

Recruit Holdings Shares Progress of FY2022 on its Commitment to Sustainability — “Prosper Together”

Recruit Holdings Co., Ltd. (TSE 6098) (“Recruit Holdings”) today announced an annual update regarding its [Commitment to Sustainability](#), a corporate strategy first announced in May 2021. Recruit Holdings and its subsidiaries (hereafter referred to as the Company, Recruit Group, We, or Us) have made solid progress toward its fiscal year (FY) 2030¹ environmental, social and governance (ESG) goals, with the aim of delivering sustainable growth while also creating equitable social impact.

Although the COVID-19 pandemic appears to be calming down, there are growing concerns in countries around the world about widening social and economic disparities as the possibility of an economic recession looms and as geopolitical tension continues. At Recruit Group, we remain focused on delivering a long-term positive impact on society and the environment through all of our corporate activities along with our stakeholders so that everyone may prosper together.

Environmental: Climate Action

We only have one planet, and everyone has a responsibility to protect the health and longevity of our home. Recruit Group is committed to protecting our environment by focusing on reducing greenhouse gas (GHG) emissions — a key issue against which we are taking action to address climate change.

We anticipate achieving our short-term goal of reaching carbon neutrality throughout our business activities in FY2022 - just as in FY2021.^{2,3} Our long-term goal is to achieve carbon neutrality across our entire value chain by FY2030.^{2,3} In order to accelerate our efforts toward this long-term goal, we set a three-year reduction target⁴ and signed on to the Science Based Targets initiative’s (SBTi) “Near-term targets to 1.5°C.”⁵ As a result of our environmental actions, following 2021, we were selected as a Supplier Engagement Leader, CDP’s highest supplier engagement rating for 2022.⁶

Furthermore, we have also started contributing to the environment through our products. With Indeed Interview, which allows users to complete job interviews online, we are avoiding GHG emissions.⁷

Social: Shorten Job Search Duration by Half

Having a job is one of the most important facets of life for many people. For example, according to an OECD study, approximately 40% of people could fall into poverty if they went without income for three months or more.⁸ Speed matters when it comes to finding jobs. As a leading global two-sided talent marketplace, helping match job seekers to hiring employers, we are well positioned to expand employment opportunities for all and reduce the time to get hired. We are committed to making a social impact through our products and services.

To do this, it is crucial for our job platform to leverage data and technology to enhance the speed and accuracy of job matching.

As part of our commitment to reduce the time it takes to get hired by half by FY2030, we are focused on expanding the collection and analysis of user data on Indeed. We made progress on this in FY2022, and in doing so, we discovered that there are large differences in job search duration based on the type of occupation as well as the salary range.

We made advancements in product development to shorten the time to get hired. For example, we observed that job search duration was 17% shorter when job seekers applied to open roles that were sponsored and when those hiring employers used a Pay Per Application pricing model instead of a Pay Per Click model.⁹ In addition, the time to hire for employers decreased 16% when they used Indeed Assessments which enables skill-based matching.¹⁰

We remain committed to learning more about job search duration and improving our products and services for the benefit of society.



Social: Help 30 Million Job Seekers Facing Barriers Get Jobs

All too often, traditional hiring practices have the unfortunate potential to reinforce systemic labor market biases and barriers that cannot be solved by speed and matching improvements alone. Through reducing various biases and barriers in the labor market, Recruit Group will increase access to opportunities for all job seekers and contribute to shortening the time it takes to find a job, helping people achieve economic security through employment.

We set a goal of helping 30 million job seekers facing barriers get jobs by FY2030 by reducing bias and barriers in hiring that can make it harder for many job seekers to find, get and keep a job. We worked to reduce common barriers that affect people globally such as education, disabilities, criminal records, experience in military services and lack of work essentials¹¹ such as access to technology and transportation. Research shows that employers often reject candidates without post-secondary education, even when the candidate has sufficient skills for the job.¹² Additionally, those with criminal records¹³ and military experience¹⁴ demonstrate prolonged periods of unemployment, especially in the United States.

While our challenge is just beginning, through making improvements to our products and partnerships,¹⁵ we are proud to have been able to help 3.9 million job seekers facing barriers get hired.¹⁶

Social: Achieve Gender Parity Across the Company

The diversity of Recruit Group's employees has been the source of our value creation from the very beginning. Betting on the passion and ideas of our employees has long been our competitive advantage. This is why our corporate agenda continues to prioritize a diverse, equitable and inclusive (DEI) workforce that empowers individuals and fosters innovation. We are making a significant effort to increase diversity within management by ensuring that our appointment processes are equitable and do not enable bias on the basis of gender, nationality, age, or recruitment route.

We are addressing our overall gender gap by working towards a group-wide commitment to increase the representation of women across the group companies to achieve approximately 50% in senior executive positions, managerial positions, and total employees within the Company by FY2030.¹⁷ To accelerate our efforts, we have also set a three-year target.⁴

One such example is underway within the Matching & Solutions SBU,¹⁸ which operates mainly in Japan where the gender gap is particularly significant. To increase representation of women, we worked to identify and reduce gender bias by clarifying the requirements for managerial positions and reevaluating what had previously been considered as must-have skills or necessary work styles. These efforts not only increased representation of women in managerial candidates, but also opened up opportunities for employees regardless of gender, and enhanced the overall pool of managerial candidates.

Governance: Achieve Gender Parity of the Board

Diversity in the boardroom is also critical for high quality decision-making, transparency and soundness in a company's governance structure. Recruit Holdings continues to enhance the diversity of skills, experience, and backgrounds of the board members and is committed to achieving approximately 50% women's representation among the members of the Board of Directors and Audit and Supervisory Board by FY2030.

In FY2023, Recruit Holdings will propose candidates for the Board of Directors including Katrina Lake as a new addition at its Annual General Meeting of Shareholders in June 2023. If approved, the representation of women will increase from approximately 27% to approximately 33%.¹⁹ This appointment will not only broaden the diversity of the Board of Directors from a gender perspective, but also in terms of nationality, age, skills and experience.

The Board of Directors has resolved to set mid-term targets over a three-year period for both GHG emissions reduction and gender parity, and beginning in FY2022 Recruit Holdings has linked the achievement of these targets to a percentage of the long-term incentive compensation²⁰ for the executive directors and corporate officers in charge of driving and realizing these ESG goals.

In addition to the above, the Company positions data security and privacy, corporate ethics and compliance, human rights, and employee engagement as material foundations for its corporate activities

and will prioritize related initiatives. As the Company makes progress toward these ESG goals, it will be monitored by the Board. Led by Ayano "Sena" Senaha — Director, Executive Vice President, and COO, and responsible for Recruit Group's sustainability commitments and ESG goals — the Company will advance related initiatives based on dialogue with various stakeholders and through advisory bodies to the Board of Directors, such as the Sustainability Committee.

Please refer to the website below for more details regarding our commitment to sustainability and related initiatives. <https://recruit-holdings.com/en/sustainability/>

- 1 In this document, the term "FY" refers to Recruit Holdings' Fiscal Year. "FY" refers to the 12-month period commencing April 1 of the year indicated, ending on March 31 of the following year.
- 2 Greenhouse gas (GHG) emissions throughout our business activities are the sum of direct emissions from the use of fuels in owned or controlled sources and are referred to as Scope 1. Indirect emissions from the use of purchased electricity, heat, or steam in owned or controlled sources are referred to as Scope 2. GHG emissions from the value chain are referred to as Scope 3, and comprise indirect emissions other than Scope 1 and 2. The entire value chain represents the sum of Scopes 1, 2 and 3 GHG emissions. The Company aims to achieve carbon neutrality upon completion of the following steps: measurement of GHG emissions, obtaining an accredited third-party assurance on the amount of GHG emissions, and offsetting of those emissions.
- 3 All GHG emission figures are approximate numbers calculated based on the GHG Protocol. Additionally, independent third-party assurances have been obtained from SOCOTEC Certification Japan and SCS Global Services for GHG emissions and avoided GHG emissions.
- 4 The GHG emission reduction target is based on the results from FY2022 to FY2024. The women's representation target for employees is based on the results from April 1, 2022 to April 1, 2025. The women's representation target for members of the Board of Directors is based on the results from July 1, 2022 to July 1, 2025.
- 5 Near-term targets to 1.5°C is a short-term target defined by the Science Based Targets initiative (SBTi) and established in line with the science-based level of reduction in GHG emissions required to limit the global temperature rise to below 1.5°C compared to the temperature before the Industrial Revolution.
- 6 CDP is a British charity-controlled non-governmental organization (NGO) established in 2000. It owns one of the world's largest environmental databases, working with large global financial institutions to disclose the environmental impact of companies.
- 7 The amount of GHG emissions avoided through the Indeed Interview is more than approximately 13,000t-CO₂, a contribution beyond the Group's value chain mitigation, so it is not included in the calculation of the Group's Scope 1, Scope 2 or Scope 3 GHG emissions.
- 8 The figure is based on data compiled in 28 countries (Source: OECD (2020), How's Life? 2020: Measuring Well-Being).
- 9 Difference calculated using time from a job seeker's application on Indeed to the job for which they ultimately were hired to the time of the hire for hires made on Indeed in the United States between January 2022 and January 2023. The data set analyzed included sponsored jobs only hosted on Indeed using one of these two pricing models: Pay Per Application and Pay Per Click. Pay Per Application is a newer pricing model where employers only pay for job applicants that meet their criteria. Pay Per Click is Indeed's standard sponsored job pricing model, where employers pay when a job seeker clicks on their sponsored job listing.
- 10 For jobs on Indeed that (a) were less than 14 days old and (b) had applications between November 1, 2022 through December 31, 2022, an analysis revealed a statistically significant difference in the number of days for an employer to make a hire on Indeed between jobs that used Assessments and those that did not. Time to hire was defined as the period from the day the job was posted on Indeed to the day that the job was closed by the employer with the reason that the employer hired a candidate on Indeed.
- 11 This indicates barriers that hinder job hunting, such as being unable to connect to the Internet, access to a job platform, and/or lack of transportation to interviews and work.
- 12 Source: Accenture, Grads of Life, Harvard Business School (2017), "Dismissed by Degrees: How degree inflation is undermining U.S. competitiveness and hurting America's middle class."
- 13 In the United States, approximately 70 million people have a criminal record (source: The Sentencing Project), and the unemployment rate of job seekers with a criminal record is approximately five times higher than the US average (source: Prison Policy Initiative).
- 14 A U.S. Chamber of Commerce Foundation study from 2016 found that 53% of veterans are unemployed for four months or longer after leaving the military. We recognize that veterans who are looking for a new opportunity or transitioning from military service to civilian life may have difficulty matching their skills and experience to the job market.
- 15 The initiatives as of today include providing assistance through the Company's online job platform, and through partnerships with NPOs and other organizations with whom the Company collaborates. The Company may also aim to reduce other various barriers, including newly emerging issues in the labor market by FY2030.
- 16 Represents number of hires made on Indeed reported from both job seeker and employer sources through our Hired Signal measurement, from May 1, 2021 - March 31, 2023 globally for job seekers who faced at least one of the following barriers: education, criminal record, military experience, disability or lack of essentials such as a computer or internet access.
- 17 Senior executive positions are defined as Senior Vice Presidents and Corporate Professional Officers of Recruit Holdings and Matching & Solutions Strategic Business Unit (SBU), and CEOs of the Company's major subsidiaries and heads of key functions in the HR Technology and Staffing SBUs. The respective percentage of women in managerial positions and total employees are calculated from Recruit Holdings, SBU Headquarters and the primary operating companies of each SBU. Managerial positions mean those that have subordinate employees.
- 18 SBU is an abbreviation of "Strategic Business Unit," a denomination of the Company's business segments.
- 19 The Board of Directors members are defined as Directors and Audit and Supervisory Board members.
- 20 Compensation based on ESG target achievements is set as a part of board incentive plan (BIP) trust (stock) compensation. Eligibility to receive this compensation and the payout amount will depend on whether or not the three-year target is achieved.

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