

Recruit

Sustainable Growth Hypothesis:

Owner of the job search engine Indeed and the employee review site Glassdoor, Recruit is a Japanese-based technology company with operations worldwide. The company's recruitment platforms and matching technology improve transparency and efficiency in the labour market, reducing economic hardship from frictional unemployment. The company seeks to go further by working with employers to reduce discrimination and help marginalised groups find work. Recruit supports our **prosperity** theme through business **practices** which promote fair and decent work.

1. Growth: How likely is the company to deliver 10% p.a. profit growth over the next decade?

- The recruitment market will continue to grow at a GDP plus rate, given the structural shortage of key workers and pressure on the labour force from demographic trends. In addition, network effects should lead to share gains, with Indeed being number one in most markets with only a 30 per cent market share.

2. Resilience: How much control does the company have over its own success?

- While vulnerable to economic cycles to an extent, Recruit should be at a relative advantage due to its competitive pricing, which would see them benefit from downtrading (eg Indeed Hire's executive search take rate is roughly one-third that of traditional headhunters).

3. Valuation: What is our insight?

- The valuation at the time of writing implies little worth in the business beyond Indeed, yet the company continues to innovate and introduce new features and revenue streams.

4. Products: To what extent will the core products & services create value for society over the next decade?

- It is the global number one in online recruitment tools, which improve matching in the labour market, reducing frictional unemployment and enabling more people to find decent work. Indeed pioneered algo-driven matching to become the Google of recruitment, resulting in better outcomes and keeping job seekers from financial hardship.

5. Practices: Does the company show leadership in its business practices?

- The company leverages its position to help underemployed minorities find work. Recruit is also a leader in its own human capital management, introducing diversity and inclusion initiatives in 2006 and now has no gender pay gap.

6. Ambition: What is the company's purpose, and how ambitious are they?

- The company has ambitious and measurable social targets, which is rare. Environmental, social and governance goals (including a net zero climate target) are linked to management compensation.

7. Trust: Should we trust the company with our clients' capital?

- Governance and transparency are much improved. The board is 50 per cent independent and 40 per cent female. We have had a positive reception to past engagement efforts.

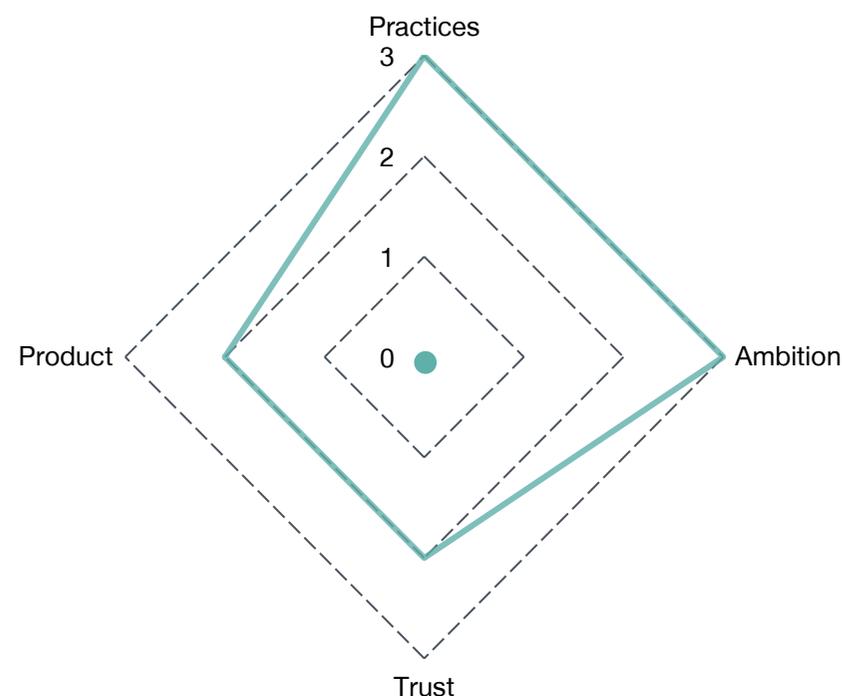
8. Engagement: No company is perfect, what should be our engagement priority?

- We must hold management accountable to the laudable commitments it has made.

9. Milestones: What developments should we pay most attention to? Where could we be wrong?

- The two main watchpoints are intensifying competition from big tech and any transformative mergers and acquisitions that compromise culture.

Compass Scores



Important information and risk factors

All investment strategies have the potential for profit and loss.

Stock Examples

Any stock examples, or images, used in this presentation are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us.

Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

Important Information

Baillie Gifford & Co (BG & Co), Baillie Gifford & Co Limited (BG & Co Ltd), Baillie Gifford Overseas Limited (BGO) and Mitsubishi UFJ Baillie Gifford Asset Management Limited (MUBGAM) are authorised and regulated by the FCA in the UK. BG & Co Ltd is an Authorised Corporate Director of OEICs.

Baillie Gifford Investment Management (Europe) Limited (BGE), Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 (BGA) and Baillie Gifford International LLC (BGI) are wholly owned by BGO. BGO and BG & Co Ltd are wholly owned by BG & Co.

BGI and BGO are registered with the SEC in the United States of America.

BG & Co claims compliance with the Global Investment Performance Standards (GIPS®). An example of a compliant composite presentation, a complete list of the Firm's composites and performance results is available on request.

BGO provides investment management and advisory services to non-UK Professional/Institutional clients only.

Persons resident or domiciled outside the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

This presentation contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

BGE provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018. Baillie Gifford Investment Management (Europe) Limited is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. Baillie Gifford Investment Management (Europe) Limited is also authorised in accordance with Regulation 7 of the AIFM Regulations, to provide management of portfolios of investments, including Individual Portfolio Management ('IPM') and Non-Core Services. Baillie Gifford Investment Management (Europe) Limited has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. Through passporting it has established Baillie Gifford Investment

Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Similarly, it has established Baillie Gifford Investment Management (Europe) Limited (Amsterdam Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in The Netherlands. BGE also has a representative office in Zurich, Switzerland pursuant to Art. 58 of the Federal Act on Financial Institutions ("FinIA"). The representative office is authorised by the Swiss Financial Market Supervisory Authority (FINMA). The representative office does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited.

BGA holds a Type 1 and a Type 2 licence from the Securities and Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. BGA can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, Telephone +852 3756 5700.

Important Information Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a "wholesale client" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this document be made available to a "retail client" within the meaning of section 761G of the Corporations Act. This material contains general information only. It does not take into account any person's objectives, financial situation or needs.

Important Information South Korea

BGO is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Important Information North America

BGI was formed in Delaware in 2005. It is the legal entity through which BGO provides client service and marketing functions in North America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. BGO is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. BGI is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. BGE relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Important information and risk factors

Important Information South Africa

BGO is licensed with the Financial Sector Conduct Authority in South Africa as a Financial Services Provider (FSP No 44870) in terms of section 8 of the Financial Advisory and Intermediary Services Act, 2002. This licence authorises BGO to carry on financial intermediary services business on behalf of South African clients.

Important Information Israel

BGO is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law") and does not carry insurance pursuant to the Advice Law. This presentation is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Important Information Japan

MUBGAM is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and BGO.

Financial Intermediaries

This document is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

**BGI Principal Office: Calton Square, 1 Greenside Row, Edinburgh EH1 3AN,
Scotland. Telephone: +44 (0)131 275 2000**

**780 Third Avenue, 43rd Floor, New York, NY 10017.
Telephone: (212) 319 4633**

**BGE Head Office: 4/5 School House Lane East, Dublin 2
D02 N279, Ireland. Telephone: +35 315 294 150**

**BGE Frankfurt Branch: WINX Tower, Neue Mainzer Str. 6-10, 60311 Frankfurt,
Germany**

**BGE Amsterdam Branch: Atrium Building, Strawinskylaan 3051, 4th Floor, 1077
ZX Amsterdam, The Netherlands**

**BGE Representative Office: Bahnhofstr. 10 / Börsenstr. 18
CH - 8001 Zürich, Switzerland**

bailliegifford.com