

CORPORATE GOVERNANCE

Corporate Governance Report

Leadership

Board & Directors



Masumi Minegishi President, CEO, and Representative Director

April	1987	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	1992	Assigned to the New Business Development Office (Zexy)
April	2002	Executive Manager of the Zexy Business Department
April	2003	Corporate Executive Officer (IMC* Division Company) *IMC: Integrated Marketing Communications, referring to the marketing media business segment for a number of business categories including bridal, travel, and automobiles
April	2004	Managing Corporate Executive Officer (IMC Division Company and Housing Information Division Company)
June	2009	Board Director, Managing Corporate Executive Officer (Corporate Planning, Business Development, and Housing)
April	2011	Senior Corporate Executive Officer and Board Director (Corporate Planning, Web Strategy Promotion Office, and Corporate Strategy Office)
April	2012	President, CEO, and Representative Director (current position)



Shogo Ikeuchi Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	1999	Executive Planner of the Corporate Planning Office and HR Department
April	2002	Executive Manager of the G-HR* Planning Office *G-HR: A cross-functional organization responsible for the Group's HR business category
April	2004	Executive of the Corporate Planning Office and Corporate Strategy Office
April	2005	Corporate Executive Officer
June	2012	Corporate Executive Officer and Board Director
October	2012	Corporate Executive Officer and Board Director, Recruit Holdings Co., Ltd.
April	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Shigeru Kusahara Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2000	Executive Planner of the Tokyo Metropolitan Area Control Department, HR Division, HR Division Company
April	2002	Executive Manager of the Corporate Planning Office
April	2004	Corporate Executive Officer
June	2006	Corporate Executive Officer and Board Member
June	2007	Corporate Executive Officer
October	2012	Corporate Executive Officer, Recruit Holdings Co., Ltd.
April	2013	Managing Corporate Executive Officer
June	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Keiichi Sagawa Board Director, Senior Managing Corporate Executive Officer

April	1988	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
October	2000	Executive Planner of the Agency Department/Tokyo Metropolitan Area Control, HR Division, HR Division Company
July	2002	Executive Manager of the Agency Control Department, HR Division Company
April	2003	Executive Manager of the 3rd MP* Department, HR/Tokyo Metropolitan Area, HR Division Company *MP: Media Production
April	2004	Division Head of the HR Tokai Division, HR Division Company
April	2006	Corporate Executive Officer, Recruit Co., Ltd.
June	2011	Corporate Executive Officer and Board Director
October	2012	Corporate Executive Officer and Board Director, Recruit Holdings Co., Ltd.
April	2013	Board Director, Managing Corporate Executive Officer
April	2016	Board Director, Senior Managing Corporate Executive Officer (current position)



Shigeo Ohyagi

External Board Director

March	1971	Joined Teijin Limited
February	1992	Director of Pharmaceutical Marketing & Planning Department
June	1999	Corporate Officer (Tokyo Branch Chief)
June	2001	Executive Officer (Deputy General Manager of Pharmaceutical Marketing Division)
June	2002	Senior Executive Officer (General Manager of Pharmaceutical Unit)
June	2005	Managing Director (CIO)
June	2006	Senior Managing Director (CIO)
April	2007	Senior Managing Director (CSO)
June	2008	President and CEO, Representative Director of the Board
April	2014	Chairman of the Board (current position)
June	2014	External Board Director, Recruit Holdings Co., Ltd. (current position)



Yasushi Shingai

External Board Director

April	1980	Joined Japan Tobacco and Salt Public Corporation (current Japan Tobacco Inc.)
June	2004	Senior Vice President, Head of Finance Group and Vice President of Financial Planning Division
July	2004	Senior Vice President and Chief Financial Officer
June	2005	Member of the Board, Senior Vice President, and Chief Financial Officer
June	2006	Member of the Board, Executive Vice President of JT International S.A.
June	2011	Representative Director and Executive Deputy President (current position)
June	2014	External Board Director, Recruit Holdings Co., Ltd. (current position)

Audit & Supervisory Board Members



Yukiko Nagashima

Audit & Supervisory Board Member (standing)

April	1985	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2001	Executive Planner of the Human Resources Management Office, Corporate Staffing Unit
October	2002	Executive Manager of the Kanto Bridal Department, B&B** Division, IMC* Division Company * IMC: Integrated Marketing Communications, referring to the marketing media business segment for a number of business categories including bridal, travel, and automobiles ** B&B: Bridal and Baby
April	2004	Division Head of the Bridal Information Division, IMC Division Company
April	2006	Corporate Executive Officer
January	2008	President and Representative Director, Recruit Staffing Co., Ltd.
October	2012	Corporate Executive Officer, Recruit Holdings Co., Ltd.
July	2016	Audit & Supervisory Board Member (standing) (current position)



Akihito Fujiwara

Audit & Supervisory Board Member (standing)

August	1986	Joined Recruit Co., Ltd. (current Recruit Holdings Co., Ltd.)
April	2000	Executive Manager of the FIT 1st Department, Business Staffing Group *FIT: Federation of IT, referring to a company-wide cross-functional information systems organization
April	2004	Federation Executive Officer of FIT
April	2006	Corporate Executive Officer
October	2012	Corporate Executive Officer, Recruit Marketing Partners Co., Ltd.
June	2014	Audit & Supervisory Board Member (standing), Recruit Holdings Co., Ltd. (current position)



Hiroki Inoue

Audit & Supervisory Board Member

April	1990	Admitted to bar (Dai-ichi Tokyo Bar Association) Joined Nagashima & Ohno (current Nagashima Ohno & Tsunematsu)
July	1996	Took office at Nagashima & Ohno, ASEAN Office, Singapore
January	1998	Partner of Nagashima & Ohno
January	2000	Partner of Nagashima Ohno & Tsunematsu
January	2015	Managing Partner of Nagashima Ohno & Tsunematsu (current position)
June	2015	Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (current position)



Yasuaki Nishiura

Audit & Supervisory Board Member

November	1975	Joined Tohmatsu Aoki & Co. (current Deloitte Touche Tohmatsu LLC)
March	1984	Registered as Certified Public Accountant of the U.S.
June	1985	Acquired MBA (Taxation) at Golden Gate University in the U.S.
June	1987	Partner, Deloitte Touche Tohmatsu Limited
June	2011	West Region Leader of Japanese Corporate Service Group, Deloitte Touche Tohmatsu Limited
July	2016	Audit & Supervisory Board Member, Recruit Holdings Co., Ltd. (current position)

■ Corporate Executive Officers

■ Media and Solutions SBU



Yoshihiro Kitamura
Managing Corporate
Executive Officer
Marketing Media



Kazumasa Watanabe
Marketing Media
—Other



Takahiro Noguchi
Marketing Media
—Life Event



Masaki Yanagawa
HR Media
—Domestic Recruiting



Fumihiko Yamaguchi
Marketing Media
—Life Event



Takashi Kuzuhara
HR Media
—Other



Ken Asano
Marketing Media
—Lifestyle

■ Global Online HR SBU



Hisayuki Idekoba
Managing Corporate
Executive Officer
HR Media
—Overseas Recruiting

Corporate



Akihiko Okamoto



Suguru Tomizuka



Daizo Kobayashi



Mark Schultz

■ Overseas Staffing SBU



Hitoshi Motohara
Managing Corporate
Executive Officer
Staffing
—Overseas Staffing



Mio Kashiwamura
Staffing
—Domestic Staffing



Hideaki Kitou
Managing Corporate
Executive Officer
Staffing
—Domestic Staffing



Toshio Oka
Staffing
—Overseas Staffing

Interview with External Board Directors

Recruit's External Board Directors Shigeo Ohyagi and Yasushi Shingai were interviewed about their opinion of the Recruit Group's corporate governance and challenges for improving corporate value.



Shigeo Ohyagi External Board Director

Mr. Shigeo Ohyagi joined Teijin Limited in 1971. During his career at Teijin, he has worked in the Chemical Goods Developing Department and the Pharmaceutical Business Unit, as head of the Pharmaceutical Marketing & Planning Department, and as chief of the Tokyo branch. He became a Corporate Officer of Teijin in 1999, an Executive Officer in 2001, a Senior Executive Officer in 2002, a Managing Director in 2005, a Senior Managing Director in 2006, President and CEO, Representative Director of the Board in 2008, and Chairman of the Board in 2014 (his current position). He has been an External Board Director of Recruit Holdings Co., Ltd. since 2014.

Q. Please tell us your opinion of the Board of Directors at the Recruit Group.

An important point for evaluating a board of directors is whether deliberations are accurately taking place with an eye on future corporate growth. The Recruit Group's Board of Directors takes a balanced approach to discussions about business strategies, corporate governance, risk management, human resources development and other topics within the context of its long-term management strategy.

The stronger growth requires fast-paced corporate management, and the Recruit Group has a solid framework for this. Decision-making for M&A deals based on long-term strategies is surprisingly fast at the Recruit Group. This really stands out from all of the Board of Directors' discussions I have participated. Following an M&A, it is extremely important to mesh management styles; it is important to spread its competitive resources into the acquired company. In this regard, too, the Recruit Group has excellent potential, in my opinion. I believe this is true because the Recruit Group has programs for engaging in all-encompassing discussions with capital markets, the acquired company, and employees, over a rather short timeframe; and Recruit has many employees with advanced communications skills to achieve this. I think only a few Japanese companies have both this level of speed and expertise. Even if their expertise may be lacking in some areas, management excels at gaining new knowledge and learning new methods. I can feel the Recruit Group's boundless energy.

Q. How would you describe the mission for External Board Directors to achieving growth as a global company?

The Recruit Group engages in business with the intention of becoming No. 1 in the world, having acquired companies in the U.S., the U.K., and Australia. The question is whether the Company's made-in-Japan business model can be seamlessly applied to these other countries. Since social norms differ in each country, I believe it is important for Recruit to have the ability to precisely understand local markets. In this sense, the External Board Directors from diverse backgrounds must be able to support based on their knowledge and experience.



Moreover, I believe it is important for External Board Directors to advocate a fine balance between offensive and defensive positions. The Recruit Group has been quite good at taking offensive positions. It has boldly engaged in M&A based on facts and inherent risks. I believe my role entails providing defensive governance by posing questions to Recruit Group management from four perspectives: (1) whether an M&A strategy aligns with the Recruit Group's long-term strategy, (2) earnings outlook, (3) risks, and (4) whether sufficient human resources are in place to achieve targets. The purpose of these questions is more for supporting strategy rather than monitoring and supervising management. By bringing a strong defensive awareness, I believe we have the abilities necessary to make a stronger organization and grow.

Q. What do you think is key for the Recruit Group to improve its corporate value?

Firstly, I believe Recruit needs to focus efforts more on improving governance. The Board of Directors has been moving toward the separation of governance roles and business execution responsibilities. In terms of the Recruit Group Board of Directors still not clearly separating the supervision and monitoring side from the business execution side, I personally believe we are still a work in progress. Secondly, by aiming to be a global company, Recruit needs to continue increasing diversity within the Board of Directors. This year, the Company welcomed its first woman on the Audit & Supervisory Board, but still lacks a foreign national. Moreover, Recruit should think more about its global personnel structure. I believe it is important to incorporate the opinions and thoughts of non-Japanese managers and overseas companies in future discussions. The third point I would like to make concerns the corporate culture as the source of its competitive advantages, and the need to nurture leaders who will pass along this corporate culture. In addition to management techniques, it is important to have a road map for fostering Recruit's corporate culture and making sure it is maintained. I think that professional managers are crucial in this regard. I will continue to do my best to support the long-term growth of the Recruit Group.

Interview with External Board Directors



Yasushi Shingai External Board Director

In 1980, Yasushi Shingai joined Japan Tobacco and Salt Public Corporation (now Japan Tobacco Inc.). He served as a Senior Vice President in 2004, Member of the Board, Senior Vice President and CFO in 2005, Member of the Board, Executive Vice President of JT International S.A. in 2006, and Representative Director and Executive Deputy President in 2011 (his current position). He has been an External Board Director at Recruit Holdings Co., Ltd. since 2014.

Q. Please tell us your opinion of the Board of Directors at the Recruit Group?

Firstly, I highly evaluate each of the four non-external board members for their consistent professionalism and extensive understanding of operations. Mr. Masumi Minegishi, as chair of the Board of Directors, listens carefully to each and every board member, assertively questions managers who raise proposals, and leads meetings in a way that facilitates deep discussions. In my view, Mr. Keiichi Sagawa is a rare type of CFO in Japan who can talk the company's strategy. Mr. Shogo Ikeuchi and Mr. Shigeru Kusahara are deeply versed in operations and markets, and make remarks full of ideas about the direction that Recruit should take on various issues. All of the External Board Directors, Audit & Supervisory Members and External Audit & Supervisory Members also proactively discuss issues. Board of Directors meetings are quite energetic, and Mr. Minegishi facilitate the open discussion. I think the atmosphere of meetings is positive.

The Recruit Group anticipates changes likely to occur in society and its stakeholders' needs to pioneer service developments that address these changes and needs. In other words, I believe Recruit is an insatiable company that prepares for the future by investing in business with a pioneering outlook for the world. There is a limit to give a logical explanation for the future, but by genuinely building on arguments for detailed assumptions, Recruit resolves on future investments. In this spirit, the Board of Directors has often approved proposals that were initially rejected but reassessed more closely. For instance, on one occasion when a proposal came up for discussion, I said that we could maybe approve it under certain assumptions, but Mr. Minegishi said that the proposal should be reassessed again so that we do not need to set any conditions for approval. When discussing a certain proposal, one member criticized it, questioning whether it would really become a Recruit-like business. As more time was spent reevaluating the proposal, the proposal team asked a fundamental question—what is a Recruit-like business? This evolved into further deliberations about the proposal. Witnessing this exchange at Board of Directors meetings, I came away with the impression that both the upper management side and the business side are driven by the same intentions and passion, namely to advance the long-term development of business without losing their identity. This mindset was natural for them, as not a single person had mentioned it in conversations. Observing this, I have felt great respect for management at Recruit. From a different angle, I value how this style of decision-making requires modesty as well.



Q. Identify issues that the Recruit Group should address to increase corporate value. What are your thoughts about the mission of External Board Directors?

One issue is whether Recruit can effectively leverage its diverse human resources and knowledge in overseas development. For example, the Company aims to develop markets outside the U.S. for rapidly-growing Indeed Inc. As Indeed expands its presence in countries around the world, Recruit intends for Indeed to become a global provider of human resource solutions. To do so, it will have to develop business in strict accordance with the labor practices and legal frameworks of each country. Recruit must be fully prepared to advance its business strategies without inadvertently violating regulations due to a lack of knowledge. Recruit is in the process of putting in place a legal and compliance system centered on a newly added corporate executive officer who hails from the U.S. As someone with global business experience, including a stint in the U.S., I will closely monitor developments on this front.

The second issue is whether Recruit can avoid risks that it should not take in M&A. As both a media company and a staff placement company, I believe Recruit is a truly unique corporate conglomerate, even from a global viewpoint. In advancing its M&A strategy, it is quite difficult to appraise the value of a startup company, especially a media business-related one, because the acquisition candidate is in a very early stage of business development and the company's value may not be immediately apparent. I think the Recruit Group will continue to move forward with its great ambitions, while all members of the Board of Directors engage in deliberations to the best of their abilities. However, there are risks that the Company will have to boldly accept in pursuit of returns. I believe this is one reason why I have been invited to serve as an External Board Director. Backed by my experience executing M&A involving numerous overseas companies, I aim to apply my knowledge of offensive positioning with regard to deal negotiations and integration processes after the acquisition. At the same time, I will also deliberately apply my knowledge of defensive positioning in terms of approaches to risk taking and precautions when examining corporate governance.

Corporate Governance

Disclosures based on the Five General Principles of Japan's Corporate Governance Code

Recruit Holdings has adopted 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 take appropriate measures 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 corporate 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 the sustainable growth and an increase in corporate 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 will have a system for responding to inquiries by individual investors.

Execution of Business

At the Company, important matters of business strategy and business execution, are decided upon by the Board of Directors and the Business Strategy Meeting, etc.

In principle, meetings of the Board of Directors are convened once a month and once every quarter, and are attended by all Board Directors (six) and Audit & Supervisory Board Members (four).

The Business Strategy Meeting is an advisory body to the President, CEO, and Representative Director and, in principle, holds meetings twice a month. These meetings are attended by Board Directors who are also Corporate Executive Officers (four), Corporate Executive Officers responsible for corporate functions (two) and standing Audit & Supervisory Board Members (two).

In addition, the Company established the Strategic Business Unit (SBU) as a strategic management unit, and allocated companies directly under each SBU. The Business Strategy Meeting has partially transferred its authority to the SBUs and the companies.

To strengthen its business execution functions, Recruit Holdings has adopted the Corporate Executive Officer and Board Director, and Corporate Executive Officer systems.

The Board of Directors makes decisions on investments above a certain financial value and on key personnel and other matters that could significantly impact the Company's corporate governance or consolidated business performance. Other matters are decided by the Business Strategy Meeting. Criteria for determining where decisions are to be made are set forth in the Rules on Decision-making Authority, which are examined at least once a year by the Board of Directors for possible revision.

Audit and Oversight

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

The Board of Directors includes two External Board Directors who are independent of the Company. Measures such as regular meetings with external experts are taken to ensure that a certain number of appropriate candidates are always available to fill open spots. Given the dramatic changes occurring in Internet technology and other aspects of its business environment, the Recruit Group annually examines its corporate governance and requirements to sit on the Board of Directors, and identifies appropriate candidates for future appointment. While there are no standards for the number of independent External Board Directors, the Company currently maintains a board in which they comprise at least one-third of the members.

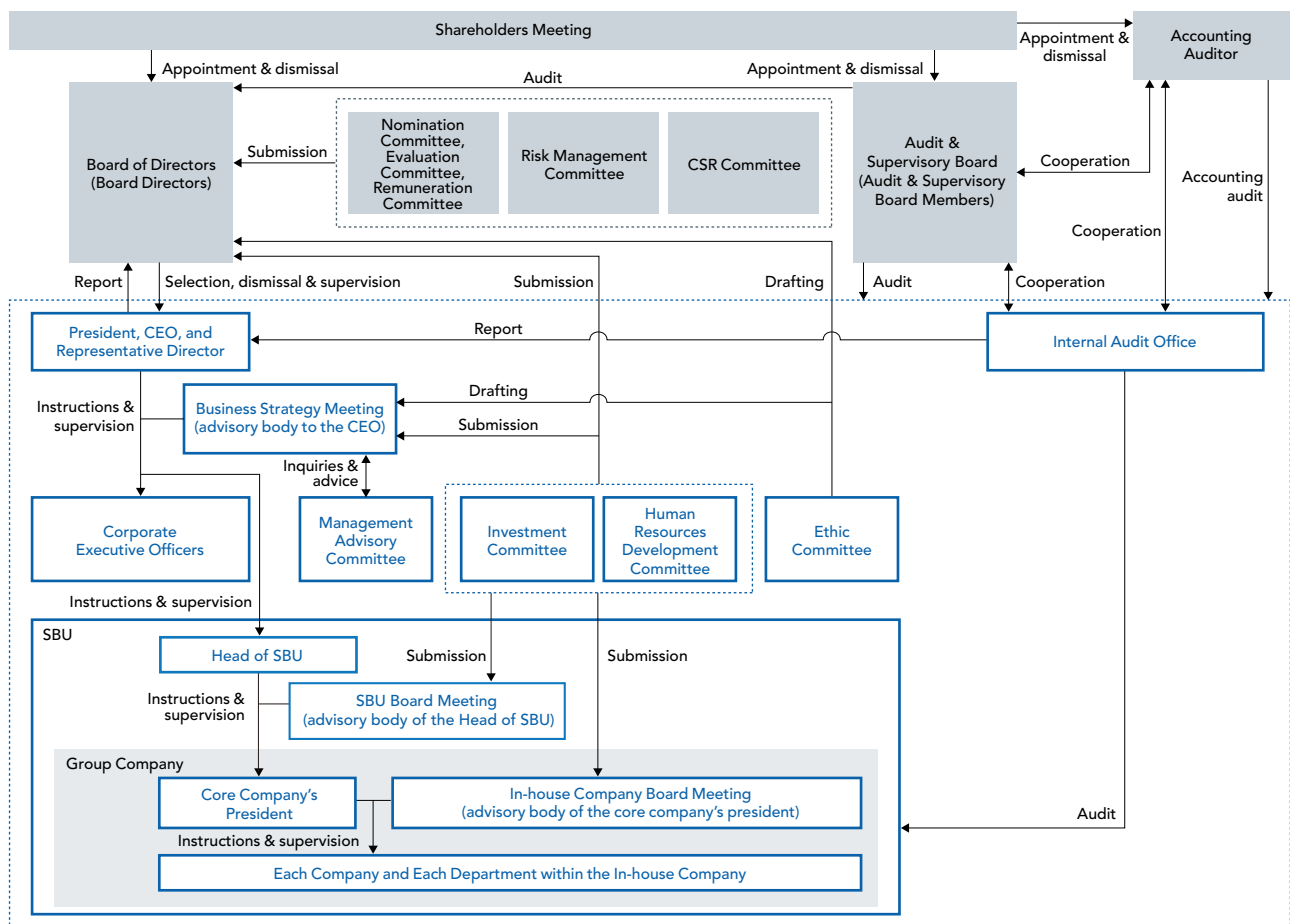
The Business Strategy Meeting must be convened with the participation of at least one standing member of the Audit & Supervisory Board. This requirement is intended to strengthen the oversight function.

The Audit & Supervisory Board consists of two standing members and two external members, and, in principle, meets once a month in performance of its management oversight function. At the 56th Ordinary General Meeting of Shareholders, held on June 21, 2016, a Substitute Audit & Supervisory Board Member was elected in preparation for occasions when the number of regular Audit & Supervisory Board Members is less than that required by laws or regulations.

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

Accounting audits are performed by Certified Public Accountants affiliated with the auditing firm Ernst & Young ShinNihon LLC.

Outline of the Corporate Governance System



Agreements for Limitation of Liability of Board Directors (Excluding Board Directors Who Are also Corporate Executive Officers) and Audit & Supervisory Board Members

Recruit Holdings has entered into an agreement to limit the liability to compensate for damages under Article 423 (1) of Japan's 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.

Rationale for Selecting the Present Corporate Governance System

To create a governance system emphasizing compliance, Recruit Holdings includes External Board Directors on its board and has adopted the "company with an Audit & Supervisory Board" form of organization (as defined in Japan's Companies Act), in which corporate auditors oversee the activities of Board Directors and Board of Directors. At the same time, in the interest of accountability to shareholders and other stakeholders, the provision of general management advice, and the maintenance of checks on the execution of business activities, External Board Directors and External Members of the Audit & Supervisory Board are appointed, and the Nomination, Evaluation and Remuneration committees have been established directly under the Board of Directors, to strengthen the management oversight function.

To achieve rapid decision-making, Corporate Executive Officers who are also Board Directors are appointed, and vested with decision-making authority for certain important matters of business execution.

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

Cooperation for Internal Audits, Audits by Audit & Supervisory Board, and Accounting Audits

Recruit Holdings uses a three-part auditing approach consisting of audits by Audit & Supervisory Board Members, accounting audits by an outside firm specializing in such work and internal audits. Audits by Audit & Supervisory Board Members and Accounting Auditors are statutory audits, while internal audits, which are carried out under the direction of management, are discretionary audits aimed mainly at performing independent evaluations of internal control systems and ensuring that proper business practices are followed. Cooperation among the Internal Audit Office, Audit & Supervisory Board Members and Accounting Auditors takes the form of Accounting Auditors and the Internal Audit Office reporting on their respective audit approaches and results before the Audit & Supervisory Board as needed, and the standing members of the Audit & Supervisory Board, in the main, regularly sharing information with the Accounting Auditors and the Internal Audit Office. The Internal Audit Office appropriately presents reports and shares information when requested by an Audit & Supervisory Board Member or the Audit & Supervisory Board, and shares information with the Accounting Auditors.

Nomination and Remuneration Decisions

Regarding the overall size of the Board of Directors, a maximum board size of 11 Board Directors is judged to be appropriate in view of the Company's size and functions, possibilities for designating Board Directors to be responsible for particular functions going forward and the need to have an appropriate number of External Board Directors. For the present time, it is thought that a board consisting of six members is most appropriate. As for the balance of knowledge, experience and capabilities, as well as diversity, of the Board of Directors, Board Directors who are also Corporate Executive Officers meet annually to consider the status of the corporate governance system and requirements to be a Board Director, and then identify appropriate candidates.

In identifying candidates for appointment as top managers, Board Directors and Audit & Supervisory Board Members, attention focuses on the knowledge and views of potential candidates and a final pool is designated based on potential to fulfill the duties and responsibilities of the above positions. No consideration is given to gender, age or nationality. Nomination, evaluation and remuneration decisions concerning top managers and Board Directors are deliberated by an advisory body consisting mainly of external officers and serving the Board of Directors. The purpose of this approach is to enhance objectivity and transparency.

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Specifically, in each fiscal year, the candidates are deliberated by the Nomination, Evaluation and Remuneration Committees, and decided by resolution of the Board of Directors. The Nomination Committee deliberates and reports on the selection of the President and Representative Director; the Evaluation Committee deliberates and reports on evaluation of Board Directors' performance and evaluation standards; while the Remuneration Committee deliberates and reports on the remuneration amount of Board Directors based on their performance evaluation and the remuneration standards and systems for Board Directors and Corporate Executive Officers; and subsequently each Committee submits proposals to the Board of Directors. In terms of the amount of remuneration for executives, remuneration for Board Directors is determined by the Board of Directors taking into account the reports by the Evaluation Committee and the Remuneration Committee, while remuneration for Audit & Supervisory Board Members is determined on the basis of consultation among the Audit & Supervisory Board Members, within remuneration ranges approved by the General Meeting of Shareholders. Individual remuneration standards are determined with reference to the remuneration standards of executives at major corporations as its benchmark based on external database services (while remuneration standards of Audit & Supervisory Board Members are determined based on the remuneration standards of standing and non-standing corporate auditors of major corporations).

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

Remuneration for Board Directors, Audit & Supervisory Board Members and External Officers

Total remuneration for Board Directors, Audit & Supervisory Board Members and External Officers is disclosed by type (basic amount, stock options, bonuses, allowance for retirement benefits, etc.). Remuneration for individual Board Directors for whom remuneration exceeds 100 million yen is also disclosed by type.

Executives	Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)				Number of Executives
		Basic Remuneration	Stock Options	Bonus	Retirement Benefit Reserve, etc.	
Board Directors (Internal)	709	297	391	–	20	5
Audit & Supervisory Board Members (Internal)	51	48	–	–	3	2
External Officers	50	50	–	–	–	5

Notes:

1. A resolution setting the upper limit on remuneration for Board Directors at 50 million yen per month was passed at the 31st Ordinary General Meeting of Shareholders held in June 1991. At the 55th Ordinary General Meeting of Shareholders held in June 2015, a resolution was passed to permit the granting of up to ¥430 million of stock options as incentives to boost Recruit Holdings' performance and increase corporate value.
2. A resolution setting the upper limit on remuneration for members of the Audit & Supervisory Board at 8 million yen per month was passed at the 37th Ordinary General Meeting of Shareholders held in June 1997.

Name	Remuneration (Millions of Yen)	Remuneration by Type (Millions of Yen)			
		Basic Remuneration	Stock Options	Bonus	Retirement Benefit Reserve, etc.
Masumi Minegishi	257	94	159	–	3
Shogo Ikeuchi	145	66	77	–	2
Shigeru Kusahara	160	69	77	–	13
Keiichi Sagawa	145	66	77	–	2

Analysis and Evaluation of the Effectiveness of the Board of Directors

Self-evaluations were conducted in the following manner with respect to the meetings of the Board of Directors held during the fiscal year ended March 31, 2016.

a. Details of the self-evaluation

- Meetings subject to the evaluation: Meetings of the Board of Directors of Recruit Holdings held from April 2015 to March 2016 (17 meetings)
- Persons evaluated: Board Directors and Audit & Supervisory Board Members of Recruit Holdings (10 persons in total, including all the External Officers)
- Evaluation period: From end of April 2016 to mid-May 2016
- Summary: Individual interviews were conducted, as necessary, based on the preliminary aggregate results of replies to a questionnaire survey which consists of items such as the appropriateness of the roles and responsibilities of the Board of Directors; the appropriateness of the composition of the Board of Directors; the appropriateness of the qualities and knowledge of Board Directors; the effectiveness of deliberations by the Board of Directors; and the effectiveness of checks and balances and oversight functions performed by and between Board Directors who are also Corporate Executive Officers; as well as open-ended questions.

CORPORATE GOVERNANCE

b. Results of analysis and evaluation

- Based on the Recruit Group Management Philosophy, management strategies towards an increase in corporate value over the medium to long term are being sufficiently rigorously discussed at the meetings of the Board of Directors, and each of the individual discussions are consistent with the said management strategies.
- The current composition of the Board of Directors is adequate as regards fulfilling the roles described above, and members of the Board of Directors are selected appropriately based on various perspectives, including knowledge, ability, experience, independence and diversity.
- The Board of Directors is fully utilizing the knowledge of both internal and external executives in light of Recruit Holdings' management strategies, while demonstrating effective checks and balances and oversight functions by and between Board Directors who are also Corporate Executive Officers, and engaging in active discussions.
- The Board of Directors is engaging in appropriate discussions from the perspective of the shareholders as well as a broad range of stakeholders other than shareholders.

Policy on Training for Directors and Audit & Supervisory Board Members

Newly appointed Board Directors and Audit & Supervisory Board Members are provided with an overview of Recruit Holdings as of their appointment, together with information on matters such as management strategies, financial strategies and high-priority areas for audits. In addition, visits to business locations are organized to include explanations to promote understanding of business activities, as necessary, and Corporate Executive Officers in charge of business strategies for principal businesses are asked to provide external officers with information to further their understanding of the subject businesses.

Newly appointed Board Directors and Audit & Supervisory Board Members also participate, as necessary, in external seminars on matters such as accounting and finance, and risk management, and in internal seminars led by invited external experts.

Policy on Policy Shareholdings

In principle, Recruit Holdings will purchase the shares of business partners when there is judged to be a business purpose in doing so. Decisions on whether to make such share purchases are made based on an overall assessment of the amount to be invested and the benefits to the Recruit Group of strengthening the business relationship.

Voting rights for policy shareholdings are appropriately exercised based on detailed analysis of matters to be voted upon and an assessment of what would be in the best interests of shareholder value. Affirmative votes will not be cast when doing so would clearly result in damage to shareholder interests.

Policies on Dealings with Related Parties

Related-party transactions by Recruit Holdings Board Directors must be approved by the Board of Directors. It must be recognized that such transactions are reasonable (required for business purposes) and that the transaction terms and conditions are appropriate. Information on transactions that exceed a certain financial amount and are engaged in with Recruit Holdings or Recruit Holdings subsidiaries by Board Directors of Recruit Holdings; executives of principal Recruit Holdings subsidiaries; family members within two generations; and the companies, and subsidiaries thereof, controlled by any of these persons, is collected annually and transactions of critical concern are disclosed in the securities report.

Rationale Supporting the Appointments of Standing Board Directors and Audit & Supervisory Board Members

The four standing Board Directors whose names are given below have performed appropriately in discussions of resolutions and report items in meetings of the Board of Directors, and are making valuable contributions in deciding important management matters and overseeing the execution of business activities. Their participation on the Board of Directors, therefore, is judged to be appropriate.

Masumi Minegishi President, CEO, and Representative Director

The Company seeks to achieve ongoing growth, and Masumi Minegishi is judged to be the best person to serve as the Company's President, CEO, and Representative Director toward that end. The wealth of experience and knowledge he brings to his position is based principally on roles he has fulfilled in the bridal field, housing and Real Estate business and corporate planning.

Shogo Ikeuchi Board Director, Senior Managing Corporate Executive Officer

As a Board Director, Managing Corporate Executive Officer, Shogo Ikeuchi has accumulated a wealth of experience and knowledge through service mainly in corporate planning, human resources, international business and R&D positions in the Company.

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Shigeru Kusahara Board Director, Senior Managing Corporate Executive Officer
As a Board Director and Senior Managing Corporate Executive Officer, Shigeru Kusahara has accumulated a wealth of experience and knowledge through service mainly in business integration, corporate planning, human resources, legal affairs, internal control, information systems, corporate communication and labor affairs positions in the Company.

Keiichi Sagawa Board Director, Senior Managing Corporate Executive Officer
As a Board Director, Managing Corporate Executive Officer, Keiichi Sagawa has accumulated a wealth of experience and knowledge through service mainly in accounting, financial management, legal affairs, corporate communication and internal control positions in the Company.

The two people whose names are given below have been involved in the Company's management for numerous years, as Corporate Executive Officers and in other capacities, as well. Their appointments as standing members of the Audit & Supervisory Board, therefore, are judged to be appropriate.

Yukiko Nagashima Standing Member of the Audit & Supervisory Board
Yukiko Nagashima has accumulated a wealth of experience and knowledge through her duties, primarily in human resources, the bridal field and staffing business positions.

Akihito Fujiwara Standing Member of the Audit & Supervisory Board
Akihito Fujiwara has accumulated a wealth of experience and knowledge through service mainly in information systems positions in the Company.

Rationale Supporting the Appointments of External Board Directors and External Members of the Audit & Supervisory Board

Shigeo Ohyagi External Board Director (Independent Officer)
Serves concurrently as Chairman, Member of the Board of Teijin Limited; External Member of the Audit & Supervisory Board of JFE Holdings, Inc.; and Deputy Chairman of the Japan Association of Corporate Executives.

Shigeo Ohyagi has been serving as an External Board Director of Recruit Holdings since June 2014. With the depth of knowledge and insight he has developed as a manager of a manufacturing company engaged in business activities in various parts of the world, Mr. Ohyagi, in his capacity as an External Board Director, is contributing practical input, providing advice on a broad range of management matters, and performing a valuable role in the oversight of business activities.

Yasushi Shingai External Board Director (Independent Officer)
Serves concurrently as Representative Director and Executive Deputy President, Japan Tobacco Inc.

Yasushi Shingai has been serving as an External Board Director of Recruit Holdings since June 2014. With the depth of knowledge and insight he has developed through his work in overseas acquisitions and in other areas, Mr. Shingai, in his capacity as an External Board Director, is providing advice on a broad range of management matters and performing a valuable role in the oversight of business activities.

Hiroki Inoue External Member of the Audit & Supervisory Board
Serves concurrently as Managing Partner of Nagashima Ohno & Tsunematsu.

Hiroki Inoue possesses legal expertise developed through his many years in professional legal practice, and is very familiar with matters of business administration. In his capacity as an External Member of the Audit & Supervisory Board, since June 2015, Mr. Inoue is providing input from an objective, neutral perspective and is performing a valuable role in the oversight of the Company's management broadly defined.

Yasuaki Nishiura External Member of the Audit & Supervisory Board
Yasuaki Nishiura possesses accounting knowledge cultivated as a U.S. Certified Public Accountant together with experience of supporting numerous Japanese companies in undertaking business expansion in the U.S. as a business advisor, working primarily in Silicon Valley. He makes statements from a neutral and objective perspective as an External Audit & Supervisory Board Member, based on his deep insight and wealth of international experience. Accordingly, Recruit Holdings has judged that he will fulfill an appropriate role in the supervision of Recruit Holdings' overall management as an External Audit & Supervisory Board Member.

Policies on the Selection of Independent Officers

Recruit Holdings selects independent officers from among candidates who satisfy not only the standards for independence established by securities exchanges but also the following criteria.

(1) Ownership of Recruit Holdings shares by either the candidate or a company where the candidate serves as an Corporate Executive Officer does not equate to ownership of over 10% of voting rights.

- (2) For the most recent fiscal year, business transactions with the candidate or a company with which the candidate is associated account for less than 1% of Recruit Holdings' consolidated net sales.**

System for Making Timely Disclosures

(1) Basic Policy on Timely Disclosures

Recruit Holdings' basic policy on timely disclosures is to make timely, appropriate disclosures of information important for appropriate decision-making on the part of investors.

(2) System for Making Timely Disclosures

Recruit Holdings has designated certain people in each of its departments and principal subsidiaries to be responsible for gathering information for timely disclosure. The IR Promotion Office, which handles disclosures of information, oversees the gathering of information. Moreover, the Timely Disclosure Committee, chaired by the Corporate Executive Officer in charge of IR and consisting of the managers in charge of the relevant departments, has been established and operates to ensure appropriate decision-making about disclosures and accuracy in disclosures.

The IR Promotion Office, which is responsible for disclosure-related work, is carrying out timely disclosure related work in an appropriate manner by formulating guidelines for work related to timely disclosure, establishing disclosure standards and procedures to be implemented, and ensuring that each of Recruit Holdings' departments, principal subsidiaries and so forth is kept thoroughly informed.

(3) Status of Efforts to Ensure Shareholders Have Opportunities for Fair, Ready Access to Information

To ensure shareholders have opportunities for fair, ready access to key information on the Recruit Group, we abide by the Tokyo Stock Exchange's Timely Disclosure Rules in making timely disclosures, and voluntarily and proactively disclose information based on the disclosure standards that we have determined ourselves. This disclosure information may be viewed on the Recruit Holdings website, in addition to the website of the Tokyo Stock Exchange.

Status of Efforts to Ensure Respect for Stakeholders' Perspectives

Rules on Respecting Stakeholders' Perspectives

The Recruit Group's CSR Policy is based on the Recruit Group Philosophy. The CSR Policy identifies five core themes, which will be advanced with the attitude captured by these words: "In collaboration with our stakeholders, we shall implement actions reflecting what we can and should do so while continuing to challenge ourselves."

The Recruit Group Code of Ethics, stating, "In light of the social significance of the business, employees of Recruit Group shall recognize their responsibilities as a member of society and engage in moderate and ethical behavior at all times," portrays the spirit we will maintain as Recruit Group executives and employees acting as individual members of society.

Implementation of Environmental Preservation, CSR and Other Activities

The Group CSR Policy was updated in April 2014 to emphasize realization of "a prosperous society in which each individual flourishes" as stated in the Recruit Group's management mission.

With "contributing to society" at the heart of its CSR activities, the Recruit Group will continue to be responsive to society's rising expectations and fulfill our growing responsibilities as a corporate citizen while also expanding its business. In addition, based on the five core themes of our CSR policy, we will continue to work with our stakeholders "to implement actions reflecting what we can and should do while continuing to challenge ourselves."

The Recruit Group pursues CSR activities in the following three areas:

(1) Contributing to society through our business:

For-profit activities that simultaneously help to resolve social issues and grow our business (daily business activities, market creation and expansion, and value chain revision and improvement).

(2) Building a responsible foundation for business:

Activities that should be undertaken in pursuit of business, based on the ISO 26000 framework (organizational governance, human rights, labor practices, the environment, fair operating practices and consumer issues).

(3) Promoting activities that contribute to society:

Activities that we, as a leading company, will pursue to fulfill our duties to local communities (contributions to local communities, returns of the benefits of knowledge and development of human resources and skills).

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In April 2010, we established our “more eco more smile” four-promise environmental vision. Since then, we have used our businesses, products and services as vehicles for expanding the scope of our global environmental preservation activities and for contributing to the realization of a sustainable society. We have been certified by Japan’s Ministry of the Environment as an Eco-First Company, and, through steps such as gaining ISO 14001 certification, are constantly taking action to benefit the environment.

Establishment of Rules for Providing Information to Stakeholders

Article 9 of the Recruit Group Code of Ethics (“Proper Public Announcement of the Details of the Company”) states that, “We will make public announcements to society to ensure the details of our policy, activities and the products are accurately known.”

Recruit Group stakeholders include users, clients, shareholders, employees, business partners, NPOs and NGOs, national and other government agencies and local communities, and efforts are made to engage them in interactive communication by, for example, disseminating information and creating opportunities for dialogue. We invite outside experts to talk to our CSR Committee, conduct individual interviews to gather opinions on and learn what is expected of the Recruit Group’s CSR policy and business activities, and hold group dialogues in which we work through NPOs—intermediary support groups—to invite people from various quarters to participate. Our definition of “stakeholder,” and information on how we engage with them, are posted in the “CSR Management” section of our website.

Employee Diversity

Living up to the Recruit Group’s philosophy, which includes respect for all individuals, requires that every one of our employees, regardless of gender, be able to fully exercise their capabilities. In 2006, therefore, we began to consciously promote diversity to advance the roles female employees play in our organization.

Among the first actions we took was the establishment of on-site nurseries, beginning in 2007, to help create conditions that allow employees to continue working while also meeting family responsibilities. In 2010, we took up the topic of promoting greater involvement by female employees by appointing them to supervisory and other management decision-making positions. And after we changed our governance system in October 2012, we began to build a system to apply our existing diversity measures to the 11 principal members of the Recruit Group in Japan, led by Recruit Holdings.

As a result, we have seen yearly increases in both working mothers as a percentage of our female workforce and women as a percentage of our management.

- Women as a percentage of employees: 41.0% (As of April 1, 2016)
- Working mothers as a percentage of female employees: 22.5% (As of October 1, 2015)
- Women as a percentage of management: 22.7% (As of April 1, 2016)

In September 2012, we set a target that by April 2015 women would comprise at least 10% of management-decision-making positions (Corporate Executive Officer and positions with equivalent authority) at the principal Recruit Group companies in Japan, and we achieved this target in April 2015. By April 2016, the percentage of women in management-decision-making positions had risen to 12.2%.

Looking forward, we have established the medium-term goal of increasing the number of female section managers (*kacho* in Japanese) at principal Recruit Group companies in Japan to at least 30% of the total by April 2018. That figure stood at 23.6% in April 2015 and 24.4% in April 2016.

To achieve this goal regarding female managers, we will strive to raise women’s awareness of the issue, strengthen our management capabilities, and evolve our work styles. Moreover, the Recruit Group is enthusiastic about enabling greater participation by women in its workforce, and telling others what it is doing in that regard, to be a leader in the promotion of business careers for women in Japan.

Basic Concepts and Status of the Internal Control System

The following is a summary of resolutions passed in the Board of Directors Meeting of March 30, 2016 to ensure propriety in business activities across Recruit Holdings and Recruit Holdings subsidiaries (referred to below as “the Recruit Group”).

(1) Systems for ensuring that the performance of duties by the Board Directors and employees of Recruit Holdings and by Board Directors and employees of Recruit Holdings subsidiaries is in compliance with laws and regulations and the Articles of Incorporation

- a. A Board of Directors including External Board Directors shall be established for Recruit Holdings and shall decide matters of import for the entire Recruit Group.

- b. An Audit & Supervisory Board including external Audit & Supervisory Board Members shall be established for Recruit Holdings. Each Recruit Holdings Audit & Supervisory Board Member, in accordance with audit standards established by the Recruit Holdings Audit & Supervisory Board, shall monitor the Board Directors of Recruit Holdings in the performance of their duties by attending Recruit Holdings Board of Directors and other important meetings, and observing and scrutinizing the performance of duties.
 - c. Nomination, Evaluation and Remuneration committees, each chaired by an External Board Director, shall be established for Recruit Holdings, and shall deliberate the designation or appointment, evaluation, remuneration and other matters regarding Recruit Holdings Board Directors and Corporate Executive Officers.
 - d. The Recruit Group Code of Ethics shall be formulated and understanding of its content shall be achieved among all Recruit Group executives and employees.
 - e. While respecting the spirit of independence among Recruit Holdings subsidiaries, we have formulated the Recruit Group Policy to establish uniform, Group-wide rules on matters such as decision-making, risk management and compliance. The purpose of these rules is to enable integrated group management.
 - f. Regarding matters of particular import addressed by the Recruit Group Policy, it is required that relevant Recruit Holdings departments be consulted before action is taken, and reported to after action has taken.
 - g. The Recruit Group has established a system for rejecting business and any other relationships of any form whatsoever with antisocial forces.
 - h. The Recruit Holdings Board of Directors has appointed a person to be responsible for promoting internal controls throughout the entire Recruit Group, and then established a department to be responsible for internal controls, to determine the status and problems concerning the establishment and functioning of Recruit Group internal controls.
 - i. Presidents and Representative Directors of Recruit Holdings subsidiaries shall establish internal controls for Recruit Holdings subsidiaries.
 - j. The department responsible for internal controls at Recruit Holdings collaborates with each SBU and Recruit Holdings subsidiary, and promotes efforts to ensure the propriety of business activities across the entire Recruit Group.
 - k. In principle, Audit & Supervisory Board Members or Board Directors in charge of audits and supervision have been dispatched to subsidiaries from Recruit Holdings to oversee the performance of duties by the Board Directors of subsidiaries.
 - l. A department responsible for internal audits has been established directly under the President, CEO, and Representative Director of Recruit Holdings to monitor the activities of Recruit Group executives and employees for compliance with laws and regulations, the Articles of Incorporation and internal regulations.
 - m. Whistle-blowing systems and systems for reporting workplace harassment shall be established, so that possible violations of internal controls by Recruit Group executives and employees can be swiftly reported to a department responsible for internal controls at Recruit Holdings or a Recruit Holdings subsidiary. When a department responsible for internal controls receives a report or notification of a possible violation of internal controls, it shall investigate the details, discuss the problem and possible responses with relevant Recruit Group departments, and then implement the action decided upon.
 - n. Compliance education and awareness activities shall be implemented for Recruit Group executives and employees.
 - o. Violations of Recruit Group internal controls shall be taken seriously.
- (2) Systems for Preserving and Managing Information on the Performance of Duties by Recruit Holdings Board Directors**
- a. The Policy on the Management of Agreements and Other Documentation shall be formulated and shall serve as the basis for preserving minutes of Shareholders Meeting, Board of Directors meetings, Business Strategy Meetings and other documentation related to the performance of duties by Board Directors, together with related documentation.
 - b. The lengths of time and the particular locations where the documents referred to in the previous paragraph are to be preserved shall be specified in the Policy on the Management of Agreements and Other Documentation. This documentation shall be preserved in a way that enables Recruit Holdings Board Directors and members of the Audit & Supervisory Board to examine it when they so desire.
- (3) Regulations and Systems regarding Management of the Risk of Loss at Recruit Holdings and Recruit Holdings Subsidiaries**
- a. The Recruit Group Risk Management Policy and Recruit Group Escalation Procedure shall be formulated to create a framework for risk management at the Recruit Group.

- b. Following deliberation by the Risk Management Committee, chaired by the Board Director in charge of the department responsible for risk management, the Recruit Holdings Board of Directors shall decide what matters shall be addressed as high priorities for the Recruit Group, who shall be responsible for addressing them, and what directions shall be taken in addressing them.
- c. When a matter that is of importance so great that it may impact the entire Recruit Group arises, a crisis management committee shall be established to address it.
- (4) Systems for Ensuring that Board Directors of Recruit Holdings and of Recruit Holdings Subsidiaries Can Efficiently Perform Their Duties**
- a. The Recruit Holdings Board of Directors and Business Strategy Meeting shall set forth the objectives to be shared by all Recruit Group executives and employees, take action to ensure understanding of these objectives, and set forth specific objectives for individual Recruit Group departments to meet toward the achievement of the shared objectives. The Corporate Executive Officers in charge of individual Recruit Holdings departments shall set forth and execute strategies for efficiently achieving the specific objectives for individual Recruit Group departments.
- b. The Recruit Holdings Board of Directors shall regularly review progress toward the achievement of objectives at the Recruit Group and, by promoting improvements that eliminate or minimize factors standing in the way of efficiency, increase the likelihood of objective achievement and improve the efficiency of overall Recruit Group operations.
- c. The Business Strategy Meeting has been established as an advisory body to the Recruit Holdings CEO and has engaged in discussions of matters important to the overall management of the Recruit Group.
- d. In addition, the Management Advisory Committee, CSR Committee, Recruit Group Investment Committee and other expert committees shall be established as advisory bodies to the Recruit Holdings Board of Directors and Business Strategy Meeting.
- (5) System for Securing the Reliability of Financial Reporting Internal Controls**
- The Recruit Group has formulated the Recruit Group J-SOX General Policy and constructed a financial reporting internal control system consistent with the internal control reporting system provided in the Financial Instruments and Exchange Act.
- (6) Systems for Reporting to Recruit Holdings Matters concerning the Performance of Duties by the Board Directors and Other Officers of Recruit Holdings Subsidiaries**
- a. Within Recruit Holdings, departments responsible for the oversight of each of the Recruit Holdings subsidiaries has been established. The Board Directors and other officers of Recruit Holdings subsidiaries regularly report on business performance and the implementation of business strategies, as requested by the individual overseeing departments.
- b. Meetings of Recruit Holdings Board Directors, Corporate Executive Officers and the Presidents and Representative Directors of principal subsidiaries are regularly convened to discuss directions with regard to Recruit Group management, and share management information.
- (7) Matters with Regard to Employees Assigned to Assist Recruit Holdings Audit & Supervisory Board Members in the Performance of Their Duties**
- Recruit Holdings formally appoints Audit & Supervisory Board Assistants to assist the Audit & Supervisory Board Members in the performance of their duties.
- (8) Independence of the Employees Mentioned in the Previous Paragraph from Recruit Holdings Board Directors and Matters concerning the Validity of Instructions Issued to These Employees**
- In assisting the Audit & Supervisory Board Members in the performance of their duties, Recruit Holdings Audit & Supervisory Board Assistants act only in accordance with the instructions of Audit & Supervisory Board Members, and matters concerning the appointment, transfer, evaluation and discipline of them shall be decided with respect to the opinions of the Recruit Holdings Audit & Supervisory Board.
- (9) Systems for Reporting to Recruit Holdings Audit & Supervisory Board Members**
- a. Recruit Group executives and employees and Accounting Auditors shall report the matters below to the Audit & Supervisory Board Members of individual companies. Systems have been established to enable reporting whenever necessary, via meeting, interview, telephone, email and other means.
- Important matters regarding business conditions
 - Matters that may cause great losses to a Recruit Group company
 - Important matters regarding the status of internal audits and risk management
 - Serious violations of laws and regulations, or the Articles of Incorporation
 - Other important matters concerning internal controls
- b. The Recruit Holdings department responsible for internal audits, the Audit & Supervisory Board Members or Board Directors in charge of audits and supervision at Recruit Holdings subsidiaries shall regularly report to the members of the Recruit Holdings Audit & Supervisory Board on matters concerning Recruit Group internal controls.

(10) Systems for Ensuring That People Reporting on Matters Described in the Previous Section Do Not Suffer Disadvantageous Treatment as a Result of Their Reporting Activity

Recruit Holdings shall establish internal rules and take other steps to ensure that people reporting matters to Audit & Supervisory Board Members or Board Directors in charge of audits and supervision at Recruit Group companies, to departments responsible for internal controls or to departments responsible for internal audits will not be dismissed, improperly transferred, or suffer other disadvantageous treatment by either Recruit Holdings or a Recruit Holdings subsidiary as a result of their reporting activity.

(11) Matters Concerning the Upfront Payment and Reimbursement of Expenses, and the Processing of Expenses and Liabilities, Related to the Performance of Duties by Members of the Recruit Holdings Audit & Supervisory Board

Recruit Holdings shall bear expenses budgeted as necessary for the performance of duties by the Recruit Holdings Audit & Supervisory Board. The Recruit Holdings Audit & Supervisory Board may invoice Recruit Holdings for emergency or unplanned expenses, and Recruit Holdings shall bear these as well.

(12) Other Systems for Ensuring That Audits by the Members of the Recruit Holdings Audit & Supervisory Board Can Be Performed Effectively

Members of the Recruit Holdings Audit & Supervisory Board, and the Audit & Supervisory Board as a whole, shall meet regularly with the President, CEO, and Representative Director of Recruit Holdings and the Accounting Auditor to share information.

Basic Position on Rejecting Relationships with Antisocial Forces, and Implementation Status of Relevant Measures**(1) Basic Stance on Antisocial Forces**

The Recruit Group, in its Recruit Group Code of Ethics, strictly rejects involvement with antisocial forces. Furthermore, the Recruit Group Internal Control General Principle, provides that all relationships with antisocial forces, including transactions and all other types of relationships regardless of their nature, will be rejected; that regulations will be established to address cases in which situations involving antisocial forces arise; that certain departments will bear responsibility for addressing inappropriate demands and that such demands will be handled forthrightly, in accordance with the law, together with external authorities. All executives and employees are required to abide by the Recruit Group Internal Control General Principle.

(2) Status of Internal Systems for Excluding Relationships with Antisocial Forces and Specific Measures

Policies and Standards for Establishing and Maintaining an Internal System for Detecting the Presence of Antisocial Forces.

1. Establishment of a Department for Addressing Situations Involving Antisocial Forces
The department responsible for addressing inappropriate demands from antisocial forces shall be the Recruit department responsible for general affairs (referred to below as the "Contingency Response Unit").
2. Addressing Inappropriate Demands from Antisocial Forces
In the event an inappropriate demand is received, the Recruit Group Regulations on Antisocial Forces require that the designated Contingency Point Person (designated for each Recruit Group member company) immediately report the demand to the Contingency Response Unit and that the Contingency Point Person and Contingency Response Unit cooperate on actions and communications taken in response to the inappropriate demand. Contingency Point Persons are, in principle, obligated to participate in training for those responsible for responding to inappropriate demands.
3. Establishment of a System for Collecting and Managing Information on Antisocial Forces
To determine whether a transaction counterparty is connected to antisocial forces, Recruit has established a department with overall responsibility for investigating such matters. This department collects relevant information, which is managed in the Recruit Group's own database on antisocial forces.
4. Establishment of a System for Coordinating with External Authorities
The Recruit Group coordinates with external authorities on addressing situations involving, and on collecting information on, antisocial forces.
5. Development of Regulations and Manuals
The Recruit Group has established the Recruit Group Regulations on Antisocial Forces, as well as related regulations and implementation guidelines, and created a manual for addressing contingencies. All Recruit Group member companies are required to abide by these regulations and guidelines, and the manual for addressing contingencies.
6. Incorporation of Terms Rejecting Connections with Criminal Organizations
Terms rejecting connections with criminal organizations—in other words, terms for rejecting transactions, and facilitating the termination of agreements, with antisocial forces—are incorporated in agreements used for business transactions.