>The above section complies with Corporate Governance Principle 3-1 (v).</p>
Hiroki Totoki	○	<p>Mr. Totoki meets both the requirements for independence stipulated by the Tokyo Stock Exchange and those of the Holding Company.</p> <p>He currently serves as Director, Executive Deputy President and CFO, Representative Corporate Executive Officer of Sony Group Corporation, which has a business relationship with the Company</p>	<p>Mr. Totoki has deep insight, cultivated through years of managing a global company with diversified business portfolios and experience leading technology-based business development. Mr. Totoki has served as an outside Director of the Board of Recruit Holdings since 2018. We believe that he is the appropriate person to advise</p>

		<p>including our Media &amp; Solutions business and Staffing business.</p> <p>However, such transactions account for less than 1% of Sony Group Corporation consolidated sales and operating revenue and the Company's consolidated revenue, respectively, and are thus too small to be material.</p> <p>Therefore, the Company believes that Mr. Totoki has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>	<p>the Company on overall management and supervise the execution of business, and should continue to serve as outside Director of the Board.</p> <p>The above section complies with Corporate Governance Principle 3-1 (v).</p>
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Establishment of voluntary committees equivalent to Nomination Committee or Compensation Committee      Established

**Establishment of Voluntary Committees, Composition, and Attributes of Chairperson**

Name of the Committee	Composition of the Committee						Chair
	Total	Standing Members	Internal Directors	Outside Directors	Outside Experts	Others	
Nomination Committee	5	0	2	2	0	1	Outside Director
Compensation Committee	5	0	2	2	0	1	Outside Director

**Additional Information**

“Other” members of the Nomination Committee and Compensation Committee are outside Audit & Supervisory Board members.

**Audit & Supervisory Board Members**

Whether an Audit & Supervisory Board is established	Established
Number of Audit & Supervisory Board members stipulated in Article of Incorporation	Up to 5
Number of Audit & Supervisory Board members	4

**Status of Internal Audits, Audits by the Audit & Supervisory Board Members, and Audits by the Independent Auditor; and the Relationship with the Internal Control Division**

The Company has adopted a three-way audit through which audits are conducted by the Audit & Supervisory Board members, an audit and assurance firm which serves as an Independent Auditor, and the Company's Internal Audit Department. Audits by Audit & Supervisory Board members and the Independent Auditor are statutory. Internal audits are voluntary, focusing on internal independent evaluations of the internal control structure and prevention of internal misconduct, and carried out under the direction of management.

The Internal Audit Department, Audit & Supervisory Board members, and the Independent Auditor mutually cooperate. Audit & Supervisory Board members request the Independent Auditor and the Internal Audit Department to report on their methods and results as required at the meetings of the Audit & Supervisory Board. In addition, the standing Audit & Supervisory Board members exchange information individually with the Independent Auditor and the Internal Audit Department on a regular basis. The Internal Audit Department reports and shares information when requested by an Audit & Supervisory Board member or the Audit & Supervisory Board, and shares information separately with the Independent Auditor.

Status of Internal Audits, Audits by the Audit & Supervisory Board Members, and Audits by the Independent Auditor; and the Relationship with the Internal Control Division are as follows:

#### Internal Audits

Internal audits are conducted by the Internal Audit Department, which consists of nineteen members as of April 1, 2021, and reports directly to the President, CEO, and Representative Director. The main duty of the Internal Audit Department is to conduct audits of operations and internal controls related to financial reporting, based on its annual audit plan.

The Internal Audit Department evaluates the operational status and the maintenance of internal controls. When a deficiency is found, the Internal Audit Department notifies the audited division and the departments responsible for internal controls to improve the situation. The Internal Audit Department also follows up on the status of improvements to ensure that the business of the Company is conducted appropriately.

#### Audits by the Audit & Supervisory Board Members

The Audit & Supervisory Board comprises four members, including two outside members, and meets once a month in principle. The Audit & Supervisory Board determines the auditing policy and the division of duties, and audits the performance of the Directors of the Board in accordance with the annual audit plan. The audits focus on the internal controls, compliance and risk management system of the Company.

The Audit & Supervisory Board works to improve effectiveness and efficiency of the audit process. This means ensuring that there is adequate time to conduct audits, engaging in active monitoring, and providing guidance for prevention and handling of cases of misconduct, deficiencies, and other negative issues. This is achieved by communicating and coordinating with the Audit & Supervisory Board members and other officers of subsidiaries and by receiving periodic reports on the audit results of the subsidiaries and associates. The Independent Auditor also provides periodic audit reports.

In order to evaluate Directors' performance of their duties, the Audit & Supervisory Board oversees maintenance and operation of internal controls, and receives reports from the departments responsible for internal controls and the Internal Audit Department. Additionally, the Company has designated Assistants to assist all Audit & Supervisory Board members including outside members in the performance of their duties.

**Major agenda of the Audit & Supervisory Board during FY2020**

During FY2020, the Audit & Supervisory Board discussed and exchanged opinions on basic audit matters stipulated in laws and regulations and the Articles of Incorporation. In addition to the basic audit matters, the Audit & Supervisory Board discussed and exchanged the opinion on important matters for auditing based on reports by standing Audit & Supervisory Board members and related departments.

**Priority Audit Matters**

In addition to the basic audit matters, the Audit & Supervisory Board examined the following three priority audit matters set for FY2020 with the perspective of the Company achieving sustainable growth and increasing enterprise value over the mid-to long-term.

- The Board of Directors functions to enhance strategic decision-making and monitor the Company's operations
- Planning and execution of key business strategies in each SBU
- The evolution of risk management, and the promotion and effectiveness of this function

**Basic Audit Matters**

The Audit & Supervisory Board examined issues below including related risks as basic audit matters following the annual audit plan:

- Audit related to the execution of duty by each Director of the Board
- Audit related to the monitoring of business execution and Internal Controls
- Audit related to the Audit by Independent Auditor

The Audit & Supervisory Board conducted major activities as follows based on basic audit matters above.

**Audit related to the execution of duty by each Director of the Board**

Attending the meetings of the Board of Directors and other committees, confirming the status of execution, requesting explanations as necessary, and expressing opinions.

Communicating and exchanging information with Representative Director and Executive Directors of the Board, gathering information and exchanging opinions on the audit items.

Conducting meetings with outside Directors of the Board and outside Audit & Supervisory Board members, exchanging information and opinions on the audit items with them.

Reporting on the audit status of priority audit matters to the Board of Directors every six months.

**Audit related to the monitoring of business execution and Internal Controls**

Attending the Business Strategy Meeting and other important meetings to confirm the status of business execution, requesting explanations as necessary, and expressing opinions.

Communicating and exchanging information with the Corporate Executive Officers and the heads of divisions, and collecting information and exchanging opinions on auditing matters.

Receiving periodic audit reports from Audit & Supervisory Board members and non-Executive Directors of the Board of the Company's subsidiaries, collecting information and exchanging opinions on audit matters.

Receiving periodic reports, from the departments responsible for internal controls and internal audits, on the status of maintenance and operation of the internal controls, requesting explanations as necessary, and expressing opinions.

#### Audit related to the audit by the Independent Auditor

Confirming the annual audit plan of the Independent Auditor in advance and deliberating the possibility of consent to the fees for the Independent Auditor and other matters. This is based on the policy of unifying the accounting audits of the Company including overseas consolidated subsidiaries with the same accounting firm network and conducting audits including non-statutory voluntary audits.

Interviewing and deliberating the audit opinions and recommendations of the Independent Auditor regarding the quarterly and annual financial statements.

Receiving information on, and exchanging opinions of, important accounting audits performed by the Independent Auditor on the Company including consolidated overseas subsidiaries.

Confirming with the Independent Auditor the potential candidate items for Key Audit Matters ("KAM") and the perception of risk related to each KAM, and exchanging opinions from the perspectives of material events, uncertainty, and audit difficulty.

As part of the annual evaluation of the Independent Auditor, together with the accounting division, investigating and understanding the actual status of the audit work of the Independent Auditor based on the evaluation criteria of quality control system, independence, expertise, understanding of business fields and global expansion, and requesting necessary improvements. Discussing the policy for the selection and dismissal of the Independent Auditor, taking into consideration the period of continuous audit of the audit firm and its Designated Engagement Partners.

#### **Audits by the Independent Auditor**

##### ***Name of the Independent Auditor***

Ernst & Young ShinNihon LLC

##### ***Consecutive Auditing Period***

Since 1984

##### ***Certified Public Accountants Who Performed the Audit***

Yoji Murohashi

Yoshifumi Mitsugi

Takuto Miki

##### ***Composition of Assistants Involved in the Audit Work***

29 certified public accountants and 33 other assistants

##### ***Policy for the Selection of the Independent Auditor and Reasons for the Selection***

The Company has selected Ernst & Young ShinNihon LLC as its Independent Auditor as a result of a comprehensive consideration of relevant factors including its quality control system, independence, expertise, and the understanding of the business areas the Company is engaged in on a global scale.

##### ***Evaluation of the Independent Auditor by the Audit & Supervisory Board***

The Audit & Supervisory Board evaluates the Independent Auditor in accordance with the policy below.

- The Audit & Supervisory Board of the Company shall dismiss the Independent Auditor upon the consent of all Audit & Supervisory Board members, in the case that the Independent Auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act of Japan.
- In cases other than the above, where the conduct of a proper audit is deemed difficult due to factors such as the occurrence of an event damaging the eligibility and independence of the Independent Auditor, the Audit & Supervisory Board shall propose the dismissal or non-reappointment of the Independent Auditor to the Shareholders Meeting.

The Audit & Supervisory Board assesses the appropriateness of the performance of the duties of the Independent Auditor through discussions when receiving regular audit reports from the Independent Auditor. At the same time, the independence and expertise of the Independent Auditor are confirmed by receiving reports on the securing of independence by the Independent Auditor and exchanging opinions on those occasions. In addition, as an annual evaluation of the Independent Auditor, the Audit & Supervisory Board, together with the accounting division of the Company, prepares evaluation standards, investigates and gains an understanding of the status of the audit work of the Independent Auditor, and conducts an evaluation.

##### ***Other***

The Independent Auditor or engagement partners of the Independent Auditor engaged in the Company's audit have no special interests in the Company. In addition, the Independent Auditor receives an internal control report from the President and Representative Director, conducts internal control audits, monitors and verifies the development of an internal control and its operational status, and receives reports from the Internal

Control Division as necessary in the audit process. At the same time, the Independent Auditor holds discussions with management to understand the general situation such as the nature of the business and trends in the business environment, and to understand management's assessment of internal controls and fraud risk.

The above section complies with Corporate Governance Principle 3-2 and Supplementary Principles 3-2-1 (i), 3-2-1 (ii), 3-2-2 (i), 3-2-2 (ii), 3-2-2 (iii) and 3-2-2 (iv).

Whether outside Audit & Supervisory Board members are appointed	Appointed
Number of outside Audit & Supervisory Board members	2
Number of Independent Audit & Supervisory Board members of the above	2

### Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*												
		a	b	c	e	f	g	h	i	j	k	l	m	
Yoichiro Ogawa	Certified public accountant										△			
Katsuya Natori	Attorney													

\* Categories for "Relationship with the Company"

\* "○" when the outside Audit & Supervisory Board member currently falls or has recently fallen under the category; "△" when the outside Audit & Supervisory Board member fell under the category in the past

\* "●" when a close relative of the outside Audit & Supervisory Board member currently falls or has recently fallen under the category; "▲" when a close relative of the outside Audit & Supervisory Board member fell under the category in the past

a A person performing an executive role at the Company or its subsidiary

b A person who is a non-executive director or accounting advisor of the Company or its subsidiary

c A person performing an executive role at or who is a non-executive director of the parent company

d A person who is an Audit & Supervisory Board member at the parent company

e A person performing an executive role at an affiliate that is another subsidiary of the parent company

f An entity whose major customers include the Company or a person who executes business thereof

g An entity who is a major customer or supplier of the Company or a person who executes business thereof

h A consultant, accountant, or lawyer who receives a large amount of monetary compensation or other property (other than compensation as an outside Audit & Supervisory Board member) from the Company

i A major shareholder of the Company (or a person performing an executive role, which applies if the major shareholder is a juridical person)

j A person performing an executive role at a customer of the Company (other than those to which item f, g, or h applies) (this item applies only to the outside Audit & Supervisory Board member himself/herself)

k A person performing an executive role at an entity that has an external director or corporate auditor from the Company (this item applies only to the outside Audit & Supervisory Board member himself/herself)

l A person performing an executive role at an entity to which the Company makes donations (this item applies only to the outside Audit & Supervisory Board member himself/herself)

m Other

**Relationship with the Company (2)**

Name	Independent Audit & Supervisory Board Member	Supplementary Information related to the Applicable Category	Reason for Appointment
Yoichiro Ogawa	○	<p>Mr. Ogawa currently heads the Yoichiro Ogawa CPA Office. Within the past 10 years he has also worked for Deloitte Touche Tohmatsu Limited, Deloitte Touche Tohmatsu LLC, and the Deloitte Tohmatsu Group. These companies have business relationships with the Company including the HR Technology business, the Media &amp; Solutions business and the Staffing business. However, such transactions account for less than 1% of the sales of those companies and the Company's consolidated revenue, respectively, and are thus too small to be material. Therefore, the Company believes that Mr. Ogawa has sufficient independence where there are no potential conflicts of interests with general shareholders.</p>	<p>Mr. Ogawa has international accounting expertise as a certified public accountant and has management experience, having served as CEO of a global accounting firm. Mr. Ogawa brings a neutral and objective perspective supported by deep insight and a wealth of international experience. We believe that he is the appropriate person to supervise the Company's overall management and that he should continue to serve as an outside Audit &amp; Supervisory Board member.</p> <p>The above section complies with Corporate Governance Principle 3-1 (v).</p>
Katsuya Natori	○	<p>Mr. Natori currently serves as Managing Partner of ITN Partners, and as Supervisory Director of Global One Real Estate Investment Corporation. Neither such law office nor such corporation has a business relationship with the Company. In addition, he currently serves as External Director of Olympus Corporation, which has a business relationship with the Company in services including the HR Technology business, the Media &amp; Solutions business and the Staffing business. However, such transactions account for less than 1% of the consolidated revenue of Olympus Corporation and the Company, respectively, and are thus too small to be</p>	<p>Mr. Natori has developed expertise as a lawyer and has international legal experience, heading the legal department at several global IT companies. Mr. Natori brings a neutral and objective perspective supported by his deep insight and a wealth of international experience. We believe that he is the appropriate person to supervise the Company's overall management and should continue to serve as an outside Audit &amp; Supervisory Board member.</p> <p>The above section complies with Corporate Governance Principle 3-1 (v).</p>

		material. Therefore, the Company believes that Mr. Natori has sufficient independence where there are no potential conflicts of interests with general shareholders.	
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### Independent Directors/Audit & Supervisory Board Members

Number of Independent Directors and Independent Audit & Supervisory Board members	4
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#### **Independence Criteria of Outside Directors of the Board and Outside Audit & Supervisory Board Members**

The Company selects Independent Directors of the Board and Independent Audit & Supervisory Board members in accordance with the independence standards established by the Tokyo Stock Exchange. In addition, the Company has a policy to select candidates who meet all the following criteria:

- In case the candidate, or an entity for which the candidate serves as an executive member, is a shareholder of the Company, the voting rights held by the candidate or the entity should not exceed 10%.
- Transactions between the Company and the entity, where the candidate is an executive member, should not exceed 1% of the Company's consolidated revenue during the most recent fiscal year.
- Transactions between the Company and the entity, where the candidate is an executive member, should not exceed 1% of the consolidated revenue of the entity to which the candidate belongs during the most recent fiscal year.

The above section complies with Corporate Governance Principle 4-9.

#### **Incentives (multiple items may be selected)**

Implementation of measures to grant incentives to Directors of the Board	<input checked="" type="checkbox"/> Introduction of a performance-based incentive plan
	<input checked="" type="checkbox"/> Introduction of a stock option program
	<input type="checkbox"/> Other
	<input type="checkbox"/> None

#### **Supplementary Information related to the Item(s) Selected**

The Company introduced a stock incentive plan for compensation of Directors of the Board in 2016, making use of the Board Incentive Plan Trust (BIP Trust) scheme and has therefore designed a compensation scheme that is linked to mid- to long-term enterprise value. In addition, by resolution of the Annual Meeting of Shareholders, a stock option plan was introduced in 2019 which provides compensation only when the share price rises. The aim of this plan is to have Directors of the Board share the merits and risks of share price changes with the shareholders and motivate Directors of the Board to contribute to further raising the share price and corporate value.

Grantees of stock options	Internal Directors, Others
Note: Mandatory for companies that grant stock options	

#### **Supplementary Information related to This Item**

“Others” refers to Corporate Executives Officers.

## Compensation of Directors

Status of disclosure (of compensation of individual Directors)	<input checked="" type="checkbox"/> The compensation of all Directors is disclosed
	<input type="checkbox"/> The compensation of some but not all Directors is disclosed
	<input type="checkbox"/> The compensation of individual Directors is not disclosed

### Supplementary Information related to the Item(s) Selected

Note: Includes details if the amount of compensation is disclosed.

For more information regarding compensation for Directors of the Board, Audit & Supervisory Board members and Corporate Executive Officers, please refer to the Annual Report (translated from “Yukashouken Houkokusho”) in the following URL, which discloses the matters in detail.

[https://recruit-holdings.com/ir/library/upload/report\\_202103Q4\\_sr\\_en.pdf](https://recruit-holdings.com/ir/library/upload/report_202103Q4_sr_en.pdf)

In the Annual Report, total compensation for Directors of the Board, Audit & Supervisory Board members, outside Directors, and outside Audit & Supervisory Board members is disclosed by type (base salary, annual incentive, long-term incentive, and allowance for retirement benefits). The type and amount of compensation for Directors, Audit & Supervisory Board Members, outside Directors, and outside Audit & Supervisory Board members is reported separately.

Whether policies have been set for deciding compensation amounts or calculation methods	Policies have been set.
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### Disclosed Details on Policies for Deciding Compensation Amounts or Calculation Methods

Note: Includes details if the amount of compensation is disclosed.

Matters regarding compensation for Directors of the Board, Audit & Supervisory Board members and Corporate Executive Officers, please refer to the Annual Report (translated from “Yukashouken Houkokusho”) in the following URL, which discloses the matters in detail.

[https://recruit-holdings.com/ir/library/upload/report\\_202103Q4\\_sr\\_en.pdf](https://recruit-holdings.com/ir/library/upload/report_202103Q4_sr_en.pdf)

The compensation for Directors of the Board, Audit & Supervisory Board members and Corporate Executive Officers is determined in accordance with the following policies:

- Set compensation levels that will be attractive to outstanding management talent globally.
- Make compensation plans highly performance-based.
- Connect compensation to mid-to long-term enterprise value.
- Make the compensation decision process highly objective and transparent.

The above section complies with Corporate Governance Principle 3-1 (iii), 4-2 and Supplementary Principle 4-2-1.

## Provision of Support for Outside Directors of the Board and Outside Audit & Supervisory Board Members

### Outside Directors of the Board

The Administrators of the Board of Directors provide various forms of support to ensure outside Directors are able to appropriately oversee the performance of Executive Directors. This support includes advance briefings on agenda items to be discussed at the Board of Directors meetings and the provision of relevant supporting information.

#### ***Outside Audit & Supervisory Board Members***

Standing Audit & Supervisory Board members and assistants to Audit & Supervisory Board members provide necessary support to outside Audit & Supervisory Board members to ensure the appropriate and prompt conduct of audits. Such support includes sharing materials and agenda items discussed at important meetings that outside Audit & Supervisory Board members did not attend. Subsidiaries with a standing Audit & Supervisory Board member provide reports to the Audit & Supervisory Board of the Company. Furthermore, the Audit & Supervisory Board members themselves visit subsidiaries and interview management to check on business conditions.

These support functions are supplemented by the following established procedures:

- One outside Director is assigned to coordinate with the outside Directors, and to communicate and coordinate with Directors and Corporate Executive Officers and for collaboration with Audit & Supervisory Board members or the Audit & Supervisory Board.
- As necessary, following Board of Directors meetings, separate meetings attended only by outside Directors and outside Audit & Supervisory Board members may be held, in order to more effectively gather information without affecting the independence of outside Directors and outside Audit & Supervisory Board members.
- The Board of Directors approves internal audit plans for the fiscal year prepared by the Internal Audit Department, and internal audit reports are issued biannually to ensure coordination among outside Directors, outside Audit & Supervisory members and the Internal Audit Department.

The above section complies with Corporate Governance Supplementary Principles 4-4-1, 4-8-1, 4-8-2 and 4-13-3.

#### **Items relating to Functions of Business Execution, Audit and Oversight, Nomination, and Decision on Compensation, Etc.**

##### **Corporate Governance Overview**

The Company's corporate governance structure is a "Company with an Audit & Supervisory Board" as defined under the Companies Act of Japan. In this structure, Audit & Supervisory Board members appointed by shareholders conduct audits of the execution of the duties by Directors as an independent body from the Board of Directors. This is the foundation for the Company's efforts to ensure and improve transparency, soundness, and efficiency of management.

Under this structure, the Company has appointed multiple outside Directors of the Board and outside Audit & Supervisory Board members who are highly independent. The Company also has voluntarily established committees to serve as advisory bodies to the Board of Directors, including the Nomination, Compensation, Compliance, Risk Management, and Sustainability Committees. To enhance independence, the Nomination and Compensation Committees are all chaired by Independent Directors of the Board and have a majority of outside members.

Annually, the Board of Directors analyzes and assesses its own effectiveness, confirms whether deliberations are conducted properly from the perspective of various stakeholders, and carries out initiatives for improvement.

Furthermore, the Company has appointed Corporate Executive Officers, and established the Business Strategy Meeting to serve as an advisory body to the CEO in order to enhance the Company's decision-making process and execution. The Business Strategy Meeting discusses important matters for the Company and the CEO approves the execution of such matters.

The Company has organized management units called Strategic Business Units ("SBU"). Each SBU has established a managing company, or SBU Headquarters, which manages the subsidiaries of each SBU. After deciding basic management policies and important matters, and clarifying the scope of responsibilities,

the Board of Directors delegates certain decision-making authority to the Business Strategy Meeting, SBU Headquarters, and other relevant bodies.

Through this arrangement, the Company aims to ensure that our corporate governance mechanisms are functioning sufficiently, both in terms of timely decision-making and effective internal control.

The above section complies with Corporate Governance Supplementary Principle 4-10 and 4-10-1.

## Board of Directors

### ***Role of the Board of Directors***

The Board of Directors seeks to increase enterprise and shareholder value in the mid- to long-term. The responsibilities of the Board of Directors include:

- Setting basic management policies to achieve the Company's strategic objectives
- Conducting oversight of operations and management
- Making decisions that could have a major impact on the Company
- Resolving matters required to be resolved by the Board of Directors as stipulated in relevant laws and regulations

Board of Directors meetings are held once a month in principle. The Board of Directors makes decisions on matters which significantly impact the Company's corporate governance and/or the Company's consolidated financial performance, such as investments above a certain threshold and key personnel matters. The Board of Directors delegates authority over other business matters to the Business Strategy Meeting and other decision-making bodies according to their appropriate level of responsibilities.

Criteria for determining organizational decision-making authority are set forth in the rules on decision-making authority. These rules are reviewed annually by the Board of Directors and revised as necessary.

When proposing to shareholders that certain matters for resolution at the Annual Meeting of Shareholders be delegated to the Board of Directors, a Board of Directors meeting attended by two Independent Director of the Board and two outside Audit & Supervisory Board members considers whether the Board of Directors is adequately constituted to fulfill its corporate governance roles and responsibilities, and whether such delegation is desirable from the perspectives of agile decision-making and expertise in business judgment.

### ***Composition of the Board of Directors***

The Board of Directors is composed of six Directors, including two Independent Directors.

As a result of its growth, the Company today operates across many business sectors and geographic locations, engages with a broad universe of individual users and business clients, and employs people from diverse backgrounds. The Company recognizes that the Board of Directors should reflect this diversity to ensure that it sustains the high-quality discussions that drive innovation and the long-term success of the Company.

As for the size of the Board of Directors, the Company believes that the Board of Directors should have an appropriate number of members in order to foster high-quality discussions. Under the Company's Articles of Incorporation, the Board of Directors may have a maximum of eleven Directors.

In addition, beginning April 1, 2021, we have changed to a structure in which different persons serve as the Chairperson of the Board of Directors and the CEO. We believe that checks and balances will be more

effective and this will contribute to the strengthening of governance by separating the roles of the Chairperson of the Board of Directors and the CEO.

#### ***Approach to Selecting Directors of the Board***

The approach to selecting candidates for the Board of Directors is to choose qualified personnel from a pool of diverse candidates who can fulfill the duties and responsibilities of the position by considering their skills, leadership and professional experience, personal background, judgment, personality, and insight, without discrimination based on attributes of gender, age, nationality or ethnicity. Current Directors who are considered for renomination are evaluated on these criteria as well as their performance on the Board and number of terms of office.

In order to further improve the quality of management decision-making, the Company is working to increase the diversity of the Board of Directors. The Company has specifically set a target for gender, and aims to propose candidates for election to its Annual Meeting of Shareholders, to achieve an approximately 50% ratio of women out of the total number of Directors of the Board and Audit & Supervisory Board members by FY2030. As of June 18, 2021, two of the ten members of the Board of Directors including Audit & Supervisory Board members are women.

The Company has a policy that at least one third of the Directors of the Board are Independent Directors who maintain appropriate separation from management execution. As of June 18, 2021, there are six Directors of the Board, of which two are reported as Independent Directors to the Tokyo Stock Exchange. Outside Directors are selected based on the above criteria as well as their management experience at corporations operating globally and/or that are publicly listed.

The Company expects Independent Directors to play the following roles in addition to supervising the management of the Company:

- To provide the Company with advice based on their management experience in corporations operating globally and/or that are publicly listed, which are necessary for the Company to further enhance its enterprise value and shareholder value in the mid- to long-term period.
- To play a leading role in matters related to selection and dismissal, evaluation and compensation of Directors of the Board and Corporate Executive Officers as a chair and/or member of the Nomination and Compensation Committees.
- To oversee decision-making in cases where any potential conflict of interest exists between Directors and the Company. The Board of Directors acts as the decision-making body for matters that may cause conflicts of interest by ensuring the decision is delivered under the presence of Independent Directors as well as outside Audit & Supervisory Board members.

In order to ensure that Independent Directors fulfill the above roles, the Company takes the following measures:

- To share and discuss the topics discussed during the Compliance Committee and Risk Management Committee with the Board of Directors for the purpose of creating an environment that allows Directors and Corporate Executive Officers to take appropriate risks when making decisions.
- To share and discuss the topics discussed during the Sustainability Committee as well as the voice of our shareholders with the Board of Directors for the purpose of ensuring the discussions at the Board appropriately reflect the diverse perspectives of our stakeholders.

In addition to the above mentioned Independent Directors, the Board appoints one non-Executive Director who does not execute business operations, but who has in-depth knowledge of and experience in the Internet industry.

The above section complies with Corporate Governance Principles 4-6, 4-7, 4-8 and 4-11, and Supplementary Principle 1-1-2 and 4-1-1.

#### **Audit & Supervisory Board**

##### ***Role of the Audit & Supervisory Board***

The Audit & Supervisory Board is responsible for the following:

- Supervising the activities and performance of each Director of the Board as well as the Board of Directors as a whole and auditing the maintenance and operational status of internal control policies, procedures, and processes, based on the audit plan.
- Evaluating the appropriateness and performance of the Independent Auditor.

All members of the Audit & Supervisory Board attend the Board of Directors meetings as part of their oversight responsibilities. In addition, one or more standing Audit & Supervisory Board members must attend the Business Strategy Meeting to enhance the oversight function.

The Audit & Supervisory Board generally meets once a month and holds extraordinary meetings as needed.

##### ***Composition of the Audit & Supervisory Board***

The Audit & Supervisory Board comprises four members, including two outside members. One substitute Audit & Supervisory Board member has been elected, in order to avoid any potential non-compliance with the statutory requirement that more than half of the members of the Audit & Supervisory Board be outside members.

##### ***Approach to Selecting Audit & Supervisory Board Members***

The approach to selecting candidates for the Audit & Supervisory Board is to select qualified persons with suitable experience and capabilities and with the necessary knowledge in the areas of finance, accounting, and legal affairs, to fulfill the duties and responsibilities as an Audit & Supervisory Board member. The Company has two standing Audit & Supervisory Board members who deeply understand the business of the Company, and two outside Audit & Supervisory Board members, one with expertise in legal affairs and one with expertise in finance and accounting.

All the Audit & Supervisory Board members make efforts to continuously expand their knowledge in order to fulfill their audit function in areas such as finance, accounting, and legal affairs through appropriate training courses funded by the Company. For example, the Audit & Supervisory Board members seek to deepen their understanding of the latest accounting standards and important matters for auditing by taking relevant training and seminars offered by the Japan Audit & Supervisory Board Members Association or by outside audit and assurance firms.

The above section complies with Corporate Governance Principles 4-4 and Supplementary Principle 4-4-1.

#### **Advisory Bodies to the Board of Directors: Nomination and Compensation Committees**

The Nomination and Compensation Committees advise the Board of Directors. Each committee has a majority of outside members and is chaired by an outside Director in order to enhance the transparency and objectivity of the decision-making process.

These committees review and consider the nomination, evaluation, and compensation of Directors and Corporate Executive Officers in each fiscal year. Final decisions are made by resolution of the Board of Directors.

The roles of each committee are as follows:

#### ***Nomination Committee***

The Committee deliberates and reports to the Board of Directors on the following:

- Nomination, succession and dismissal of the CEO
- Appropriateness of the process for nominating and dismissing candidates for Directors of the Board and Corporate Executive Officers.

Succession planning for the CEO considers the role's desired skills and qualifications, the Company's strategic outlook and the Board's desired governance structure. The appointment of the CEO is approved by the Board of Directors based on the recommendation of the Nomination Committee.

Development plans for successor candidates are formulated based on the expected succession timing of the existing CEO and the Committee monitors the progress of these plans.

If the Company should face poor business performance and it is determined that this is the result of inadequate performance of the CEO, upon deliberation, the Nomination Committee may report its findings and recommend their dismissal to the Board of Directors.

Regarding the nomination of Directors of the Board and Corporate Executive Officers, discussions are held on the best management structure, taking into account the mid-to long-term governance policy and the timing of planned CEO succession. The Committee deliberates on the adequacy of the entire process above including selection of the candidates and resolutions by the Board of Directors.

Directors or Corporate Executive Officers can be dismissed in cases where it is recognized that they have significantly harmed the enterprise value of the Company due to violation of laws and regulations or other similarly significant reasons. In such cases, the Nomination Committee reviews the individual's conduct and makes a recommendation to the Board of Directors.

#### ***Compensation Committee***

The Compensation Committee deliberates on policies relating to the determination of compensation for Directors and Corporate Executive officers, evaluation procedures, compensation structure, the individual evaluation of Directors of the Board and Corporate Executive Officers, as well as individual compensation amounts. Beginning on April 1, 2021, the Evaluation Committee and the Compensation Committee have been combined into one committee called the Compensation Committee.

In the latest fiscal year the two main topics deliberated and approved by the Evaluation Committee and Compensation Committee were as follows:

- The level and elements of executive compensation

- The Directors' individual performance evaluation and compensation

The above section complies with Corporate Governance Principles 3-1 (iv), and Supplementary Principles 4-1-3, 4-3-1, 4-3-2, 4-3-3 and 4-11-1.

#### Other Advisory Bodies to the Board of Directors

##### **Compliance Committee**

An advisory body to the Board of Directors chaired by the President, CEO and Representative Director of the Board. The Committee deliberates on compliance themes and measures of the Company. The Committee decides and evaluates action plans based on the information collected from the Holding Company's administrative departments and subsidiaries. The Compliance Committee's deliberations and decisions are reported to the Board of Directors for promoting a compliance mindset.

##### **Risk Management Committee**

An advisory body to the Board of Directors chaired by the Managing Corporate Executive Officer and Director of the Board in charge of the Risk Management Division. The Committee deliberates on key risk themes and measures of the Company. The Committee monitors the status of risk management at each SBU as well as identifies and determines the risks deserving of particular attention, which are reported to the Board of Directors.

##### **Sustainability Committee**

An advisory body to the Board of Directors. Chaired by the Managing Corporate Executive Officer and Director of the Board in charge of sustainability. The Committee deliberates on the Company's sustainability strategy and monitors its progress. The Committee's participants include the CEO, the Chairperson, Corporate Executive Officers who are in charge of each SBU, and internal and outside experts.

The Committee addresses the sustainability agenda of the Company, aiming to prosper together with all stakeholders. Based on the Committee's deliberation, the Board of Directors then resolves the direction and action plans that promote the Company's sustainability activities, and monitors the progress.

#### Other Advisory Bodies

##### **Business Strategy Meeting**

An advisory body to the CEO and chaired by the CEO, the meeting attendees deliberate on matters mainly relating to investments and personnel for which authority has been delegated by the Board of Directors. The meeting consists of Executive Directors of the Board, Corporate Executive Officers in charge of corporate functions and standing Audit & Supervisory Board members.

##### **Talent Development Committee**

An advisory body to the Business Strategy Meeting with participation by Corporate Executive Officers of the Company, the Committee deliberates on matters concerning the fostering of key talent, including the planning and monitoring of their career development and professional growth.

#### ***Disciplinary Committee***

An advisory body to the Board of Directors and Business Strategy Meeting, the Committee deliberates on the recommended disciplinary action for the Company's personnel including its employees.

#### **Reasons for the Nomination of Individual Directors of the Board and Audit & Supervisory Board Members and Their Concurrent Positions**

The Company has nominated all its current Directors and Audit & Supervisory Board members in accordance with the previously described selection process. The Company also confirms annually that those who are selected will be able to devote sufficient time and effort to fulfill their roles and responsibilities.

The reasons for Directors and Audit & Supervisory Board members' nomination and their significant concurrent positions are described in the Annual Report (translated from "Yukashouken Houkokusho"). In the Annual Report, each member's attendance at Board of Directors meetings, Audit & Supervisory Board meetings, and the Committee meetings for FY2020 is also disclosed.

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The above section complies with Corporate Governance Principle 3-1 (v) and 4-11-2.

#### **Agreement for Limitation of Liability of Directors of the Board And Audit & Supervisory Board Members**

##### ***Agreement for Limitation of Liability of Non-Executive Directors of the Board and Audit & Supervisory Board Members***

The Company has entered into an agreement with each of the non-Executive Directors of the Board and with Audit & Supervisory Board members, to limit their liability under Article 423, Paragraph 1 of the Companies Act of Japan. The maximum amount of liability for damages covered in the agreement is the minimum amount required under applicable laws and regulations. The limitation of liability, however, applies only when the respective personnel has performed their duties in good faith and are not deemed negligent.

#### ***Directors and Officers Liability Insurance Contract***

Since the Company is promoting global business development, it has entered into a directors and officers liability insurance contract principally to hire and retain outstanding executives globally, who have the knowledge, experience and professional relationships on a high level, and to enable them to execute their duties without fear of failure.

Directors of the Board, Audit & Supervisory Board members, and Corporate Executive Officers (including their inheritors) and employees of the Company including its subsidiaries (excluding those whose total assets are more than 25% of the consolidated assets of the Company, or whose securities are publicly traded on any exchanges in the US), among others, are named as the insured of the contract. The Company pays all of the insurance premiums. The insurance contract covers any losses, legal defense costs, etc. caused by the insured persons' execution of their duties, and which are claimed for during the term of insurance. However, the contract does not cover any losses caused by dishonest or improper conduct such as willful breach of duty or criminal acts.

#### Information Gathering and Support Function

The Company has set in place an organizational structure that enables Directors of the Board and Audit & Supervisory Board members to obtain information whenever necessary to fulfill their respective duties. They are able, at the Company's expense, to acquire advice from outside experts as needed in areas requiring high specialization and where the Company's knowledge is inadequate. They are also provided with support including the assignment of staff.

The Corporate Planning Division holds regular meetings at least once a month for outside Directors, and the Committee Secretariats of the Nomination, Compensation Committees give advance briefings and provide required information as circumstances demand.

The Company gives outside Audit & Supervisory Board members access to group-wide internal information when needed. Standing Audit & Supervisory Board members and assistants provide outside Audit & Supervisory Board members necessary support including distribution of, and advance briefings on, meeting materials and the provision of information of various kinds.

As part of the annual analysis and evaluation of the effectiveness of the Board of Directors, outside Directors and outside Audit & Supervisory Board members are asked whether they have been able to obtain timely information needed for effective deliberations of the Board of Directors. Corrective measures are taken as appropriate.

The above section complies with Corporate Governance Principle 4-13 and Supplementary Principles 4-13-1 and 4-13-2.

#### Training of Directors and Audit & Supervisory Board Members

At the time of their appointment, new Directors of the Board and Audit & Supervisory Board members are provided with an overview of the Company, basic information on matters such as management strategies, financial strategies, risk management policies and high-priority areas for audits. Thereafter, Directors and Audit & Supervisory Board members pursue opportunities to continuously update their knowledge. For instance, outside experts are invited to workshops as necessary, including when changes are made to the Companies Act of Japan or other regulations.

In addition, visits to business sites are organized when needed to promote understanding of the business. Corporate Executive Officers in charge of strategies for principal businesses are asked to provide outside Directors and outside Audit & Supervisory Board members with information to deepen their understanding of the businesses. Opportunities are provided to deepen understanding of the corporate culture, business, and employees through Recruit Group knowledge-sharing events. Directors and Audit & Supervisory Board members also participate as necessary in outside seminars on accounting, finance and risk management and in internal seminars led by invited outside experts.

The above section complies with Corporate Governance Principle 4-14 and Supplementary Principles 4-14-1 and 4-14-2.

#### Quality of Discussion among the Board of Directors

The Board of Directors strives to foster an atmosphere that encourages free, open, and constructive discussion and exchange of opinions. The Board of Directors expects outside Directors to raise issues, actively comment, and advise, on matters in their areas of expertise and experience.

To ensure the Board of Directors has open and constructive discussion, meetings are conducted according to the following procedures:

- Draft versions of Board of Directors meeting materials are distributed to participants at least three business days prior to meetings.

- Along with Board of Directors meeting materials, the administrators provide summaries of the agenda discussion points. The administrators make a concerted effort to deliver the summaries three business days prior to meetings. In addition, the administrators explain to the Chairperson of the Board, Independent and non-Executive Directors the agenda details in advance of the meetings.
- The annual schedule for Board of Directors meetings is decided during the previous fiscal year, and at the beginning of each fiscal year the schedule for important agenda items is confirmed.
- The frequency of meetings, matters for deliberation and time devoted to discussion are reviewed each fiscal year and adjusted as necessary, based on the performance in the prior fiscal year and strategy for subsequent fiscal years.

The Board of Directors also provides opportunities for free discussion among participants outside of regular meetings, spending about the same amount of time as in the Board of Directors meetings, in order to encourage an active exchange of opinions.

The above section complies with Corporate Governance Principle 4-12 and Supplementary Principle 4-12-1.

#### **Analysis and Evaluation of the Effectiveness of the Board of Directors**

A self-evaluation based on the following matters was conducted for Board of Directors meetings held in FY2020.

##### ***Evaluation Process***

- Evaluation Scope: The Board of Directors' meetings held from April 2020 to March 2021 (13 meetings in total)
- Evaluation Subjects: Directors of the Board and Audit & Supervisory Board members (10 people in total)
- Evaluation Period: Conducted from March to May 2021
- Process: Each Director and each Audit & Supervisory Board member completed a questionnaire, which consisted of questions including the appropriateness of the roles and responsibilities of the Board of Directors, the appropriateness of the organizational structure of the Board of Directors, the appropriateness of the composition of the Board of Directors, the appropriateness of the qualities and knowledge of Directors, the effectiveness of deliberations by the Board of Directors, the effectiveness of checks and balances, and oversight functions performed by and between the Directors of the Board who also serve as Corporate Executive Officers, and the appropriateness of deliberations from the perspective of shareholders and stakeholders other than shareholders, as well as open-ended questions. Individual interviews were then conducted, as necessary.

##### ***Results of analysis and evaluation***

It was determined that the Board of Directors meetings played an appropriate role and the Board exercised its responsibilities appropriately, both in the supervision of, and decision-making over, execution.

- The Board of Directors meetings sufficiently discussed management strategy and risk management policy for improving mid-to long-term enterprise value based on the Recruit Group Management Philosophy and deliberation of individual items was consistent with the above strategy.

- The Board of Directors has an appropriate organizational structure, composition, quality and knowledge for deliberation.
- Agendas submitted to the Board of Directors meetings were appropriate, and open and constructive discussions were held, with perspectives of a wide range of stakeholders considered.
- The Board of Directors steadily implemented measures which were confirmed in the previous fiscal year's effectiveness evaluation process.

The Board of Directors confirmed the following matters to further improve the effectiveness of the Board and to constantly increase the enterprise value:

- The Board of Directors will engage in ongoing discussions over the business portfolio strategy and related risk management, and endeavor to further enhance the corporate governance structure.
- The Board of Directors will engage in making a positive impact on society and the global environment through our corporate activities, and thereby prospering together with all stakeholders, which is key to achieving sustainable growth.

The above section complies with Corporate Governance Supplementary Principle 4-11-3.

### Capital Strategy

The Company has adopted a policy of implementing capital policies that will not unduly harm the interests of existing shareholders.

The Company invests in new businesses, research and development, and mergers and acquisitions (M&A) in order to achieve profitable growth over the long-term, and maximize enterprise value as well as shareholder value. Therefore, the Company has set adjusted EBITDA and adjusted EPS as target management KPIs. The Company's ROE target is approximately 15%. The Company also applies a hurdle rate exceeding the cost of capital when evaluating each investment opportunity, and focuses on achieving capital efficiency above the cost of shareholders' equity on a consolidated basis.

The Company's primary use of capital is to invest for its long-term business strategy in order to achieve sustainable profit growth and increase enterprise value. The Company believes that this approach will contribute to the common interests of shareholders. The Company also considers the return of capital to its shareholders in the form of dividends to be an important part of its capital allocation strategy. The Company strives to continuously pay stable dividends considering its long-term cash needs and financial position forecast.

The Company may consider implementing share repurchase programs, depending on the capital market environment and the outlook of its financial position.

Capital policies and action such as large equity financing or, management buyout that may result in changes to, or major dilution of, controlling interests, will be carried out only after all due consideration by the Board of Directors, ensuring proper procedures are followed, and providing sufficient explanations to shareholders regarding the necessity and rationale of the actions.

The above section complies with Corporate Governance Principles 1-3 and 1-6.

### Policy of Strategic Shareholdings

In principle, the Company's policy is to reduce strategic shareholdings. The decision on whether or not to hold each company's stock is made based on a comprehensive assessment of the economic value of its stock, cost of capital, strategic importance, and other factors. The Board of Directors scrutinizes these shareholdings once a year and deliberates the reduction of these holdings if they do not meet the above criteria.

Exercising voting rights of strategic shareholdings is to be carried out appropriately upon verifying the agenda item and judging whether or not such proposed item contributes to improvement of shareholder value. If the agenda item significantly damages expected shareholder value, the Company will not judge it positively. If the Company casts a dissenting vote to an agenda item, it will be reported to the Board of Directors.

If a company that holds shares of the Company as strategic shareholdings indicates the intention to sell the shares, the Company will do nothing to hinder the sale, such as indicating resulting reductions in business transactions between the companies.

Furthermore, the Company does not conduct business transactions that may harm the shared interests of the Company and its shareholders, such as continuing business transactions with companies that are strategic shareholders without adequately verifying the economic rationality of the transactions.

The above section complies with Corporate Governance Principle 1-4 and Supplementary Principles 1-4-1 and 1-4-2.

#### Policy on Related-Party Transactions

Related-party transactions between Directors of the Board and the Company are reviewed and approved by the Board of Directors. The Board of Directors, including Independent Directors and Independent Audit & Supervisory Board members, confirms whether or not transactions are appropriate and reasonable (i.e. the necessity for business purposes). Information is collected annually on transactions involving the Company that exceed a certain financial threshold that are undertaken by Directors of the Board, Audit & Supervisory Board members, Corporate Executive Officers of the Company, family members within the second degree of consanguinity, and the companies and subsidiaries thereof controlled by any of these persons. Material transactions are disclosed in the Annual Report (translated from "Yukashouken Houkokusho").

The above section complies with Corporate Governance Principle 1-7.

#### Rationale for Selecting the Present Corporate Governance Structure

The reason for selecting the current corporate governance structure is as described in "Items relating to Functions of Business Execution, Audit and Oversight, Nomination, and Decision on Compensation, Etc. (Corporate Governance Overview)."

#### Measures for Shareholders and Other Stakeholders

##### Measures to Encourage Participation in the Annual Meeting of Shareholders and Exercising Voting Rights

###### Timely Delivery of Notice of Annual Meeting of Shareholders

The Company endeavors to send the Notice of Annual Meeting of Shareholders in a timely manner to ensure shareholders have sufficient time to examine the proposals that are to be voted on at the Annual Meeting of Shareholders. The Notice of Annual Meeting of Shareholders is published in both Japanese and English on the Company's website and on TDnet\* at least one week before the mailing date.

\*An online service operated by the Tokyo Stock Exchange to distribute information provided by its listed companies

The above section complies with Corporate Governance Supplementary Principle 1-2-2.

#### Off-Peak Scheduling of Annual Meeting of Shareholders

The Company recognizes the Annual Meeting of Shareholders as the Company's highest decision-making body, where management and shareholders engage in constructive dialogue such that shareholders' views are communicated and properly taken into account. The Company schedules the date of the Annual Meeting of Shareholders to make it accessible for shareholders, avoiding the week during which most Japanese companies host their meeting of shareholders.

The above section complies with Corporate Governance Supplementary Principle 1-2-3.

#### Electronic Voting

Shareholders can exercise their voting rights online via their own personal computers or smartphones.

The above section complies with Corporate Governance Supplementary Principle 1-2-4.

#### Measures to Make Voting Easier for Institutional Investors

The Company participates in the electronic voting platform operated by ICJ, Inc. for both Japanese and overseas institutional investors.

The above section complies with Corporate Governance Supplementary Principle 1-2-4.

#### English Disclosure of Notice of Annual Meeting of Shareholders

The Company uploads a Notice of Annual Meeting of Shareholders in English to its website.

#### Assessment of Voting Results

After the Annual Meeting of Shareholders, the Company analyzes voting results and reports to the Board of Directors meeting so that Directors learn about shareholders' views and examine if any actions are necessary.

The above section complies with Corporate Governance Supplementary Principle 1-1-1.

#### Share Held in Street Name

In cases where institutional investors holding shares in the name of trust banks or agents express interests in exercising their voting rights at the Annual Meeting of Shareholders on behalf of the trust banks or agents, the Company will consider consulting with the trust banks or agents.

In accordance with the Guideline issued by the Association of Shareholder Affairs (National Kabukon Association), the Company plans to invite such investors to register holdings of at least one unit of shares in the shareholder registry prior to the record date, or to attend the meeting as an observer after the record date.

The above section complies with Corporate Governance Supplementary Principle 1-2-5.

## **Investor Relations Activities**

### **Policy on Engagement with Shareholders and Public Notice of Disclosure Policy**

The Company's policy for investor relations activities is to disclose relevant information in a timely, fair, and accurate manner to various stakeholders, particularly capital market participants such as shareholders, investors, and equity research analysts. The information disclosed, which is useful for corporate valuations and investment decisions, includes financial results, management policies, business strategies, and other key performance indicators.

More information about the IR policy is available on the Company's website.

<https://recruit-holdings.com/ir/ir-policy.html>

To strengthen constructive dialogue with overseas and Japanese shareholders, the Company, as decided by the Board of Directors, appoints a Corporate Executive Officer in charge of Investor Relations in the Corporate Planning Division. The Company also has a dedicated Investor Relations department to promote dialogue with shareholders and investors.

The above section complies with Corporate Governance Principle 5-1 and Supplementary Principle 5-1-2 (i).

### **Meeting with Shareholders**

Directors of the Board and Corporate Executive Officers, including the CEO and Representative Director and the Corporate Executive Officer in charge of Investor Relations of the Corporate Planning Division, take part in individual online meetings and conferences, seeking dialogue with both overseas and Japanese shareholders.

The Company accepts meeting requests by overseas and Japanese institutional investors within reasonable bounds, considering their holdings of the Company's shares, their shareholding policy, and other factors. The Company proactively approaches and carries on dialogue with overseas and Japanese shareholders as necessary.

The Company provides contact points for responding to inquiries from individual shareholders.

The above section complies with Corporate Governance Supplementary Principle 5-1-1.

### **Briefing Sessions for Shareholders**

Directors of the Board, such as the CEO and Representative Director, and/or a Corporate Executive Officer hold an online meeting to give explanations when financial results are announced. Their statements are also published on the Company website, to ensure fair disclosure for all investors and analysts including those who cannot join the meeting.

Online group meetings are held with overseas and Japanese institutional investors and equity research analysts.

The Company provides communication opportunities for individual investors and shareholders depending on the situation.

The above section complies with Corporate Governance Supplementary Principle 5-1-2 (iii).

### **Posting of Investor Relations Materials on the Company Website and Disclosure in English**

The Company strives to achieve sufficiently fair information disclosure to overseas investors and other overseas stakeholders, as a general rule, making disclosures in English at the same time and with similar quality as voluntary information disclosures in Japanese.

The information disclosed in English includes the materials relating to financial results announcements, such as financial results summaries and FAQs, the Notice of Annual Meeting of Shareholders, and other materials. These are published on the Company's English-language website.

The Company also started to voluntarily disclose the English version of its Annual Report (translated from “*Yukashouken Houkokusho*”) beginning in 2020, the Japanese version of which is legally required for listed companies in Japan.

The above section complies with Corporate Governance Supplementary Principles 3-1-2.

### Measures to Strengthen Constructive Dialogue with Shareholders

#### **Coordination between Investor Relations and Other Departments**

The Company emphasizes coordination between Investor Relations and other departments, so that Directors, Corporate Executive Officers and the Investor Relations professionals can conduct effective dialogue with shareholders.

To strengthen disclosure of, and dialogue on, financial and non-financial information, Investor Relations professionals coordinate with various departments including accounting, finance, business management, corporate planning, public relations, legal affairs, human resources, sustainability, and risk management.

Specifically, the Company holds meetings of the Timely Disclosure Committee chaired by the Corporate Executive Officer in charge of Investor Relations in the Corporate Planning Division and consists of managers of related departments. Multi-department teams prepare the Annual Report (translated from “*Yukashouken Houkokusho*”) and other disclosures.

Also, personnel from related departments are encouraged to sit in on the dialogue to further their understanding of the capital markets perspective.

The above section complies with Corporate Governance Supplementary Principle 5-1-2 (ii).

#### **Feedback of Matters Learned in Dialogue with Shareholders**

The Company values matters learned in dialogue with shareholders and investors as information necessary for conducting business.

Matters learned in dialogue with shareholders are summarized each quarter by Investor Relations and shared in a timely manner with Directors including Independent Directors, Corporate Executive Officers, and with related departments.

The above section complies with Corporate Governance Supplementary Principle 5-1-2 (iv).

#### **Insider Trading Prevention Rules**

The Company has established “Recruit Group Insider Trading Prevention Rules” for all officers and employees of the Company, and prohibits the conveying of matters that may amount to material nonpublic information, or the recommendation of trades of specific investment securities to third parties. The Company's compliance initiatives promote social and ethical responsibility among officers and employees, ensuring trust in the Company.

More information about the Company's compliance initiatives can be found on its website.

<https://recruit-holdings.com/who/governance/compliance/>

The period from the end of each quarter until the announcement of financial results is treated as a quiet period, during which the Company refrains from responding to questions and making comments about

financial results.

The above section complies with Corporate Governance Supplementary Principle 5-1-2 (v).

#### ***Measures to Identify the Shareholder Ownership Composition***

Each quarter, the Company obtains the shareholder registry from the registrar, and endeavors to identify the shareholder ownership composition and gather information about major shareholders.

The Company also carries out surveys on a semi-annual basis to identify institutional investor shareholders in the Company, and seeks through dialogue with shareholders to determine the status of their shareholding.

The Company reports shareholder ownership composition to the Board of Directors including outside Directors, seeking to make the dialogue with shareholders more effective.

The above section complies with Corporate Governance Supplementary Principle 5-1-3.

## Ensuring Respect Stakeholders' Viewpoints

### Rules on Respecting the Viewpoints of Stakeholders and Sustainability Initiatives including Environmental Protection

The Company believes that its sustainable growth is led by making a positive impact on society and prospering together with all stakeholders, and will further focus on sustainability as its corporate strategy to realize its mission "Opportunities for Life. Faster, simpler and closer to you." To realize this, the Company has formalized and will continue to strengthen its Sustainability Action Guidelines, Material Foundation for Corporate Activities and Commitments to Sustainability.

#### ***Sustainability Action Guidelines:***

- Making a positive impact on society and this shared planet through all corporate activities.
- Aiming to prosper together with all stakeholders.
- Conducting corporate activities with a sound governance foundation.

#### ***Material Foundation for Corporate Activities***

The Company sets material foundations for corporate activities to increase its corporate value in a sustainable manner by prospering together with all stakeholders. The material foundations are identified based on dialogue, including environmental, social and governance ("ESG") topics, with its external stakeholders, and internal discussions of its Board of Directors and the Committees. The Company reinforces initiatives for each theme, and the Board of Directors monitors them based on discussions in the related Committees, which are advisory bodies to the Board of Directors.

## Corporate Governance

The Company endeavors to strengthen its corporate governance by designating the COO, Managing Corporate Executive Officer and Director of the Board as a responsible person for corporate governance including ESG. Based on its initiatives, the Board of Directors confirms the appropriateness of its corporate governance and its compensation structure from a mid-to long-term perspective, based on discussions in its advisory bodies such as Nomination and Compensation Committees.

Specifically the Company focuses on enhancing gender diversity in the Board of Directors members including Audit & Supervisory Board members by setting a target. The Board of Directors has also decided to include ESG factors in compensation of each Executive Director beginning in FY2021. Please refer to the "Commitments to Sustainability" below for more details on the target regarding gender diversity.

## Human Capital

The Company has positioned value creation produced by its empowered employees as a renewed priority for management, and will take further actions to reinforce human capital, especially focusing on initiatives for diversity, equity and inclusion (DEI) and employee engagement.

The Company will specifically accelerate its initiatives for gender diversity by setting group-wide targets as a corporate strategy, and the Board of Directors will discuss and monitor the progress, based on discussions in the Sustainability Committee. Please also refer to the "Commitments to Sustainability" below for more details.

#### **Corporate Ethics and Compliance**

The Company views corporate ethics and compliance as a fundamental prerequisite for our corporate activities, and defines it as meeting society's expectations and demands through appropriate action both as a company and as individuals, beyond the framework of solely legal compliance. The initiatives include employee training and whistleblowing programs. The Board of Directors monitors corporate ethics and compliance initiatives, based on discussions in the Compliance Committee. Please refer to "Internal Controls" in this document for more details about corporate ethics and compliance.

#### **Data Security & Privacy**

The Company sets Data Security and Data Privacy as a high-priority risk, and takes appropriate initiatives depending on the importance of the data or information in our possession as well as the characteristics of the data or information to be protected. It has also established structures and measures required in the laws and regulations in each country and area in which it operates. The Board of Directors discusses and monitors the initiatives, based on discussions in the Risk Management Committee.

#### **Human Rights**

The Company sets the Recruit Group Human Rights Policy, which was resolved by the Board of Directors, based on discussions in the Sustainability Committee. This policy is set to protect all employees, temporary workers, including those who work for its business clients through the Staffing SBU, and its senior management. The Company is also committed to carefully identifying risks, and to respecting and protecting human rights which may be affected by the rapid development of technology.

#### **Conservation of the Planet**

To support the longevity of our world, which is the foundation of our corporate activities, the Company specifically considers climate change as important among various environmental issues, and commits to reducing greenhouse gas ("GHG") emissions by setting a group-wide target. The progress of the target will be monitored by the Board of Directors, based on discussions in the Sustainability Committee. Please also refer to the "Commitments to Sustainability" below for more details.

The COO, Managing Corporate Executive Officer and Director of the Board is responsible for climate change matters, and identifies, evaluates and oversees the Company's opportunities and risks related to climate change. In addition, the Company will also take initiatives including climate risk analyses, and aims to provide disclosures aligned with the Task Force on Climate-Related Financial Disclosures ("TCFD") framework from FY2021. The Board of Directors is also responsible for establishing a structure for the Company to take appropriate measures for climate change, and oversees its initiatives.

#### ***Commitments to Sustainability:***

Prosper Together - Seek sustainable growth shared by all stakeholders

The Company believes that making a positive impact on society and the global environment through our corporate activities, and thereby prospering together with all stakeholders, is key to achieving sustainable growth. Therefore, the Company has set targets for environmental, social and governance ("ESG") matters as a corporate strategy.

As an environmental goal, in order to address climate change, the Company's target is to achieve carbon neutrality in greenhouse gas ("GHG") emissions by FY2021 through its business activities, and to achieve carbon neutrality in GHG emissions by FY2030 through its business activities and its entire value chain<sup>1</sup>.

Regarding social issues, the Company believes that having a job is one of the most important facets for many people, and therefore it is critical to make a positive impact on this throughout its business activities. The Company looks to contribute to eliminating poverty and economic vulnerability by reducing the time it takes job seekers to get hired. Specifically, the Company targets reducing the time it takes to get hired by half by FY2030 compared to FY2021<sup>2</sup>.

There also exist barriers for job seekers in the labor market from underrepresented or vulnerable groups. These barriers are difficult to remove through improving matching efficiency alone. For this reason, the Company also targets helping approximately 30 million people facing such barriers to get hired from FY2021 through FY2030, by using technology and partnership to promote inclusive hiring, to eliminate such barriers<sup>3</sup>.

From its foundation, the Company has created new services and products, and brought value to society by respecting each employee's diverse characteristics. The Company has positioned value creation produced by its empowered employees as a renewed priority for management, and will take further actions toward diversity, equity and inclusion (DEI). The Company will specifically accelerate its initiatives for gender diversity and is committed to achieve an approximately 50% ratio of women in senior executive roles, in managerial positions, and of total employees within the Company by FY2030<sup>4</sup>.

For governance, the Company focuses further on enhancing diversity of members of the Board of Directors, to help raise the quality of decision-making and further ensure transparency and soundness in its governance structure. The Company aims to propose candidates for election to its Annual Meeting of Shareholders, to achieve an approximately 50% ratio of women out of the total number of Directors of the Board and Audit & Supervisory Board members by FY2030<sup>5</sup>.

<sup>1</sup> GHG emissions through business activities are the sum of direct emissions from the use of fuels in the owned or controlled sources ("Scope 1") and indirect emissions from the use of purchased electricity, heat, or steam in the owned or controlled sources ("Scope 2"). GHG emissions through the value chain are indirect emissions other than Scope 1 and Scope 2, occurring in the value chain. Carbon neutrality includes reducing the GHG emissions as well as offsetting residual emissions.

<sup>2</sup> Average estimated duration it takes for people who get hired through Indeed online job-search platform after they started to apply to a job on the platform, calculated by available data.

<sup>3</sup> Initiatives aim to support racial and ethnic minority groups, people without higher education, people facing barriers due to age bias, and people with disabilities. The Company may also aim to reduce other various barriers, including newly emerging issues in the labor market by FY2030. The initiative as of today includes help through the Indeed online job-search platform, and through partnerships such as Goodwill Industries International and Shaw Trust with whom Indeed collaborates.

<sup>4</sup> Ratio of women as of April 1, 2021: 10.0% for senior executive roles, 41.5% for managerial positions, and 51.5% for employees. Senior executive roles are defined as Corporate Executive Officers and Corporate Professional Officers of Recruit Holdings and Media & Solutions Strategic Business Unit ("SBU"), and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology and Staffing SBU. Figures for managerial positions and employees are calculated from Recruit Holdings, SBU Headquarters, and primary operating companies of each SBU. Managerial positions mean all of those that have subordinates except for senior executive positions.

<sup>5</sup> Members of the Board of Directors are defined as Directors of the Board and Audit & Supervisory Board members, and its ratio of women out of the total members is 20% as of June 18, 2021.

#### Compliance Framework

In addition, the Board of Directors has established the “Recruit Group Code of Ethics” directing all Company management and employees to act upon the principles defined in the code, guiding the Company to be a responsible member of society.

The Recruit Group Code of Ethics consists of 13 articles:

- Fulfilling legal and ethical expectations
- Complying with laws and regulations
- Negotiating and complying with agreements
- Complying with fair competition laws and observing fair trade practices
- Interacting appropriately with government persons
- Safeguarding confidential and sensitive information
- Protecting intellectual property
- Communicating effectively and clarifying responsibilities
- Fulfilling disclosure obligations as a public company
- Respecting the rights and dignity of all people
- Maintaining a productive working environment
- Avoiding relationships with organized crime and similar parties
- Protecting the environment

The Board of Directors determines policies for compliance in the Company and, through the Compliance Committee, monitors the effectiveness of compliance in the Company.

The Holding Company’s Compliance Committee, chaired by the President, CEO and Representative Director, evaluates the effectiveness of the Company’s compliance practices, and decides and evaluates action plans based on the information collected from the Holding Company’s administrative departments and subsidiaries. The Compliance Committee’s deliberations and decisions are reported to the Board of Directors.

The Company has policies of providing education to all employees based on the Code of Ethics and of asking management of subsidiaries to convey the importance of compliance to their employees.

Based on these policies, the Company’s subsidiaries execute the following measures: 1) distribution of leaflets or other media, 2) testing the level of understanding, 3) delivery of President speeches, 4) emailing messages, and undertaking other means necessary for respecting compliance.

The Board of Directors carries out the following types of monitoring to confirm the effectiveness of compliance so that oversight is not a mere pro forma checking of observance.

- The Board of Directors receives semi-annual reports on the status of group-wide compliance and confirms occurrences of whistleblower reports, disciplinary actions, lawsuits, violations of laws and regulations, etc. as well as the mechanisms and organizational structure for managing these issues.
- The Board of Directors receives reports on the deliberations and decisions of the Company’s Business Strategy Meeting, the Compliance Committee and those of each SBU (each SBU’s Committee meets twice a year) and confirms the progress of compliance activities and significant issues.

The above section complies with Corporate Governance Principle 2-2, 2-3 and 2-4 and Supplementary Principle 2-2-1 and 2-3-1.

#### **Measures for Whistleblowers**

The Holding Company and its subsidiaries have established whistleblower systems. The Recruit Group Compliance Policy stipulates that the anonymity of those providing information will be protected and that they will not suffer any disadvantage for having provided information.

The Holding Company's whistleblower system can be used by officers and employees of its subsidiaries as well. The Holding Company has also established an external helpline operated by a third party service. At the request of the whistleblower, the contents of matters reported will be shared directly with the Holding Company's Audit & Supervisory Board members.

The above section complies with Corporate Governance Supplementary Principle 2-5-1.

#### **Establishment of Rules for Providing Information to Stakeholders**

Article 9 of the "Recruit Group Code of Ethics" (Fulfilling Our Disclosure Obligations as a Public Company) specifies a commitment to behaving as a public company by accurately reporting to society about its views, activities, and its products and services.

The Company has also set "aiming to prosper together with all stakeholders" as its Sustainability Action Guideline, and values engagements with its stakeholders.

#### **Other Information**

##### ***Exercising Functions as Asset Owner of Corporate Pension Plan***

A separate subsidiary of the Company implementing a defined-benefit pension plan, takes charge of finance and human resources management, and assigns managers with suitable qualifications. The managers undergo training on administration of defined-benefit pension plans, administrative auditing, and personal information management to support the stable formation of employee assets and maintain financial health of the plan. The managers regularly communicate with a financial institution that the subsidiary entrusts the management of the plan to and understand the status of its pension funds.

The above section complies with Corporate Governance Principle 2-6.

## Internal Controls

### Overview of Internal Controls

Important details of the Company's internal control policies, procedures, and processes were approved as follows by resolution of the Board of Directors meeting on March 17, 2021

### Measures to Ensure That Directors of the Board and Employees of the Company Comply with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties

#### ***Governance Structure***

- A Board of Directors, which must include outside Directors, shall be established at the Company to carry out decision-making on important matters.
- An Audit & Supervisory Board, which shall include outside Audit & Supervisory Board members, shall be established at the Company. The Company's Audit & Supervisory Board members shall audit the execution of duties by the Company's Directors by attending meetings of the Board of Directors and other important meetings and investigating the state of operations and similar matters on the basis of the audit standards established by the Audit & Supervisory Board.
- The Company shall establish a Nomination Committee and Compensation Committee, each chaired by an outside Director, to conduct deliberations on the nomination, appointment, evaluation and compensation of the Directors and Corporate Executive Officers.
- The Company shall dispatch its Directors to each SBU Headquarters, such that the Company's Directors account for a majority of the Board of Directors of each SBU Headquarters and supervise the management of each SBU Headquarters.

#### ***Internal Audit***

- An Internal Audit Department shall be established within the Company, under the direct control of the President, CEO and Representative Director of the Board, and shall conduct audits of the Company's managers, employees, and similar personnel (collectively, "Recruit Affiliated Persons") and their compliance with laws and regulations, as well as the Articles of Incorporation and company policies.

#### ***Code of Ethics and Internal Policies***

- The "Recruit Group Code of Ethics" shall be established and all Recruit Affiliated Persons shall be informed thereof.
- While giving due consideration to the autonomy and independence of the Company's subsidiaries, the "Recruit Group Policies" shall be established as shared group-wide policies for Recruit Holdings and its subsidiaries on matters such as decision-making, investment management, finance, human resource management, risk management, and compliance, in order to realize unified group-wide management of the whole Company.

#### ***Structure for Compliance***

- The Company shall establish the "Recruit Group Compliance Policy" that sets forth basic policies regarding compliance. The Company's Board of Directors shall appoint an individual with ultimate responsibility for compliance, establish a department in charge of compliance, make decisions on basic

group-wide compliance policies, and monitor the effectiveness of the compliance measures. The President, CEO and Representative Director of the Board, shall convene and serve as chairperson of the Compliance Committee and shall evaluate the effectiveness of each SBU's compliance program and make decisions on the group-wide compliance plan at the Business Strategy Meeting.

- The Board of Directors of each SBU Headquarters shall appoint an individual with ultimate responsibility for compliance at the SBU, make decisions on the SBU's basic compliance policies, and monitor the effectiveness of the SBU's compliance measures. The CEO of each SBU Headquarters shall convene and serve as chairperson of the Compliance Committee for the SBU and shall evaluate the effectiveness of the SBU's compliance and make decisions on and inspections of the SBU Headquarters' operational plans.
- The CEO of each subsidiary of the Company shall appoint an individual with ultimate responsibility for compliance at the subsidiary, evaluate the effectiveness, and make decisions on and inspections of the subsidiary's operational plans of its compliance.

#### ***Whistleblowing Policy***

- The Holding Company and its subsidiaries shall establish measures, including reporting hotlines for harassment and/or illegal or other improper behavior, to promptly transmit information to the applicable department in charge of compliance within the Company or the relevant subsidiary, in the event that a Recruit Affiliated Person discovers a potential issue related to internal controls. The department in charge of compliance that receives the report shall promptly and thoroughly investigate the matter, decide on response measures in consultation with the related departments, and implement appropriate response measures.

#### ***Training***

- The Holding Company and its subsidiaries shall plan and conduct necessary training for Recruit Affiliated Persons to ensure compliance with the "Recruit Group Code of Ethics" and internal policies.

#### ***Disciplinary Actions***

- In the event that a violation of laws, regulations, internal policies, or other compliance rules is discovered, the Holding Company and its subsidiaries shall impose strict measures against any Recruit Affiliated Persons involved in such violation.

#### ***Preventing All Relationships with Anti-Social Forces***

- The Company shall establish procedures to prevent all relationships, including business relationships, with anti-social forces, as defined by the Japanese government.

#### **Policies and Procedures concerning Retention and Management of Information regarding the Execution of Duties by the Company's Directors of the Board**

- The Holding Company shall establish the "Documents and Contracts Management Policy," providing for the creation and retention of documents and materials related to Directors' execution of their duties, including documents such as the minutes of Annual Meetings of Shareholders, meetings of the Board of Directors, and Business Strategy Meetings.

- The length of time of, and department responsible for, the retention of the documents described in the previous paragraph shall be as set forth in the “Documents and Contracts Management Policy.” Documents shall be retained in a manner that allows them to be viewed upon request by Recruit Holdings’ Directors and Audit & Supervisory Board members.

#### Internal Policies and Other Measures concerning Management of Risk of Loss

- The Company shall establish the “Recruit Group Risk Management Policy” and “Recruit Group Risk Escalation Rules” to provide comprehensive, group-wide risk management.
- The Company’s Board of Directors shall appoint an individual with ultimate responsibility for group-wide risk management, establish a department in charge of risk management, and make decisions on the basic policies regarding, and monitor the status of, the Company’s risk management. In addition, the Risk Management Committee, chaired by the Director responsible for group-wide risk management, shall monitor risk management within each SBU and identify risks. Based on the results of these committee meetings, the Business Strategy Meeting shall identify and determine risks requiring particular attention at the group level and discuss measures to mitigate such risks.
- The Board of Directors of each SBU Headquarters shall appoint an individual with ultimate responsibility for risk management at the SBU and make decisions on basic policies regarding, and monitor the status of, the SBU’s risk management. In addition, through the SBU Risk Management Committee attended by those responsible for the respective management functions of each SBU Headquarters, the Board of Directors of each SBU Headquarters shall monitor the status of risk management at each SBU as well as identify and determine the risks deserving of particular attention.
- The CEO of each of the Company’s subsidiaries shall be ultimately responsible for risk management at the subsidiary and shall appoint an individual to oversee risk management at the subsidiary, identify risks for the subsidiary and determine the significance of such risks.
- If a serious incident occurs that may affect the Company as a whole, the Company shall establish a crisis management task force to address the situation.

#### Measures to Ensure the Efficient Execution of Duties by the Company’s Directors of the Board and Its Subsidiaries

- The Company’s Board of Directors or the Business Strategy Meeting shall set group-wide management targets for the Company and shall make these targets widely known within the Company as a whole, while also setting specific targets to be achieved by each function of the Company in order to achieve the group-wide targets. The Company’s Corporate Executive Officers in charge of each function shall determine and execute efficient methods of achieving these targets.
- The Company’s Board of Directors shall regularly review the Company’s progress in achieving these targets and, by promoting improvements such as eliminating or reducing factors that impede efficiency and increase the likelihood of achieving the targets.
- The Company shall establish a Business Strategy Meeting as an advisory body to the CEO and shall carry out discussions on necessary matters regarding management of the Company as a whole.
- In addition, expert committees such as the Sustainability Committee shall be set up as advisory bodies to the Company’s Board of Directors and the Business Strategy Meeting.

#### **Policies and Procedures to Ensure the Reliability of Internal Controls for Financial Reporting**

The Company shall establish the “J-SOX General Policy,” the policy for the Japanese regulatory framework similar to Sarbanes-Oxley (SOX), and a system of internal control for financial reporting based on the internal control reporting system described in the Financial Instruments and Exchange Act of Japan.

#### **Policies and Procedures concerning Reporting to the Holding Company regarding the Execution of Duties by Subsidiaries’ Directors of the Board and Similar Persons**

- The Holding Company shall establish internal divisions to oversee each SBU. Based on requests from such oversight divisions, Directors of the subsidiaries shall regularly report their business results and the status of implementation of their business strategies to their respective oversight divisions.
- The Holding Company and SBU Headquarters shall share information regarding their management activities on a regular basis, and discuss management policies, as needed.
- The Company shall establish the “Group Management Policy of the Recruit Group” and require the Company’s subsidiaries to obtain approval of the Holding Company regarding important issues and make a prior confirmation with or subsequent report to the relevant departments of the Company.

#### **Matters concerning Appointment of Employees to Assist Audit & Supervisory Board Members in Their Audit Duties**

The Company shall appoint one or more persons as “Assistants to support the Company’s Audit & Supervisory Board members” (“Assistants”) and make an official announcement of the appointment.

#### **Matters relating to Ensuring the Independence of Employees from the Company’s Directors of the Board Described in the Preceding Item and the Effectiveness of Instructions Given to the Employees**

- Assistants shall only follow the directions provided by the Audit & Supervisory Board members in supporting their duties. The opinions of the Audit & Supervisory Board members and the Audit & Supervisory Board shall be respected with regard to the appointment, transfer, evaluation, and discipline of these Assistants.

#### **Procedures concerning Reports to the Company’s Audit & Supervisory Board Members**

Recruit Affiliated Persons and the Company’s Independent Auditor shall report to the applicable Audit & Supervisory Board members of the Company on the matters set forth below. Measures shall be put in place to allow for reporting in a timely manner by means of meetings, interviews, telephone, email, and similar methods.

- Material matters regarding business management
- Matters that have the potential to cause significant loss to the Company
- Material matters regarding internal auditing and risk management
- Material violations of laws, regulations, or the Articles of Incorporation
- Any other material matters regarding internal controls

The Company's Audit & Supervisory Board members and the Internal Audit Department shall cooperate with the Directors of the Board and Audit & Supervisory Board members of each SBU Headquarters and its subsidiaries as needed and share information on a regular basis.

#### **Measures to Ensure That Individuals Reporting on Matters Described in the Preceding Item Are Not Unfavorably Treated on the Basis of Such Reporting**

The Company shall establish the "Recruit Group Compliance Policy" under which any individual who has made a report described in the preceding item may not be subjected to unfavorable treatment such as dismissal, unjustified transfer, or similar measures due to him or her reporting such matters in good faith.

#### **Matters relating to Policies concerning Procedures for Making Advance Payments or Reimbursements of Expenses Incurred in Connection with the Execution of Duties by the Company's Audit & Supervisory Board Members and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by These Members**

The Company shall bear the costs of the budget requested in advance by the Audit & Supervisory Board members for expenses necessary to execute their duties. In addition, the Company's Audit & Supervisory Board members may request payment from the Company of expenses incurred in urgent or unexpected circumstances, and the Company shall bear such costs.

#### **Other Measures to Ensure the Effectiveness of Audits by Audit & Supervisory Board Members**

The Company's Audit & Supervisory Board members and Audit & Supervisory Board shall hold regular meetings to exchange opinions with the President, CEO and Representative Director of the Board and with the Company's Independent Auditor, respectively.

The above section complies with Corporate Governance Principle 2-5 and Supplementary Principle 4-3-4.

## **Measures for Excluding All Association with Organized Criminal Elements**

### **Basic Stance on Association with Organized Criminal Elements**

Recruit Group Code of Ethics clearly states our policy of having no involvement whatsoever with organized crime, crime syndicates, and other antisocial organizations. The Recruit Group Internal Control General Principle further stipulates that the Company will not maintain any connection with anti-social forces, as defined by the Japanese government, including business relations, develop regulations regarding what steps to take if a case should arise, and act resolutely against unreasonable demands in accordance with the law, designating a department to oversee such responses and cooperating with outside expert organizations. These principles are upheld by all our officers and employees.

### **Provision of Internal Procedures for Excluding Association with Organized Criminal Elements and Specific Initiatives**

#### ***Establishment of a Department for Addressing Situations Involving Organized Criminal Elements***

Responsibility for dealing with improper demands, etc. from organized criminal elements is assigned to the Company's General Affairs department ("Incident Response Department").

#### ***Handling of Improper Demands, Etc. from Organized Criminal Elements***

In the event of improper demands, the Recruit Group Basic Procedures for Dealing with Antisocial Forces

stipulate that the Incident Response Person appointed in each Group company should promptly report the matter to the Incident Response Department, and that the Incident Response Person and Incident Response Department should collaborate in responding to the improper demand, including discussions and interviews. Training sessions for those responsible for preventing improper demands are provided for Incident Response Persons, who are in principle required to participate in the sessions.

#### ***Establishment of Procedures for Gathering and Managing Information on Organized Criminal Elements***

To determine whether the counterpart in a transaction is connected to organized criminal elements, the Company has established a department with overall responsibility for investigating such matters. This department collects relevant information, which is managed in the Company's own database on organized criminal elements.

#### ***Establishment of Procedures for Coordinating with Outside Authorities***

The Company coordinates with outside authorities on addressing situations involving, and on collecting information regarding, organized criminal elements.

#### ***Provision of Rules and Manuals, Etc.***

The Company provides the Recruit Group Basic Procedures for Dealing with Antisocial Forces and related rules, along with guidelines on their administration. The Company also draws up manuals for response to contingencies and distributes these to all group companies.

#### ***Incorporation of Contract Terms on Exclusion of Organized Crime Groups***

The Company's contracts and other agreements governing transactions incorporate terms on exclusion of organized crime groups, to facilitate the exclusion of transactions and termination of agreements with organized criminal elements.

## Other Information

### Implementation of Anti-Takeover Measures

The Company has not implemented any anti-takeover measures and has no plan to do so. In the event of a tender offer, the Directors of the Board will disclose its position regarding the offer to shareholders. The Company will not unfairly prevent shareholders from exercising their right to accept such an offer.

The above section complies with Corporate Governance Principles 1-5 and 1-5-1.

### Other Matters relating to the Corporate Governance System

#### Timely Disclosure

The Company's policy on timely disclosure is to make prompt and accurate disclosures of information to enable effective decision-making by investors.

#### *Procedure for Timely Disclosure*

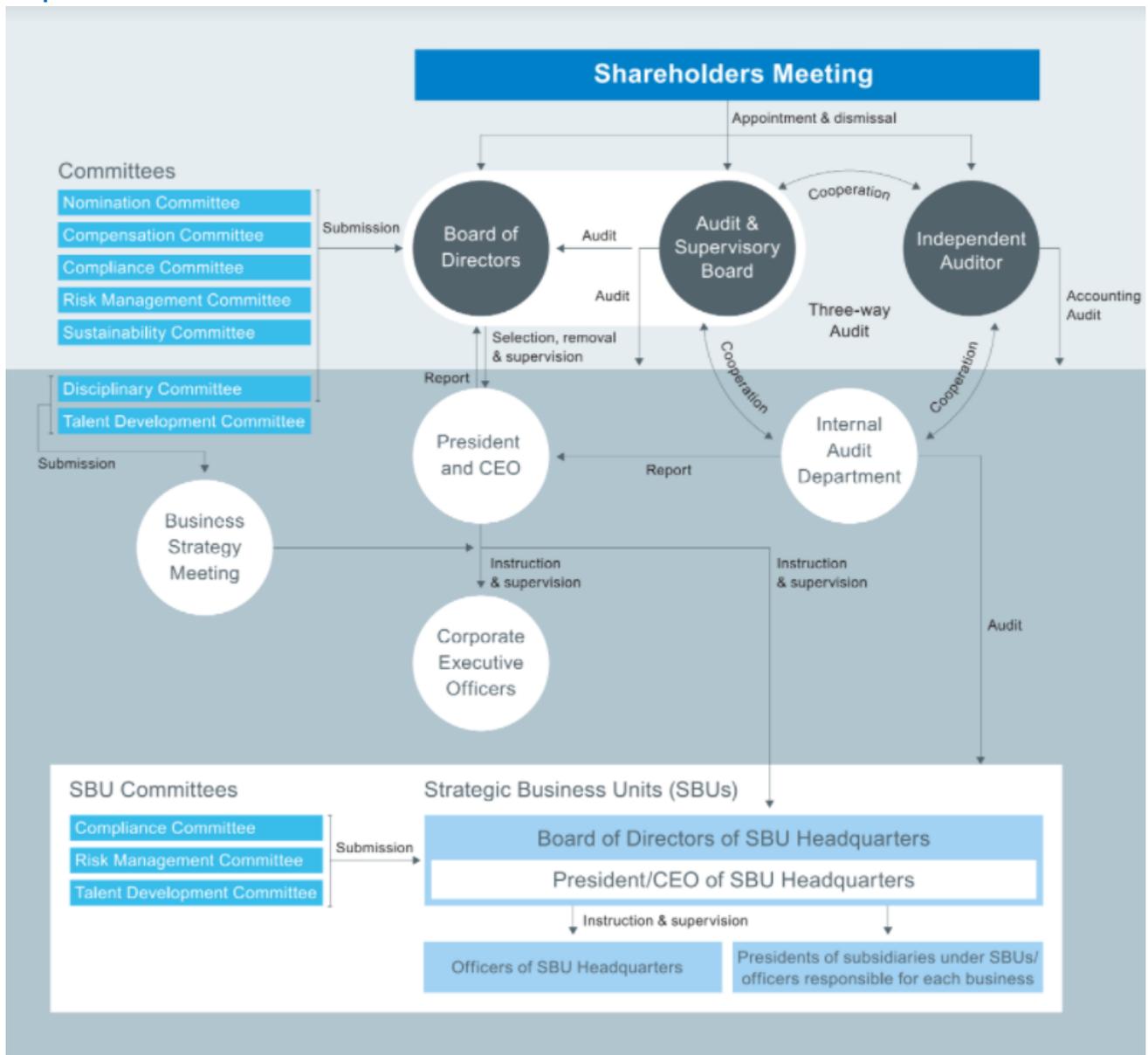
The Company has assigned a department for receiving timely disclosure information from its subsidiaries. Investor Relations manages information disclosure. The Timely Disclosure Committee has been established to ensure the adequacy of decision-making regarding disclosures and the accuracy of disclosed information. The Committee is chaired by the Corporate Executive Officer in charge of Investor Relations, and consists of the Corporate Executive Officer in charge of public relations and the heads of relevant departments.

Investor Relations is responsible for disclosure-related activities and appropriately carries out timely disclosure by drawing up guidelines for timely disclosure, establishing disclosure standards and procedures, and ensuring each of the Company's departments and subsidiaries is thoroughly familiar with these.

#### *Opportunities for Shareholders to Access Information in a Fair and Easy Manner*

To ensure shareholders have the opportunity to access to key information of the Company fairly and easily, the Company actively makes voluntary disclosures based on its own disclosure standards, in addition to the timely disclosures made in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange. The disclosed information is available on its website as well as on the Tokyo Stock Exchange website.

**Corporate Governance Structure**



**Organization for Ensuring Timely Disclosure**

