

Staffing SBU

The Staffing SBU's purpose is to contribute to society by providing mainly temporary job opportunities to as many people as possible. The social value we provide is best described as offering "Opportunities for Life" around the world to people from all walks of life. We do this by offering them work and career opportunities and at the same time helping enterprise clients establish an effective workforce to continuously move them forward.

Today our operations span the world: North America, Europe, Australia, and Japan. We provide staffing services in a wide range of markets, such as clerical, industrial, medical and technical. In addition to temporary staffing and permanent placement, we offer solutions for professionals with highly specialized expertise, such as IT, engineering, finance, and legal.

Japan

In Japan, our Staffing business provides a broad range of staffing solutions across all industries and professions - e.g., clerical, industrial, engineering, and IT. With our brands, Recruit Staffing and Staff Service Group, we are the leading player in the staffing market in Japan with a presence in all major cities.

Recruit Staffing is particularly strong in providing clerical job opportunities, especially in metropolitan areas such as Tokyo, Osaka, and Nagoya. Staff Service Group provides a wide range of job opportunities, with its strong relationships mainly with local companies including those in smaller cities across Japan.

North America

In the North America region, our Staffing business is active with Staffmark Group and The CSI Companies. Staffmark Group is a family of staffing brands in the US and Canada, providing staffing solutions for small businesses as well as large companies. Individual brands include: Staffmark, Advantage Resourcing, Advantage xPO, and the Atterro companies. Each

providing expertise, connections, and technology to connect job seekers and enterprise clients. The CSI Companies designs staffing solutions for companies across a wide range of industries focusing on professionals in IT, finance, healthcare, pharmacy, and office. It has a leading position in the professionals market in the Southeast region of the US.

Europe

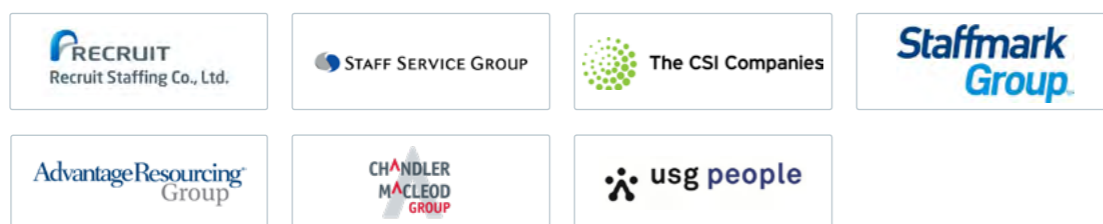
In Europe our Staffing business is positioned in the Northwestern region, with staffing activities in Belgium, France, Germany, the Netherlands, and in the United Kingdom. With Start People, Unique, Secretary Plus,

USG Professionals, and Advantage Resourcing as our main brands, we have built strong local networks to serve job seekers and enterprise clients across the countries in virtually all market segments.

Australia

In Australia, our Staffing business is represented by the Chandler Macleod Group. It offers a broad range of staffing services from various well established brands, and provides a variety of opportunities for job seekers. The Chandler Macleod Group spans the Asia Pacific

region, including Australia, New Zealand, China and Singapore. Chandler Macleod Group's brands include: AHS Hospitality, Aurion, Chandler Macleod, Peoplebank and Vivir Healthcare.

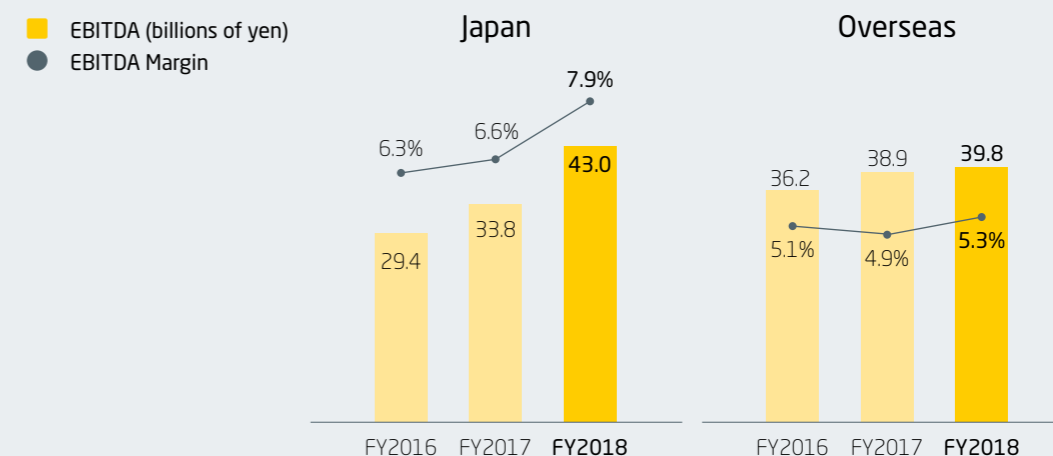


Mid-term strategy

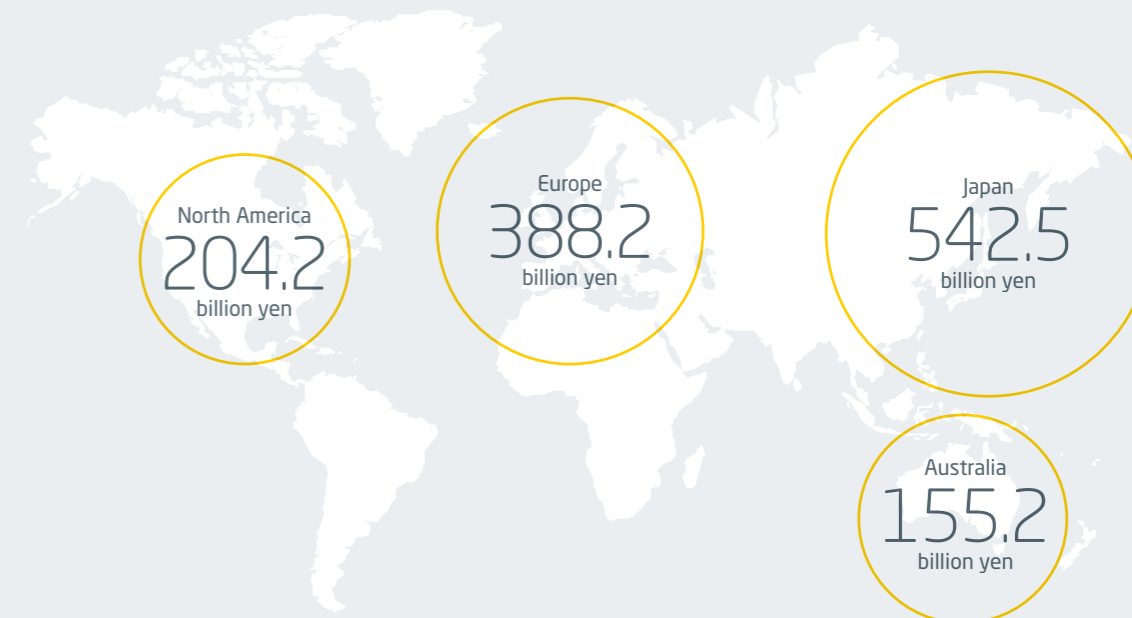
In the Staffing business, we will aim to improve adjusted EBITDA margins^{*1} by continuing to focus on operational efficiency.

Our Japan operations have high profitability in the global staffing industry, and we will focus on maintaining its profitability. We will further aim to improve adjusted EBITDA^{*1} margin in our operations in North America, Europe and Australia by further implementing the Unit Management System (see p60).

EBITDA and EBITDA margin



Revenue by region for FY2018^{*2}



^{*1} Adjusted EBITDA = operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expense.

^{*2} Sum of the individual companies sales before consolidation adjustments for North America, Europe and Australia.

The Staffing Leadership Message

- Creating a smart and agile organization to contribute to society



Rob Zandbergen
Head of Staffing SBU

The Staffing SBU is uniquely positioned to meet the needs of both job seekers and employers through leveraging decades of experience of relationship building.

Investment in our employees and productivity improvements are key factors in delivering outstanding services for our agency workers on assignments and enterprise clients. We will continue to improve upon our commercial and operational excellence and are committed to delivering meaningful added value to our stakeholders and society in order to meet their changing needs and expectations.

Our operational priority—productivity improvement—will be realized through the leveraging of our strong local market positions with a clear focus on value over volume, driven by our Unit Management philosophy. This applies not only to our existing products and services, but also will help guide us as we work to establish new revenue streams. This strategy, together with our empowered employees, will strengthen our competitiveness while supporting the transformation of the Staffing SBU into an agile, technology-driven business to meet job seekers' and enterprise clients' needs and to have an increasingly meaningful impact on them.

Our focus within our global network is to add value to society. This is also at the heart of our business as we aim to provide opportunities to people from all walks of life by finding a workplace where they are safe, happy, rewarded, trained, and developed. In line with this, we consider respecting and advancing human rights an essential part of our daily business.

Being aware of our responsibility, we take a proactive approach to supporting and respecting the prosperity of people and the protection of their rights, independent of race, gender, religion, social status, or any other characteristic, within the context of our activities and operations.

With our position, we have the opportunity to provide a meaningful impact upon the lives of hundreds of thousands of people who currently face barriers to employment, and by extension, their families and communities. Within our staffing business, we also have many initiatives that help improve the lives of people who face barriers that leave them at a distance from employment. Examples include activities and projects to support immigrant populations, people with disabilities, veterans, and minority groups in finding jobs.

With this approach, our Staffing SBU is strategically positioned to deliver upon its commitment to society, while maintaining sustainable growth in the years ahead.

- Strategy execution within the Unit Management System

A crucial element in the success of the Staffing SBU, whose business spans many countries and regions, is the localization of products and services to fit the needs of individual markets. To do this, we have introduced the Unit Management System, a style of management that provides individual businesses with the flexibility to make decisions based on their deep knowledge of local client need and market situation.

The Unit Management System divides an organization into small units based on differences in the markets they serve. Each unit is regarded as if they are a standalone company and the Unit Manager is given authority to make decisions. This arrangement allows each unit to devise and execute actions to implement our strategic priorities effectively for each market, with the aim of maximizing their local profits.

This system is designed to enhance the sense of ownership by the person responsible for each unit by giving discretion to promote higher-quality decision making.

In addition, common challenges and solutions in global markets are categorized and shared within SBUs in order to align each unit's strategy to our overall strategy quickly and simply, and to maximize each unit's ability to create value for their clients.

As each unit implements this process, productivity and profitability will improve and contribute to productivity improvements for the entire SBU.

Unit Management System



Case studies

The Unit Management System



With almost three decades in the industry, Peoplebank, a Chandler Macleod Group company, is South East Asia and Oceania's leading IT and digital talent solutions provider. Peoplebank joined Recruit Group in 2015, and its implementation of our Unit Management System (see p60) demonstrates the effectiveness of this approach in managing our group companies.

In Australia, the IT recruitment market has had lower margins than elsewhere, and in 2014, when Peoplebank was proceeding with its own previous M&As' post-acquisition integration, the market experienced a significant decline. It was then that Peoplebank began implementing the Unit Management System company-wide while refocusing on its core services. All 35 top managers took part in Unit Management workshops, and subsequently, the company has implemented significant changes. These include the simplification of its cost-allocation methodology, re-alignment of short-term incentives with EBITDA, and the open publishing of unit results every month while implementing incremental measurements weekly. Since 2015, the company's EBITDA margin has almost doubled. Today at Peoplebank, the Unit Management System has become a core part of basic training for new hires. "The system has helped drive Peoplebank's business foundation with a high-performance culture," said Peter Acheson, longstanding Peoplebank CEO, and now CEO of Chandler Macleod Group. "Making small incremental improvements is the only way to get there."

Case studies

Supporting the challenges faced by the young "Freeter"¹ class through engineer dispatch



In Japan, the combination of an aging society and favorable economic conditions has led to a shortage of workers in many industries. This situation is especially acute in the IT sector, where it is estimated that by 2030 there will be a shortage of up to 790,000 workers.² At the same time, there are approximately 1.4 million people under the age of 35 who are currently working as "freeters" that find themselves struggling to form mid- to long-term careers and achieve incomes above a certain level.³

In a bid to help meet the needs of both job seekers and employers, in 2012, Recruit Staffing Information Services started an engineer dispatch service. Under this program, inexperienced engineers—including members of the young freeter class—continue to receive training while gaining experience at client businesses through our Career Design Style program. Rather than setting the number of job matches as a measure of success, we focus on post-job matching management indicators of the engineer's career development. We work with clients to provide OJT⁴ which leads to professional licenses, and have developed a scheme for salary increases based on experience. We have continued to achieve solid growth year after year, and as of the end of March 2019, the number of our dispatch engineers has exceeded 1,000. Through this program, we will continue to support young people in building their careers and help clients who are facing a lack of engineers. In this way, we can bring further value to society by tackling social problems while also helping individuals to achieve personal growth.

¹ "Freeter" is a term used in Japan to describe people who are either unemployed or only work part-time, and was originally used to refer to young people who deliberately chose a more 'free' lifestyle over starting a career.

² "Survey Results Concerning the Latest Trends in IT Personnel and their Future Estimates--Report, Abridged Version," Ministry of Economy, Trade, and Industry (2016)

³ "2018 Labor Force Survey Results" (Ministry of Internal Affairs and Communications, Statistics Bureau) (Accessed on August 31, 2019)

⁴ An abbreviation for "On-the-Job Training." Refers to professional training received at an actual workplace by performing real work.

Case Studies

Our people are the "Plus" in Secretary Plus

USG People Belgium's "Secretary Plus" Brand



Among the many staffing services provided by our group company USG People Belgium, the "Secretary Plus" brand, which specializes in management support staffing, delivers exceptional profitability and has one of the highest conversion ratios (EBITDA divided by gross profit) in the Staffing SBU. In the staffing industry, competition for highly skilled clerical talent is intensifying. In response to this, Secretary Plus Belgium has established a clear differentiating brand strategy as well as a detailed follow-up system to support agency workers. This has led to high satisfaction rates among both agency workers and enterprise clients. Linda Cappelle, the company's CEO, said "Secretary Plus' 'Plus' points to the high level of added value that our people bring. The professionalism of our staff and the enthusiasm of each employee who supports them are key factors in our business growth, and strong teamwork is the very foundation of our success."

Risk Management

Sander Weisz Global Director, Risk Management, Legal, Compliance & Sustainability, Recruit Global Staffing



The introduction of the Staffing SBU Risk Management Committees in 2017 has had the positive effect of focusing everyone's attention on the key risks that require mitigating action. Discussions held in the Staffing SBU Committee are subsequently reported to the Risk Management Committee of Recruit Holdings.

Our Staffing SBU has operating companies around the globe, and to effectively manage the risks that they face in the course of doing business, each operating company has its own Risk Management Committee which holds regular meetings. A representative of the SBU Committee attends these meetings and then shares the outcomes at SBU Committee meetings for review and discussion. In this way, the Risk Management Committees within the operating companies help our leadership teams focus on the risks that require mitigating action, helping us realize our goals securely and efficiently.

In addition to this reporting system, each operating company is responsible for establishing its own risk management systems based on Recruit Group's policies and the SBU's guidelines. They periodically report to the SBU Headquarters' risk management department on specific risks that are unique to their local operating environments.

One of our most important operational risks is the frequent changes in labor laws all around the world, and it is essential that we comply with all updated laws and local legislation. Another priority is ensuring that our cybersecurity and data protection policies and systems are managed extremely carefully in order to control risks in these sensitive areas. Overall, our role as the risk management department is to support and assist each operating company within the Staffing SBU in executing its strategies to help realize our collective goals.

For further information on Recruit Group's risk management, see p79/80

Sustainability at the Staffing SBU

Our activities to help promote a sustainable society



Refugee support activities in Myanmar

The Staffing SBU plays an integral role in the SDGs Domino Effect (see p25 for details). By working to create optimal matching between candidates and clients, which directly leads to “SDG 10. Reduced Inequalities,” we are also contributing to the achievement of “SDG 5. Gender Equality.” This is particularly the case in countries and regions where female participation in the labor market is low. Through this, we can also contribute to “SDG 8. Decent Work and Economic Growth.”

Additionally, we firmly believe that it is important to protect the human rights of all stakeholders, including temporary agency workers as well as our management and employees, and ensure diversity and inclusion while operating our services. On this point, we adhere to the United Nations Guiding Principles for Businesses and Human Rights”, and continue to raise the standards of our services, including our Staffing business.

Advantage resourcing & Staffmark - career support

- **Supporting the Careers of Military Service Members and Veterans.** Provide career assistance such as resume writing and partnering with external organizations.
- **Supporting Refugees.** In addition to technology and housing assistance, we helped over 300 refugees from Myanmar, providing training and assistance with finding jobs for those who met certain criteria in the US.

Recruit Staffing - supporting students from overseas

In recent years, the number of undergraduate and postgraduate foreign students has been increasing, but it has not always been easy for them to find suitable jobs after graduating school. To help support them in their careers, Recruit Staffing created a service that provides foreign students with opportunities to work and develop professional skills while still in school. Since the service was launched in 2015, approximately 500 foreign students have been employed by approximately 120 companies across Japan.

Chandler Macleod - contributing to client companies' diversity

Chandler Macleod is dedicated to contributing to client companies' diversity. For one of their clients, a solar farm company, Chandler Macleod partnered with six local community groups to provide training programs for a diverse range of workers, helping to successfully match multiple candidates including those from indigenous populations, mature workers, long-term unemployed, and female workers.

Advantage Resourcing - education on human rights

Advantage Resourcing organized a number of free seminars and events for clients to address key employment human rights issues such as the Modern Slavery Act, as well as regular employment law seminars.

USG People Germany - renewable energy

In Germany, while approximately 30% of power is generated from renewables, at USG People Germany, 100% of energy consumed is sourced from renewables, translating to an annual saving of 232 tonnes of CO₂.



A local community support event



Recruiting for a solar energy project in Australia