

Dear Shareholders:

I am pleased to notify you of the 58th Ordinary General Meeting of Shareholders.

The Group has set a mid-term management strategy for the three-year period beginning from the year ended March 31, 2017 to the year ending March 31, 2019, for the sustainable increase of its enterprise value. The fiscal year under review (April 1, 2017 to March 31, 2018) is the second year of the strategy, and during the year all of the businesses recorded solid growth, achieving record-high revenue, EBITDA, and adjusted EPS, a key management target, since our listing.

During the year, the Group also revamped its organization, launching a new management structure in April 2018. We will further increase our enterprise value by consolidating and strengthening our functions as a holding company, implementing appropriate group governance and monitoring, and executing business strategy by strengthening management capability of each business. Furthermore, the Group as a whole takes further initiatives to enhance its compliance and risk management capabilities.

All of our employees in the Group have been working on creating new value with various stakeholders by directly addressing any needs expressed in the form of dissatisfaction, inconvenience, and unease in society and among our customers. We will strive to create new value through innovation to solve issues in Japan and around the world, while understanding the importance of Environmental, Social, and Governance (ESG) perspectives, contributing to the Sustainable Development Goals (SDGs) adopted by the United Nations, and collaborating with diverse stakeholders.

Thank you for your continued understanding and support.

May 28, 2018

Masumi Minegishi
President, Representative Director and CEO
Recruit Holdings Co., Ltd.

Recruit Group Management Philosophy

Mission

We are focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest.

The Recruit way

Creation of new value

Contributions to society

Respect for all individuals

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Securities code: 6098
May 28, 2018

To All Shareholders:

Masumi Minegishi
President and
Representative Director
Recruit Holdings Co., Ltd.
8-4-17 Ginza, Chuo-ku,
Tokyo Japan

CONVOCAION NOTICE OF THE 58TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

You are cordially invited to attend the 58th Ordinary General Meeting of Shareholders (the “Meeting”) of Recruit Holdings Co., Ltd. (the “Company”) for the year ended March 31, 2018 (“FY2017”). The meeting will be held as described below.

If you are unable to attend the Meeting, you can exercise your voting rights either in writing or via the Internet. Please review the “Reference Documents for the General Meeting of Shareholders” described later and exercise your voting rights by 5:30 p.m., June 18, 2018 (Monday).

Thank you very much for your cooperation.

1. **Date and Time:** June 19, 2018 (Tuesday) at 10:00 a.m.
(Reception for attendees opens at 9:00 a.m.)
2. **Place:** Nihonbashi Mitsui Hall, COREDO Muromachi 1 (Reception: 4th floor)
2-2-1 Nihonbashi Muromachi, Chuo-ku, Tokyo, Japan
3. **Meeting Agenda:**
 - Report matters:**
 1. The Business Report, the Consolidated Financial Statements and the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for FY2017
 2. The Non-consolidated Financial Statements for FY2017
 - Resolution matters:**
 - First proposal:** Election of Six (6) Board Directors
 - Second proposal:** Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member
 - Third proposal:** Partial Revision of Stock Compensation Plan for Board Directors, etc.
4. **Instructions for Exercising Voting Rights**
 - (1) To vote in writing, please indicate your approval or disapproval of the proposals on the enclosed Voting Form and return the Form to the Company by post to reach us by 5:30 p.m. on June 18, 2018 (Monday).
 - (2) To vote via the Internet, please review the “Exercise of Voting Rights via the Internet” (Japanese only) and register your approval or disapproval of the proposals by 5:30 p.m. on June 18, 2018 (Monday).
 - (3) If you vote more than once via the Internet, we will treat only the most recent vote as valid.
 - (4) If you vote both in writing and via the Internet, we will treat only the vote submitted via the Internet as valid.

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- ⊙ When attending on the day, please present the enclosed Voting Form to the reception.
 - ⊙ In the case of attendance by proxy, a power of attorney is required in addition to the Voting Form. Please note the proxy must be one other shareholder having voting rights in the Company.
 - ⊙ Of the documents provided with the Convocation Notice of the Ordinary General Meeting of Shareholders, the “Consolidated Statements of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and the “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements are made available on the Company’s website (<https://recruit-holdings.co.jp/ir/>) under laws and regulations and Article 15 of the Company’s Articles of Incorporation, and are not detailed in this Convocation Notice.
Consolidated and Non-consolidated Financial Statements audited by the Audit & Supervisory Board Members and the Accounting Auditor comprise the statements specified in this Convocation Notice and the “Consolidated Statements of Changes in Equity,” “Notes to Consolidated Financial Statements,” “Statements of Changes in Equity” and “Notes to Non-consolidated Financial Statements” posted on the Company’s above-mentioned website.
 - ⊙ Any amendments to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements, and the Non-consolidated Financial Statements will be posted on the Company’s website (<https://recruit-holdings.co.jp/ir/>).
 - ⊙ We have provided photographs and graphs in the Convocation Notice for your reference.
 - ⊙ **Please note that no gift will be provided for attendees at the Meeting to maintain fairness between the attendees and those shareholders who cannot attend. We appreciate your understanding on this matter.**

Notice on Dividends of Surplus

Based on a resolution at the General Meeting of Shareholders on June 26, 2014, the Company's Articles of Incorporation provides that the Board of Directors decides on the dividends of surplus, etc.

Under the provisions in the Articles of Incorporation, the Board of Directors at its meeting on May 15, 2018, resolved on the payment of year-end dividends for FY2017 as follows.

1. Year-end dividend: 12 yen per share
2. Effective date and date of commencing payment: June 20, 2018 (Wednesday)

For shareholders who have chosen to have dividends sent to bank accounts via direct deposit, or to have dividends allocated to securities company accounts in proportion to the number of shares held in respective accounts, we plan to send "Statements of Payments of Dividends" and "Confirmation of Designated Account for the Payment of Dividends" on June 19, 2018. We request that shareholders check these details at that time.

For any other shareholders not mentioned above, we plan to send "Dividend Receipts" and "Statements of Payments of Dividends" on June 19, 2018. You can collect the dividends at savings counters of nearby Japan Post Bank or post offices within the term for payment (June 20, 2018 to July 31, 2018).



Reference Documents for the General Meeting of Shareholders



First proposal: Election of Six (6) Board Directors


The terms of office will expire for all five (5) Board Directors at the conclusion of the Meeting. Accordingly, the election of six (6) Board Directors including two (2) External Board Directors is proposed on this occasion.


The candidates for Board Directors are as follows:

Candidate No.	Name	Position	Attributes of candidate	Attendance at meetings of the Board of Directors during FY2017
1	Masumi Minegishi	President and Representative Director	Reappointment	Participated in all 16 meetings
2	Shogo Ikeuchi	Board Director	Reappointment	Participated in all 16 meetings
3	Keiichi Sagawa	Board Director	Reappointment	Participated in all 16 meetings
4	Rony Kahan	-	New appointment	-
5	Naoki Izumiya	-	New appointment, External, Independent	-
6	Hiroki Totoki	-	New appointment, External, Independent	-

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)		Number of shares of the Company held
1	 Masumi Minegishi (January 24, 1964) <u>Reappointment</u>	April 1987 April 2003 April 2004 June 2009 April 2010 April 2011 April 2012	Joined the Company Corporate Executive Officer in charge of Information and Editing Department, IMC Division Company Managing Corporate Executive Officer in charge of Important Strategy Control at G-IMC Strategic Business Unit, Housing Division Company and IMC Division Company Board Director and Managing Corporate Executive Officer in charge of Business Development, Corporate Planning and Housing Board Director and Managing Corporate Executive Officer in charge of Customer Action Platform Strategic Business Unit, Business Development, Corporate Planning and Housing Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Strategy Office, IMC, Business Development, Corporate Planning and Human Resources President, Representative Director and CEO (at present)	987,132 shares
Reasons for being selected as a candidate for Board Director: Mr. Masumi Minegishi was appointed as CEO of the Recruit Group (the "Group") in 2012 and oversees the business of the entire Group while making the most of his strong leadership. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and thus believes that he is the right person for the post of Board Director.				
2	 Shogo Ikeuchi (June 6, 1962) <u>Reappointment</u>	April 1988 April 2005 June 2012 October 2012 April 2013 April 2014 April 2015 April 2016 April 2017 May 2017	Joined the Company Corporate Executive Officer in charge of Corporate Planning Office and Corporate Strategy Office Board Director and Corporate Executive Officer in charge of Asia at Global Headquarters, Corporate Planning and Human Resources Support Board Director and Corporate Executive Officer in charge of Global Headquarters, Corporate Planning, R&D and Human Resources Board Director and Managing Corporate Executive Officer in charge of Medium- to Long-Term Strategy, International Business, R&D, Corporate Planning and Human Resources Board Director and Managing Corporate Executive Officer in charge of International Business and R&D Board Director and Managing Corporate Executive Officer in charge of R&D, Corporate Planning and Human Resources Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning, Human Resources and R&D Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning and Human Resources Board Director and Senior Managing Corporate Executive Officer in charge of Corporate Planning (CSO) and Human Resources (CHRO) (at present)	994,033 shares
Reasons for being selected as a candidate for Board Director: Mr. Shogo Ikeuchi was appointed as Board Director of the Company in 2012 and amassed a wealth of experience and knowledge through his diverse duties, primarily in the areas of corporate planning, human resources, international business strategy, and R&D. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and thus believes that he is the right person for the post of Board Director.				

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
3	 Keiichi Sagawa (March 7, 1966) <u>Reappointment</u>	April 1988 Joined the Company April 2006 Corporate Executive Officer in charge of Corporate Strategy Office June 2011 Board Director and Corporate Executive Officer in charge of Accounting, Finance, Legal Affairs, General Affairs, Investment Management, Corporate Communication and Compliance April 2013 Board Director and Managing Corporate Executive Officer in charge of Administration April 2016 Board Director and Senior Managing Corporate Executive Officer in charge of Finance April 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance and Administration May 2017 Board Director and Senior Managing Corporate Executive Officer in charge of Finance (CFO) and Administration (CRO) (at present)	746,621 shares
Reasons for being selected as a candidate for Board Director: Mr. Keiichi Sagawa was appointed as Board Director of the Company in 2011 and amassed a wealth of experience and knowledge through his diverse duties, primarily in the areas of accounting, finance, legal affairs, corporate communication, and corporate strategy. Therefore, the Company has judged that he would be an appropriate person to aim for ongoing improvement of the enterprise value of the Group, and thus believes that he is the right person for the post of Board Director.			
4	 Rony Kahan (November 26, 1967) <u>New appointment</u>	August 1998 Co-Founder of jobinthemoney.com, Inc. November 2004 Co-Founder, President & Chairman of Indeed, Inc. September 2012 CEO of Indeed, Inc. October 2013 Chairman of Indeed Inc. (at present) April 2018 Director and Chairman of RGF OHR USA, Inc. (at present) (Significant concurrent positions) Chairman of Indeed, Inc. Director and Chairman of RGF OHR USA, Inc.	45,000 shares
Reasons for being selected as a candidate for Board Director: Mr. Rony Kahan is a co-founder of Indeed, Inc., a subsidiary of the Recruit Group. The Company believes his extensive track record of innovation and his deep expertise and broad relationships in the HR technology industry will help the Company to further accelerate the global expansion of its HR technology business, and thus believes that he is the right person for the post of Board Director.			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
5	 <p>Naoki Izumiya (August 9, 1948)</p> <p>New appointment</p> <p>External Independent</p>	<p>April 1972 Joined Asahi Breweries, Ltd. (currently Asahi Group Holdings, Ltd.)</p> <p>March 2000 Corporate Officer, Senior General Manager of Group Management Strategy Headquarters, ditto</p> <p>October 2000 Corporate Officer, Senior General Manager of Strategy Planning Headquarters, ditto</p> <p>September 2001 Corporate Officer, Deputy General Manager of Tokyo Metropolitan Headquarters, General Manager of Tokyo Branch, ditto</p> <p>March 2003 Director, ditto</p> <p>March 2004 Managing Director, ditto</p> <p>March 2006 Managing Director, Managing Corporate Officer, Senior General Manager of Sales & Marketing Headquarters for Alcoholic Beverages, ditto</p> <p>March 2009 Senior Managing Director, Senior Managing Corporate Officer, ditto</p> <p>March 2010 President and Representative Director, ditto</p> <p>March 2014 President and Representative Director, CEO, ditto</p> <p>March 2016 Chairman and Representative Director, CEO, ditto</p> <p>March 2018 Chairman and Representative Director, ditto (at present)</p> <p>(Significant concurrent positions) Chairman and Representative Director of Asahi Group Holdings, Ltd.</p>	0 shares
<p>Reasons for being selected as a candidate for External Board Director: 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 by performing his duties, such as providing advice about overall management and supervising the execution of business. Therefore, the Company believes that he is the right person for the post of External Board Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions and responsibilities at the Company (significant concurrent positions)	Number of shares of the Company held
6	 Hiroki Totoki (July 17, 1964) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New appointment</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	April 1987 Joined Sony Corporation February 2002 Representative Director of Sony Bank Incorporated June 2005 Director, Corporate Executive Officer and Senior Managing Director of Sony Communication Network Corporation (currently Sony Network Communications Inc.) April 2012 Representative Director, Corporate Executive Officer and Senior Managing Director of So-net Entertainment Corporation (currently Sony Network Communications Inc.) April 2013 Representative Director, Corporate Executive Officer, Deputy President and CFO of So-net Entertainment Corporation December 2013 SVP, Corporate Executive of Sony Corporation November 2014 Group Executive of Sony Corporation, President & CEO of Sony Mobile Communications Inc. April 2016 EVP, Corporate Executive Officer of Sony Corporation, President and Representative Director of So-net Corporation (currently Sony Network Communications Inc.) June 2017 EVP, Corporate Executive Officer, CSO of Sony Corporation April 2018 Representative Corporate Executive Officer, EVP, CFO of Sony Corporation (at present) (Significant concurrent positions) Representative Corporate Executive Officer, EVP, CFO of Sony Corporation	0 shares
Reasons for being selected as a candidate for External Board Director: Mr. Hiroki Totoki has deep insight cultivated through management of a global manufacturing company and experience of leading new business development projects in the Internet field. Accordingly, the Company has judged that he would be able to fulfil an appropriate role by performing his duties, such as providing advice about overall management and supervising the execution of business. Therefore, the Company believes that he is the right person for the post of External Board Director.			

- (Notes)
1. Each candidate does not have any special interest in the Company.
 2. The above number of shares held by each candidate is as of March 31, 2018, including a stake in the Recruit Group Officer Stock Ownership Association and a stake in American Depositary Receipt (ADR).
 3. If the appointment of Mr. Rony Kahan is approved, he will become a Non-Executive Director.
 4. Messrs. Naoki Izumiya and Hiroki Totoki are candidates for External Board Directors.
 5. If the appointment of Messrs. Rony Kahan, Naoki Izumiya and Hiroki Totoki is approved, the Company plans to enter into agreements with Messrs. Rony Kahan, Naoki Izumiya and Hiroki Totoki to the effect that the liability to compensate damages prescribed in Article 423, Paragraph 1 of the Companies Act is limited. It is planned that the maximum amount of liabilities for damages under the agreements will be the minimum liability amount provided by applicable laws and regulations.
 6. The Company plans to report Messrs. Naoki Izumiya and Hiroki Totoki to the Tokyo Stock Exchange as independent directors as specified by the Tokyo Stock Exchange. If they are appointed as proposed, they will serve as independent directors.


Second proposal: Election of One (1) Audit & Supervisory Board Member and One (1) Substitute Audit & Supervisory Board Member

The terms of office of Audit & Supervisory Board Member Mr. Akihito Fujiwara will expire at the conclusion of the Meeting. Accordingly, the election of one (1) Audit & Supervisory Board Member is proposed on this occasion.


The Company proposes to elect a Substitute Audit & Supervisory Board Member in preparation for the case in which the number of Audit & Supervisory Board Members would fall below the statutory minimum. Up until the time the elected Substitute Audit & Supervisory Board Member assumes the post, the Board of Directors shall be allowed to resolve to cancel the validity of the Substitute Audit & Supervisory Board Member's election with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board has consented to the proposal.

The candidates for Audit & Supervisory Board Member and Substitute Audit & Supervisory Board Member are as follows:

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)	Number of shares of the Company held
1	 Akihito Fujiwara (September 8, 1962) <u>Reappointment</u>	August 1986 Joined the Company April 2006 Corporate Executive Officer in charge of FIT October 2012 Corporate Executive Officer of Recruit Marketing Partners Co., Ltd. April 2014 Advisor June 2014 Audit & Supervisory Board Member (Standing) (at present) April 2018 Audit & Supervisory Board Member (Standing) of Recruit Co., Ltd. (at present) (Significant concurrent positions) Audit & Supervisory Board Member (Standing) of Recruit Co., Ltd.	447,147 shares
Reasons for being selected as a candidate for Audit & Supervisory Board Member: Mr. Akihito Fujiwara has extensive experience and knowledge cultivated through execution of his duties in the IT and system fields of the Company. He was appointed as an Audit & Supervisory Board Member in 2014 and has since been fulfilling an appropriate role including audits on the execution of management. Therefore, the Company believes that he is the right person for the post of Audit & Supervisory Board Member.			

- (Notes)
1. Mr. Akihito Fujiwara does not have any special interest in the Company.
 2. The above number of shares held by the candidate is as of March 31, 2018, including a stake in the Recruit Group Officer Stock Ownership Association.
 3. The Company has entered into an agreement with Mr. Akihito Fujiwara to limit his liability to compensate damages prescribed in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liabilities for damages under the agreement is the minimum liability amount provided by applicable laws and regulations.

Candidate No.	Name (Date of birth)	Career summary and positions at the Company (significant concurrent positions)	Number of shares of the Company held
2	<p>Asa Shinkawa (February 17, 1965)</p>  <p>Candidate for Substitute External Audit & Supervisory Board Member</p> <p>Independent</p>	<p>April 1991 Registered at Dai-ichi Tokyo Bar Association Joined Nishimura & Sanada (current Nishimura & Asahi)</p> <p>April 1997 Assigned to Arnold & Porter, Washington, D.C.</p> <p>January 1998 Registered as Attorney in New York State, USA</p> <p>January 2001 Partner, Nishimura & Partners (current Nishimura & Asahi) (at present)</p> <p>(Significant concurrent positions) Partner, Nishimura & Asahi</p>	0 shares
<p>Reasons for being selected as a candidate for Substitute External Audit & Supervisory Board Member: Ms. Asa Shinkawa has developed expertise as a lawyer for many years and is very familiar with corporate management, and the Company anticipates that she will utilize her abundant experience for supervising the management of the Company, and so proposes to elect her as a Substitute Audit & Supervisory Board Member. For this reason, the Company has concluded that Ms. Shinkawa, though having never been involved in corporate management, would appropriately serve as External Audit & Supervisory Board Member.</p>			

- (Notes)
- Ms. Asa Shinkawa does not have any special interest in the Company.
 - Ms. Asa Shinkawa is a candidate for Substitute External Audit & Supervisory Board Member.
 - If Ms. Asa Shinkawa is elected as External Audit & Supervisory Board Member, the Company plans to enter into an agreement with Ms. Asa Shinkawa to the effect that the liability to compensate damages under Article 423, Paragraph 1 of the Companies Act is limited. It is planned that the maximum amount of liability for damages under the agreement will be the minimum liability amount provided by applicable laws and regulations.
 - Ms. Asa Shinkawa meets the requirements for independent auditor as stipulated by the Tokyo Stock Exchange. If Ms. Asa Shinkawa is appointed as External Audit & Supervisory Board Member, the Company plans to report Ms. Asa Shinkawa as an independent auditor to the said Exchange.

(Reference) The Independence of Directors/Auditors

When selecting independent directors/auditors, the Company's policy is, in principle, to select candidates who meet not only the independence criteria prescribed by financial instruments exchanges, but all the following criteria as well:

- If the candidate or the corporation for which the candidate executes business is a shareholder of the Company, the proportion of voting rights held by that person is no more than 10%.
- In transactions during the most recent fiscal year, sales to the candidate or the corporation to which the candidate belongs amounted to less than 1% of the Company's consolidated net sales.

Third proposal: Partial Revision of Stock Compensation Plan for Board Directors, etc.

The Company obtained approval at the 56th Ordinary General Meeting of Shareholders for the introduction of a performance-based stock compensation plan (hereinafter referred to as the “Scheme”) in which the Company’s shares are granted to Board Directors (excluding External Board Directors), Corporate Executive Officers and Corporate Officers. This proposal is a request for the approval of the partial revision of the Scheme to enable the Group to achieve the management philosophy and to further expand and grow on a global scale going forward.

Since 2012, the Group has been making full-fledged and proactive efforts to expand its business in the global market. As a result, the percentage of overseas sales to total sales has increased from approximately 3% in the year ended March 31, 2012 to approximately 46% in the year ended March 31, 2018.

The Group believes that, in order to continue enhancing its corporate value, it will need to address the crucial management tasks of establishing a business that will serve as a platform on the global market, and developing into a globally scalable business. To this end, the Group recognizes that welcoming superior management talent with an abundance of knowledge of the global market in the IT business, extensive management experience and personal networks will become essential. It is on the basis of this understanding that the Company, in the First Proposal, “Election of Six (6) Board Directors,” requests approval to appoint as Board Director Mr. Rony Kahan, who, as co-founder of group company Indeed, Inc., has driven its rapid growth, even after acquisition by the Company.

Meanwhile, the following customs regarding compensation can be seen in the overseas management market: (1) Stock compensation accounts for a major portion of management compensation; (2) In addition to “performance-based” stock compensation whereby the number of shares to be granted is determined according to the level of achievement of specific management targets, “non-performance-based” stock compensation is becoming widespread; and (3) There are stock compensation plans that utilize flexible vesting during an officer’s term of office. The Group believes that reflecting such trends in its executive compensation plan will become a prerequisite for overcoming rival global companies and to have the flexibility to secure outstanding management talent.

Therefore, based on our belief that flexible utilization of stock compensation comparable to overseas IT companies is essential to securing superior management talent with a high level of knowledge, experience and personal networks on a global scale, we propose to make partial revisions to the Scheme.

Furthermore, in terms of External Board Directors, we ask approval to add to the Scheme a non-performance-based stock compensation plan, only to be applied to External Board Directors when hiring management talent from markets with significantly different hiring practices and laws and regulations, based on the above understanding.

It should be noted that, even if this Proposal is approved, stock compensation relating to the year ending March 31, 2019 to Board Directors who concurrently serve as Corporate Executive Officers and Corporate Officers, will be, in principle, granted in the form of performance-based stock compensation at the time of their retirement.

(Reference) Major points to be revised

	Prior to revision	After revision
(a) Persons eligible under the Scheme	The Company’s Board Directors (excluding External Board Directors), Corporate Executive Officers and Corporate Officers	The Company’s Board Directors, Corporate Executive Officers and Corporate Officers *External Board Directors will also be eligible only in cases where talent was recruited based on the standards of markets with significantly different hiring practices and laws and regulations. (Hereinafter, eligible Board Directors, Corporate Executive Officers and Corporate Officers under the Scheme will be referred to as “Board Directors, etc.”)
(b) Whether compensation is performance based	Performance-based	Performance-based or <u>non-performance-based</u> *Performance-based compensation will not apply to External Board Directors
(c) Timing for the Grant, etc. of the shares, etc.	At the time of retirement in principle	At the time of retirement or <u>a certain time during their term of office</u>

In operating the Scheme, the Company will adopt the structure of a Board Incentive Plan (hereinafter referred to as the “BIP Trust”), as in 2016 onwards. Under the BIP Trust, the Company’s shares are acquired through a trust (hereinafter referred to as the “Trust”) using remuneration for Board Directors, etc. contributed by the Company, and the Company’s shares and money equivalent to the value of the Company’s shares (hereinafter referred to as “Company Shares, etc.”) are granted or paid (hereinafter referred to as the “Grant, etc.”) to Board Directors, etc. through the trust.

If the Proposal is approved, as stated in (2) below, the maximum amount of money to be contributed by the Company based on the Scheme will be 2.5 billion yen each fiscal year. The Company obtained approval at the 56th Ordinary General Meeting of Shareholders with regard to the maximum amount of money to be contributed by the Company whereby (a) a total of 2.5 billion yen would be contributed by the Company for points granted during three consecutive fiscal years, starting from the fiscal year in which the Trust is established; a new Trust may be established each fiscal year (including amendments to the trust agreement or an additional trust), and in such cases, the Company shall make an additional contribution of up to 2.5 billion yen in total for each

three-fiscal-year period starting with the year in which the new Trust will be established. Therefore, the maximum amount of money contributed by the Company each fiscal year will not change even after the revision of the Scheme.

Furthermore, the maximum total number of Company Shares, etc. (defined below) to be delivered as the Grant, etc. (defined below) approved at the 56th Ordinary General Meeting of Shareholders was 740,600 shares. This was increased to 2,221,800 shares due to an adjustment in proportion to the ratio of increase due to the stock split of the Company's shares conducted on July 1, 2017. However, as stated in (3) below, the maximum total number of Company Shares, etc. to be delivered after the revision of the Scheme is 2,221,800 shares, which is the same as before the revision.

This proposal to revise the Scheme is made based on the result of deliberations by the Remuneration Committee.

The number of persons eligible under the Scheme will be four (4) Board Directors excluding External Board Directors and eight (8) Corporate Executive Officers who do not concurrently serve as Board Directors, if the First Proposal, "Election of Six (6) Board Directors," is approved as proposed. There are no eligible Corporate Officers at the moment.

Amount and details of compensation under the Scheme

(1) Outline of the Scheme

(a) Persons eligible to receive the Grant, etc. of Company Shares, etc. subject to this Proposal	<ul style="list-style-type: none"> - The Company's Board Directors, Corporate Executive Officers and Corporate Officers * External Board Directors will also be eligible only in cases where talent was recruited based on the standards of markets with significantly different hiring practices and laws and regulations.
(b) Maximum amount of money contributed by the Company (as described in (2) below.)	<ul style="list-style-type: none"> - 2.5 billion yen per fiscal year (including 0.2 billion yen for External Board Directors)
(c) Maximum number of Company Shares, etc. to be granted, etc. to Board Directors, etc. and the method of acquisition of the Company's shares (as described in (3) below.)	<ul style="list-style-type: none"> - 2,221,800 shares per fiscal year (including 177,600 shares for External Board Directors) - The ratio of the above maximum number of shares to the total number of shares issued (less the number of treasury stock as of at March 31, 2018) will be 0.1%. - The Company's shares will not be diluted, as they will be obtained from the stock market.
(d) Details of performance target conditions (as described in (3) below.)	<ul style="list-style-type: none"> ○ In the case of performance-based compensation: <ul style="list-style-type: none"> - The level of achievement, etc. of corporate performance goal indices (such as adjusted EPS or EBITDA) emphasized by the Company * Performance-based compensation will not be applied to External Board Directors. ○ In the case of non-performance-based compensation: <ul style="list-style-type: none"> - None
(e) Timing for the Grant, etc. of the shares, etc. to Board Directors, etc. (as described in (4) below.)	<ul style="list-style-type: none"> - At the time of their retirement or a certain time during their term of office

(2) Maximum amount of money contributed by the Company

The Company shall establish a trust (including an extension of the trust period as described in Paragraph 3 of this Section (2); the same shall apply hereafter), contributing money to the Trust as remuneration to Board Directors, etc. up to a maximum of 2.5 billion yen each fiscal year (including 0.2 billion yen for External Board Directors; the same shall apply hereafter), with Board Directors, etc. who meet the beneficiary requirements as its beneficiaries.

The Trust will follow the instructions of the trust administrator and will acquire the Company's shares from the stock market using the money entrusted to the Trust; the Company will grant points to Board Directors, etc. (as described in (3) below) and each Trust will deliver the Grant, etc. of Company Shares, etc. equivalent to the points granted.

The Company may establish multiple Trusts in a single fiscal year. In such cases, the total amount of trust money to be contributed to all Trusts shall be a maximum 2.5 billion yen. Furthermore, in the case where the Trust cannot be established in a certain fiscal year due to applicable laws or other reasons, the Trust for the target fiscal year may be established at an appropriate time in or after the following fiscal year. In such cases, the Trust established will be subject to the maximum amount of trust money of the fiscal year in which the Trust was intended to be established and the maximum amount of trust money for the fiscal year in which the Trust was actually established will not apply.

At the expiry of the trust period of each Trust, the Company may operate the Scheme by continuing the Trust by means of amendments to the trust agreement or additional contributions to the Trust, instead of establishing a new Trust. In such cases, the Company shall make an additional contribution of up to 2.5 billion yen in total per fiscal year, shall continue to grant points to Board Directors, etc. during the extended trust period, and shall continue to deliver the Grant, etc. of the Company Shares, etc. to Board Directors, etc. during the extended trust period.

If amendments to the trust agreement or additional contributions to the Trust are not carried out at the expiry of the trust period of that Trust, and if Board Directors, etc. who may meet the beneficiary requirements remain in office, no points shall be granted to the Board Directors, etc. after the expiry, but the trust period of the Trust may be extended for a period of up to ten years until the completion of the Grant, etc. of Company Shares, etc. to such Board Directors, etc.

(3) Calculation method and maximum number of Company Shares, etc. delivered as the Grant, etc. to Board Directors, etc.

The Company shall grant points to each of the Board Directors, etc. when establishing the Trust according to their individual rank and the level of achievement of performance targets. The number of the Company's shares to be granted from each Trust to Board Directors, etc. under the Scheme shall be determined as one share per point. In the event of an increase or decrease in the number of the Company's shares held in the Trust due to a share split, a gratis allotment of shares, a share consolidation, or other initiatives involving shares, the Company will make an adjustment to the number of the Company's shares delivered to the Board Directors, etc. for each point in proportion to the ratio of such increase or decrease.

(Formula to calculate points)

Amount of stock compensation ÷ Average acquisition unit price of the Company's shares held in the Trust (If the trust period is extended by means of amendments to the trust agreement or additional contributions to the Trust, this shall be the average acquisition unit price of the Company's shares acquired by the Trust after such extension of the trust period.)

* Fractions shall be rounded down to the nearest whole number.

* In the case of non-performance-based compensation, the amount of stock compensation shall be set at a standard amount based on the individual rank, etc. of Board Directors, etc.

* In the case of performance-based compensation, the amount of stock compensation shall be calculated by multiplying the standard amount based on the individual rank, etc. of Board of Directors, etc. by performance-linked factors according to the degree of achievement of performance target indicators. If the level of achievement of the performance target indicators is low, remuneration based on the Scheme will not be paid.

* Adjusted EPS or EBITDA, etc. shall be used as performance target indicators.

While EBITDA of the existing businesses has been used as performance target indicators since the year ended March 31, 2016, as corporate acquisitions aimed at enhancing corporate value may create potential synergy as a result of their integration with the existing businesses, and may pose difficulty in distinguishing the EBITDA of the existing businesses from that of the acquired companies, the level of the stock compensation based on the performance for the year ending March 31, 2019 shall be determined by the level of achievement of the adjusted EPS target, along with the EBITDA target established in the year ended March 31, 2017. If the corporate acquisitions and sales carried out during the fiscal year bear significant impact on EBITDA, projected value of EBITDA shall be amended by the resolution of the Board of Directors, based on the opinions of the Remuneration Committee, the majority of which is comprised of External Board Directors and External Audit & Supervisory Board Members. The performance-linked factor shall be within the range of 0% to 150%, as has been applicable since the year ended March 31, 2016.

* EBITDA: operating income + depreciation and amortization ± other operating income/expenses

* Adjusted EPS = adjusted profit (*1) / (number of shares issued at the end of the period – number of treasury stock at the end of the period)

(*1) Adjusted profit = profit attributable to owners of the parent ± adjustment items (*2) (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

(*2) Adjustment items = amortization of intangible assets by acquisitions ± non-recurring income/losses

The maximum total number of Company Shares, etc. to be delivered as the Grant, etc. to Board Directors, etc. shall be 2,221,800 shares per fiscal year (including 177,600 shares for External Board Directors). This maximum total number of shares is determined in light of the maximum amount of money to be contributed by the Company as stated in (2) above and based on share prices at the time of introduction of the Scheme in fiscal year 2016.

The 2,221,800 shares per fiscal year, stated above represent the total maximum number of shares (740,600 shares), which was approved at the 56th Ordinary General Meeting of Shareholders, adjusted in proportion to the ratio of increase due to the stock split of the Company's shares, which was conducted on July 1, 2017.

(4) Timing and method for the Grant, etc. of the shares to Board Directors, etc.

Board Directors, etc. that meet the beneficiary requirements shall receive the Grant, etc. of Company Shares, etc. from the Trust in proportion to the accumulated number of points calculated based on (3) above (hereinafter referred to as "Accumulated Points") at the time of their pre-determined retirement or a certain time during their term of office. In such instance, Board Directors, etc. may be granted the Company's shares at a set rate to the Accumulated Points (where fractional shares are rounded down to the nearest whole share), while the remaining Company's shares corresponding to the points are converted to money within the Trust and the money equivalent to the value of the Company's shares is paid to Board Directors, etc. If Board Directors, etc. do not have a securities transaction account that can handle Japanese shares, all the Accumulated Points are converted to money within the Trust and the money equivalent to the value of the Accumulated Points is paid to such Board Directors, etc.

In the event of death of Board Directors, etc. during their term of office, the Company's shares corresponding to the Accumulated Points up to the time of death of the Board Directors, etc. shall be converted to money and paid to the heirs of the Board Directors, etc. from the Trust.

(5) Voting rights for the Company's shares held in the Trust

For the purpose of ensuring neutrality in management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(6) Handling of dividends of surplus relating to the Company's shares in the Trust

Dividends of surplus relating to the Company's shares in the Trust shall be received by the Trust and used for trust fees and trust expenses. If there are any dividends remaining at the end of the trust period, after being used for trust fees and trust expenses, the remainder will be donated to groups that have no vested interest in the Company.

If the Trust is to continue to be used, the remaining dividends will be used as share acquisition funds.

(7) Other details of the Scheme

Other details concerning the Scheme shall be specified at a meeting of the Board of Directors when establishing the Trust, when amending the trust agreement, and when making additional contributions to the Trust.

(Reference)

For details of the Scheme, please refer to the Company's timely disclosure, "Notification on Partial Revision of Stock Compensation Plan for Board Directors, etc.," dated May 15, 2018.

(Appendix)

Business Report

(April 1, 2017 - March 31, 2018)

1. Overview of the Group

(1) Business for the Year Ended March 31, 2018 (“FY2017”)

(Adoption of International Financial Reporting Standards (IFRS))

The Group has been proactively expanding its business activities on a global scale. In order to accelerate its global development further, it is vital to improve comparability and convenience of its financial information in international capital markets, as well as to reinforce the foundations of its group business management. Under these circumstances, the Group has adopted IFRS in place of Japanese GAAP starting in FY2017.

Comparative figures for the previous fiscal year are also prepared in conformity with IFRS.

Major differences between Japanese GAAP and IFRS are as follows:

1. Line items

- Of the items that were presented as “Non-operating income,” “Non-operating expenses,” “Extraordinary income” and “Extraordinary losses” under Japanese GAAP, finance-related items are presented as “Finance income” or “Finance costs” and other items are presented as “Other operating income,” “Other operating expenses” or “Share of profit (loss) of associates and joint ventures” under IFRS.
- “Revenue” under IFRS corresponds to “Net sales” under Japanese GAAP.
- IFRS does not apply the concept of “Ordinary income.”

2. Accounting for goodwill

- Under Japanese GAAP, the Group conducted impairment assessments only when there was an indication of impairment, but under IFRS, the Group conducts impairment tests on goodwill annually.
- Under Japanese GAAP, goodwill was systematically amortized over a period in which the goodwill was reasonably expected to have an effect, but under IFRS, the Group has stopped amortizing goodwill since the date of transition to IFRS.

Overview of Consolidated Financial Results

Recruit Holdings' consolidated revenue for FY2017 was 2.17 trillion yen, an increase of 11.9% from the previous fiscal year. This was mainly due to continued growth of its Staffing and HR Technology segments. The exchange rate movements positively impacted consolidated revenue during the period by 56.5 billion yen.

Consolidated operating income for FY2017 was 191.7 billion yen, a decrease of 0.9% from the previous fiscal year. This was mainly due to a decrease in other operating income year on year, as a non-recurring gain of 21.9 billion yen was recorded in the second quarter of FY2016 mainly resulting from the sales of a subsidiary in the Travel business in the Media & Solutions segment.

Profit before tax for FY2017 was 199.2 billion yen, an increase of 0.2% from the previous fiscal year.

Profit for the year was 152.3 billion yen in FY2017, an increase of 11.0% from the previous fiscal year, and profit attributable to owners of the parent in FY2017 was 151.6 billion yen, an increase of 11.0% from the previous year. Both profit for the year and profit attributable to owners of the parent for FY2017 benefited mainly from lower income tax expense resulting from tax reforms in the United States and European countries.

Revenue by Segment

(in billions of yen)	FY2016	FY2017	Variance	% change
Revenue'	1,941.9	2,173.3	231.4	11.9%
HR Technology	132.7	218.5	85.8	64.7%
Media & Solutions	658.2	679.9	21.7	3.3%
Staffing	1,170.8	1,298.8	127.9	10.9%

Management Key Performance Indicators

Consolidated EBITDA for FY2017 was 258.4 billion yen, an increase of 11.3% year on year. The increase was mainly a result of increased profit in all three segments: HR Technology, Media & Solutions and Staffing.

Adjusted EPS for FY2017 was 86.74 yen, an increase of 8.3% year on year, and profit available for dividends was 131.8 billion yen, an increase of 7.9%.

Regarding the financial results of the existing businesses, which exclude earnings from subsidiaries newly consolidated during the reporting fiscal year, revenue for FY2017 was 2.17 trillion yen, an increase of 11.9% year on year, and EBITDA was 258.5 billion yen, an increase of 11.3%.

Management Measures for FY2017

As used herein, the "Group" refers to Recruit Holdings Co., Ltd. and its subsidiaries unless the context indicates otherwise.

Group Reorganization

The Company began operating under a new management structure effective on April 1, 2018, as set out in its Group Reorganization in which each of its three Strategic Business Units ("SBU") has respective SBU Headquarters, in order to further promote and accelerate each SBU's own strategies. The new organizational structure enables each of the SBU Headquarters to further strengthen its management capability to execute its independent strategy in a self-sustaining manner. The Company also focuses on its holding company functions and highly efficient group management structure including governance and monitoring of the Group, to further increase its enterprise value. Furthermore, the Group as a whole takes further initiatives to enhance its compliance and risk management capabilities.

For related information, please refer to the following releases:

The Group Reorganization

"Notification of the Group Reorganization and Dividends from Consolidated Subsidiaries," released on September 27, 2017:

https://recruit-holdings.co.jp/ir/ir_news/20170927_17670.html

"Recruit Holdings Co., Ltd. Announces the Group Reorganization and Change in Sub-subsidiary (Update of Disclosure)," released on February 27, 2018:

https://recruit-holdings.com/ir/ir_news/2018/0227_8125.html

The absorption-type split agreement

“Notification of Execution of Company-split (Absorption-type Split) Agreement with the Company's Subsidiary,” released on November 14, 2017:

https://recruit-holdings.com/ir/ir_news/2017/1114_7916.html

“Notification of Resolution of the Extraordinary General Meeting of Shareholders,” released on January 17, 2018:

https://recruit-holdings.com/ir/ir_news/2018/0117_8098.html

Potential Acquisition of Glassdoor, Inc.

The Company entered into a definitive agreement to acquire Glassdoor, one of the largest and fastest growing job websites in the world, for 1.2 billion US dollar in cash on May 9, 2018. In the mid-term, The Company seeks to further expand its HR Technology business in the United States and globally through both organic growth and M&A investments. The Company foresees significant opportunities for growth as Glassdoor and Indeed explore ways to collaborate to meet challenges faced by both job seekers and employers. This potential acquisition enhances the Company’s position as the leader in job search, job aggregation, job seeker and employer matching, and utilizing direct job seeker input to improve the overall job search experience.

For related information, please refer to the following release:

“Announcement of Definitive Agreement for Acquisition of Glassdoor: Expanding capabilities of HR technology platform,” released on May 9, 2018:

https://recruit-holdings.com/ir/ir_news/2018/0509_8170.html

Results of Operations by Segment

HR Technology

This reportable segment consists of the operations of Indeed, an online job search engine and its related businesses.

Revenue in the HR Technology segment was 218.5 billion yen, an increase of 64.7% year on year. This growth was mainly due to a combination of new customer acquisition and expanding spend from existing customers, against the backdrop of a favorable economic environment and strong labor market. Revenue growth for the twelve-month period was 60.7% on a US dollar basis.

Segment EBITDA was 30.6 billion yen, an increase of 83.3% year on year. EBITDA grew largely in line with revenue. To support future revenue growth, the HR Technology segment continued to invest in sales and marketing activities to acquire new users and customers, and in product enhancements to increase user and customer engagement. The timing of these investments fluctuates throughout the year.

The operating results and relevant data for this reportable segment are as follows:

(in billions of yen)	FY2016	FY2017	Variance	% change
Segment revenue	132.7	218.5	85.8	64.7%
Segment EBITDA	16.7	30.6	13.9	83.3%
Reference: Net sales of Indeed (in millions of US dollars) *	1,229	1,976	746	60.7%

(Note) This is the financial results of Indeed, which differ from the IFRS-based consolidated financial results of the Company due to differences in consolidation methodologies.

Segment	Operations	Business Description	Company(ies)	Brands and Services
HR Technology	-	Global job search engine and recruitment advertisement services	Indeed, Inc.	Indeed.com Online job search engine

Media & Solutions

In this reportable segment, a number of vertical platforms and related businesses are operated in two major operations: Marketing Solutions, which mainly offers solutions for clients' user attraction and their business operations, and HR Solutions, which provides a full-range of HR services, mainly supporting enterprise clients' recruiting activities.

Revenue in the Media & Solutions segment was 679.9 billion yen, an increase of 3.3% year on year. This was primarily driven by favorable performance in the Beauty business in Marketing Solutions, and solid performance in HR Solutions in Japan.

Segment EBITDA was 156.1 billion yen, an increase of 3.1% year on year. This was mainly due to the increased profit in Marketing Solutions. The breakdown of the segment EBITDA was as follows: 95.2 billion yen, a year-on-year increase of 9.4% in Marketing Solutions, and 74.5 billion yen, a year-on-year decrease of 0.4% in HR Solutions. This decrease in HR Solutions was mainly due to increased marketing investment to attract users.

The operating results and relevant data for this reportable segment are as follows:

(in billions of yen)	FY2016		FY2017		Variance		% change	
Segment revenue	658.2		679.9		21.7		3.3%	
Marketing Solutions	369.6		378.5		8.8		2.4%	
Housing and Real Estate	99.5		98.1		(1.4)		-1.4%	
Bridal	54.6		55.4		0.8		1.6%	
Travel	58.4		58.8		0.4		0.8%	
Dining	37.4		37.3		(0.1)		-0.3%	
Beauty	56.8		63.8		7.0		12.4%	
Others	62.8		64.8		2.0		3.2%	
HR Solutions	281.9		294.4		12.4		4.4%	
Domestic Recruiting	260.3		270.6		10.3		4.0%	
Others	21.6		23.7		2.1		9.9%	
Corporate expenses/eliminations	6.5		7.0		0.4		7.0%	
Segment EBITDA	151.5		156.1		4.6		3.1%	
Marketing Solutions	87.0		95.2		8.1		9.4%	
HR Solutions	74.7		74.5		(0.2)		-0.4%	
Corporate expenses/eliminations	(10.3)		(13.6)		(3.2)		-	
	FY2016				FY2017			
<i>Business KPIs</i>	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Online restaurant seat reservations (Dining) ^{1,2}	9.63	19.40	36.92	51.53	14.48	28.28	52.75	71.21
Online salon reservations (Beauty) ^{1,2}	13.88	29.44	44.93	61.38	18.24	37.95	57.58	78.23
AirREGI registered accounts ³	244	255	267	279	292	305	318	333
Paid Study Sapuri users (Others, Marketing Solutions) ³	215	230	237	244	318	333	336	339
<i>Market data</i>								
Number of new housing starts ⁴ (Housing)	247,079	253,072	250,696	223,290	249,916	246,924	244,511	205,045
Job-offers to applicants ratio ⁵ (Domestic Recruiting)	1.35	1.37	1.41	1.44	1.49	1.52	1.57	1.59

(Notes)

1. Pre-cancellation reservation acceptance basis, stating the cumulative total from the beginning of each fiscal year.
2. Figures are shown in millions.
3. Figures are shown in thousands.
4. Source: Statistical Survey of Construction Starts, Ministry of Land, Infrastructure, Transport and Tourism of Japan
5. Source: Ministry of Health, Labour and Welfare of Japan

Marketing Solutions

Housing and Real Estate

In the Housing and Real Estate business, revenue in the independent housing and leasing divisions grew as a result of sales initiatives to offer solutions to its clients and efforts to attract more users to its platform, while the condominium apartment market in Japan experienced a slowdown in the number of new construction starts. Meanwhile, overall subsegment revenue for FY2017 declined year on year, primarily due to a sale of a subsidiary during the third quarter in Fiscal Year 2017, and the absence of a one-time revenue increase associated with the change in the in-person consultation services during the first quarter of FY2016.

As a result, revenue decreased by 1.4% to 98.1 billion yen from the previous fiscal year. Excluding the one-time factors mentioned above, revenue increased by 4.8% (*1) year on year.

Bridal

Although the number of marrying couples has been declining in Japan, the Bridal subsegment focused on responding to the high demand by major wedding venue operators to attract marrying couples. As a result, revenue was 55.4 billion yen, a steady increase of 1.6% year on year.

Dining

As dining and restaurant operators have been facing a challenging environment mainly due to the workforce shortage in Japan, a few large clients were forced to limit their spending on sales promotion in FY2017. Meanwhile, the subsegment focused on strengthening its relationship with clients by offering operational solutions such as Air Platform, cloud-based operational support services. Revenue was 37.3 billion yen, a decrease of 0.3% year on year.

Beauty

In the Beauty subsegment, the number of online beauty salon reservations made through its platform, Hot Pepper Beauty, continued to show solid growth. This growth was a result of improved usability in addition to increased adoption of SALON BOARD, a cloud-based beauty salon vacancy management and support service, by its beauty salon clients. In addition, with a continued effort to extend its reach to non-urban areas, the number of beauty salon clients recorded a solid increase year on year. As a result, revenue was 63.8 billion yen, a strong growth of 12.4% year on year.

Others

Others subsegment includes Automobile, Post-secondary Education, Overseas Marketing, and Air Platform businesses. Revenue was 64.8 billion yen, a steady increase of 3.2% year on year.

(Note1) Calculated based on the managerial accounting numbers.

HR Solutions

Domestic Recruiting

The Japanese labor market remained extremely tight, as evidenced by the rising number of job-offers to applicants ratio and of job advertisements. In this environment, both full-time and part-time recruitment divisions achieved solid growth by enhancing their brand values, strengthening user attractiveness, and reinforcing their sales structure. As a result, revenue was 270.6 billion yen, a steady increase of 4.0% from the previous fiscal year.

Others

Others subsegment includes HR development business in Japan and placement service in Asia. Revenue was 23.7 billion yen, a strong growth of 9.9% year on year.

Segment	Operations	Business Description	Company(ies)	Brands and Services
Media & Solutions	Marketing Solutions	Business solutions for enterprise clients and support for users' daily decision making through online platforms and print media in a variety of areas, such as housing and real estate, bridal, travel, dining and beauty, etc.	The Company Recruit Sumai Company Ltd. Recruit Marketing Partners Co., Ltd. Recruit Lifestyle Co., Ltd.	SUUMO Online platform, print media, and in-person consultation service for housing and real estate
				Zexy Magazine, online platform and in-person consultation service for bridal related matters
				Jalan Online platform and print media for travel in Japan
				Hot Pepper Gourmet Online platform and print media for dining
				Hot Pepper Beauty Online platform and print media for beauty treatment
				Car Sensor Online platform and print media for pre-owned automobiles
				Study Sapuri Shinro Online platform and print media to provide higher education and career information for high school students
				Air Platform Cloud-based operational support solution for business clients such as accounting and payment systems
				Rikunabi Job searching information website for new graduates
				Rikunabi NEXT Job searching information website for professionals
HR Solutions	A variety of HR services through online platforms and print media for job seekers and enterprise clients	The Company Recruit Career Co., Ltd. Recruit Jobs Co., Ltd.	RECRUIT AGENT Employment placement service for professionals	
			FromA navi Information website for part-time jobs	
			TOWNWORK Online and print media platform for part-time and full-time jobs	

Staffing

In this reportable segment, there are two major operations: Japan and Overseas.

Revenue in the Staffing segment was 1.29 trillion yen, an increase of 10.9% from the previous fiscal year. This was mainly due to higher revenue from the Japan operations, which was supported by a favorable market environment. In addition, movements in foreign exchange rates positively impacted revenue from the overseas operations.

Segment EBITDA was 72.7 billion yen, an increase of 10.8% year on year. This was mainly due to increased revenue from both Japan and overseas operations. The breakdown of segment EBITDA is as follows: 33.8 billion yen from Japan operations, an increase of 15.0% year on year, and 38.9 billion yen from overseas operation, an increase of 7.4%.

The operating results and relevant data for this reportable segment are as follows:

(in billions of yen)	FY2016		FY2017		Variance		% change	
Segment revenue	1,170.8		1,298.8		127.9		10.9%	
Japan	463.4		509.2		45.8		9.9%	
Overseas	707.4		789.5		82.1		11.6%	
Segment EBITDA	65.6		72.7		7.0		10.8%	
Japan	29.4		33.8		4.4		15.0%	
Overseas	36.2		38.9		2.6		7.4%	
	FY2016				FY2017			
Statistic data	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Average number of active agency workers in Japan*	309,332	317,955	332,504	341,296	343,260	343,857	350,734	-

Source: Japan Staffing Services Association.

(Note) The figure for this reporting quarter has not been disclosed at the time of release of this document.

Japan

The Japanese staffing market continues to expand as evidenced by the continued increase in the number of active agency workers. In this environment, the Japan operations focused on extending existing staffing contracts and increasing the number of new staffing contracts. As a result, revenue was 509.2 billion yen, demonstrating strong growth of 9.9% year on year.

Overseas

Revenue was 789.5 billion yen, an increase of 11.6% from the previous fiscal year. This was mainly due to the full year contribution of Recruit Global Staffing B.V., renamed from USG People B.V. in January 2018, which started to be consolidated in June 2016, and the positive impact of foreign exchange rate movements of 47.6 billion yen. Excluding the impact of foreign exchange rate movements, revenue increased by 4.9% year on year. Also, excluding the impact of Recruit Global Staffing B.V. consolidation and foreign exchange rate movements, revenue declined by 2.6% year on year. This was primarily due to adopting Unit Management System, which mainly focuses on profitability improvement. In addition, the overseas operations experienced a decrease in transactions with existing clients due to the challenging business environment in some industries in the United States.

Segment	Operations	Business Description	Company(ies)	Brands and Services
Staffing	Japan	Staffing services in Japan	Recruit Staffing Co., Ltd. STAFF SERVICE HOLDINGS CO., LTD.	-
	Overseas	Staffing services mainly in North America, Europe, and Australia	STAFFMARK HOLDINGS, INC. Recruit Global Staffing B.V. Chandler Macleod Group Limited	-

2) Capital expenditure

The total amount of capital expenditure for FY2017 was 67.6 billion yen excluding consumption tax, etc., of which 21.4 billion yen was for property, plant and equipment and 46.1 billion yen was for intangible assets. This was used primarily for assets such as software associated with the development and renewal of products.

i. HR Technology segment

For FY2017, capital expenditure of 11.8 billion yen were made primarily for the expansion and upgrade of office and equipment in association with the expansion of business.

There were no significant disposals or sales of facilities.

ii. Media & Solutions segment

For FY2017, capital expenditure of 49.8 billion yen were made primarily for the expansion and upgrade of products and enterprise systems.

There were no significant disposals or sales of facilities.

iii. Staffing segment

For FY2017, capital expenditure of 4.9 billion yen were made primarily for the expansion and upgrade of products and enterprise systems.

There were no significant disposals or sales of facilities.

iv. Corporate

For FY2017, capital expenditure of 1.0 billion yen were made primarily for the expansion and upgrade of products and enterprise systems.

There were no significant disposals or sales of facilities.

3) Financing

Not applicable.

4) Significant business combination, etc.

Not applicable.

(2) Trends in Assets and Income
(IFRS)

Item	FY2016	FY2017 (current consolidated fiscal year)
Revenue (millions of yen)	1,941,922	2,173,385
Profit before tax (millions of yen)	198,929	199,228
Profit attributable to owners of the parent (millions of yen)	136,654	151,667
Basic earnings per share (yen)	81.33	90.79
Equity attributable to owners of the parent (millions of yen)	737,575	835,605
Total assets (millions of yen)	1,462,903	1,574,032
Equity attributable to owners of the parent per share (yen)	441.51	500.20

- (Notes)
1. The Company adopted IFRS for preparation of the consolidated financial statements starting from FY2017. For reference, figures for FY2016 are restated according to IFRS.
 2. Basic earnings per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity attributable to owners of the parent per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.
 3. The Company implemented a 3-for-1 stock split of its common stock on July 1, 2017. Basic earnings per share and equity attributable to owners of the parent per share are calculated assuming the stock split was implemented at the beginning of FY2016.

(Japanese GAAP)

Item	FY2014	FY2015	FY2016
Net sales (millions of yen)	1,299,930	1,588,623	1,839,987
Ordinary income (millions of yen)	125,617	119,336	131,718
Net income attributable to owners of the parent (millions of yen)	69,702	64,535	85,422
Net income per share (yen)	42.60	38.09	50.84
Total assets (millions of yen)	1,100,782	1,150,681	1,449,614
Equity (millions of yen)	754,157	777,000	778,540
Equity per share (yen)	442.50	454.65	461.39

- (Notes)
1. Net income per share has been calculated based on the average number of shares during the period less the number of treasury stock, and equity per share has been calculated based on the number of shares issued at the end of each period less the number of treasury stock.
 2. The Company implemented a 10-for-1 stock split of its common stock on July 31, 2014. In addition, the Company implemented a 3-for-1 stock split of its common stock on July 1, 2017. Net income per share and equity per share are calculated assuming the stock split was implemented at the beginning of the 55th Fiscal Year.
 3. From FY2016, the Company introduced the Board Incentive Plan. The Company's stock held in the trust is recognized as treasury stock in the consolidated financial statements. In line with this, the Company's stock held in the trust is included in treasury stock deducted in the calculation of the average number of shares during the period for the calculation of net income per share. In addition, the Company's stock held in the trust is included in treasury stock deducted from the total number of shares issued at the end of the period for the calculation of equity per share.

(3) Significant Subsidiaries

Segment	Company	Common stock	Ratio of voting rights held by the Company (Note)	Major business
HR Technology segment				
	Indeed, Inc.	10 USD	100.0%	Operates online job search engine mainly in the United States
Media & Solutions segment				
	Recruit Sumai Company Ltd.	150 million yen	100.0%	Provides online platform and print media in the housing business
	Recruit Marketing Partners Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the bridal, education and automobile businesses, etc.
	Recruit Lifestyle Co., Ltd.	150 million yen	100.0%	Provides online platform and print media in the travel, dining and beauty businesses, etc.
	Recruit Career Co., Ltd.	643 million yen	100.0%	Provides services for recruitment advertisement and employment placement for professionals
	Recruit Jobs Co., Ltd.	150 million yen	100.0%	Provides mainly part-time and temporary job advertisement service
Staffing segment				
	Recruit Staffing Co., Ltd.	1,939 million yen	100.0%	Provides staffing services mainly for clerical jobs in Japan
	STAFF SERVICE HOLDINGS CO., LTD.	500 million yen	100.0%	Provides staffing services mainly for clerical and manufacturing jobs in Japan
	STAFFMARK HOLDINGS, INC.	13 thousand USD	100.0%	Provides staffing services mainly for light works in the United States
	Recruit Global Staffing B.V.	1.5 euros	100.0%	Provides comprehensive staffing services in Europe
	Chandler Macleod Group Limited	191,490 thousand AUD	100.0%	Provides comprehensive staffing services in Australia
Administrative function				
	Recruit Administration Co., Ltd.	100 million yen	100.0%	Provides services including accounting, human resources, general affairs, legal affairs and information security to the Group
Production, advertising and distribution functions				
	Recruit Communications Co., Ltd.	100 million yen	100.0%	Provides services including user-attracting solutions, web marketing, media production, distribution, advertising, and user support to the Group
IT and marketing technology development functions				
	Recruit Technologies Co., Ltd.	100 million yen	100.0%	Provides services including IT and Internet marketing technologies to the Group

(Note) The ratio of voting rights includes indirect holding of voting rights.

(4) Issues to be Addressed

The Group's management philosophy sets out its mission to focus on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest. The Group also defines "Creation of new value," "Contributions to society" and "Respect for all individuals" as Recruit way, a value the Group holds in high esteem.

Under this management philosophy, the Group operates its businesses aiming to create a number of matching services with high market share, connecting enterprise clients and individual users through its platforms to provide swift and convenient access to information for individual users to take new opportunities and improve their life experiences.

The Group focuses on maximizing shareholder value and enterprise value through its business operations.

The Group carries out various growth investments, including mergers and acquisitions, flexibly and aggressively to achieve profitable growth over the long-term while focusing on increasing shareholder value. Therefore, the Group has set a management target—a high single-digit compound annual growth rate (CAGR) for adjusted EPS (*1) over the three years from FY2016 to FY2018.

In addition, in seeking to achieve its management target, the Group will emphasize and set a single-year growth rate of EBITDA (*2) for each fiscal year, taking into account an appropriate balance of investments and earnings growth.

(*1) 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 ± adjustment items (excluding non-controlling interests) ± tax reconciliation

Adjustment items = amortization of intangible assets by acquisitions ± non-recurring income/losses

(*2) EBITDA = operating income + depreciation and amortization ± other operating income / expenses

The Group believes swift decision making is essential to maximize shareholder value and enterprise value by actively responding to the rapidly transforming Internet business industry and identifying business opportunities globally.

As such, the Group has expanded its businesses through each of its three Strategic Business Units ("SBU"), HR Technology, Media & Solutions and Staffing, since FY2016. Furthermore, the Group carried out the Group Reorganization, establishing respective SBU Headquarters for each SBU, and began operating under a new management structure effective on April 1, 2018 in order to further evolve this structure. The new organizational structure enables each SBU Headquarters to strengthen its management capability to execute its independent strategy in a self-sustaining manner, and the Company to focus on and strengthen its holding company functions and highly efficient group management structure including governance and monitoring of the Group, to increase its enterprise value.

The HR Technology segment aims to further expand its presence globally through the existing business of Indeed, an online job search engine in the United States and other countries. The Company estimates the market size of global online job advertisement, which is the primary business of Indeed, to be in the range of 11 billion to 13 billion US dollars, representing a significant growth opportunity over the mid-term. The segment aims to drive future growth by investing in R&D or through M&A to create new and innovative ways to drive efficiencies in recruiting and hiring processes.

The Media & Solutions segment believes it is important to provide small-to-mid sized enterprise clients with new services to improve their operational efficiency, and to expand targeted industries to reach more enterprise clients for sustainable revenue growth, in addition to operating the existing businesses. By accelerating the initiatives mentioned above while maintaining a high EBITDA margin, the segment aims to expand its client base, diversify its business portfolio, and achieve sustainable growth mitigating the impact of external environmental changes.

In the Staffing segment, Japan operations aim for stable growth against a backdrop of a favorable market environment in Japan. Overseas operations focus on improving EBITDA margin continuously, by introducing Unit Management System which has been implemented in Japan operations to overseas subsidiaries.

We would like to ask our shareholders to provide the continued support and guidance.

(5) Main Offices (as of March 31, 2018)

1) The Company

Company name	Location
Recruit Holdings Co., Ltd.	Chiyoda-ku, Tokyo

2) Subsidiaries

Segment	Company name	Location
HR Technology segment		
	Indeed, Inc.	Texas, United States
Media & Solutions segment		
	Recruit Sumai Company Ltd.	Minato-ku, Tokyo
	Recruit Marketing Partners Co., Ltd.	Chuo-ku, Tokyo
	Recruit Lifestyle Co., Ltd.	Chiyoda-ku, Tokyo
	Recruit Career Co., Ltd.	Chiyoda-ku, Tokyo
	Recruit Jobs Co., Ltd.	Chuo-ku, Tokyo
Staffing segment		
	Recruit Staffing Co., Ltd.	Chuo-ku, Tokyo
	STAFF SERVICE HOLDINGS CO., LTD.	Chiyoda-ku, Tokyo
	STAFFMARK HOLDINGS, INC.	Ohio, United States
	Recruit Global Staffing B.V.	Almere, Netherlands
	Chandler Macleod Group Limited	New South Wales, Australia
Administrative function		
	Recruit Administration Co., Ltd.	Chiyoda-ku, Tokyo
Production, advertising and distribution functions		
	Recruit Communications Co., Ltd.	Chuo-ku, Tokyo
IT and marketing technology development functions		
	Recruit Technologies Co., Ltd.	Chiyoda-ku, Tokyo

(6) Employees (as of March 31, 2018)

Number of employees	Year-on-year change
40,152	-5,536

(Note) The number of employees have decreased as the scope of calculation has been changed in the Staffing segment (domestic staffing operations) from FY2017.

(7) **Main Lenders** (as of March 31, 2018)

Lenders	Amount borrowed
Mizuho Bank, Ltd.	31,192 million yen
Sumitomo Mitsui Banking Corporation	31,192 million yen
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	31,192 million yen
Sumitomo Mitsui Trust Bank, Limited	10,214 million yen
Mitsubishi UFJ Trust and Banking Corporation	10,214 million yen
Resona Bank, Limited.	10,214 million yen
Mizuho Trust & Banking Co., Ltd.	4,714 million yen
The Bank of Yokohama, Ltd.	4,714 million yen
THE HOKURIKU BANK, LTD.	3,616 million yen

2. Status of Shares (as of March 31, 2018)

- (1) Total Number of Shares Authorized to be Issued 6,000,000,000
(Note) Following a 3-for-1 stock split implemented on July 1, 2017, the total number of shares authorized to be issued increased by 4,000,000,000 shares.
- (2) Total Number of Shares Issued 1,695,960,030
(Note) Following a 3-for-1 stock split implemented on July 1, 2017, the total number of shares issued increased by 1,130,640,020 shares.
- (3) Number of Shareholders 53,970
- (4) Major Shareholders

Shareholder name	Contribution to the Company	
	Number of shares	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	113,439,300	6.78%
TOPPAN PRINTING CO., LTD.	113,100,000	6.76%
Japan Trustee Services Bank, Ltd. (Trust Account)	79,340,200	4.74%
DENTSU INC.	63,000,000	3.76%
Dai Nippon Printing Co., Ltd.	58,100,000	3.47%
The Recruit Group Employees Shareholding Association	46,822,780	2.80%
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%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	28,171,000	1.68%

(Note) The Company's treasury stock (24,248,969 shares) is excluded in the calculation of the shareholding ratio. Treasury stock does not include the Company's stock held by the Board Incentive Plan (1,163,598 shares).

3. Status of Stock Acquisition Rights

(1) Status of Stock Acquisition Rights as of March 31, 2018

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 20, 2013 and of the meeting of the Board of Directors held on July 31, 2013.

- Number of stock acquisition rights: 270
- Type and number of shares subject to stock acquisition rights
Common stock: 810,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
September 1, 2013 to August 31, 2033
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	84	Common stock	252,000 shares	3
Corporate Executive Officers	186	Common stock	558,000 shares	10

(Note) The Company implemented a 3-for-1 stock split on July 1, 2017. Accordingly, the number of shares subject to stock acquisition rights has been adjusted.

Stock acquisition rights issued based on the resolutions of the Ordinary General Meeting of Shareholders held on June 26, 2014 and of the meeting of the Board of Directors held on November 13, 2014

- Number of stock acquisition rights: 232
- Type and number of shares subject to stock acquisition rights
Common stock: 696,000 shares (3,000 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
December 27, 2014 to December 26, 2034
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company.
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	92	Common stock	276,000 shares	3
Corporate Executive Officers	140	Common stock	420,000 shares	10

(Note) The Company implemented a 3-for-1 stock split on July 1, 2017. Accordingly, the number of shares subject to stock acquisition rights has been adjusted.

Stock acquisition rights issued based on the resolutions of the meeting of the Board of Directors held on August 10, 2015.

- Number of stock acquisition rights: 2,599
- Type and number of shares subject to stock acquisition rights
Common stock: 779,700 shares (300 shares per 1 stock acquisition right)
- Issuance price of the stock acquisition right
Stock acquisition rights shall be issued free of charge.
- Amount to be paid upon exercise of the stock acquisition rights: 1 yen
- Period during which stock acquisition rights may be exercised
September 26, 2015 to September 25, 2035
- Terms for exercising stock acquisition rights
Persons allotted with stock acquisition rights can only exercise these rights within 10 days from the date on which they lose their positions as a Board Director, Corporate Executive Officer, or Corporate Officer of the Company (if the person allotted with stock acquisition rights had already lost all of the positions on the date of the allotment of stock acquisition rights, said person can exercise these rights within one year from the day following the date of allotment of stock acquisition rights).
In the event of the death of the Board Director, Corporate Executive Officer or Corporate Officer, their heirs may exercise the stock acquisition rights within one year from the time of death or by the final date of the exercise period, whichever comes first.
- Status of stock acquisition rights held by the Board Directors and Corporate Executive Officers of the Company

	Number of stock acquisition rights	Type of shares subject to stock acquisition rights	Number of shares subject to stock acquisition rights	Number of holders
Board Directors (excluding External Board Directors)	987	Common stock	296,100 shares	3
Corporate Executive Officers	1,612	Common stock	483,600 shares	14

(Note) The Company implemented a 3-for-1 stock split on July 1, 2017. Accordingly, the number of shares subject to stock acquisition rights has been adjusted.

(2) Status of Stock Acquisition Rights Granted in the Fiscal Year Ended March 31, 2018

Not applicable.

4. Company Officers

(1) Board Directors and Audit & Supervisory Board Members (as of March 31, 2018)

Position	Name	Responsibilities and significant concurrent positions
President and Representative Director	Masumi Minegishi	CEO
Board Director	Shogo Ikeuchi	Corporate Planning (CSO), Human Resources (CHRO)
Board Director	Keiichi Sagawa	Finance (CFO), Administration (CRO)
Board Director	Shigeo Ohyagi	Chairman of the Board of TEIJIN LIMITED, Outside Audit & Supervisory Board Member of JFE Holdings, Inc., Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives)
Board Director	Yasushi Shingai	Outside Director of Asahi Group Holdings, Ltd.
Audit & Supervisory Board Member (standing)	Yukiko Nagashima (Name in the family register: Yukiko Watanabe)	
Audit & Supervisory Board Member (standing)	Akihito Fujiwara	
Audit & Supervisory Board Member	Hiroki Inoue	Managing Partner of Nagashima Ohno & Tsunematsu
Audit & Supervisory Board Member	Yasuaki Nishiura	

- (Notes)
1. Mr. Shigeo Ohyagi and Mr. Yasushi Shingai are External Board Directors.
 2. Mr. Hiroki Inoue and Mr. Yasuaki Nishiura are External Audit & Supervisory Board Members.
 3. The Company designated External Board Directors Mr. Shigeo Ohyagi and Mr. Yasushi Shingai as well as External Audit & Supervisory Board Member Mr. Yasuaki Nishiura as Independent Directors/Audit & Supervisory Board Members specified by the Tokyo Stock Exchange and notified the same to the said Exchange.
 4. Audit & Supervisory Board Member Mr. Yasuaki Nishiura has extensive knowledge of finance and accounting based on his experience as Partner of Deloitte & Touche LLP, as well as Western U.S. Region Leader of Japanese Corporate Service Group of Deloitte & Touche LLP.
 5. Director Mr. Shigeru Kusahara retired from office due to expiration of his term of office at the conclusion of the 57th Ordinary General Meeting of Shareholders held on June 20, 2017.
 6. Although Director Mr. Yasushi Shingai concurrently served as Director of JAPAN TOBACCO INC., he resigned from the position as of March 27, 2018.
 7. The Company has entered into an agreement to limit the liability to compensate for damages under Article 423, Paragraph 1 of the Companies Act with all the External Board Directors and Audit & Supervisory Board Members. The maximum amount of liabilities for damages under the said agreement is the minimum liability amount provided by applicable laws and regulations. However, such limitation of liability only applies when the officers perform their duties that caused the liability in good faith and without gross negligence.

(2) Remuneration of Board Directors and Audit & Supervisory Board Members

1) Policies for the determination of the amount of remuneration and its calculation method

i. Basic policies for officer remuneration

The officer remuneration system of the Company is operated under the basic policies below.

- (i) Maintain a sufficient remuneration standard that can attract and retain superior management talents on a global scale
- (ii) Establish a highly performance-based remuneration system that motivates officers to attain performance targets
- (iii) Set remuneration linked to medium to long-term enterprise value
- (iv) Enhance objectivity and transparency in the remuneration determining process

ii. Framework of the remuneration standard

The remuneration standard is determined with reference to the officer remuneration standards at major corporations as its benchmark based on external database services.

iii. Composition of remuneration

The remuneration for Board Directors (excluding External Board Directors) and Corporate Executive Officers, etc. consists of fixed remuneration (cash remuneration), the short-term incentive plan (cash remuneration) based on individual assessments for each fiscal year, and the long-term incentive plan (stock remuneration) based on attainment of the consolidated performance targets for each fiscal year. EBITDA for the existing businesses (*1) shall be adopted as a performance target indicator for the long-term incentive plan in the period up to FY2018. For FY2018, the level of attainment of the adjusted EPS (*2) performance target set during FY2016 shall also be considered in determining the level of payment. The performance-linked factor for the long-term incentive plan shall be within the range of 0% to 150%. Composition ratios of performance-based remuneration and stock-based remuneration that constitute the remuneration are designed to provide sound incentives in order to achieve sustainable growth. Specifically, the approximate ratio of the short-term incentive plan against fixed remuneration is set at around 50% and that of the long-term incentive plan against fixed remuneration is set within the range of 50% to 200%. Meanwhile, remuneration for External Board Directors and Audit & Supervisory Board Members shall solely consist of fixed remuneration.

The Company will use a performance target indicator for the long-term incentive plan, which reflect the increase or decrease of EBITDA from sales of businesses carried out during the period. In such a case, however, the Company will not change the levels for adjusted EPS set in FY2016.

(*1) EBITDA for the existing businesses:

EBITDA (operating income + depreciation and amortization ± other operating income/expenses) for the existing businesses, excluding results of the subsidiaries to be newly consolidated as a result of acquisition of their shares, etc.

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

(*3) Adjusted profit: profit attributable to owners of the parent ± adjustment items (*4) (excluding non-controlling interests) ± tax reconciliation related to certain adjustment items

(*4) Adjustment items: amortization of intangible assets by acquisitions ± non-recurring income/losses

iv. Governance

The Company has established the Evaluation Committee and the Remuneration Committee chaired by an External Board Director as advisory bodies to the Board of Directors for the purpose of enhancing objectivity and transparency of remunerations for officers. The amount of officer remuneration for Board Directors is determined at meetings of 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 on the basis of consultation among the Audit & Supervisory Board Members, within the remuneration range approved by the General Meeting of Shareholders.

External Board Directors are selected based on the independent criteria prescribed by the Tokyo Stock Exchange, as well as individual insight and capabilities in fulfilling duties and responsibilities as an External Board Director, regardless of gender, age and nationality.

In addition, the Company appoints external compensation consultants with a view to introducing objective viewpoints from outside the Company and expertise on officer remuneration systems. With their support, the Company reviews its remuneration standard and remuneration systems in light of external data, the economic environment, industry trends and business conditions, among other aspects.

2) Remuneration of Board of Directors and Audit & Supervisory Board Members

Six Board Directors 695 million yen (including two External Board Directors: 30 million yen)

Four Audit &

Supervisory Board Members 96 million yen (including two External Audit & Supervisory Board Members: 25 million yen)

- (Notes)
1. The above remuneration amounts include the amount recorded as expenses during FY2017 of the Board Incentive Plan.
 2. As part of the revision of the officer remuneration system, the Company has resolved to abolish the Retirement Benefit Plan for Officers upon the conclusion of the 56th Ordinary General Meeting of Shareholders held in 2016, and to make final payment of retirement benefits to Directors and Audit & Supervisory Board Members who continue to serve after the conclusion of the said General Meeting of Shareholders. Based on this resolution, the Company paid 25 million yen to one Board Director who retired during FY2017, apart from the above-mentioned remuneration amounts.

(3) External Officers

1) Shigeo Ohyagi, Board Director

i. Relationship between the Company and companies in which External Officers hold concurrent positions

There are business relationships mainly involving the Media & Solutions segment and the Staffing segment between the Company and TEIJIN LIMITED, of which Shigeo Ohyagi serves as Chairman of the Board; however, the value of transactions is low, and there are no matters of significance.

There are no business relationships between the Company and JFE Holdings, Inc., of which Shigeo Ohyagi serves as Outside Audit & Supervisory Board Member.

There are business relationships between the Company and KEIZAI DOYUKAI (Japan Association of Corporate Executives), of which Shigeo Ohyagi serves as Vice Chairman; however, the transactions are routine, and the External Board Director himself does not have any interest in KEIZAI DOYUKAI.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2017

Status of attendance and status of remarks made at the meetings of the Board of Directors

Participated in all 16 meetings of the Board of Directors held during FY2017. With his experience as Representative Director and President, and Chairman of the Board of TEIJIN LIMITED, he makes statements from a practical perspective as an External Board Director, based on his deep insight cultivated through management of the global manufacturing company.

2) Yasushi Shingai, Board Director

i. Relationship between the Company and companies in which External Officers hold concurrent positions

There are business relationships involving the Media & Solutions segment and the Staffing segment between the Company and JAPAN TOBACCO INC., of which Yasushi Shingai served as Director until March 27, 2018; however, the value of transactions is low, and there are no matters of significance.

There are business relationships involving the Staffing segment between the Company and Asahi Group Holdings, Ltd., of which Yasushi Shingai serves as Outside Director; however, the value of transactions is low, and there are no matters of significance.

ii. Relationship with special interest entities including major customers and suppliers

Not applicable.

iii. Major activities during FY2017

Status of attendance and status of remarks made at the meetings of the Board of Directors

Participated in all 16 meetings of the Board of Directors held during FY2017. With his experience as Executive Deputy President, and Director of JAPAN TOBACCO INC., he makes statements from a practical perspective as an External Board Director, based on his deep insight cultivated through business experiences such as the acquisition of foreign corporations.

- 3) Hiroki Inoue, Audit & Supervisory Board Member
- i. Relationship between the Company and companies in which External Officers hold concurrent positions
There are business relationships mainly involving the Staffing segment between the Company and Nagashima Ohno & Tsunematsu, of which Hiroki Inoue serves as Managing Partner; however, the value of transactions is low, and there are no matters of significance.
 - ii. Relationship with special interest entities including major customers and suppliers
Not applicable.
 - iii. Major activities during FY2017
 - a. Status of attendance and status of remarks made at the meetings of the Board of Directors
Participated in all 16 meetings of the Board of Directors held during FY2017. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.
 - b. Status of attendance and status of remarks made at the meetings of the Audit & Supervisory Board
Participated in all 17 meetings of the Audit & Supervisory Board during FY2017. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight into corporate legal affairs cultivated through experience as a lawyer.
- 4) Yasuaki Nishiura, Audit & Supervisory Board Member
- i. Relationship between the Company and companies in which External Officers hold concurrent positions
Not applicable.
 - ii. Relationship with special interest entities including major customers and suppliers
Not applicable.
 - iii. Major activities during FY2017
 - a. Status of attendance and status of remarks made at the meetings of the Board of Directors
Participated in all 16 meetings of the Board of Directors held during FY2017. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his accounting knowledge and his deep insight cultivated as a certified public accountant in the United States, as well as his wealth of international experience he has amassed as a business advisor.
 - b. Status of attendance and status of remarks made at the meetings of the Audit & Supervisory Board
Participated in all 17 meetings of the Audit & Supervisory Board held during FY2017. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his accounting knowledge and his deep insight cultivated as a certified public accountant in the United States, as well as his wealth of international experience he has amassed as a business advisor.

5. Independent Auditor

(1) Name

Ernst & Young ShinNihon LLC

(2) Amount of Remuneration to the Independent Auditor for FY2017

- 1) Amount of remuneration to the Independent Auditor for FY2017
357 million yen
- 2) Total amount of monetary and other financial benefits payable by the Company and its subsidiaries
426 million yen

- (Notes)
1. The audit engagement entered into by the Company and the Independent Auditor does not clearly distinguish the amount of remuneration, etc. for audits prescribed in the Companies Act and those prescribed in the Financial Instruments and Exchange Act. Therefore, 1) above does not show the total amount of such remuneration.
 2. The Audit & Supervisory Board verified the contents of the audit plan which included the auditing time, change in the amount of audit remuneration, as well as the audit plan and its performance results in previous years, and as a result of careful review on the adequacy of the amount of remuneration, has approved the amount of remuneration, etc. to be paid to the Independent Auditor, pursuant to the provisions of Article 399, Paragraph 1 of the Companies Act.
 3. STAFFMARK HOLDINGS, INC., Recruit Global Staffing B.V. (renamed from USG People B.V. in January 2018), and Chandler Macleod Group Limited, all of which are significant subsidiaries of the Company, undergo an audit (restricted to an audit pursuant to the provisions of the Companies Act and Financial Instruments and Exchange Act (including the equivalent laws and regulations in the respective country)) by certified public accountants or audit corporations (including those with equivalent qualifications in the respective country) other than the Independent Auditor of the Company.

(3) Description of Non-audit Business

The non-audit business for which the Company pays remuneration to the Independent Auditor mainly consists of advisory services in relation to IFRS.

(4) Policy regarding Determination of Dismissal or Non-reappointment of Independent Auditor

In the case that the Independent Auditor falls under any of the items prescribed in Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board of the Company shall dismiss the Independent Auditor upon consent of all Audit & Supervisory Board Members.

In cases other than above, where the conduct of a proper audit is deemed difficult due to factors such as the occurrence of an event damaging the eligibility and independence of the Independent Auditor, the Audit & Supervisory Board of the Company shall propose the dismissal or non-reappointment of the Independent Auditor to the General Meeting of Shareholders.

6. The Systems and Policies of the Group

(1) Overview of the Corporate Governance System, etc.

The Group has defined its Mission: “We are focused on responding to the needs of society by creating new value, thereby contributing to a brighter and more fulfilling world in which all individuals can live life to the fullest” and “Creation of new value,” “Contribution to society,” and “Respect for all individuals” as The Recruit Way in the Recruit Group Management Philosophy.

Under this management philosophy, the Company emphasizes corporate governance in striving to achieve long-term, stable growth and to continuously increase its enterprise value as a business that is viewed as a positive force by users of Recruit products and services, clients, shareholders, employees, business partners, society, community and all other principal stakeholders of the Company.

The Company stipulates in its Articles of Incorporation that the number of Board Directors shall be not more than 11 and that their term of office shall be one year. The Board of Directors of the Company consists of five members (including two External Board Directors). The meetings of the Board of Directors, in principle, shall be convened at least once a month to decide on important matters concerning the Group as a whole. The term of office of Audit & Supervisory Board Members is stipulated as four years by laws and regulations and the Articles of Incorporation of the Company. The Audit & Supervisory Board of the Company consists of four members (including two External Audit & Supervisory Board Members).

The Company has adopted a Corporate Executive Officer system since April 2000, with the aim of strengthening business execution functions. While maintaining this system, the Company also adopted a Board Director and Corporate Executive Officer system in June 2001 to further clarify the duties and responsibilities of Board Directors and Corporate Executive Officers, and strives to establish more effective management and business execution systems. The Company will continue to make efforts in reinforcing its management structure through enhancement of its corporate governance that is in line with the Company’s business structure by leveraging the beneficial features of the “company with an Audit & Supervisory Board” structure that it adopts.

The Company has established the Business Strategy Meeting, consisting of Board Directors concurrently serving as Corporate Executive Officers, Corporate Executive Officers responsible for corporate function, and full-time Audit & Supervisory Board Members, as an advisory body to the CEO, to discuss on certain matters necessary for the CEO to make decisions. The Business Strategy Meetings are in principle held twice a month.

Furthermore, voluntary committees have been set up as advisory bodies to the Board of Directors and the Business Strategy Meeting for the purpose of strengthening management structure and further enhancing management transparency and soundness. Specifically, six committees, namely the Nomination, Evaluation, Remuneration, Risk Management, Compliance, and Sustainability Committees have been set up as advisory bodies to the Board of Directors. Also, the Management Advisory and Human Resources Development Committees have been set up as advisory bodies to the Board of Directors and/or the Business Strategy Meeting. Additionally, the Ethics Committee was set up as a forum for prior discussions on disciplinary actions against employees.

The Company determines that its current corporate governance system functions sufficiently in terms of both speedy decision-making and effective internal controls. At the same time, we strive to maximize shareholder value by improving management transparency and soundness by having voluntary committees as stated above.

(Overview of each committee)

- Nomination Committee

Chaired by an External Board Director, this committee discusses the election of President and Representative Director and the appropriateness of the process of nominating Board Directors and Corporate Executive Officers.

- Evaluation Committee

Chaired by an External Board Director, this committee discusses the performance evaluation of Board Directors and evaluation standards.

- Remuneration Committee

Chaired by an External Board Director, this committee discusses the remuneration for Board Directors based on their performance evaluation, and the level and system of the remuneration for Board Directors and Corporate Executive Officers.

- Risk Management Committee

Chaired by a Board Director in charge of Administration, this committee discusses subjects concerning the Group’s key risks.

- Compliance Committee

Chaired by the CEO, this committee discusses subjects concerning the Group’s compliance and related measures.

- Sustainability Committee

Chaired by a Board Director in charge of Corporate Planning, this committee discusses the formulation of strategic measures and management of its operations to promote the Group’s CSR.

- Management Advisory Committee

This committee consists of external experts and certain Board Directors and Corporate Executive Officers, and consults on important management subjects.

- Human Resources Development Committee

With Corporate Executive Officers of the Company participating, this committee discusses subjects regarding skill development, position assignment, and updates on skill trainings of the Group's core personnel who are potential officers.

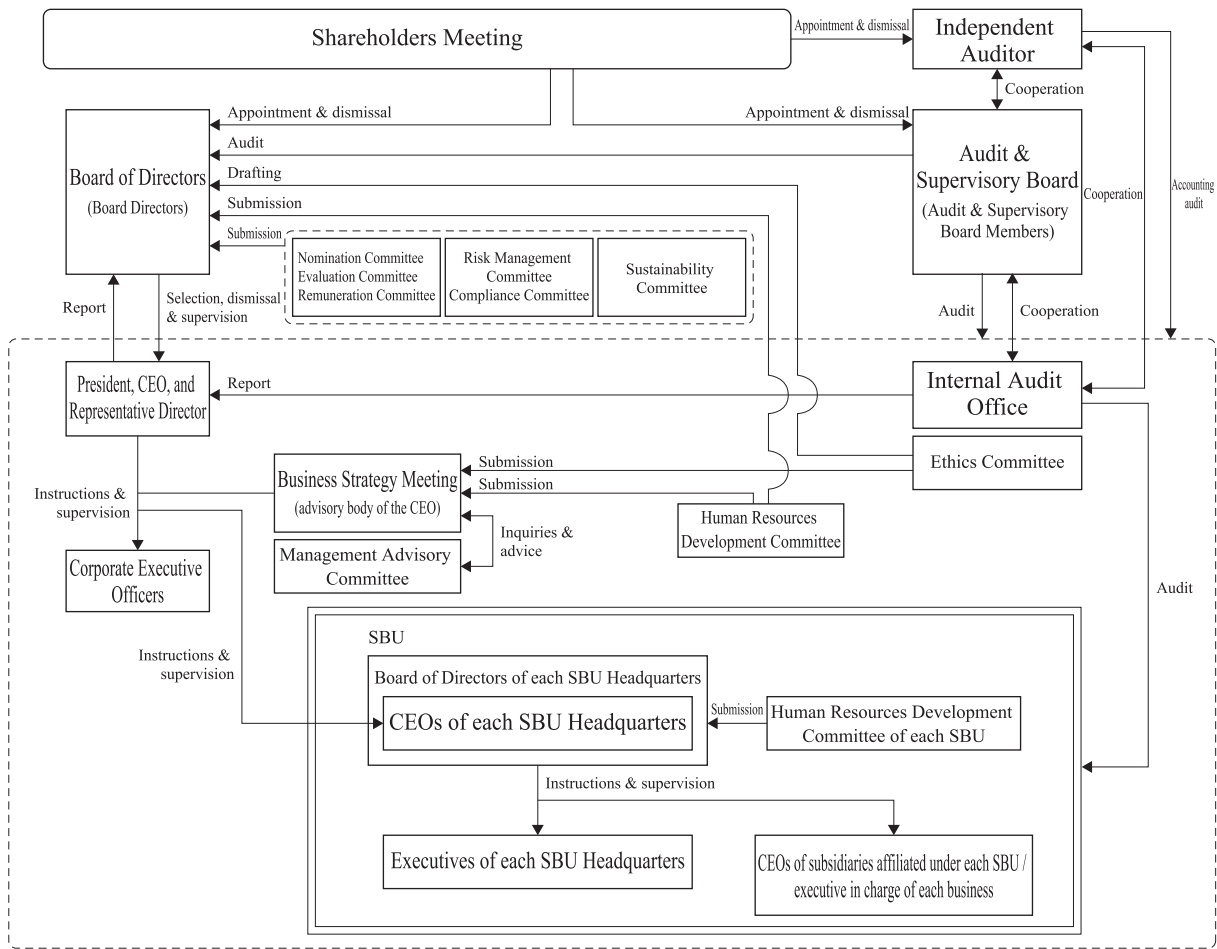
- Ethics Committee

This committee conducts prior deliberations on disciplinary action against the Company's employees.

Further, the Group has adopted the Strategic Business Unit (SBU) as a strategic management unit, and established SBU headquarters, which manage the subsidiaries under the SBUs and their businesses. Corporate Executive Officers of the Company concurrently serve as CEO of each SBU headquarters.

Important decisions are made by the Board of Directors of SBU headquarters. Non-executive Directors are dispatched by the Company to the meetings of the Board of Directors and the Company's Audit & Supervisory Board Members (standing) and other members also attend the meetings.

The corporate governance structure of the Company is as follows.



Our Status of Corporate Governance is made available on the Company's website.
[\(https://www.recruit.jp/sustainability/governance/\)](https://www.recruit.jp/sustainability/governance/)

(2) Systems to Ensure Proper Operations and Operational Status of Systems

1) Basic Policy for Internal Control System

Systems to ensure proper operations of the Company and its subsidiaries (hereinafter referred to as the “Group”) were resolved at the meeting of the Board of Directors held on March 29, 2017. A description of the systems is as follows.

i. 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

- a. A Board of Directors, which shall include External Board Directors, shall be established at the Company to carry out important decision-making for the Group.
- b. 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.
- c. A Nomination Committee, Evaluation Committee, and Remuneration Committee 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.
- d. The “Recruit Group Code of Ethics” shall be established and all managers, employees, consultants, and similar personnel (hereinafter collectively referred to as “Recruit Affiliated Persons”) of the Group shall be informed thereof.
- e. 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 the Group on matters such as decision-making, risk management, and compliance, in order to realize unified Group management.
- f. Prior confirmation and/or subsequent reports to relevant departments of the Company are mandatory for important matters set forth in the “Recruit Group Policies.”
- g. The Group shall create a system to block all relationships, including business relationships, with anti-social forces.
- h. The Company’s Board of Directors shall establish a department in charge of internal controls after appointing an individual with ultimate responsibility for the promotion of internal controls for the entire Group, and shall strive to gain an understanding of the state of development of and identify any problems with the Group’s internal controls.
- i. The President and Representative Director (or person in an equivalent position) of each subsidiary shall establish an internal control system within that subsidiary.
- j. The Company’s Internal Control Department, in collaboration with each SBU and the subsidiaries, shall promote efforts to ensure proper operations throughout the Group.
- k. The Company shall, in principle, dispatch Audit & Supervisory Board Members or Board Directors in charge of audits to the subsidiaries to conduct audits of the execution of duties by the subsidiaries’ respective Board Directors.
- l. 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 Recruit Affiliated Persons’ compliance with laws and regulations, as well as the Articles of Incorporation and/or company policies.
- m. 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 internal controls within the Company or a subsidiary, if a Recruit Affiliated Person discovers a problem related to internal controls. The department in charge of internal controls that receives the report shall investigate the matter, decide on response measures in consultation with the departments involved within the Group, and implement the measures.
- n. A Compliance Committee, with the President, Representative Director and CEO acting as chairperson, shall meet and assess the state of compliance within the Group and conduct deliberations on response plans.
- o. Compliance education and awareness-raising activities for Recruit Affiliated Persons shall be carried out.
- p. Any actions in violation of the Group’s internal controls shall be addressed strictly and appropriately.

ii. Systems Concerning Retention and Management of Information Regarding the Execution of Duties by Board Directors of the Company

- a. The “Documents and Contracts Management Policy” shall be established and based on this policy documents 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, shall be retained together with related materials.
- b. 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.

iii. Internal Policies and Other Systems of the Company and Its Subsidiaries Concerning Management of Risk of Loss

- a. The “Recruit Group Risk Management Policy” and “Recruit Group Risk Escalation Rules” shall be established to provide systematic risk management for the Group.
- b. The Company’s Board of Directors shall determine the high priority risks to be addressed by the Group, the person responsible for remedial measures and the policies for such measures, following deliberation by the Risk Management Committee. The Risk Management Committee shall be chaired by the Board Director in charge of the Company’s Risk Management Department.
- c. If a serious incident occurs that will affect the entire Group, a crisis management task force shall be established to address the situation.

iv. Systems to Ensure the Efficient Execution of Duties by Board Directors of the Company and Its Subsidiaries

- a. The Company’s Board of Directors or the Business Strategy Meeting shall set targets for the Group that are shared by all Recruit Affiliated Persons and shall make these targets widely known, while setting specific targets to be achieved by each division of the Group in order to achieve the Group-wide targets. The Company’s Corporate Executive Officers in charge of each division shall determine and execute efficient methods of achieving these targets.
- b. The Company’s 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 Group.
- c. A Business Strategy Meeting shall be established as an advisory body to the CEO of the Company and shall carry out discussions on necessary matters regarding management of the Group as a whole.
- d. In addition, expert committees such as the Management Advisory Committee, CSR Committee, and Recruit Group Investment Committee shall be set up as advisory bodies to the Company’s Board of Directors and the Business Strategy Meeting.

v. Systems to Ensure the Reliability of Internal Controls for Financial Reporting

The Group shall establish the “Recruit Group 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.

vi. Systems Concerning Reporting to the Company Regarding the Execution of Duties by Subsidiaries’ Board Directors and Similar Persons

- a. The Company shall establish divisions within the Company to oversee the subsidiaries. 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.
- b. The Board Directors and Corporate Executive Officers of the Company and the Presidents and Representative Directors (or persons who hold equivalent positions) of major subsidiaries shall, in addition to working to share management information, discuss the Group’s management policies.

vii. 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’s Audit & Supervisory Board Members” and make an official announcement of the appointment.

viii. Matters Relating to Ensuring the Independence from the Company's Board Directors of Employees Described in the Preceding Item and the Effectiveness of Instructions Given to the Employees

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

ix. Systems Concerning Reports to the Company's Audit & Supervisory Board Members

- a. Recruit Affiliated Persons and the Group's independent auditors shall report to the applicable Group company's 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 which 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
- b. The Company's Internal Audit Department and the subsidiaries' Audit & Supervisory Board Members or Board Directors in charge of audits shall regularly report issues concerning internal controls of the Group to the Company's Audit & Supervisory Board Members.

x. 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 policies under which any individual who has reported to a Group company's Audit & Supervisory Board Members or Board Directors in charge of audits, the department in charge of internal controls, or the Internal Audit Department on matters described in the preceding item shall not be subject to unfavorable treatment, such as dismissal or improper reassignment, by the Company or its subsidiaries, on the grounds of the individual reporting on such matters.

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

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

xii. 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's independent auditors, respectively.

2) Overview of Operational Status of the Internal Control System

The Company and its subsidiaries endeavor to develop and appropriately operate the internal control system based on the resolution described above by having the Internal Audit Department carry out inspections.

A description of the main points of the operational status in respect of FY2017 is as follows.

i. Initiatives Relating to Compliance

- In addition to the “Recruit Group Code of Ethics,” we are providing compliance training to Recruit Affiliated Persons based on Group-wide policies on information management and the prevention of insider trading, among other matters, so as to increase awareness of compliance.
- We have established a Group-wide “Ethics Hotline Policy” and set up a consultation hotline for the purpose of preventing violations of laws and regulations and other improper activities. In addition, the “Recruit Group Internal Control General Principles” provide that any individual who makes a report through the hotline shall not be subject to unfavorable treatment by the Company on the basis of making such report. The status of internal reporting and consultations to the Company’s hotline was reported regularly to the Board of Directors.
- Based on the information collected from the Company’s administrative division and subsidiaries, the status of the Group’s compliance was deliberated by the Compliance Committee, after which the Group determined the measures to be taken.
- Internal audits were performed by the Internal Audit Department, which is under the direct supervision of the President, Representative Director and CEO. The Internal Audit Department performed audits of each division of the Company and each of the Company’s subsidiaries in accordance with the annual plan approved by the Board of Directors and reported to the President and Representative Director as well as the Board of Directors.

ii. Initiatives Relating to Risk Management

- We strive to achieve widespread understanding of the “Recruit Group Risk Management Policy,” which defines the objectives, systems, and methods of managing risk in the Group, and the “Recruit Group Risk Escalation Rules,” whose purpose is to ensure immediate reporting and sharing of information in the event of a crisis, by posting them on the Company’s intranet, among other measures.
- Based on information collected from the Company’s administrative division and subsidiaries, matters concerning risks identified and remedial measures were discussed at meetings of the Risk Management Committee, after which the Board of Directors determined which risks required focused efforts. The progress of remedial measures was confirmed by the same process.

iii. Initiatives Relating to Appropriateness and Efficiency of the Execution of Professional Duties

- During FY2017, the Board of Directors of the Company met 17 times. In addition to resolutions on matters reserved for the decision of the Board of Directors pursuant to laws and regulations and the Company’s Articles of Incorporation, the Board of Directors also made decisions on management philosophy, the corporate governance system, and the execution of business that may have a major impact on the Company’s consolidated financial results as well as the Group’s reputation.
- During FY2017, the Business Strategy Meeting, an advisory body to the Company’s CEO, was held 39 times. The meeting acted as a platform to ascertain the state of business execution by each business division and deliberate on important matters delegated by the Board of Directors, thereby enabling the CEO of the Company to apply a flexible decision-making process.
- The Recruit Group Investment Committee, which is chaired by the Company’s Corporate Executive Officer in charge of finance, met as needed to review potential M&A transactions and other investments by the Group, and provided written opinions to the designated bodies responsible for making decisions in respect of the transactions based on their applicable investment amount.

iv. Management of Subsidiaries and Affiliates

- Based on the “Recruit Group Roles and Responsibilities Policy” and the “Recruit Group Companies Management Policy” and similar standards, the Company decided important matters regarding its subsidiaries or received subsequent reports from the subsidiaries regarding such matters.
- The Group’s monthly business results were reported to the Board of Directors, which confirmed and deliberated matters including progress toward achieving the Group’s management targets, management issues, and response measures.

v. System for Audits by Audit & Supervisory Board Members

- Reporting and information disclosure to Audit & Supervisory Board Members were conducted at important Company meetings by ensuring opportunities for Audit & Supervisory Board Members to attend these meetings.
- Audit & Supervisory Board Members work to increase the effectiveness of their audits primarily by holding regular information-sharing meetings with subsidiaries' Audit & Supervisory Board Members or subsidiaries' Board Directors in charge of audits, the Company's Internal Audit Department, the Company's independent auditors and others, as well as by receiving reports by Corporate Executive Officers of the Company on business results, the state of business operations, the development of internal controls, and similar matters.
- The President and Representative Director and Audit & Supervisory Board Members held regular meetings to exchange opinions.
- The Company has appointed three assistants to support Audit & Supervisory Board Members in their duties. The Company ensures the assistants' independence from the Board Directors, which includes respecting the opinions of the Audit & Supervisory Board with regard to the appointment, transfer, evaluation, and discipline of these assistants.

(3) Policy for Determination of Dividends from Surplus, etc.

The Company believes that placing priority on the implementation of strategic investments to attain sustainable profit growth and improve enterprise value will in turn contribute to profits shared with our shareholders. In addition, we recognize returning profits to our shareholders as one of our key management policies and have the principle of paying consistent and sustainable dividends. In line with this, our basic policy is to return profits, comprehensively taking into account trends of business results and ensuring sufficient internal reserves, which are necessary for investment in future growth, and the reinforcement of our financial base.

In addition, we set a consolidated payout ratio of approximately 30% of profit attributable to owners of the parent excluding the effects of non-recurring income/losses, etc.

In accordance with its dividend policy above, annual dividends for FY2017 will be 23 yen per share, which consists of an interim dividend of 11 yen per share and a year-end dividend of 12 yen per share.

We will improve enterprise value by allocating internal reserves to strategic investments for growth.

The Company's policy is to pay dividends from surplus twice a year. The record dates thereof are September 30 and March 31 of each year.

Matters stipulated by Article 459, Paragraph 1 of the Companies Act, including dividends from surplus, are resolved not by General Meetings of Shareholders, but by meetings of the Board of Directors, unless otherwise provided by laws and regulations.

Dividends from surplus with the record date in FY2017 are as follows.

Resolution date	Total amount of dividends (millions of yen)	Dividends per share (yen)
November 14, 2017 Resolution of the Board of Directors	18,388	11
May 15, 2018 Resolution of the Board of Directors	20,060	12

Consolidated Financial Statements

Consolidated Statement of Financial Position

(As of March 31, 2018)

(in millions of yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	770,962	Current liabilities	447,768
Cash and cash equivalents	389,822	Trade and other payables	204,172
Trade and other receivables	323,116	Bonds and borrowings	24,068
Other financial assets	19,864	Other financial liabilities	1,356
Other current assets	38,159	Income tax payables	20,991
Non-current assets	803,070	Provisions	7,034
Property, plant and equipment	57,211	Other current liabilities	190,145
Goodwill	312,944	Non-current liabilities	285,603
Intangible assets	229,232	Bonds and borrowings	159,007
Investments in associates and joint ventures	43,950	Other financial liabilities	4,860
Other non-current financial assets	118,038	Provisions	5,043
Deferred tax assets	35,590	Net defined benefit liability	45,781
Other non-current assets	6,102	Deferred tax liabilities	53,172
		Other non-current liabilities	17,738
		Total liabilities	733,372
		Equity	
		Total equity attributable to owners of the parent	835,605
		Common stock	10,000
		Share premium	50,115
		Retained earnings	811,287
		Treasury stock	(32,049)
		Other components of equity	(3,748)
		Non-controlling interests	5,055
		Total equity	840,660
Total assets	1,574,032	Total liabilities and equity	1,574,032

Consolidated Statement of Profit or Loss

(April 1, 2017 to March 31, 2018)

(in millions of yen)

Description	Amount
Revenue	2,173,385
Cost of sales	1,159,102
Gross profit	1,014,283
Selling, general and administrative expenses	817,233
Other operating income	5,760
Other operating expenses	11,015
Operating income	191,794
Share of profit (loss) of associates and joint ventures	2,918
Finance income	5,618
Finance costs	1,102
Profit before tax	199,228
Income tax expense	46,898
Profit for the year	152,329
Profit attributable to:	
Owners of the parent	151,667
Non-controlling interests	662
Profit for the year	152,329

Non-consolidated Financial Statements

Balance Sheet

(As of March 31, 2018)

(in millions of yen)

Description	Amount	Description	Amount
Assets		Liabilities	
Current assets	482,025	Current liabilities	324,199
Cash and deposits	169,327	Electronically recorded obligations - operating	5,726
Notes receivable - trade	857	Accounts payable - trade	7,118
Accounts receivable - trade	112,883	Short-term borrowings	183,526
Securities	56,000	Accounts payable - other	5,336
Merchandise	135	Accrued expenses	73,617
Work in process	288	Income taxes payable	5
Supplies	758	Advances received	4,377
Prepaid expenses	5,770	Deposits received	1,036
Deferred tax assets	36,858	Unearned revenue	34,118
Short-term loans receivable	3,144	Other current liabilities	9,336
Accounts receivable - other	82,573	Long-term liabilities	259,551
Other current assets	14,532	Bonds payable	50,000
Allowance for doubtful accounts	(1,106)	Long-term debt	112,308
Noncurrent assets	1,048,213	Deferred tax liabilities	91,890
Property, plant and equipment	23,752	Other long-term liabilities	5,352
Buildings	5,353	Total liabilities	583,751
Structures	7	Equity	
Machinery and equipment	3	Shareholders' equity	914,924
Vehicles	0	Common stock	10,000
Tools, furniture and fixtures	10,737	Capital surplus	31,780
Land	7,650	Legal capital surplus	6,716
Intangible assets	78,672	Other capital surplus	25,064
Goodwill	479	Retained earnings	905,245
Software	77,710	Legal retained earnings	750
Other	482	Other retained earnings	904,494
Investments and other assets	945,788	General reserve	465,185
Investment securities	69,200	Retained earnings brought forward	439,309
Stocks of subsidiaries and affiliated companies	750,330	Treasury stock	(32,102)
Investments in other securities of subsidiaries and affiliated companies	38,017	Valuation and translation adjustments	29,773
Investments in capital of subsidiaries and affiliated companies	4,767	Unrealized gain (loss) on available-for-sale securities	29,773
Long-term loans receivable	63,595	Stock acquisition rights	1,790
Other assets	20,016	Total equity	946,487
Allowance for doubtful accounts	(139)	Total liabilities and equity	1,530,238
Total assets	1,530,238		

Statement of Income
(April 1, 2017 to March 31, 2018)

(in millions of yen)

Description	Amount
Net sales	576,243
Cost of sales	48,700
Gross profit	527,542
Selling, general and administrative expenses	442,233
Sales commission	205,523
Advertising expenses	60,755
Business commissions	64,594
Other	111,361
Operating income	85,309
Non-operating income	346,181
Interest income	921
Dividend income	344,385
Other	874
Non-operating expenses	2,059
Interest expense	1,165
Foreign exchange losses	585
Other	307
Ordinary income	429,431
Extraordinary income	62,421
Gain on sales of investment securities	32
Gain on sales of shares of subsidiaries and associates	62,359
Other	29
Extraordinary losses	9,463
Loss on sales of noncurrent assets	254
Loss on disposal of noncurrent assets	1,511
Loss on liquidation of subsidiaries and associates	5,102
Impairment loss	1,145
Other	1,450
Income before income taxes	482,389
Income taxes: Current	(169)
Income taxes: Deferred	38,481
Net income	444,077

Audit Reports

Independent Auditor's Report (Translation)

May 14, 2018

The Board of Directors of
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner

Taichi Muto
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the Consolidated Financial Statements, which comprise the Consolidated Statement of Financial Position, the Consolidated Statement of Profit or Loss, the Consolidated Statement of Change in Equity and the Notes to Consolidated Financial Statements of Recruit Holdings Co., Ltd. (the "Company") for the year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting that permits the omission of certain items required by designated International Financial Reporting Standards, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements referred to above, which were prepared by omitting certain items required by designated International Financial Reporting Standards in accordance with the provisions of the latter part of Article 120, Paragraph 1 of the Rules of Corporate Accounting, present fairly, in all material respects, the financial position and results of operations of the corporate group, which comprise the Company and its consolidated subsidiaries, for the year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditor's Report
(Translation)

May 14, 2018

The Board of Directors of
Recruit Holdings Co., Ltd.

Ernst & Young ShinNihon LLC

Yoji Murohashi
Certified Public Accountant
Designated and Engagement Partner

Yoshihisa Shibayama
Certified Public Accountant
Designated and Engagement Partner

Taichi Muto
Certified Public Accountant Designated
and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the Non-consolidated Financial Statements, which comprise the Balance Sheet, the Statement of Income, the Statement of Change in Equity, the Notes to Non-consolidated Financial Statements, and the related supplementary schedules of Recruit Holdings Co., Ltd. (the "Company") for the 58th Fiscal Year from April 1, 2017 to March 31, 2018.

Management's Responsibility for the Non-consolidated Financial Statements, Etc.

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Non-consolidated Financial Statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Non-consolidated Financial Statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Non-consolidated Financial Statements and the related supplementary schedules. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Non-consolidated Financial Statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control, but, in making these risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the Non-consolidated Financial Statements and the related supplementary schedules so as to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Non-consolidated Financial Statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Non-consolidated Financial Statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the year ended March 31, 2018 in conformity with accounting principles generally accepted in Japan.

Matters to Be Emphasized

As stated in the notes on significant subsequent events, on April 1, 2018, the Company executed an absorption-type split in which the rights and obligations of the Media & Solutions segment of the Company were succeeded to Recruit Administration Co., Ltd., a wholly-owned subsidiary of the Company, by way of a company-split (absorption-type split), in which the Company is the split company.

This matter does not have an impact on our opinion.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit & Supervisory Board's Audit Report

Audit Report

The Audit & Supervisory Board received and discussed the audit report concerning the execution of duties of the Board Directors during the 58th Fiscal Year from April 1, 2017 through March 31, 2018, which was prepared by each Audit & Supervisory Board Member, and, based on those audit reports, prepared this Audit Report as follows:

1. Procedures and details of the audits conducted by the Audit & Supervisory Board Members and Audit & Supervisory Board
 - (1) The Audit & Supervisory Board established the audit policies, division of duties, and other relevant matters, and received a report from each Audit & Supervisory Board Member regarding the performance of audits and results thereof, as well as reports from the Board Directors, other relevant personnel, and the Independent Auditor regarding the execution of their duties, and requested explanations as necessary and received responses.
 - (2) Based on the audit standards determined by the Audit & Supervisory Board, and in accordance with the audit policies and the division of duties, each Audit & Supervisory Board Member, while endeavoring to communicate with Board Directors, internal audit staff, and other employees, collecting information and maintaining and improving the audit environment, conducted the audit based on the following procedures.
 - 1) Each Audit & Supervisory Board member attended the Board of Directors' meeting and other important meetings to receive reports on the status of execution of their duties from Board Directors and employees, requested explanations as necessary, inspected the important approval documents, etc., and examined the status of operations and conditions of assets at the Company's head office and principal offices. In addition, each Audit & Supervisory Board Member communicated and shared information with the Board Directors and Audit & Supervisory Board Members of the subsidiaries and received their business reports as necessary.
 - 2) With respect to details of the resolution by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Board Directors stated in the Business Report complies with laws and regulations and the Articles of Incorporation and other systems prescribed by Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of the corporate group comprising the Stock Company and its subsidiaries, as well as the system established based on such resolution (hereinafter collectively, "Internal Control System"), each Audit & Supervisory Board Member periodically received reports from Board Directors and employees on the development and operation of the Internal Control System, requested explanations as necessary, and expressed his or her opinions.
 - 3) The Audit & Supervisory Board Members monitored and verified that the Independent Auditor maintains its independence and conducts the audits appropriately, as well as received reports on the status of the execution of duties from the Independent Auditor, requested explanations as necessary and received responses. In addition, we were informed by the Independent Auditor that it had arranged the "System for Ensuring Properness in Execution of Duties" (matters stipulated in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with "Standards for Quality Control of Audits" (Business Accounting Council, October 28, 2005), requested explanations as necessary and received responses.

Based on the procedures mentioned above, we reviewed the Business Report and the related supplementary schedules, the

Non-consolidated Financial Statements, which comprise the Balance Sheet, Statement of Income, Statement of Change in Equity, Notes to the Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements, which comprise the Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss, Consolidated Statement of Change in Equity, and Notes to the Consolidated Financial Statements for the year ended March 31, 2018.

2. Results of Audit

(1) Results of the audit of Business Report, etc.

We acknowledge that:

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the execution of duties by Board Directors, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company; and
- 3) The resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters or findings to be brought up regarding details stated in the Business Report and the execution of duties by Board Directors in relation to such internal control system.

(2) Results of the audit of Non-consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of the audit of Consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Independent Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 14, 2018

Audit & Supervisory Board of Recruit Holdings Co., Ltd.

Audit & Supervisory Board Member (standing)	Yukiko Nagashima
Audit & Supervisory Board Member (standing)	Akihito Fujiwara
External Audit & Supervisory Board Member	Hiroki Inoue
External Audit & Supervisory Board Member	Yasuaki Nishiura

Status of Compliance with Corporate Governance Code (FY2017)

(Reference) The Company adopts and implements the following policies based on the five general principles of Japan's Corporate Governance Code.

1. Securing the Rights and Equal Treatment of Shareholders

The Company shall strive to proactively disclose information and improve the environment to facilitate the exercise of voting rights, in order to effectively secure rights to vote at Shareholders' Meetings and other forms of shareholder rights.

2. Appropriate Cooperation with Stakeholders other than Shareholders

Based on the Recruit Group Management Philosophy, the Company shall strive to achieve long-term, stable growth and continuously increase its enterprise value as a business that is viewed as a positive force by users of Recruit products and services, clients, shareholders, employees, business partners, NPOs and NGOs, national and other governmental organizations, local communities and all other principal stakeholders of the Company.

3. Ensuring Appropriate Information Disclosure and Transparency

In addition to properly engaging in disclosures as required by laws and regulations, the Company will proactively disclose information as called for by the five general principles of Japan's Corporate Governance Code to help secure transparency and fairness in decision-making, and promote effective corporate governance.

4. Responsibilities of the Board of Directors

The Board of Directors sets the basic management direction and performs management oversight. In addition to matters subject to exclusive board discretion, as provided in laws and regulations, the Board of Directors also makes executive decisions on matters that could significantly impact management philosophy, corporate governance systems, consolidated results and the reputation of the Group. When the speed of decision-making is a matter of critical concern, executive decision-making authority is vested in the President and Representative Director within certain bounds, and the Board of Directors oversees implementation of the decisions made. Board Directors are elected by the shareholders to be entrusted with management of the Company. In performing their duties, they bear fiduciary responsibility and the duty of diligence, as they contribute to sustainable growth and an increase in enterprise value over the medium to long term.

5. Dialogue with Shareholders

To promote dialogue with shareholders, the Company shall have a department dedicated to handling IR work and an executive assigned to oversee IR. Requests by institutional investors for meetings are accepted within reasonable bounds, and the Company shall have a system for responding to inquiries by individual shareholders.

For details regarding the Company's approach on corporate governance and corporate governance reports, please visit the Company's website.

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

Reference | Recruit Group's Sustainability

Aiming for a Brighter and More Fulfilling World in which All Individuals Can Live Life to the Fullest

In order to realize our corporate mission of creating a brighter and more fulfilling world in which all individuals can live life to the fullest, we have established the following three guiding principles. After much dialogue with our stakeholders, we have revised our core themes, creating new core themes based on two perspectives: expectations on the Recruit Group, and the level of contribution of our business. We will do what is in our power in collaboration and partnership with a wide range of stakeholders.

■ Three guiding principles for sustainability

1. Promoting businesses that contribute positively to society
2. Meeting global stakeholders' expectations
3. Fulfilling our responsibilities as global citizens

■ New five core themes

● Inspire new ways of working

What does work mean to us? How can we work better? Since our foundation as a recruitment advertisement company, we have been constantly asking these questions. We will continue to evolve new ways of working to find path for individuals to aspire to their true purposes.

● Close the opportunity gap

We believe the more people are free to pursue their passions, the better the future becomes. Closing the opportunity gap is a key factor for this. We have, and will continue to match countless people and businesses in ways that would have never happened before.

● Celebrate diversity and inclusion

We celebrate diversity in nationality, race, religion, gender, age, disabilities, sexual orientation and gender identity, and more. We respect and value each other's differences to promote creativity in the world.

● Respect human rights

Our vision, "a world where people can follow their hearts" starts from respecting human rights. We follow Recruit Group's Human Rights Policy and Code of Ethics to respect the rights of our diverse stakeholders.

● Conserve the environment

We all have a common responsibility for global environment. We strive to reduce our negative impact on environment by addressing climate change, resource preservation and biodiversity conservation. We enlighten our society with our environmentally conscious lifestyle.

The following six SDGs are tied to these themes, and as a global corporation, we will help resolve shared worldwide challenges.



In FY2017, we combined our Annual Report and CSR Report into a single Annual Report. This report showcases some of our sustainability initiatives. See our corporate website for more information.

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

This report showcases some of our sustainability initiatives. See our corporate website for more information.

Employment support

Supporting young people

Contributing to regional communities

We believe work connects people to their communities and enriches their lives. We aim for a society where everyone is motivated to work, including helping young people and students become more independent, helping senior citizens find work, and supporting career education to help bring out the potential of children.

1



We offer in Japan and other Asian countries WORKFIT, a free employment support program for young people for practicing interview and other skills utilizing the knowledge of our HR business.

2



Working with an NPO, we offer career education classes to junior and senior high school students living in child care facilities so they can envision their future career path in an enjoyable way.

3



We provide workplaces where people with disabilities can make the most of their abilities.

4



We work to match up seniors with employers by making individual skills visible and deepening company understanding of seniors through awareness campaigns.

5



We concluded a comprehensive collaboration agreement with Arita City and implemented measures to raise unit prices of *mikans* by branding them and expanding the number of farmers participating in hometown tax payments.

6

We dispatched employee volunteers to support recovery in disaster areas. We also conducted dialogue with administrative agencies, local employers and reconstruction support NPOs to create new businesses that will lead to ongoing support and reconstruction.

Promotion of diversity

We are creating environments where every employee can fully harness their skills, in order to achieve our corporate mission of “respect for all individuals.” Some examples of our efforts include support for empowering women, support for balancing work with childcare or nursing care, and creating flexible workstyles, such as adopting remote work programs.

7



The “Be a DIVER!” project invites guest speakers from inside and outside the Company to give lectures and creates opportunities for discussions on a diverse range of topics such as balancing work for men raising children, LGBT issues, and nursing care.

8



Career Cafe 28 is a training program aimed at career building for junior female employees approaching life events. The program provides management training to supervisors of such employees to accelerate their development in the workplace.