

Last Update: June 20, 2019

**Recruit Holdings Co., Ltd.**

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This Corporate Governance Report ("Corporate Governance Report" or the "Report") is based on Principles and Supplementary Principles provided in Japan's Corporate Governance Code (the "Corporate Governance Code") and the status of corporate governance in Recruit Holdings Co., Ltd. (the "Company") is described below.

## **I. Basic Views, Capital Structure, Corporate Attributes, and Other Basic Information Related to Corporate Governance**

### **1. Basic Views**

- Principles 2-1, 3-1 (i) (mandatory disclosure), 3-1 (ii) (mandatory disclosure), 5-2
- Supplementary Principle 4-1-2

The basic principle of the Company and its consolidated subsidiaries (the "Recruit Group" or the "Group") is "We are focused on creating new value for our society to contribute to a brighter world where all individuals can live life to the fullest." Under this basic principle, the Group defines its Recruit Group Management Philosophy that includes the Vision, Mission, and Values. The Vision of Recruit Group is stated as "Follow Your Heart," the Mission of Recruit Group is described as "Opportunities for Life. Faster, simpler, and closer to you," while the Values of Recruit Group are defined as "WOW THE WORLD," "BET ON PASSION," and "PRIORITIZE SOCIAL VALUE."

Based on this Recruit Group management philosophy, the Company's Board of Directors gives priority to corporate governance aimed at achieving stable long-term growth and continually raising our corporate value and shareholder value, as an attractive company for all stakeholders important to Recruit Group, including individuals users, enterprise clients, shareholders, employees, business partners, NPOs and NGOs, national and other governments, and local communities.

The Board of Directors recognizes that the Company is in compliance with all the principles of Japan's Corporate Governance Code. 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 Recruit Group are to be disclosed to the extent possible. The Company endeavors to provide users with information of high added value, not only in this Report but in convocation notices, Securities Reports, integrated reports, financial results briefing materials, and other materials disclosed to a wider range of stakeholders, and each year considers ways of improving the disclosure policy.

The Company tracks cost of capital and implements various measures to increase corporate value. For example, when evaluating individual investment opportunities, a hurdle rate exceeding the cost of capital is applied, and efforts are made to achieve capital efficiency above the cost of shareholder's equity even on a consolidated base. Moreover, key management indicators are devised each fiscal year, some of which are made public. As a benchmark for capital efficiency, the Company aims for ROE of approximately 15%.

In April 2018, a Group reorganization was implemented, resulting in an organizational structure designed for continual evolution on a global scale by keeping ahead of changes in the worldwide IT business environment, continuously and by executing transactions for expansion, divestitures, and restructuring of the business portfolio in the fastest manner.

In the Medium-Term Management Policy announced in May 2016, the Company set as a management target a high single-digit compound annual growth rate (CAGR) for adjusted EPS (Note) over the three years from the year ended March 31, 2017 to the year ended March 31, 2019. As reported to shareholders and investors in the financial results for the fiscal year ended March 31, 2019 in May 2019 and at the General Meeting of Shareholders in June 2019, this target was achieved at 15.5%, exceeded the original target greatly.

The Company has changed its prior guidance practices for the fiscal year ended March 31, 2019 to reflect its rapidly changing technology business environment. The Company will not provide mid-term business plan such as CAGR target for adjusted EPS, while it announced mid-term business strategies and long-term goals in the financial results presentation for the fiscal year ending March 31, 2020.

(Notes)

Adjusted EPS: Adjusted profit / (number of shares issued at the end of the period - number of treasury stock at the end of the period)

Adjusted profit: Profit attributable to owners of the parent  $\pm$  adjustment items \* (excluding non-controlling interests)  $\pm$  tax reconciliation related to certain adjustment items

\*Adjustment items: Amortization of intangible by acquisitions  $\pm$  non-recurring income/losses

The management strategies including the mid-term business strategies and long-term goals of Recruit Group are described on the Company website.

Japanese:

[https://recruit-holdings.co.jp/ir/management/managerial\\_policy.html](https://recruit-holdings.co.jp/ir/management/managerial_policy.html)

[https://recruit-holdings.co.jp/ir/library/upload/report\\_201903Q4\\_pm\\_jp.pdf](https://recruit-holdings.co.jp/ir/library/upload/report_201903Q4_pm_jp.pdf)

English:

[https://recruit-holdings.com/ir/management/managerial\\_policy.html](https://recruit-holdings.com/ir/management/managerial_policy.html)

[https://recruit-holdings.com/ir/library/upload/report\\_201903Q4\\_pm\\_en.pdf](https://recruit-holdings.com/ir/library/upload/report_201903Q4_pm_en.pdf)

### Reason for Not Implementing the Principles of the Corporate Governance Code

The Company complies with all the principles of the Corporate Governance Code.

**Disclosure Based on Principles of the Corporate Governance Code**

The Company adopts the following policies based on the five general principles of the Corporate Governance Code.

**1. Securing the Rights and Equal Treatment of Shareholders**

- General Principle 1
- Principles 1-1, 1-2
- Supplementary Principle 1-1-3

The Company recognizes the General Meeting of Shareholders as the Company's highest decision-making body, which must be a place where constructive dialogue with shareholders takes place, and where the views of shareholders must be properly reflected. The Company sets the time and place of General Meeting of Shareholders to enable as many shareholders as possible to attend. In addition, the Company endeavors to ensure the fair and equitable treatment of shareholders, and to enable them to exercise their rights properly, by prompt sending of convocation notice to allow time for properly understanding and considering the management situation, posting convocation notices electronically and in English prior to sending the notices by mail, and providing means for voting by mail or by the Internet for the sake of shareholders unable to attend on the day of the General Meeting of Shareholders, thereby creating an environment in which shareholders can readily exercise their voting rights. Recognizing the importance of actively disclosing information relating to the agenda of the General Meeting of Shareholders, the Company goes beyond legally mandated items to disclose content that will help shareholders make proper decisions.

Considering the importance of shareholder rights and in order to help shareholders exercise the rights smoothly, the Company stipulates in the Share Handling Regulations methods of exercising those rights, including requests to view the shareholder registry or Board of Directors Meeting minutes, shareholders' right to propose in the General Meeting of Shareholders, bringing a cease and desist order or filing a shareholder class action in case of violation of law by a Board Director, and other rights of minority shareholders recognized in the Companies Act.

**2. Appropriate Cooperation with Stakeholders Other than Shareholders**

- General Principle 2

The Company aims to realize the basic principle of creating "a brighter world where all individuals can live life to the fullest," continually raising corporate value and shareholder value, as an attractive company for all stakeholders important to the Company, including individual users, enterprise clients, shareholders, employees, business partners, NPOs and NGOs, national and other governments, and local communities.

For achieving the basic principle of the Recruit Group, the Board Directors and Corporate Executive Officers of the Company consider it important to incorporate dialogue with various stakeholders and their input in management, and to realize a continuous cycle of long-term business growth and contribution to society through the business. Such deliberations are carried out in the various committees established as advisory bodies to the Board of Directors. In the Sustainability Committee, Compliance Committee, and Risk Management Committee, for example, views are gathered, on such matters as policies on sustainability actions that include dialogue with stakeholders, policies and proposed actions for promoting a compliance mindset in the Company, and key risk themes for Recruit Group, which are then reported to the Board of Directors. The Board of Directors confirms these action proposals and monitors the progress of the actions.

In addition, the Board Directors and Corporate Executive Officers take the lead in discussions and initiatives based on dialogue with important stakeholders, including “town hall” meetings between the Corporate Executive Officers and employees, and joint projects with local communities.

### 3. Ensuring Appropriate Information Disclosure and Transparency

#### ■ General Principle 3

In addition to the Company’s financial situation, management performance, and other financial information, the Company actively seeks to disclose non-financial information in such areas as governance, social and environmental matters, and our corporate culture.

This information disclosure takes many forms, including presentations used at financial results announcements, financial results summary, and answers to frequently asked questions, integrated reports combining financial and non-financial information to provide an overall situation of the Company, and information disclosure on the Company website. By disclosing information in English along with Japanese, and going beyond legally mandated disclosure to make voluntary disclosures, the Company seeks to ensure transparency and fairness for a broad range of stakeholders.

These information disclosures form the foundation for dialogue with shareholders and other stakeholders. Making use of the feedback obtained through the dialogue process with stakeholders, we endeavor, under the leadership of Board Directors, to make more useful and readily understood disclosures.

### 4. Responsibilities of the Board of Directors etc.

#### ■ General Principle 4

#### ■ Principles 4-1, 4-3, 4-5

#### ■ Supplementary Principle 4-3-1

The Company’s Board of Directors is responsible for (1) decisions on basic management policies, (2) management oversight, (3) executive decisions that could have a major impact on Recruit Group, and (4) 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 raising corporate value and shareholder value in the medium to long term.

As part of creating an environment supporting appropriate risk-taking by Board Directors and Corporate Executive Officers, the Board of Directors establishes a Compliance Committee and Risk Management Committee as its advisory bodies. The two committees set key themes for Recruit Group, and report to the Board of Directors each time a committee meeting is held. The Board of Directors, based on the committee reports, is responsible for overall Recruit Group risk assessment and management. When the speed of decision-making is seen as of critical importance, the Board of Directors vests executive decision-making authority in the President, Representative Director and CEO within certain bounds, and oversees implementation of the decisions made.

To ensure highly effective oversight of Executive Board Directors and Corporate Executive Officers, the Board of Directors appoints multiple highly independent External Board Directors and External Audit & Supervisory Board Members. Objectivity and effectiveness of supervisory functions are further enhanced by having External Board Directors chair the Nomination, Evaluation, and Remuneration Committees, which are advisory bodies to the Board of Directors. Regarding nomination and dismissal of Board Director and Corporate Executive Officer, the Board of Directors makes decisions based on an overall assessment of candidates for positions including evaluation of performance, capabilities, and qualities, and deliberates the appropriateness of the appointment and dismissal process in the Nomination Committee.

Board Directors, being elected by the shareholders and entrusted with management of the Company, bear fiduciary responsibilities, including the duty of diligence in performance of their duties, and endeavor to contribute to the sustainable growth and increase in corporate value and shareholder value over the medium to long term.

In addition, the Company's Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members, each aware of their respective responsibilities entrusted to them by shareholders, act for the joint benefit of the Company and shareholders while ensuring appropriate cooperation with stakeholders. The Sustainability Committee, as an advisory body to the Board of Directors, meets twice annually, with participation by the Board Director in charge of sustainability, Corporate Executive Officers who are Board Directors of SBU Headquarters, and internal and outside experts. To enhance awareness of the demands and expectations of the broad society, dialogue is emphasized with diverse stakeholders such as NGOs, and deep discussions of cooperation with stakeholders take place in the Committee. The Board of Directors then confirms the action guidelines and fiscal year policy for Recruit Group sustainability activities and promotes specific activities. Once each year, the Board of Directors conducts an analysis and assessment of its own effectiveness, confirming whether deliberations are being conducted properly from the perspective of all stakeholders involved in Recruit Group, and carrying out initiatives for improvement.

## 5. Dialogue with Shareholders

### ■ General Principle 5

The Company values constructive dialogue with shareholders for achieving the Recruit Group management philosophy and sustainable increase in corporate value and shareholder value.

In addition to dialogue with shareholders at the General Meeting of Shareholders by Board Directors and Corporate Executive Officers, the President, Representative Director and CEO along with the Board Director and CFO mainly take part in dialogue with shareholders and institutional investors in Japan and overseas and hold briefings with individual investors, promoting understanding of the Company's management policies and endeavoring to make effective use of the feedback obtained in the dialogue process.

To promote dialogue with shareholders and investors, the Company appoints a Corporate Executive Officer in charge of capital market strategies and investor relations, and establishes a department dedicated to investor relations. Meetings with institutional investors in Japan and overseas are encouraged, and the Company provides contact points for responding to inquiries from individual shareholders and individual investors.

Of the principles and supplementary principles of the Corporate Governance Code for which disclosure is to be made, details are given in this Report for the following.

- Principle 1-4: 2-2
- Principle 1-7: 2-2
- Principle 2-6: 3-3
- Principle 3-1: 1-1, 2-1 and 2
- Supplementary Principle 4-1-1: 2-2
- Principle 4-9: 2-1
- Supplementary Principle 4-11-1: 2-2
- Supplementary Principle 4-11-2: 2-1
- Supplementary Principle 4-11-3: 2-2
- Supplementary Principle 4-14-2: 2-2

- Principle 5-1: 1-1, 3-2

The status of compliance with principles and supplementary principles other than the above is also described in this Report, with index numbers assigned to the principles indicated for reference.

## 2. Capital Structure

(1) Ratio of Shares Held by Foreign Shareholders      Between 20% and 30%

(2) Major Shareholders

Name or Company Name	Number of Shares Held	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	133,803,800	8.00
TOPPAN PRINTING CO., LTD.	102,600,000	6.13
Japan Trustee Services Bank, Ltd. (Trust Account)	90,746,800	5.42
DENTSU INC.	63,000,000	3.76
Dai Nippon Printing Co., Ltd.	58,100,000	3.47
The Recruit Group Employees Shareholding Association	41,001,980	2.45
Tokyo Broadcasting System Television, Inc.	33,330,000	1.99
Nippon Television Network Corporation	33,330,000	1.99
NTT DATA Corporation	31,500,000	1.88
The Dai-ichi Life Insurance Company, Limited	27,000,000	1.61

(3) Controlling Shareholders (excluding parent company)

None

(4) Parent Company

None

(5) Supplementary Information

The Company's treasury stock (23,808,269 shares) is excluded in the calculation of the shareholding ratio in (2) Major Shareholders above. Treasury stock does not include the Company's stock held by the Board Incentive Plan (1,367,801 shares).

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## 3. Corporate Attributes

(1) Stock Exchange Listings and Market Classification	First Section of the Tokyo Stock Exchange
(2) Fiscal Year-End	March
(3) Type of Business	Services
(4) Number of Employees as of Previous Fiscal Year End (Consolidated)	1,000 or more
(5) Consolidated Revenue in Previous Fiscal Year	1 trillion yen or more
(6) Number of Consolidated Subsidiaries at Previous Fiscal Year End	300 or more

## 4. Policy on Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholder

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## 5. Other Exceptional Circumstances that May Have a Material Impact on Corporate Governance

## II. Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision

### 1. Items Relating to Organizational Structure and Operations, etc.

- |  |  |
|--|--|
| (1) Structure of Organization  | Company with Audit & Supervisory Board   |
| (2) Board Directors  |  |
| (a) Maximum Number of Directors Stipulated in Articles of Incorporation  | Up to 11   |
| (b) Term of Office for Directors Stipulated in Articles of Incorporation | 1 year   |
| (c) Chair of the Board of Directors                                      | President  |
| (d) Current Number of Directors  | 7  |
| (e) Appointment of External Board Directors                              | Appointed<br>Respond to the items below if External Board Directors are currently appointed. |
- i. Number of External Board Directors 2
- ii. Number of External Board Directors Designated as Independent Directors 2
- iii. Relationship with the Company (1)

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

\* 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 performing an executive role at the Company or its subsidiary

b A person performing an executive role at or who is a non-executive director of the Parent Company

c A person performing 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 who executes business thereof

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

f A consultant, accountant, or lawyer who receives a large amount of monetary compensation



or other property (other than remuneration as an external director) from the Company

- g A major shareholder of the Company (or a person performing an executive role, which applies if the major shareholder is a juridical person)
- h A person performing 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 external director himself/herself)
- i 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 external director himself/herself)
- j A person performing an executive role at an entity to which the Company makes donations (this item applies only to the external director himself/herself)
- k Other

iv. Relationship with the Company (2)

Name	Independent Director	Supplementary Information Related to the Applicable Category	Reason for Appointment
Naoki Izumiya	○	<p>■ Supplementary Principle 4-11-2 (mandatory disclosure)</p> <p>Mr. Naoki Izumiya serves also as Chairman of the Board in Asahi Group Holdings, Ltd., and as External Board Director of OBAYASHI CORPORATION. Although Recruit Group has transactions with both companies, since the amount of those transactions in the fiscal year ended March 31, 2019 were less than 1 percent of the consolidated revenue of Asahi Group Holdings, Ltd., of the consolidated net sales of OBAYASHI CORPORATION, and of the consolidated revenue of Recruit Group, they are deemed not to affect shareholder and investor decisions due to their scope and amount. Moreover, since the multiple positions are limited to a reasonable scope for appropriately fulfilling the roles and responsibilities, a description of the transactions are omitted.</p>	<p>■ Principle 3-1 (v) (mandatory disclosure)</p> <p>Mr. Naoki Izumiya has a strong background in advanced PR branding strategies, a track record of cultivating management talent, and extensive experience enhancing enterprise value through aggressive acquisition of overseas companies and creation of synergies through those acquisitions. Accordingly, the Company has judged that he would be able to fulfill an appropriate role at the Company by performing his duties, such as providing advice about overall management and supervising the execution of business. As Mr. Izumiya does not violate either the independence criteria prescribed by the Tokyo Stock Exchange or those of the Company, the Company has judged that he is unlikely to pose any conflicts of interests with shareholders, and thus he has been appointed as an independent Director.</p>
Hiroki Totoki	○	<p>■ Supplementary Principle 4-11-2 (mandatory disclosure)</p>	<p>■ Principle 3-1 (v) (mandatory disclosure)</p>



		<p>Mr. Hiroki Totoki serves also as Senior Executive Vice President, CFO of Sony Corporation. Although Recruit Group has transactions with Sony Corporation, since the amount of those transactions in the fiscal year ended March 31, 2019 were less than 1 percent of the consolidated sales and operating revenue of Sony Corporation and of the consolidated revenue of Recruit Group, they are deemed not to affect shareholder and investor decisions due to their scope and amount. Moreover, since the multiple positions are limited to a reasonable scope for appropriately fulfilling the roles and responsibilities, a description of the transactions are omitted.</p>	<p>Mr. Hiroki Totoki has deep insight cultivated through management of a global manufacturing company and experience leading new business development projects in the Internet field. Accordingly, the Company has judged that he would be able to fulfil an appropriate role at the Company by performing his duties, such as providing advice about overall management and supervising the execution of business. As Mr. Totoki does not violate either the independence criteria prescribed by the Tokyo Stock Exchange or those of the Company, the Company has judged that he is unlikely to pose any conflicts of interests with shareholders, and thus he has been appointed as an independent Director.</p>
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- (f) Establishment of Voluntary Committees Equivalent to Nomination Committee or Remuneration Committee
- Established  
If Established, respond to the following

i. Establishment of Voluntary Committees, Composition, and Attributes of Chairperson

	Name of the Committee	Total Number of Committee Members	Number of Standing Members	Number of Internal Board Directors	Number of External Board Directors	Number of Outside Experts	Others	Chair
Voluntary Committee Equivalent to Nomination Committee	Nomination Committee	5	0	2	2	0	1	External Board Director
Voluntary Committee Equivalent to Remuneration Committee	Remuneration Committee	5	0	2	2	0	1	External Board Director

ii. Additional Information

“Other” members of the Nomination Committee and Remuneration Committee are External Audit & Supervisory Board Members.

See page 53 to 57 for the frequency of committee meetings, the main matters taken up in meetings, and the attendance record of each member.

## (3) Auditors

- |  |             |
|--|-------------|
| (a) Whether an Audit & Supervisory Board is established  | Established |
| (b) Number of Auditors Stipulated in Article of Incorporation  | Up to 5     |
| (c) Number of Audit & Supervisory Board Members  | 4           |
| (d) Cooperation among the Audit & Supervisory Board, Accounting Auditor, and the Internal Audit Department |             |

## ■ Principle 3-2

## ■ Supplementary Principles 3-2-1 (i), 3-2-1 (ii), 3-2-2 (i), 3-2-2 (ii), 3-2-2 (iii), 3-2-2 (iv)

The Company adopts a three-way audit system, consisting of audits by Audit & Supervisory Board Members, audits by Accounting Auditor (an outside accounting firm) specializing in such work, and internal audits by the Internal Audit Department. Audits by Audit & Supervisory Board Members and the Accounting Auditor are statutory audits, while internal audits are carried out at the direction of management and mainly are independent evaluations of internal control systems to prevent misconduct and ensure proper business practices are followed. Cooperation among the Internal Audit Department, Audit & Supervisory Board Members, and Accounting Auditor consists of the Accounting Auditor and the Internal Audit Department reporting on their respective audit plans and results to the Audit & Supervisory Board as required, and the standing members of the Audit & Supervisory Board conduct regular meetings with the Accounting Auditor and the Internal Audit Department to exchange information. The Internal Audit Department presents reports as appropriate and shares information when requested by an Audit & Supervisory Board Member or the Audit & Supervisory Board, and also shares information individually with the Accounting Auditor. The Audit & Supervisory Board holds twice-yearly discussions with the Representative Director and CEO, while the standing members of the Audit & Supervisory Board create opportunities for discussions with Board Directors and Corporate Executive Officers around twice a year, in the first and second half of the fiscal year. The Audit & Supervisory Board also evaluates the appropriateness of the performance of duties by the Accounting Auditor through discussions on the occasion of regular audit reports by the Accounting Auditor. The annual evaluation of the Accounting Auditor is performed by creating evaluation criteria together with the Accounting Department, investigating the status of audit operations at places where the Accounting Auditor performs duties, and having the Audit & Supervisory Board assess the findings. The audit reports provided periodically by the Accounting Auditor include a report on assurance of independence of the auditor, and the independence and expertise are confirmed through exchange of views on the occasion of these reports. The Company believes that through these activities, it can ensure the quality of audits and can adequately respond to any misconduct, inadequacies or concerns identified in the audits.

- |  |  |
|--|--|
| (e) Whether outside accounting auditors are appointed  | Appointed  |
|  | Respond to the items below if outside accounting auditors are appointed. |
| i. Number of External Audit & Supervisory Board Members                                      | 2  |
| ii. Number of External Audit & Supervisory Board Members Designated as Independent Directors | 1  |

## iii. Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*											
		a	b	c	e	f	g	h	i	j	k	l	m
Hiroki Inoue	Attorney									○			
Yasuaki Nishiura	Certified public accountant												

\* Categories for "Relationship with the Company"

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

\* "●" when a close relative of the External Audit & Supervisory Board Member currently falls or has recently fallen under the category; "▲" when a close relative of the External 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 a corporate auditor 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 remuneration as an External 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 External 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 External 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 External Audit & Supervisory Board Member himself/herself)

m Other

## iv. Relationship with the Company (2)

Name	Independent Audit & Supervisory Board Member	Supplementary Information Related to the Applicable Category	Reason for Appointment
Hiroki Inoue		<p>(■ Supplementary Principle 4-11-2 Corporate Governance Code) (mandatory disclosure)</p> <p>Mr. Hiroki Inoue serves also as Managing Partner of the law firm Nagashima Ohno &amp; Tsunematsu.</p> <p>Although Recruit Group has transactions with Nagashima Ohno &amp; Tsunematsu, since the amount of those transactions in the fiscal year ended March 31, 2019 were less than 1 percent of the consolidated revenue of Recruit Group and of the net sales of Nagashima Ohno &amp; Tsunematsu, they are deemed not to affect shareholder and investor decisions due to their amount and type. Moreover, since the multiple positions are limited to a reasonable scope for appropriately fulfilling the roles and responsibilities, a description of the transactions is omitted.</p>	<p>(■ Principle 3-1-5 Corporate Governance Code (v)) (mandatory disclosure)</p> <p>Mr. Hiroki Inoue has developed expertise as a lawyer for many years and is very familiar with corporate management. For him to utilize his abundant experience for supervising the management of the Company, the Company appointed him as External Audit &amp; Supervisory Board Member in 2015. The Company believes that he continues to be the right person for the post of External Audit &amp; Supervisory Board Member. For this reason, the Company has concluded that Mr. Inoue, though having never been involved in corporate management, would appropriately serve as External Audit &amp; Supervisory Board Member.</p> <p>In accordance with the policy of his affiliated law firm, he is not designated as an independent Audit &amp; Supervisory Board Member.</p>

Yasuaki Nishiura	○	<p>■ Supplementary Principle 4-11-2 (mandatory disclosure)</p> <p>None.</p>	<p>■ Principle 3-1 (v) (mandatory disclosure)</p> <p>Mr. Yasuaki Nishiura has accounting knowledge cultivated as a Certified Public Accountant of the U.S. and experience of supporting numerous Japanese companies in undertaking business expansion in the U.S. as a business advisor, working primarily in Silicon Valley. He makes statements from a neutral and objective perspective as an External Audit &amp; Supervisory Board Member, based on his deep insight and wealth of international experience. Accordingly, the Company has judged that he will fulfill an appropriate role in the supervision of the Company's overall management. Therefore, the Company believes that Mr. Nishiura is the right person to serve as an External Audit &amp; Supervisory Board Member. For this reason, the Company has concluded that Mr. Nishiura, though having never been involved in corporate management, would appropriately serve as External Audit &amp; Supervisory Board Member.</p> <p>As Mr. Nishiura does not violate either the independence criteria prescribed by the Tokyo Stock Exchange or those of the Company, the Company has judged that he is unlikely to pose any conflicts of interests with shareholders, and thus he has been appointed as an</p>
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			independent Audit & Supervisory Board Member.
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## (4) Independent Directors/Audit &amp; Supervisory Board Members

Number of Independent Board Directors and Independent Audit & Supervisory Board Members 3

Other Information regarding the Independent Board Directors and Independent Audit & Supervisory Board Members

## ■ Principle 4-9

The Company selects Independent Board Directors and Independent Audit & Supervisory Board Members in accordance with the independence criteria prescribed by financial instruments exchanges, confirming that the candidates are not also serving in companies that are major Recruit Group customers or suppliers. In addition, the Company's policy is, in principle, to select candidates who meet all the following criteria set independently by the Company.

- (1) If the candidate or the entity of which the candidate is an executive member is a shareholder in the Company, the corresponding proportion of voting rights held is no more than 10%.
- (2) In transactions during the most recent fiscal year, sales to the candidate or to the entity to which the candidate belongs amounted to less than 1% of the Company's consolidated revenue.

(5) Incentives (multiple items may be selected)

- |   |  |
|---|--|
| (a) Implementation of measures to grant incentives to Board Directors | <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

(Indicate the reason if none implemented.)

■ Principle 4-2

See (6) Remuneration of Directors for remuneration amounts or calculation methods.

(b) Grantees of stock options

Note: Mandatory for companies that grant stock options (select from the following)

Internal Directors, Others

Supplementary Information Related to This Item

Note: Mandatory for companies that grant stock options

The Company introduced a stock incentive plan for remuneration of Board Directors in 2016, making use of the Board Incentive Plan Trust ("BIP Trust") scheme and has therefore designed a remuneration system linking to medium- to long-term corporate value. In addition, a stock option plan was introduced in 2019, by resolution of the Ordinary General Meeting of Shareholders, providing remuneration only when the share price rises. The aim of this plan is to motivate Board Directors to contribute to further raising the share price and corporate value, having them share with shareholders the merits and risks of share price changes.

"Others" refers to Corporate Executives Officers.

(6) Remuneration of Directors (multiple items may be selected)

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

Supplementary Information Related to the Item(s) Selected

Note: Include details if the amount of remuneration is disclosed.

■ Principle 3-1 (iii) (mandatory disclosure)

Total remuneration for Internal Board Directors, Audit & Supervisory Board Members, and External Board Directors is disclosed by type (fixed remuneration, short-term incentive, long-term incentive, allowance for retirement benefits, etc.). The amount of remuneration for individual Board Directors whose remuneration was 100 million yen or more is also disclosed by type.



- (1) For the fiscal year ended March 31, 2019, remuneration amounts for Board Directors and Audit & Supervisory Board Members were as follows.

Executive level	Total remuneration (million yen)	Total remuneration by type (million yen)				Applicable persons
		Fixed remuneration (cash remuneration)	Short-term incentive (cash remuneration)	Long-term incentive (*1) (remuneration in stocks)	Allowance for retirement benefits, etc. (*2)	
Board Directors (excluding External Board Directors)	784	229	126	429	—	4
Audit & Supervisory Board Members (excluding External Members)	72	72	—	—	—	2
External Board Directors and External Audit & Supervisory Board Members	56	56	—	—	—	6

(\*1) The Long-term incentive column shows the amount booked in the fiscal year for the stock incentive plan, making use of the Board Incentive Plan Trust ("BIP Trust") scheme.

(\*2) As part of a revision of the officer remuneration program, the Company as of the conclusion of the 56th Ordinary General Meeting of Shareholders on June 21, 2016 abolished the retirement benefits system for Board Directors and Audit & Supervisory Board Members, and resolved that those officers who remained in their positions after the meeting would receive a final payment of retirement benefits.

(\*3) The amounts shown above for remuneration, etc. are as calculated based on IFRS Standards.

(\*4) Two External Board Directors who retired in the fiscal year ended March 31, 2019 are included in the above number of applicable persons.

- (2) For the fiscal year ended March 31, 2019, remuneration amounts for individual Board Directors and Audit & Supervisory Board Members were as follows.

Name	Executive level	Company	Total amount (million yen)	Amount of consolidated remuneration, etc., by type (million yen)			
				Fixed remuneration (cash remuneration)	Short-term incentive (cash remuneration)	Long-term incentive (remuneration in stocks)	Allowance for retirement benefits, etc.
Masumi Minegishi	Board Director	The reporting Company	280	86	54	140	—
Shogo Ikeuchi	Board Director	The reporting Company	160	55	36	69	—
Keiichi Sagawa	Board Director	The reporting Company	160	55	36	69	—
Rony Kahan (*2)	Board Director	The reporting Company	184	33	—	151	—

(\*1) Board Directors and Audit & Supervisory Board Members are listed whose total remunerations on a consolidated basis were 100 million yen or more in the fiscal year ended March 31, 2019.

(\*2) Board Director Rony Kahan, in addition to the above, received a defined pension contribution from Indeed, Inc. for a 401(k) retirement savings plan in which he is enrolled, but the amount was less than 1 million yen.

(\*3) The amounts shown above for remuneration, etc. are as calculated based on IFRS Standards.

(b) Whether policies have been set for deciding remuneration amounts or calculation methods Policies have been set.

Disclosed details on policies for deciding remuneration amounts or calculation methods

Note: Include details if the amount of remuneration is disclosed.

■ Principle 3-1 (iii) (mandatory disclosure)

■ Supplementary Principle 4-2-1

(1) Basic policies for remuneration

The following basic policies are adopted by the Company regarding remuneration of Board Directors, Audit & Supervisory Board Members and Corporate Executive Officers

- i. Set remuneration levels that will attract outstanding management talent globally.
- ii. Make remuneration plans highly performance-based to motivate Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members to achieve targets.
- iii. Tie remuneration to medium- and long-term corporate value.
- iv. Make the remuneration decision process highly objective and transparent.

(2) Remuneration levels

Remuneration levels are set using as benchmarks the executive compensation levels at enterprises in Japan and overseas of comparable business type and scale, as compiled by outside database services.

(3) Remuneration structure

Remuneration consists of the following four types.

		Performance-based indicators	Overview of payment method
Fixed remuneration (cash remuneration)		None	A base amount (*2) is paid in cash.
Short-term incentive (cash remuneration) (*1)		Attainment of consolidated performance targets for the fiscal year	An amount reflecting performance-based indicators in the base amount (*2) is paid in cash.
Long-term incentive (remuneration in stocks)	BIP Trust	Attainment of consolidated performance targets for the fiscal year	The Company's shares in an amount equivalent to cash reflecting performance-based indicators in the base amount (*2) are purchased on the market and held in a trust account, then turned over to the recipient upon retirement.
	Stock options	None	Stock options are allotted equivalent to the base amount (*2). After a period prescribed by the Board of Directors has elapsed, the recipient by exercising the stock options can obtain Company shares at their closing price on the day of allotment (profits are realized only when the share price goes up).

(\*1) Short-term incentive, in addition to the above, reflects the individual performance evaluation for the fiscal year.

(\*2) The above "base amount" is decided separately for each type of remuneration and based on each role.

With the aim of attracting and retaining outstanding management personnel globally, the Company may adopt a remuneration structure differing from the structure described above, in cases where personnel were recruited based on standards of markets with significantly different hiring practices and laws and regulations.

## (4) Performance-based indicators and calculation methods of amounts

The performance in the fiscal year ending March 31, 2020 is reflected in short-term incentive (cash remuneration) paid out in the fiscal year ending March 31, 2021, and in the amount of stock placed in the BIP Trust to which rights are granted as long-term incentive (remuneration in stocks). The performance-based indicators, reason for their selection, and method of calculating the remuneration amounts are as follows.

		Performance-based indicators	Reason for selection	Calculation of remuneration amount
Short-term incentive (cash remuneration) (*1)		Adjusted EBITDA (*2)	Because it is an important management indicator of the Company	The base amount (*6) is increased or decreased by an amount calculated by multiplying the growth rate from past years by a fixed coefficient.
Long-term incentive (remuneration in stocks)	BIP Trust	Adjusted EBITDA (*2)	Because it is an important management indicator of the Company	Fifty percent of the base amount (*6) is multiplied by a payment ratio within the range of 0% to 150% based on degree of target achievement.
		Adjusted EPS (*3)	Because it is an important management indicator of the Company	Fifty percent of the base amount (*6) is multiplied by a payment ratio within the range of 0% to 150% based on degree of target achievement.

(\*1) Short-term incentive, in addition to the above, reflects the individual performance evaluation for the fiscal year.

(\*2) Adjusted EBITDA: Operating income + depreciation and amortization (excluding depreciation of right-of-use assets) ± other operating income/expenses.

(\*3) Adjusted EPS: Adjusted profit (\*4) / (number of shares issued at the end of the period - number of treasury stock at the end of the period).

(\*4) Adjusted profit: Profit attributable to owner of the parent ± adjustment items (\*5) (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items.

(\*5) Adjustment items: Amortization of intangible assets by acquisitions ± non-recurring income/losses.

(\*6) The above “base amount” is decided separately for each type of remuneration and based on each role.

## (5) Percentages to be paid

For the fiscal year ending March 31, 2020, the following percentages of remuneration to be paid to Board Directors and Audit & Supervisory Board Members will reflect the achievement rate of set target performance-based indicators. In the case of Board Directors excluding

External Board Directors, the incentive ratio, especially for long-term incentives, is set higher as their position rises. Remuneration for External Board Directors and External Audit & Supervisory Board Members consists of fixed remuneration only, not tied to performance, considering the importance of their role of oversight from an independent, objective standpoint.

	Fixed remuneration (cash remuneration)	Short-term incentive (cash remuneration)	Long-term incentive (remuneration in stocks)	
			BIP Trust	Stock options
Board Directors (excluding External Board Directors) (*2)	22%	17%	45%	16%
External Board Directors	100%	-	-	-
Audit & Supervisory Board Members	100%	-	-	-

(\*1) The composition of performance-based remuneration is based on a model for a target achievement rate of 100%.

(\*2) The percentage to be paid to Board Directors (excluding External Board Directors) is shown as the average for the five applicable Directors.

#### (6) Governance

The Company has established an Evaluation Committee and Remuneration Committee, each chaired by an External Board Director and having a majority of outside members, as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of remuneration for Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members. Regarding the amount of individual remuneration, remuneration for Board Directors is determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Remuneration Committee, while remuneration for Audit & Supervisory Board Members is determined based on consultation among the Audit & Supervisory Board Members, within remuneration ranges approved by the General Meeting of Shareholders. Dates and details of resolutions by the General Meeting of Shareholders relating to remuneration, etc. of Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members are as follows.

## i. Board Directors, etc.

Types of remuneration		Resolution date	Applicable to	Amount, etc.	Number affected at the time of the resolution
Fixed remuneration		June 19, 2019	Board Directors	Total annual amount not to exceed 1,400 million yen (of which annual total for External Board Directors not to exceed 100 million yen)	7 (including 2 External Board Directors)
Short-term incentive					
Long-term incentive	BIP Trust	June 19, 2018	Board Directors, Corporate Executive Officers, and Corporate Officers	Total annual amount not to exceed 2,500 million yen (of which annual total for External Board Directors not to exceed 200 million yen)  Not to exceed 2,221,800 shares annually (of which annual total for External Board Directors not to exceed 177,600 shares)	6 Board Directors (including 2 External Board Directors)  8 Corporate Executive Officers not serving as Board Directors, 0 Corporate Officers
	Stock options	June 19, 2019	Board Directors (excluding External Board Directors)	Total annual amount not to exceed 700 million yen  Annual number not to exceed 9,000 (*1)	5

(\*1) The target number of shares per one stock option is 100 shares.

## ii. Audit &amp; Supervisory Board Members

Types of remuneration	Resolution date	Applicable to	Amount	Number affected at the time of the resolution
Fixed remuneration	June 20, 2017	Audit & Supervisory Board Members	Total monthly amount not to exceed 10 million yen	4

Note that the Company appoints outside compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise on remuneration systems. With their support, the Company reviews its remuneration standards and remuneration systems in light of external data, the economic environment, industry trends, the state of business management, and other factors.

The Company may limit long-term incentive remuneration in whole or in part, or demand its return, in case of a material breach of duties or internal rules, etc. by an Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members during the term of appointment, or of transfer to a competing firm.

- (7) Persons having decision-making authority for policy on deciding amounts and methods of calculating officer remuneration, etc as well as role of committees.

Regarding the amount of individual remuneration, remuneration for Board Directors is determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Remuneration Committee, while remuneration for Audit & Supervisory Board Members is determined based on consultation among the Audit & Supervisory Board Members, within remuneration ranges approved by the General Meeting of Shareholders. The Board of Directors also decides policy on deciding remuneration of Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members and the details of the remuneration system, based on discussions in the Evaluation Committee and Remuneration Committee. Individual remuneration amounts for Board Directors other than the Representative Director and CEO are decided by the Representative Director and CEO upon a resolution to entrust the decision to the Representative Director and CEO by the Board of Directors; but objectivity and transparency are assured by having these matters confirmed by the Evaluation Committee and Remuneration Committee.

- (8) Involvement of the Board of Directors and Committees in the process of deciding remuneration amounts in the most recent fiscal year

Of Board of Directors Meetings held in the most recent fiscal year, matters relating to remuneration of Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members were taken up three times. The Evaluation Committee and Remuneration Committee met three times, with all members present and taking part in deliberations in all the three times. The main matters deliberated and decided were as follows.

- Revision of the remuneration system of Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members
- Evaluation and remuneration of each Board Director

- (9) Provision of support for External Board Directors (External Audit & Supervisory Board Members)

- Supplementary Principles 4-8-1, 4-8-2, 4-13-3



### External Board Directors

The Secretariat of the Board of Directors provides various forms of support enabling External Board Directors to exercise appropriate oversight of Executive Directors in the performance of their duties. This support includes advance briefings on matters to be taken up at Board of Directors Meetings and provision of relevant information.

### External Audit & Supervisory Board Members

Standing Audit & Supervisory Board Members and assistants to Audit & Supervisory Board Members provide necessary support to External Audit & Supervisory Board Members enabling the Audit & Supervisory Board to conduct audits appropriately and promptly, such as, at Audit & Supervisory Board Meetings, sharing with them materials and matters discussed at important meetings not attended by External Audit & Supervisory Board Members. A practice has been established whereby subsidiaries having an Audit & Supervisory Board provide reports to the Audit & Supervisory Board of the Company; moreover, the Audit & Supervisory Board Members themselves visit subsidiaries and interview management to check on business conditions.

In addition to the foregoing, an External Board Director is assigned to facilitate coordination among independent External Board Directors, as an organizational structure is in place for contacts and coordination with Corporate Executive Officers and for collaboration with Audit & Supervisory Board Members or the Audit & Supervisory Board. The means are in place also for contacts among independent External Board Directors and External Audit & Supervisory Board Members, and by External Board Directors and External Audit & Supervisory Board Members with Internal Board Directors, Audit & Supervisory Board Members, and Corporate Executive Officers. Moreover, as necessary, meetings are designed for External Board Directors and External Audit & Supervisory Board Members only, following Board of Directors Meetings, so that the independence of External Board Directors and External Audit & Supervisory Board Members will not be affected and their information-gathering capabilities are enhanced. Further, the Board of Directors decides on internal auditing plans for the fiscal year prepared by the Internal Audit Department, and internal auditing reports are issued in the first and second half of the fiscal year. The Internal Audit Department and Standing Audit & Supervisory Board Members work closely together, sharing information with each other.

## 2. Items Relating to Functions of Business Execution, Audit and Oversight, Nomination, and Decision on Remuneration, etc. (Outline of the Current Corporate Governance System)

### (1) Business Execution

#### ■ Supplementary Principles 4-1-1 (mandatory disclosure), 4-1-3

Important matters of business strategy and business execution at the Company are decided by the Board of Directors and the Business Strategy Meeting, etc.

In principle, meetings of the Board of Directors are convened once a month, and are attended by all seven Board Directors and four Audit & Supervisory Board Members.

The Business Strategy Meeting is an advisory body to the President, Representative Director and CEO, and in principle meets twice a month. It consists of four Board Directors who are also Corporate Executive Officers, four Corporate Executive Officers responsible for corporate functions, and two Standing Audit & Supervisory Board Members. See page 57 for the frequency of Board of Directors Meetings and the attendance record of each Board Director. In addition, the

Company introduced a Strategic Business Unit (SBU) organizational structure, with an SBU Headquarters to oversee each SBU, transferring from the Business Strategy Meeting to the Board of Directors of the SBU Headquarters in charge of each SBU, to the extent possible, certain authority regarding matters with relatively minor impact on Recruit Group as a whole and authority to decide operational matters, aimed at making possible faster decision-making. A majority of the members of the Board of Directors of each SBU Headquarters are Board Directors of the Company, provided as Non-executive Directors of the SBU Headquarters.

To strengthen its business execution functions, the Company has adopted a Corporate Executive Officer system.

The Board of Directors makes decisions on matters that could significantly impact the Company's corporate governance and/or the consolidated financial performance, such as investments above a certain threshold and key personnel matters. Other matters are decided by the Business Strategy Meeting, etc. to the extent possible. Criteria for determining organizational decision-making authority are set forth in the Rules on Decision-making Authority, which undergo revision at least once a year by the Board of Directors.

CEO succession plans are established and administered in accordance with deliberation of the Nomination Committee (chaired by an External Board Director who is an independent director and having a majority of external members) and, as appropriate, referred to the Board of Directors. The Board of Directors appoints the President and Representative Director based on discussion in the committee. CEO succession planning is carried out based on the management strategy and considering the definition of personnel requirements in the desired governance system. The planning includes drawing up successor candidate development plans in light of the expected timing for replacement of the existing CEO, and monitoring of the progress.

## (2) Oversight Function

- Principles 3 1(iv), 4-4, 4-6, 4-7, 4-8, 4-11
- Supplementary Principle 4-4-1

The Company has adopted the “company with an Audit & Supervisory Board” form of corporate governance, as defined in Japan's Companies Act.

### 1. Roles of the Board of Directors

The Company's Board of Directors is responsible for (1) decisions on basic management policies, (2) management oversight, (3) executive decisions that could have on performance of operations having a major impact on Recruit Group, and (4) 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 raising corporate value and shareholder value in the medium to long term.

### 2. Composition of the Board of Directors

With the rapid diversification of the kinds of businesses, where they are carried out, individuals users, enterprise clients, and employees, the Company recognizes that obtaining diversity of the Board of Directors is essential for improving the quality of discussions in Board of Directors Meetings and for promoting innovation needed for the long-term growth of the Company.

As for the size of the Board of Directors, the Company believes it should be a proper size for carrying on high-quality discussions. The policy is therefore to have no more than 11 Board Directors.

### 3. Policy on Selection of Board Directors

The policy in selecting and nominating Board Director candidates is to choose from a pool of candidates, assured to be diverse, those qualified to fulfill the duties and responsibilities of the position, based on their skills, leadership, background, judgment, personality, insight, and experience. Reappointment of current Board Directors takes into account, in addition to such qualities, the length of their time in office, performance, and contribution to the Board of Directors.

The Board of Directors of the Company believes it has a strong need to increase its membership diversity, in particular in gender. Consequently, the Board of Directors, in selecting those candidates found most capable, is committed to including at least one female Board Director candidate among Director candidates to be nominated at the General Meeting of Shareholders to be held by June 2021.

At the time of this Report, of the seven Board Directors, the Company has selected two highly independent External Board Directors, who maintain a certain distance from business execution to ensure effective oversight. External Board Directors are selected at the present time based on the above criteria, in addition to which priority is given to management experience in global or other listed corporations. While no standard has been set for the number of independent External Board Directors, the Company endeavors to appoint them actively. Measures such as holding meetings with outside experts are taken to ensure that a certain number of appropriate candidates are always available to fill open spots.

The following approaches and measures are taken to ensure independent External Board Directors play an effective role in Company management.

- (i) The Company selects External Board Directors with the necessary management experience in global or other listed corporations, and asks for their advice on raising corporate value and shareholder value in the medium to long term.
- (ii) External Board Directors, by chairing and participating in the Nomination, Evaluation, and Remuneration Committees, play a leading role in drafting proposals for selection of Board Directors and Corporate Executive Officer.
- (iii) For matters with the potential for conflict of interest, the Board of Directors acts as decision-making body, and External Board Directors and External Audit & Supervisory Board Members are asked to provide oversight regarding conflict of interest from their standpoints.
- (iv) As part of creating the environment supporting appropriate risk-taking by Board Directors and Corporate Executive Officers, the Compliance Committee and Risk Management Committee share details of their discussions as necessary with the Board of Directors.
- (v) To ensure the Board of Directors Meetings include statements from the perspectives of various stakeholders, details of discussions in the Sustainability Committee and views from shareholders are shared as necessary at Board of Directors Meetings. Independent External Board Directors chair the Nomination, Evaluation, and Remuneration Committees, where highly objective discussions are especially necessary.

In addition, one standing Non-executive Director with high-level knowledge of Internet business is appointed, who is not involved in business execution.

#### 4. Audit & Supervisory Board Composition

When selecting Audit & Supervisory Board Member candidates, the policy is to select qualified persons with suitable experience and capability who are equipped with the necessary knowledge of finance, accounting, and legal affairs. Currently the Company, in addition to two Standing Audit & Supervisory Board Members who deeply understand the business of Recruit Group, has two External Audit & Supervisory Board Members, one with expertise in law and the other with expertise in finance and accounting.

All Audit & Supervisory Board Members make efforts to continually update their knowledge necessary for auditing in such areas as finance, accounting, and legal affairs, in training paid for by the Company. Specifically, by taking part in training and study sessions offered by the Japan Audit & Supervisory Board Members Association or by outside accounting auditors, they deepen their understanding of the latest accounting standards and important matters for auditing.

To enhance the oversight function of the Business Strategy Meeting, its meetings must be convened with the participation of at least one Standing Audit & Supervisory Board Member.

The Audit & Supervisory Board consists of two standing members and two external members. In principle, it meets once a month in performance of its management oversight functions. In addition, one alternate Audit & Supervisory Board Member is elected to provide for occasions when the number of regular Audit & Supervisory Board Members is less than the statutory requirement.

Regarding the internal audit system, steps have been taken to strengthen the system of internal checks. Among these are the establishment of the Internal Audit Department, as an auditing unit independent of executive units, and the Compliance Department, as a unit with overall responsibility for compliance.

Accounting audits are performed by certified public accountants affiliated with Ernst & Young ShinNihon LLC.

#### (3) Agreements for Limitation of Liability of Board Directors (excluding those who are Executive Directors) and Audit & Supervisory Board Members

The Company has entered into an agreement with all the Board Directors (excluding those who are Executive Directors) and with Audit & Supervisory Board Members, to limit the liability to compensate for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is the minimum liability amount required under applicable laws and regulations. Such limitation of liability, however, applies only provided the officers performed their duties that caused the liability in good faith and without gross negligence.

#### (4) Nomination, Evaluation, and Remuneration Decisions

- Principles 3-1 (iii) (mandatory disclosure), 3-1 (iv) (mandatory disclosure), 4-10
- Supplementary Principles 4-3-2, 4-3-3, 4-11-1 (mandatory disclosure)

Nomination, evaluation, and remuneration decisions concerning Board Directors and Corporate Executive Officers are deliberated by each committee which is an advisory body to the Board of Directors and consists mainly of external members. The purpose of this approach is to enhance objectivity and transparency.

Specifically, in each fiscal year, nomination, evaluation, and remuneration of Board Directors, Corporate Executive Officers, and Audit & Supervisory Board Members are considered in the Nomination Committee, Evaluation Committee, and Remuneration Committee, each chaired by

an External Board Director who is an independent director, with final decisions made by resolution of the Board of Directors. The Nomination Committee deliberates and reports on the appointment and succession of the President and Representative Director, and on the appropriateness of the process for nominating Board Director candidates, then submits the matter to the Board of Directors. The Board of Directors appoints the President and Representative Director based on discussion in the Nomination Committee. Succession planning is carried out based on the management strategy and considering the definition of personnel requirements in the desired governance system. The planning includes drawing up successor candidate development plans in light of the expected timing for replacement of the existing President and Representative Director, and monitoring of the progress.

Dismissal of Board Directors or Corporate Executive Officers is considered in case they are recognized to have significantly harmed the corporate value of the Company due to violation of laws and regulations or other reasons. Specifically, deliberation and reporting on whether to dismiss a Board Director or Corporate Executive Officer take place in the Nomination Committee, which then refers the matter to the Board of Directors.

The Evaluation Committee deliberates and reports on evaluation of Board Directors' performance and evaluation standards, while the Remuneration Committee deliberates and reports on the remuneration amount of Board Directors based on their performance evaluation and the remuneration standards and systems of Board Directors and Corporate Executive Officers. Each Committee then refers the matter to the Board of Directors. Regarding the amount of remuneration, remuneration for Board Directors is determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Remuneration Committee, while remuneration for Audit & Supervisory Board members is determined based on consultation among the Audit & Supervisory Board Members, within remuneration ranges approved by the General Meeting of Shareholders. Individual remuneration levels are set using as benchmarks the executive compensation levels at enterprises in Japan and overseas of comparable business type and scale (or in the case of Audit & Supervisory Board Members, based on the remuneration standards of standing and non-standing corporate auditors of such enterprises), as compiled by outside database services.

Each Committee is chaired by an External Board Director and a majority of the Committee members are outside members.

(5) Reasons for the Selection of Individual Board Directors and Audit & Supervisory Board Members

■ Principle 3-1 (v) (mandatory disclosure)

Mr. Masumi Minegishi was appointed as Recruit Group CEO in 2012 and oversees the business of the entire Recruit Group, drawing on his strong leadership capabilities. Judging him to be an appropriate person for ongoing efforts to raise the corporate value and shareholder value of Recruit Group in a sustainable manner, the Company believes he is the right person for the post of Board Director.

Mr. Shogo Ikeuchi, having gained extensive experience and knowledge through his diverse duties, primarily in the areas of corporate planning, human resources, international business strategy, R&D, public relations, and sustainability, was appointed as Board Director in 2012, judging him to be an appropriate person for ongoing efforts to raise the corporate value of Recruit Group in a sustainable manner. The Company continues to consider him to be the right person for the post of Board Director.

Mr. Hisayuki Idekoba, serving as Corporate Executive Officer of the Company since 2012, has a wealth of experience and knowledge by which he has driven growth of numerous businesses

taking advantage of technology, and recently has been instrumental in the steady growth of Indeed, Inc. and the globalization of Recruit Group. Judging him to be an appropriate person for ongoing efforts to raise the corporate value of Recruit Group, the Company considers him to be the right person for the post of Board Director.

Mr. Keiichi Sagawa, having gained extensive experience and knowledge through his diverse duties, primarily in the areas of accounting, finance, legal affairs, investor relations, risk management, corporate communication, and corporate strategy, was appointed as Board Director in 2011, judging him to be an appropriate person for ongoing efforts to raise the corporate value of Recruit Group in a sustainable manner. The Company continues to consider him to be the right person for the post of Board Director.

Mr. Rony Kahan is a co-founder of Indeed, Inc., a Recruit Group subsidiary. The Company believes his deep expertise and broad relationships in the HR technology industry will help the Company to further accelerate the global expansion of the Internet business and increase the corporate value of Recruit Group in a sustainable manner, and thus appointed him as Board Director in 2018, considering him to be the right person for the post. The Company continues to consider him to be the right person for the post of Board Director.

Mr. Akihito Fujiwara has been properly auditing the performance of duties of the Board Directors as Standing Audit & Supervisory Board Member, and has been involved in the Company's management for many years as Corporate Executive Officer and in other positions, having gained extensive experience and knowledge through involvement mainly in businesses related to information systems in the Company. Therefore, the Company believes he is the right person to serve as a Standing Audit & Supervisory Board Member.

Ms. Yukiko Nagashima has been involved in the management of the Company for many years, holding positions including that of Corporate Executive Officer. In that time, she has gained extensive experience and knowledge through her duties, primarily in human resources, bridal business, and staffing business operations. Therefore, the Company believes Ms. Nagashima is the right person to serve as a Standing Audit & Supervisory Board Member.

The rationale supporting the appointment of the other External Board Directors and External Audit & Supervisory Board members is stated under II-1, "Board Directors" and "Audit & Supervisory Board Members."

(6) Effectiveness of Deliberations by the Board of Directors

■ Principle 4-12

■ Supplementary Principle 4-12-1

The following initiatives are carried out to enhance the effectiveness of deliberations by the Board of Directors.

- (i) Draft versions of Board of Directors Meeting materials are distributed at least three working days prior to meetings.
- (ii) Along with Board of Directors Meeting materials, summaries of the agenda discussion points are provided to participants by the Secretariat, aiming for three working days prior to meetings. In addition, the Chair, External Board Directors, and other Board Directors right after their appointment are provided with the agenda details in advance by the Secretariat in order to encourage them to engage in free, open, and constructive discussion and exchange of views.
- (iii) An annual schedule is decided the previous fiscal year for Board of Directors Meetings, and



the timing for taking up important matters is confirmed at the beginning of the fiscal year.

- (iv) Matters for deliberation and the frequency of meetings are reviewed each fiscal year and set as appropriate considering the performance in the fiscal year and strategy for subsequent fiscal years.
- (v) The time devoted to deliberations is reviewed each fiscal year, considering the performance in the fiscal year and strategy for subsequent fiscal years.

The Board of Directors, moreover, endeavors to foster an atmosphere that respects free, open, and constructive discussion and exchange of views, including the raising of issues by External Board Directors, and expects the External Board Directors in particular to actively comment and advise in their areas of extensive expertise and experience.

The Board of Directors also provides opportunities for free discussion among participants outside of the Meetings, encouraging active exchange of views.

#### (7) Analysis and Evaluation of the Effectiveness of the Board of Directors

##### ■ Supplementary Principle 4-11-3 (mandatory disclosure)

Self-evaluation based on the following matters was made for Board of Directors Meetings held in the fiscal year ended March 31, 2019.

##### 1. Details of the self-evaluations

- Persons participating in the evaluations: Board Directors and Audit & Supervisory Board Members of the Company (10 persons in all)
- When conducted: From March to May 2019
- Summary: Individual interviews were conducted, as necessary, based on the aggregate results of replies to a questionnaire survey, consisting of items such as the appropriateness of the roles and responsibilities of the Board of Directors, the appropriateness of the organizational structure and composition of the Board of Directors, the appropriateness of the qualities and knowledge of Board Directors, the effectiveness of deliberations by the Board of Directors, the effectiveness of checks and balances and oversight functions performed by and between Board Directors who are also Corporate Executive Officers, and the appropriateness of deliberations from the perspective of shareholders, customers, employees, local community, and other stakeholders, as well as open-ended questions.

##### 2. Analysis and evaluation results

- In Board of Directors Meetings, management strategy for raising corporate value and shareholder value over the medium to long term based on the Recruit Group management philosophy is adequately deliberated, and the individual deliberations are consistent with this strategy.
- The organizational structure and composition of the Board of Directors as well as the qualities and knowledge of Board Directors are adequate for conducting deliberations.
- The matters brought up for discussion at Board of Directors Meetings are appropriate, and candid deliberations are conducted in the meetings.
- Matters identified in the evaluation of Board of Directors effectiveness in the fiscal year ended March 31, 2018 were improved in meetings in the fiscal year ended March 31, 2019.

Based on the above, the Company's Board of Directors is deemed to be adequately fulfilling its roles and responsibilities in terms of both decision-making and supervision over business execution.



While the above analysis and evaluation confirmed that the Board of Directors maintains a high level of effectiveness, matters to be looked at closely in the short term and in the medium to long term were identified for raising the corporate value and shareholder value.

In short term, the Board of Directors of the Company believes it has a strong need to increase its membership diversity, including gender. Consequently, the Board of Directors, in selecting those candidates found most capable, is committed to including at least one female Board Director candidate among Director candidates to be nominated at the General Meeting of Shareholders to be held by June 2021.

In the medium to long term, it was recognized that the Board of Directors should deepen and continue its discussions from the standpoint of improving the effectiveness of corporate governance as a Group and from the standpoint of more diverse stakeholders.

(8) Training of Board Directors and Audit & Supervisory Board Members

■ Principle 4-14

■ Supplementary Principles 4-14-1, 4-14-2 (mandatory disclosure)

Newly appointed Board Directors and Audit & Supervisory Board Members are given an overview of the Company at the time of their appointment, along with basic information on matters such as management strategies, financial strategies, and high-priority areas for audits. Thereafter, ongoing opportunities are provided for updating their knowledge, such as by holding workshops, with outside experts invited as necessary, for example when changes are made to the Companies Act in Japan or other systems. In addition, visits to business sites are organized as necessary to promote understanding of the business. Corporate Executive Officers in charge of strategies for principal businesses are asked to provide External Board Directors and External Audit & Supervisory Board Members with information to further their understanding of the businesses, and opportunities are provided for promoting their understanding of the corporate culture, business, and employees, such as by inviting them to Recruit Group knowledge-sharing events. Board Directors and Audit & Supervisory Board Members also participate as necessary in outside seminars, on matters such as accounting and finance and risk management, and in internal seminars led by invited outside experts.

(9) Policy on Strategic Shareholdings

■ Principle 1-4 (mandatory disclosure)

■ Supplementary Principles 1-4-1, 1-4-2

The Company policy is in principle to reduce strategic shareholdings. Regarding the strategic shares held by the Company, the decision whether to hold individual company shares is made based on a comprehensive assessment that includes quantitatively verifying that the economic value is appropriate compared to the cost of capital and qualitatively evaluating such standpoints as the strategic relevance and importance. These strategic shareholdings are subject to a careful review once each fiscal year by the Board of Directors, and a policy is adopted of reducing holdings that do not meet the above standpoints.

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 profit, 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 who 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 hinting at reducing transactions.

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

(10) Policy on Related-Party Transactions

■ Principle 1-7 (mandatory disclosure)

Related-party transactions by the Company's Board Directors are subject to review and approval by the Board of Directors, including Independent Board Directors and Independent Audit & Supervisory Board Members, based on their reasonableness (necessity for business purposes) and the appropriateness of their conditions. Information is collected annually on transactions that exceed a certain financial threshold amount and are engaged in with the Company or its subsidiaries by Board Directors of the Company, Audit & Supervisory Board Members of the Company, 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; and material transactions are disclosed in the Securities Report.

(11) Information Gathering and Support Structure

■ Principle 4-13

■ Supplementary Principles 4-13-1, 4-13-2

An organizational structure is in place enabling Board Directors and Audit & Supervisory Board Members to obtain necessary information whenever necessary in order to fulfill their respective duties. They are able, at the Company's expense, to obtain the advice of outside experts as needed, in areas requiring high specialization or where the Company's knowledge is inadequate. They are also provided with a support structure that includes staffing needs.

Secretaries are assigned to Internal Board Directors and Standing Audit & Supervisory Board Members, and an environment is in place for enabling information gathering through coordination as needed with the relevant internal departments.

The Corporate Planning Division holds regular meetings at least once a month for External Board Directors, and the Committee Secretariats of the Nomination, Evaluation, and Remuneration Committees give advance briefings to them as needed, providing required information as circumstances demand.

A structure is in place enabling External Audit & Supervisory Board Members to access Recruit Group internal information as needed, and through Standing Audit & Supervisory Board Members and assistants, they are provided with the necessary support including distribution of and advance briefings on meeting materials, and provision of information of various kinds.

As part of the annual analysis and evaluation of the effectiveness of the Board of Directors, External Board Directors and External Audit & Supervisory Board Members are asked periodically whether they have been able to obtain timely information needed for effective deliberations in Board of Directors Meetings, and corrective measures are taken as circumstances demand.

**3. Rationale for Selecting the Present Corporate Governance System****■ Principle 4-10****■ Supplementary Principle 4-10-1**

To create a governance system that effectively ensures compliance, the Company includes External Board Directors on its Board of Directors and has adopted the “company with an Audit & Supervisory Board” form of organization (as defined in the Companies Act of Japan), in which corporate auditors are to oversee the activities of Board Directors and the Board of Directors. In addition, External Board Directors and External Audit & Supervisory Board Members are appointed to achieve accountability to shareholders and other stakeholders, provision of general management advice, and maintenance of checks on the execution of business activities. To strengthen the independence and objectivity of management oversight functions, especially in considering key personnel matters, Nomination, Evaluation, and Remuneration Committees have been established as advisory bodies to the Board of Directors directly under the Board, chaired by External Board Directors and with a majority of outside members.

The Company also introduced an SBU organizational structure, transferring from the Business Strategy Meeting to the Board of Directors of the SBU Headquarters in charge of each SBU, to the extent possible, certain authority regarding matters with relatively minor impact on Recruit Group as a whole and authority to decide operational matters, aimed at making possible faster decision-making. Non-executive Directors of each SBU Headquarters provided by the Company constitute a majority of the members of the Board of Directors of each SBU Headquarters.

To strengthen its business execution functions, the Company has adopted a Corporate Executive Officer system.

In view of the contributions of External Board Directors to the Board of Directors and the performance of the Audit & Supervisory Board, the functioning of the present corporate governance system is judged to be reasonable.

**■ Supplementary Principle 1-1-2**

When proposing to shareholders that certain matters for resolution by the General Meeting of Shareholders be delegated to the Board of Directors, a Board of Directors Meeting attended by two independent External Board Directors and two External 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.

### III. Implementation Status of Measures for Shareholders and Other Stakeholders

#### 1. Measures for Revitalizing the Shareholders Meeting and Facilitating Exercise of Voting Rights

Status of conformity to the following matters (select all applicable items)

	Applicability	Additional Explanation
a. Prompt sending of Shareholders Meeting convocation notice	✓	<p>■ Supplementary Principle 1-2-2</p> <p>The Company endeavors to speed up the sending of convocation notices to provide shareholders with ample time to consider the agenda of the General Meeting of Shareholders. The Company sends out convocation notices at least one week earlier than the statutory deadline (at least three weeks before the day of the General Meeting of Shareholders). In addition, Japanese and English versions of the convocation notice are published on the Company website and on TDnet* at least one week before they are sent out.</p> <p>*An Internet service operated by the Tokyo Stock Exchange to distribute information provided by its listed companies</p>
b. Off-peak scheduling of Shareholders Meeting	✓	<p>■ Supplementary Principle 1-2-3</p> <p>The General Meeting of Shareholders is recognized as the Company's highest decision-making body, which must be a place where constructive dialogue with shareholders takes place, and where the views of shareholders must be properly reflected. The Company schedules the General Meeting of Shareholders to enable as many shareholders as possible to attend, and to avoid conflict with those of other companies (choosing days other than those on which shareholders meetings tend to be concentrated).</p>
c. Electronic voting	✓	<p>■ Supplementary Principle 1-2-4</p> <p>Shareholders can exercise their voting rights from their own personal computer or from a smartphone, via the Internet.</p>
d. Participation in electronic voting platform and other measures to improve the environment for exercise of voting rights by institutional investors	✓	<p>■ Supplementary Principle 1-2-4</p> <p>Considering their shareholding ratio, the Company provides an environment facilitating the exercise of voting rights by institutional investors in Japan and overseas. As a specific measure, the Company participates in the electronic</p>

		voting platform operated by ICJ, Inc.
e. Provision of Shareholder Meeting convocation notice (abridged) in English	✓	The Company posts an English-language version of the convocation notice on its website. The information disclosed in English, and published on the Company's English-language website, also includes presentations used at financial results announcements, financial results summaries, answers to frequently asked questions, integrated reports, and other materials.
f. Other	✓	<p>■ Supplementary Principle 1-1-1 At the Board of Directors Meeting following the General Meeting of Shareholders, the Board of Directors analyzes the voting, for and against, on all proposals, taking note of the views of shareholders and considering the need for shareholder dialogue and other measures.</p> <p>■ Supplementary Principle 1-2-5 To prepare for cases where institutional investors holding shares in the name of a trust bank or agent express an interest in exercising their voting rights at the General Meeting of Shareholders on behalf of the trust bank or agent, the policy of the Company is to consider the possibility in consultation with the trust bank or agent as circumstances demand. 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 if before the record date, or to attend the meeting as an observer if after the record date.</p>

## 2. Investor Relations activities

Status of conformity to the following matters (select all applicable items)

	Applicability	Additional Explanation	Explanation by Representative
a. Preparation and public notice of disclosure policy	✓	The Company's basic 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, including financial results, management policies of Recruit Group, business strategies, and other key indicators. Details are posted on the Company website.	—
b. Provision of regular briefing sessions for individual investors	✓	■ Supplementary Principle 5-1-2 (iii) The Company provides contact points for responding to inquiries from individual investors, and holds timely briefing meetings for individual investors.	Yes
c. Provision of regular briefing sessions for equity research analysts and institutional investors	✓	■ Supplementary Principle 5-1-2 (iii) Financial results briefings are held with Board Directors and/or Corporate Executive Officers present to give explanations as needed, and their statements are published on the Company website when financial results are announced. Individual and small group meetings are also held with equity research analysts and with overseas and Japanese institutional investors.	Yes
d. Provision of regular briefing sessions for overseas investors	✓	■ Supplementary Principle 5-1-2 (iii) Along with quarterly financial results announcements and explanations on the Company website, teleconferences are held with overseas institutional investors as needed. Individual and small group meetings are also held, including visits to overseas institutional investors.	Yes
e. Posting of Investor Relations materials on the	✓	■ Supplementary Principle 5-1-2 (iii) The Company actively discloses on its Company website important information	—

Company website		<p>useful for investment decisions by investors, including quarterly financial results and integrated reports.</p> <p>The Company also discloses materials in English for overseas investors, of the same quality and at the same timing as materials in Japanese.</p>	
f. Establishment of an Investor Relations department (person)	✓	<p>A department exclusively responsible for investor relations (Capital Market Strategies and Investor Relations) has been established, and a Corporate Executive Officer in charge of capital market strategies and investor relations is appointed.</p> <p>The Company provides contact points for responding to inquiries from investors on its Company website.</p>	—
g. Other		<p>■ Principle 5-1 (mandatory disclosure)</p> <p>■ Supplementary Principle 5-1-2 (v)</p> <p>The Company, as decided by the Board of Directors, appoints a Corporate Executive Officer in charge of capital market strategies and investor relations. The Company also has a department dedicated to investor relations, as part of an organizational structure for promoting dialogue with shareholders. Requests by overseas and Japanese institutional investors for meetings are accepted within reasonable bounds, and the Company proactively visits and carries on dialogue with overseas and Japanese shareholders. The Company provides contact points for responding to inquiries from individual shareholders, and holds briefing meetings for individual investors.</p> <p>Use the following link to the Company website for more information about the IR policy.</p> <p>Japanese:  <a href="https://recruit-holdings.co.jp/ir/ir-policy.html">https://recruit-holdings.co.jp/ir/ir-policy.html</a></p> <p>English:  <a href="https://recruit-holdings.com/ir/ir-policy.html">https://recruit-holdings.com/ir/ir-policy.html</a></p>	—



		<p>■ Supplementary Principle 5-1-1</p> <p>Regarding dialogue with shareholders, in keeping with the status of their holdings of the Company's shares, main matters of interest, their shareholding policy, and other factors, the President, Representative Director and CEO, the Board Director and CFO, the Corporate Executive Officer in charge of capital market strategies and investor relations, and others take part in road shows, conferences, and individual meetings, etc. in Japan and overseas, seeking dialogue with shareholders.</p> <p>■ Supplementary Principle 5-1-2 (i)</p> <p>The Company has a department exclusively in charge of capital market strategies and investor relations, and the Board Director and CFO oversees the Finance Division including this department. Appointment of a Corporate Executive Officer in charge of capital market strategies and investor relations is decided by the Board of Directors and a department dedicated to investor relations is also established ; efforts are made to strengthen the organizational structure for constructive dialogue with overseas and Japanese shareholders; and the President, Representative Director and CEO as well as Board Director and CFO actively carry out dialogue with shareholders in Japan and overseas.</p> <p>■ Supplementary Principle 5-1-2 (ii)</p> <p>The Company emphasizes coordination between each department in the Company with Board Directors and Corporate Executive Officers conducting dialogue with shareholders as well as departments responsible for capital market strategies and investor relations so that they are able to</p>	
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		<p>conduct effective dialogue with shareholders.</p> <p>Specifically, by holding meetings of the Timely Disclosure Committee chaired by the Corporate Executive Officer in charge of capital market strategies and investor relations with participation by managers of related departments, having Securities Reports and integrated reports prepared by project teams made up of multiple departments, and in other ways having various departments including accounting, finance, business management, corporate planning, public relations, legal affairs, human resources, sustainability, and compliance coordinate with the department dedicated investor relations, the Company endeavors to strengthen dialogue on and disclosure of financial information and non-financial information.</p> <p>Matters learned in dialogue with shareholders and investors are shared in a timely manner with Board Directors, Corporate Executive Officers, and related departments, and people from related departments are encouraged to sit in on the dialogue to further their understanding of the capital markets perspective and other measures are taken to enhance coordination among internal departments.</p> <p>■ Supplementary Principle 5-1-2 (iv)</p> <p>The Company values matters learned in dialogue with shareholders and investors as information necessary for conducting business.</p> <p>Matters learned in dialogue with shareholders are summarized each quarter by the department in charge of investor relations, and opportunities are provided for giving feedback to the Board Directors and Corporate Executive Officers as well as related</p>	
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		<p>departments.</p> <p>■ Supplementary Principle 5-1-2 (v)</p> <p>The Company's basic 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 analysts. The information disclosed, which is useful for corporate valuations and investment decisions, includes management performance and policies for Recruit Group, business strategies, and other key indicators.</p> <p>The Company has drawn up the Recruit Group Insider Trading Prevention Regulations for all Group officers and employees, and endeavors to manage insider information such as by prohibiting the conveyance to third parties of matters that may amount to material nonpublic information, or the recommendation of trades of specific investment securities. The Company endeavors to prevent in advance any insider trading, and to stipulate social and ethical responsibility as officers and employees, ensuring trust in Recruit Group.</p> <p>Use the following link to the Company website for more information about Recruit Group compliance initiatives.</p> <p>Japanese:  <a href="https://recruit-holdings.co.jp/who/governance/compliance/">https://recruit-holdings.co.jp/who/governance/compliance/</a></p> <p>English:  <a href="https://recruit-holdings.com/who/governance/compliance/">https://recruit-holdings.com/who/governance/compliance/</a></p> <p>As an internal rule, the period beginning four weeks before announcement of financial results is treated as a quiet period, during which the Company refrains from responding to questions from shareholders and investors, etc. about financial results and from making</p>	
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		<p>comments about the results.</p> <p>■ Supplementary Principle 5-1-3</p> <p>Each quarter, the Company obtains the shareholder registry from the registrar and endeavors to identify the shareholder ownership structure and gather information about major shareholders.</p> <p>The Company also carries out surveys in the first and second half of the fiscal year to identify actual shareholders, seeking to find out the institutional investor shareholders in the Company, and endeavors through dialogue with shareholders to determine the shareholding situation.</p> <p>The results of these surveys on the shareholding situation are reported to Board Directors and Corporate Executive Officers, seeking to make the dialogue more effective.</p> <p>■ Supplementary Principle 3-1-2</p> <p>The Company strives to achieve sufficiently fair information disclosure to overseas investors and other overseas stakeholders, as a general rule making disclosure in English at the same timing and with similar quality as when making voluntary information disclosure in Japanese.</p> <p>The information disclosed in English, and published on the Company's English-language website, includes presentations used at financial results announcements, financial results summaries, answers to frequently asked questions, integrated reports, and convocation notices, and other materials.</p>	
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### 3. Status of Efforts to Ensure Respect for the Viewpoints of Stakeholders

Status of conformity to the following matters (select all applicable items)

	Applicability	Additional Explanation
a. Rules on respecting the viewpoints of stakeholders	✓	<p>■ Principle 2-2</p> <p>The Recruit Group has drawn up a Sustainability Policy based on the Recruit Group basic principle. In the policy, five material matters are identified. In order to realize our five material matters, "in collaboration with our stakeholders, we implement actions reflecting what we can and should do while continuing to challenge ourselves."</p> <p>In addition, the Board of Directors has established a Code of Ethics that all Recruit Group officers and employees are required to follow as members of society. The Recruit Group Code of Ethics consists of 13 articles. The Code calls for "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 our 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," and "protecting the environment."</p> <p>The Board of Directors decides basic policies on compliance in Recruit Group, and monitors, through the Compliance Committee, the effectiveness of compliance throughout Recruit Group.</p> <p>The Company's Compliance Committee chaired by the President, Representative Director and CEO, based on information collected from the Company's administrative departments and subsidiaries, evaluates the effectiveness of compliance in Recruit Group and decides and checks action plans.</p> <p>Compliance Committee deliberations and decisions are reported to the Board of Directors.</p> <p>The Company has policies of providing education to all Recruit Group employees based on the Recruit Group Code of Ethics and of asking management at subsidiaries to convey the importance of compliance to their employees.</p> <p>On this basis, the Company's subsidiaries distribute leaflets and conduct tests of understanding, and their President communicates in speeches, email messages, and other means the need to respect compliance.</p> <p>■ Supplementary Principle 2-2-1</p> <p>The Board of Directors institutes the following types of</p>

		<p>monitoring to confirm the effectiveness of compliance going beyond mere pro forma checking of observance.</p> <ul style="list-style-type: none"> <li>• The Board receives quarterly reports on the status of Group-wide compliance, and confirms the occurrences of whistleblower reports, etc., disciplinary action, lawsuits, violations of laws and regulations or other problems, and the mechanisms and organizational structure for managing these problems.</li> <li>• The Board receives reports on the deliberations and decisions in the Compliance Committee of the Company and of each SBU (of which those in each SBU meet twice a year), confirming progress of compliance activities and material matters.</li> </ul>
b. Initiatives on behalf of environmental protection and sustainability	✓	<p>■ Principle 2-3, 3-1 (i)          ■ Supplementary Principle 2-3-1</p> <p>Sustainability initiatives are carried out based on the Recruit Group Sustainability Policy, drawn up in April 2014 to realize the Recruit Group basic policy of “contributing to a brighter world where all individuals can live life to the fullest.” With “promoting businesses that contribute positively to society” as a core tenet of our sustainability efforts, we strive to meet global stakeholders' expectations and to fulfill our responsibilities as a global citizen, both of which grow as our business expands. As the business has become more global, the “Five Material Matters for sustainability activities”(*1) were reorganized in April 2018. Of the SDGs(*2), we have set six goals needing particular focus (SDGs Domino Effects Through the Ribbon Model: Contributing to other SDGs from SDG 10). Based on these, we collaborate with stakeholders to implement actions reflecting what we can and should do while continuing to challenge ourselves.</p> <p>(*1)Five Material Matters for promoting sustainability activities</p> <ol style="list-style-type: none"> <li>(1) Inspire new ways of working</li> <li>(2) Close the opportunity gap</li> <li>(3) Celebrate diversity and inclusion</li> <li>(4) Respect human rights</li> <li>(5) Conserve the environment</li> </ol> <p>(*2)SDGs          17 Sustainability Development Goals adopted by the United Nations in 2015</p> <p>(*3)Six sustainability development goals (SDGs) needing</p>

		<p>particular focus</p> <ul style="list-style-type: none"> <li>1 No Poverty</li> <li>4 Quality Education</li> <li>5 Gender Equality</li> <li>8 Decent Work and Economic Growth</li> <li>10 Reduced Inequalities</li> <li>13 Climate Action</li> </ul> <p>Initiatives for promoting sustainability start from recognition of the demands and expectations of the broad society through dialogue with stakeholders, and are developed in extensive discussions in the Sustainability Committee, an advisory body to the Board of Directors, along with outside experts and the Corporate Executive Officers. After the confirm of Board of Directors, the committee and the Company carries out specific sustainability activities in line with an action plan.</p> <p>In April 2010, we established our “more eco more smile” four-promise environmental vision. Since then, we have used our businesses, products, and services as vehicles for expanding the scope of our global environmental preservation activities and for contributing to the realization of a sustainable society. We are constantly taking action to benefit the environment through steps such as obtaining ISO 14001 certification.</p> <p>Information on our sustainability activities is available on the Company website.</p> <p>Japanese: <a href="https://recruit-holdings.co.jp/sustainability/">https://recruit-holdings.co.jp/sustainability/</a> English: <a href="https://recruit-holdings.com/sustainability/">https://recruit-holdings.com/sustainability/</a></p> <p>Our CO<sub>2</sub> emissions reduction targets and actions on climate change are also published on the Company website.</p> <p>Japanese: <a href="https://recruit-holdings.co.jp/sustainability/environment/climate-change/">https://recruit-holdings.co.jp/sustainability/environment/climate-change/</a> English: <a href="https://recruit-holdings.com/sustainability/environment/climate-change/">https://recruit-holdings.com/sustainability/environment/climate-change/</a></p> <p>The Board of Directors Regulations stipulate that the Board of Directors is to report about sustainability activities annually, detailing results of initiatives in the current fiscal year and plans for the next fiscal year.</p> <p>The sustainability action plan is carried out with input from an outside experts made up of people from a variety of backgrounds. The Sustainability Committee established as an advisory body to the Board of Directors meets twice a year. A mechanism is in place whereby objective advice is received from committee members toward raising the level</p>
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		of sustainability management.
c. Establishment of rules for providing information to stakeholders	✓	<p>Article 9 of the Recruit Group Code of Ethics (Fulfilling Our Disclosure Obligations as a Public Company) clearly states our commitment to behaving as a public company by accurately reporting to society our thinking, activities, and the contents of our products and services.</p> <p>Recruit Group seeks to engage in interactive communication with individuals users, enterprise clients, shareholders, employees, business partners, NPOs and NGOs, national and other governments, and local communities, seeing these as important stakeholders, by providing information and creating opportunities for dialogue. We invite outside experts to take part in Sustainability Committee meetings, we conduct individual interviews to find out views on and expectations of Recruit Group's sustainability policy and business activities, and we hold group dialogues for which we work through NPOs — intermediary support groups — to invite participants from various quarters. The Sustainability Management page of the Company website includes a section defining our stakeholders and describing how we engage with them.</p> <p>Japanese:  <a href="https://recruit-holdings.co.jp/sustainability/policy/management/">https://recruit-holdings.co.jp/sustainability/policy/management/</a>  English:  <a href="https://recruit-holdings.com/sustainability/policy/management/">https://recruit-holdings.com/sustainability/policy/management/</a></p>
d. Other	✓	<p>Employee Diversity</p> <p>■ Principle 2-4</p> <p>Recruit Group recognizes that “BET ON PASSION” requires enabling all employees to realize their full potential, with a priority issue being to enhance gender diversity. To this end, since 2006 Recruit Group has been consciously promoting gender diversity to advance the roles female employees play in the organization. Measures supporting work-life balance have included the establishment in 2007 of an in-company childcare facility named “And’s.” Since 2010, special efforts have been made to appoint female employees to managerial and other decision-making positions. After the Recruit Group governance structure was revised in October 2012, the measures that had been undertaken up to that time were introduced in the main Japanese operating companies of the Group,* seeking to promote gender diversity throughout the Group. The goal of Recruit Group is for the ratio of women in each position to be equal to the proportion of female employees in Recruit Group, and the</p>

		<p>Company has promoted various initiatives toward achieving this vision. As a result, there have been upward trends in the ratios both of working mothers and of female managers.</p> <ul style="list-style-type: none"> <li>Percentage of female employees: 44.3% (as of April 2019)</li> <li>Percentage of working mothers among female employees: 23.2% (as of April 2019)</li> <li>Percentage of managerial positions held by women: 25.9% (as of April 2019)</li> </ul> <p>In September 2012, a target ratio was set for women involved in management decision-making - defined as positions with Executive Officer or equivalent authority - within the Recruit Group's main operating companies in Japan to 10% or more by April 2015. The target was set in September 2012 and was achieved by April 2015. As of April 2019, the ratio is 12.4%.</p> <p>An aspirational target for 2015 and after was also set, of raising the percentage of women section managers in the main Japanese operating companies of the Group to 30% or more by April 2018. By April 2018, a ratio of 28.0% had been achieved and this was a big improvement from the rate of 10.3% in 2006 when diversity promotion began in earnest. Work-life balance support and gender equality support efforts will be continued toward achieving the goal.</p> <p>*The following companies are included in the above "main Japanese operating companies of the Group."</p> <p>Recruit Holdings Co., Ltd.  Recruit Career Co., Ltd.  Recruit Jobs Co., Ltd.  Staff Service Holdings Co., Ltd.  Recruit Staffing Co., Ltd.  Recruit Sumai Company, Ltd.  Recruit Marketing Partners Co., Ltd.  Recruit Lifestyle Co., Ltd.  Recruit Communications Co., Ltd.  Recruit Co., Ltd.  Recruit Technologies Co., Ltd.</p> <p>Exercising Functions as Asset Owner of Corporate Pension Plan</p> <p>■ Principle 2-6 (mandatory disclosure)  At the companies within the Recruit Group with a defined-benefit pension plan, the personnel department of those companies is in charge of the plan, and a manager with suitable qualifications is assigned. The plan managers</p>
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		undergo training on administration of defined-benefit pension plans and on such matters as administrative auditing and personal information management, for the sake of stable formation of employee assets and maintaining financial soundness. They exchange information regularly with the financial institutions entrusted with fund management regarding the management status of the corporate pension plan, and endeavor to ensure that the reserve funds are properly managed.
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#### IV. Matters Relating to the Internal Control System, Etc.

##### 1. Basic approach and status of internal control system establishment

- Principles 2-5, 4-4
- Supplementary Principles 2-5-1, 3-2-2 (iii), 4-3-1, 4-3-4

Details of internal control system establishment in the Company and its subsidiaries ("Recruit Group") were adopted as follows by resolution of the Board of Directors at its meeting March 13, 2019.

- (1) Systems to Ensure that Board Directors, Employees, and Similar Personnel of the Company and Its Subsidiaries Comply with Laws and Regulations and the Articles of Incorporation in the Execution of Their Duties
- i. A Board of Directors, which shall include External Board Directors, shall be established at the Company to carry out important decision-making for Recruit Group.
  - ii. An Audit & Supervisory Board, which shall include External Audit & Supervisory Board Members, shall be established at the Company. Each Audit & Supervisory Board Member of the Company shall audit the execution of duties by the Company's Board Directors by attending meetings of the Board of Directors and other important meetings and investigating the state of business execution and similar matters on the basis of the audit standards established by the Audit & Supervisory Board.
  - iii. A Nomination Committee, Evaluation Committee, and Remuneration Committee, each chaired by an External Board Director, shall be established at the Company to conduct deliberations on the nomination, appointment, evaluation and remuneration of the Board Directors and Corporate Executive Officers.
  - iv. The Company shall dispatch its Board Directors to SBU headquarters so that they account for the majority of the Board of Directors of SBU headquarters and supervise the management of SBU headquarters.
  - v. The Internal Audit Department shall be established within the Company, under direct control of the President, Representative Director and CEO, and shall conduct audits of all managers, employees, consultants, and similar personnel (hereinafter collectively referred to as "Recruit Affiliated Persons") and their compliance with laws and regulations, as well as the Articles of Incorporation and/or company policies.
  - vi. The "Recruit Group Code of Ethics" shall be established and Recruit Affiliated Persons of Recruit Group shall be informed thereof.
  - vii. While giving due consideration to the autonomy and independence of the Company's subsidiaries, the "Recruit Group Policies" shall be established as common policies for Recruit

Group on matters such as decision-making, investment management, finance, human resource management, risk management, and compliance, in order to realize unified Group management.

- viii. Recruit Group shall create a system to prevent all relationships, including business relationships, with anti-social forces.
  - ix. The Company shall establish the “Recruit Group Compliance Policy” that stipulates the basic policies in regard to Recruit Group compliance. The Company’s Board of Directors shall establish a department in charge of compliance after appointing an individual with ultimate responsibility for compliance, and shall make decisions on the basic policies in regard to Recruit Group’s compliance and monitor the effectiveness of the compliance system. The President, Representative Director and CEO shall convene the Compliance Committee, chaired by himself, to evaluate the effectiveness of compliance in Recruit Group and make decisions on and inspections of Recruit Group’s operational plans.
  - x. The Board of Directors of SBU headquarters shall make decisions on the basic policies in regard to compliance and monitor the effectiveness of the compliance system after appointing an individual with ultimate responsibility for compliance at each SBU. The CEO of each of the SBU headquarters shall convene the Compliance Committee, chaired by him/herself, to evaluate the effectiveness of compliance and make decisions on and inspections of the respective SBU headquarters’ operational plans.
  - xi. The CEO of each subsidiary of the Company shall evaluate the effectiveness of compliance and make decisions on and inspections of operational plans at each subsidiary after appointing an individual with ultimate responsibility for compliance at each subsidiary.
  - xii. The Company and its subsidiaries shall establish a system, including reporting hotlines for harassment or illegal or other improper behavior, to promptly transmit information to the applicable department in charge of compliance within the Company or a subsidiary, if a Recruit Affiliated Person discovers a problem 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 departments involved within Recruit Group, and implement the measures.
  - xiii. The Company and its subsidiaries shall plan and conduct necessary training for Recruit Affiliated Persons to ensure compliance with the Code of Ethics and internal policies.
  - xiv. In the event that violation of laws and regulations, internal policies or other compliance matters are discovered, the Company and its subsidiaries shall impose strict measures against Recruit Affiliated Persons involved in any such violation.
- (2) Systems Concerning Retention and Management of Information Regarding the Execution of Duties by Board Directors of the Company
- i. The “Documents and Contracts Management Policy” shall be established and provide for the creation and retention of documents and materials related to the execution of duties by Board Directors, such as minutes of the General Meeting of Shareholders, meetings of the Board of Directors, and Business Strategy Meetings.
  - ii. 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 the Company’s Board Directors and Audit & Supervisory Board Members.

## ■ Principle 4-3-4

## (3) Internal Policies and Other Systems of the Company and Its Subsidiaries Concerning Management of Risk of Loss

- i. The Company shall establish the “Recruit Group Risk Management Policy” and “Recruit Group Risk Escalation Rules” to provide systematic risk management for Recruit Group.
- ii. The Company’s Board of Directors shall establish a department in charge of risk management after appointing an individual with ultimate responsibility for risk management in the entire Group, and shall make decisions on the basic policies in regard to Recruit Group risk management and monitor its status. In addition, at the Risk Management Committee chaired by the Board Director responsible for the Risk Management Department, the Company’s Board of Directors shall monitor the status of risk management at each SBU as well as identify and determine risks deserving of particular attention.
- iii. The Board of Directors of SBU headquarters shall make decisions on basic policies in regard to SBU risk management and monitor its status after appointing an individual with ultimate responsibility for risk management at each SBU. In addition, at the Risk Management Committee attended by those for the respective management functions of each SBU headquarters, the Board of Directors of each SBU shall monitor the status of risk management at each SBU as well as identify and determine risks deserving of particular attention.
- iv. The CEO of each subsidiary of the Company shall be ultimately responsible for risk management by identifying risk at each subsidiary and determining the significance of such risk after appointing an individual with ultimate responsibility for risk management at each subsidiary.
- v. If a serious incident occurs that may affect the entire Group, a crisis management task force shall be established by the Company to address the situation.

## (4) Systems to Ensure the Efficient Execution of Duties by Board Directors of the Company and Its Subsidiaries

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

## (5) Systems to Ensure the Reliability of Internal Controls for Financial Reporting

The Company shall establish the “J-SOX General Policy” and create an internal control system for financial reporting based on the internal control reporting system described in the Financial Instruments and Exchange Act of Japan.



(6) Systems Concerning Reporting to the Company Regarding the Execution of Duties by Subsidiary Board Directors and Similar Persons

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

(7) Matters Concerning Appointment of Employees to Assist Audit & Supervisory Board Members in Their Audit Duties

The Company shall appoint one or more persons “Assistant to support the Company Audit & Supervisory Board Members” and make an official announcement of the appointment.

(8) Matters Relating to Ensuring the Independence from the Company Board Directors of Employees Described in the Preceding Item and the Effectiveness of Instructions Given to the Employees

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

■ Principle 3-2-2 (iii)

(9) Systems Concerning Reports to the Company Audit & Supervisory Board Members

- i. Recruit Affiliated Persons and Recruit Group independent auditors shall report to the applicable Group company Audit & Supervisory Board Members on the matters set forth below. A system 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 the state of business management
  - Matters that have the potential to cause significant loss to the Company
  - Material matters regarding the status of internal auditing and risk management
  - Material violations of laws and regulations and the Articles of Incorporation
  - Any other material matters regarding internal controls
- ii. The Company Audit & Supervisory Board Members and the Internal Audit Department shall cooperate with Board Directors and Audit & Supervisory Board Members of SBU headquarters and its affiliated companies as needed and share information on a regular basis.



■ Principle 2-5

(10) Systems 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 is not subject to unfavorable treatment such as dismissal or unjustified transfer, etc. on the grounds of their reporting on such matters.

(11) 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 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 for the budget requested in advance by the Audit & Supervisory Board Members as the expenses necessary to execute their duties. In addition, the Company 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.

(12) Other Systems to Ensure the Effectiveness of Audits by Audit & Supervisory Board Members

The Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company shall hold regular meetings to exchange opinions with the President and Representative Director of the Company and with the Company independent auditors, respectively.

**2. Basic stance on and provision of measures for excluding all association with organized criminal elements**

(1) Basic stance on association with organized criminal elements

In the Recruit Group Code of Ethics, Recruit Group clearly states our policy of having no involvement whatsoever with organized crime, crime syndicates, and other antisocial organizations that draw criticism from society. The Recruit Group Internal Control General Principle further stipulates that we will cut off all ties with antisocial organizations, 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.

(2) Provision of internal system for excluding association with organized criminal elements and specific initiatives

Policies and standards on provision of internal checks on association with organized criminal elements

i. 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 (hereinafter, “Incident Response Department”).

ii. Handling of improper demands, etc. from organized criminal elements

In the event of improper demands, etc., 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.

- iii. Establishment of a system for gathering and managing information on organized criminal elements

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

- iv. Establishment of a system for coordinating with outside authorities

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

- v. Provision of rules and manuals, etc.

Recruit Group provides the Recruit Group Basic Procedures for Dealing with Antisocial Forces and related rules, along with guidelines on their administration, as well as drawing up manuals for response to contingencies and distributing these to all Group companies.

- vi. Incorporation of contract terms on exclusion of organized crime groups

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.

## V. Other Matters

### 1. Introduction of anti-takeover measures

None

Supplementary Information Related to This Item

■ Principle 1-5

■ Principle 1-5-1

The Company has not introduced so-called anti-takeover measures and has no plans to do so at this time. In the event of a tender offer, the Company will clearly explain the position of the Board of Directors to shareholders. The Company will not take measures that would frustrate shareholder rights to sell their shares in response to the tender offer.

## 2. Other matters relating to the corporate governance system, etc.

### Matters Relating to Capital Policies

#### ■ Principles 1-3, 1-6

The Company has adopted a policy of in principle not implementing capital policies that would unduly harm the interests of existing shareholders. Regarding return to shareholders, the Company has adopted a basic policy of maintaining a steady and sustained dividend, with the amount of profits to be returned to shareholders to be determined based on comprehensive evaluation of the results operations, the internal reserves that the Company may require for investments for its growth, and the ability to establish a solid financial base. On this basis, the Company sets a consolidated payout ratio target of approximately 30% of profit attributable to owners of the parent excluding non-recurring income/losses.”

Regarding capital policies that may result in changes to or major dilution of controlling interests, these 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 rationality.

### System for Ensuring timely disclosure

#### (1) Basic policy on timely disclosure

The Company’s basic policy on timely disclosure is to make prompt and accurate disclosures of information important for effective decision-making by investors.

#### (2) System for timely disclosure

The Company has assigned a department responsible for receiving information from each company of the Recruit Group for timely disclosure. The department dedicated to investor relations manages disclosure of information. The Timely Disclosure Committee, chaired by the Corporate Executive Officer in charge of capital market strategies and investor relations and made up of the heads of relevant departments, has been established and is administered to ensure the adequacy of decision-making for disclosures and the accuracy of disclosed information.

The department dedicated to investor relations, which is responsible for disclosure-related activities, appropriately carries out timely disclosure-related matters by drawing up guidelines for activities related to timely disclosure, establishing disclosure standards and procedures to be implemented, and making sure each of the Company’s departments and companies within the Recruit Group are thoroughly familiar with these.

#### (3) Ensuring shareholders have opportunities for fair and ready access to information

To ensure shareholders have opportunities for fair, ready access to key information on the Recruit Group, 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. Disclosed information can be found on the Company’s website, and on the website of the Tokyo Stock Exchange.

#### Overview of the Business Strategy Meeting and Committees

- Business Strategy Meeting

An advisory body to the CEO. Chaired by the CEO. Members are Corporate Executive Officers and Standing Audit & Supervisory Board Members. The meeting deliberates matters on investments and personnel on which authority has been delegated by the Board of Directors, in view of their impact on the Company's corporate governance and consolidated business performance.

- Nomination Committee

An advisory body to the Board of Directors. The Committee is chaired by an independent External Board Director and a majority of the Committee members are outside members. The Committee deliberates the nomination of the President and Representative Director, and the appropriateness of the process for nominating Board Directors and Corporate Executive Officers.

- Evaluation Committee

An advisory body to the Board of Directors. The Committee is chaired by an independent External Board Director and a majority of the Committee members are outside members. They deliberate evaluation of Board Director performance and evaluation criteria.

- Remuneration Committee

An advisory body to the Board of Directors. The Committee is chaired by an independent External Board Director and a majority of the Committee members are outside members. They deliberate remuneration amounts of Board Directors based on performance evaluations, and the remuneration levels and systems for Board Directors and Corporate Executive Officers.

- Risk Management Committee

An advisory body to the Board of Directors. It is chaired by the Board Director in charge of the Administration Division. The Committee deliberates key risk themes for Recruit Group.

- Compliance Committee

An advisory body to the Board of Directors. It is chaired by the CEO. The Committee deliberates compliance themes and measures for Recruit Group.

- Sustainability Committee

An advisory body to the Board of Directors. It is chaired by the Board Director in charge of the Corporate Planning Division. The Committee deliberates strategy formulation toward Recruit Group Sustainability promotion and progress management.

- Human Resources Development Committee

An advisory body to the Board of Directors and Business Strategy Meeting. With participation by Corporate Executive Officers of the Company, the Committee deliberates matters concerning the fostering of key Recruit Group human resources with the potential for being tapped as future officers, including post assignments and the status of human resource development.

- Ethics Committee

A Committee for prior deliberation of disciplinary action to be taken affecting employees etc. of the Company.

### ■ Supplementary Principle 2-5-1

The Company and companies within the Recruit Group have established points of contact for whistleblowing.

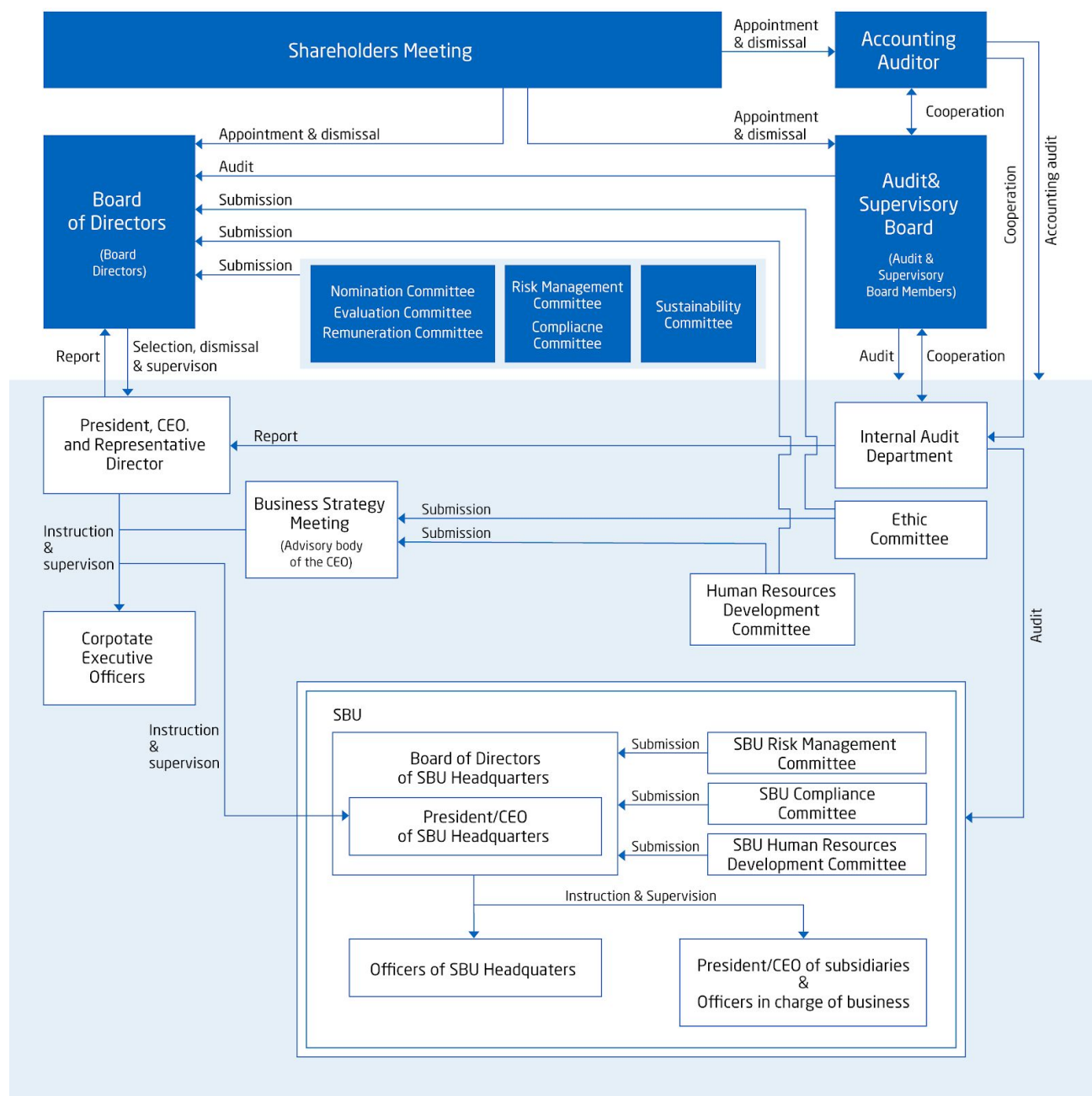
The Company's contact points can be used also by officers and employees of Recruit Group, and include outside contact points for which third parties are engaged to handle contacts in addition to internal contact points. By request of the whistleblower, the contents of matters reported to these contact points will be shared directly with the Company's Audit & Supervisory Board Members. 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.

#### Corporate Governance Overview

Form of Corporate Governance		Company with an Audit & Supervisory Board
Chair of the Board of Directors		Masumi Minegishi
Number of Board Directors		Seven members including two external members
Number of Audit & Supervisory Board Members		Four members including two external members
Fiscal year 2018 Board of Directors Meetings	Number of meetings	13
	Board Director average attendance	99%
	Audit & Supervisory Board Member average attendance	96%
Fiscal year 2018 Audit & Supervisory Board Meetings	Number of meetings	13
	Audit & Supervisory Board Member average attendance	98%
Election of Independent Officers		Two External Board Directors, one External Audit & Supervisory Board Member
Accounting Auditor		Ernst & Young ShinNihon LLC

#### Measures To Date for Strengthening Corporate Governance

Year	Measures	Objectives
2000	Introduction of the Corporate Executive Officer system	• Separation of management and execution
2006	Introduction of the in-house company structure	• Rapid response to changes in the business environment • Development of business managers • Acceleration of business development
2012	Transition to holding company structure and new Group arrangement	• Recruit Holdings to focus on overseas development and R&D • Operating companies to build competitive advantages and focus on achieving stable growth
2016	Introduction of SBU organizational structure	• Maximize value at the SBU level
2018	Consolidation of SBU into the Group	• Accelerate delegation of authority by establishing SBU Headquarters



Composition of the Board of Directors, Business Strategy Meeting, and Committees as of June 20, 2019

●=member

Position	Name	Board of Directors	Business Strategy Meeting	Nomination Committee	Evaluation Committee	Remuneration Committee	Risk Management Committee	Compliance Committee	Sustainability Committee
President, Representative Director and CEO	Masumi Minegishi	Chair	Chair	●	●	●		Chair	●
Board Directors	Shogo Ikeuchi	●	●	●	●	●		●	
	Hisayuki Idekoba	●	●				Chair	●	Chair
	Keiichi Sagawa	●	●					●	
	Rony Kahan	●							
External Board Directors	Naoki Izumiya	●		Chair	●	●			
	Hiroki Totoki	●		●	Chair	Chair			
Standing Audit & Supervisory Board Members	Yukiko Nagashima	●	●				Observer	Observer	
	Akihito Fujiwara	●	●				Observer	Observer	
External Audit & Supervisory Board Members	Hiroki Inoue	●			●	●			
	Yasuaki Nishiura	●		●					
Corporate Executive Officers	Yoshihiro Kitamura								●
	Rob Zandbergen								●
	Junichi Arai		●				●		
	Ayano Senaha		●				●	●	●
	Iwaaki Taniguchi		●				●	●	
	Mark Schultz		●				●	●	
Internal member	Kazuo Tase								●
Outside experts	Aditi Mohapatra								●
	Mariko Kawaguchi								●
	Masahiko Kon								●
	Daisuke Takahashi								●



Number of meetings of the Board of Directors, Business Strategy Meeting, and Committees, and attendance record of members, in the fiscal year ended March 31, 2019

Position	Name	Board of Directors	Business Strategy Meeting	Nomination Committee	Evaluation Committee	Remuneration Committee	Risk Management Committee	Compliance Committee	Sustainability Committee
Number of meetings		13	21	2	3	3	2	2	2
President, Representative Director and CEO	Masumi Minegishi	13	21	2	3	3	-	2	2
Board Directors	Shogo Ikeuchi	13	21	2	3	3	-	2	2
	Keiichi Sagawa	13	21	-	-	-	2	2	-
	Rony Kahan	8*	-	-	-	-	-	-	-
External Board Directors	Naoki Izumiya	8*	-	2	3	3	-	-	-
	Hiroki Totoki	7*	-	2	3	3	-	-	-
Standing Audit & Supervisory Board Members	Yukiko Nagashima	13	21	-	-	-	2	2	-
	Akihito Fujiwara	13	19	-	-	-	2	2	-
External Audit & Supervisory Board Members	Hiroki Inoue	12	-	-	3	3	-	-	-
	Yasuaki Nishiura	12	-	2	-	-	-	-	-
Corporate Executive Officers	Hisayuki Idekoba	-	17	-	-	-	2	-	2
	Yoshihiro Kitamura	-	-	-	-	-	-	-	2
	Rob Zandbergen	-	-	-	-	-	-	-	2
	Junichi Arai	-	16**	-	-	-	2	-	-
	Ayano Senaha	-	18	-	-	-	2	2	2
	Iwaaki Taniguchi	-	19**	-	-	-	2	2	-
	Mark Schultz	-	19**	-	-	-	2	2	-
Internal member	Kazuo Tase	-	-	-	-	-	-	-	2
Outside experts	Aditi Mohapatra	-	-	-	-	-	-	-	2
	Masahiko Kon	-	-	-	-	-	-	-	2
	Ken Shibusawa	-	-	-	-	-	-	-	2
	Daisuke Takahashi	-	-	-	-	-	-	-	2

\* A total of 8 Board of Directors Meetings were held since selection as a Board Director of the Company at the Ordinary General Meeting of Shareholders on June 19, 2018.

\*\* Invited to the Business Strategy Meeting 19 times in total.

### Organization for Ensuring Timely Disclosure

