

2030
Toward

Benesse Integrated Report

2021



Benesse

Benesse Holdings, Inc.

Message from the CEO

2025 and Beyond



A handwritten signature in black ink, appearing to read 'Adachi'.

Tamotsu Adachi

Representative Director, Chairman and CEO



I would like to begin by expressing my gratitude to all of our stakeholders for your constant support of the business and activities of the Benesse Group. The Group adopted a new management structure in April 2021 under which I was appointed Representative Director and Chairman, CEO of Benesse Holdings, and Hitoshi Kobayashi was appointed Representative Director and President, COO. Mr. Kobayashi also serves as Representative Director and President of Benesse Corporation. Under the new structure, I will continue to be responsible for determining the management policy for the Group, promoting activities to instill sustainability and the corporate philosophy, as well as for the executive personnel and the Berlitz business. I will communicate closely with COO Kobayashi and all of our business executives as I endeavor to lead the Group.

Our education and nursing care businesses are facing major changes in their operating environments. Society and personal values are changing dramatically with Japan's maturing economy, aging population and low birthrate, business globalization, and advances in digital technology as well as the worldwide COVID-19 pandemic.

In this business environment, in fiscal 2021, the Benesse Group launched a new medium-term management plan with a target end date of fiscal 2025. The initiative is geared to our vision of society in 2030 when the Group will have an even greater social responsibility as a leader in education and nursing care. The initiative is also meant to reconfirm to our stakeholders our commitment that we are moving in the direction that will reestablish our business growth. By advancing digital transformation, using our current business assets to expand our business synergies, and strengthening the human resources leading our activities throughout the Group, we will accelerate the evolution of our core businesses and expansion into new business fields to create new value in the education and nursing care fields.

We are issuing this report for our stakeholders to gain a deeper understanding of our initiatives to create value, our business strategies and their progress, and the steps we are taking to fortify our management base. We hope this report will encourage dialogue between management and our stakeholders and we look forward to hearing your frank opinions and feedback about the management of the Group. We appreciate your ongoing support as the Benesse Group heads into the future.

Benesse Group Corporate Philosophy

bene (Well) + esse (being)

Benesse
(Well-being)

What is “Benesse”? The heart of Benesse is enjoying the process of moving forward step by step, with resolve, toward the realization of your dreams and aspirations. Benesse empowers people to solve issues for themselves and to enjoy life to the full at every stage by offering them the tools and support they need to create well-being. We aim to be a globally respected corporate group that is both supported by and indispensable to its customers, communities, and society now and in the future.

* Benesse is a word coined from the Latin words “bene” (well) and “esse” (being).

Benesse Group Principles

The Benesse Group is a global corporation with a people oriented culture.

We believe that before we become good business people, we must live as responsible members of society and that all of our actions should lead to “Benesse” (Well-being). In order to achieve this, we adhere to the following principles and promises.

Our Principles

Act sincerely

Build trust

Pursue challenges and innovation

Promise to our :

- Customers** ————— We develop and maintain long-term relationships with our customers by offering them truly valuable solutions to their present and future needs.
- Colleagues** ————— We value teamwork, people development, fairness, and active participation in the work place.
- Business Partners** ————— We foster mutual trust and growth with our business partners thus creating the best value for our customers.
- Community and Society** ——— We aim to create an environment in our communities where people of all ages can enjoy life through our services.
- Shareholders** ————— We seek to grow and develop in a way that earns our shareholders’ long term trust.

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Editorial Policy

We are publishing this report to let investors and other stakeholders understand the Benesse Group's medium- to long-term strategies and initiatives for creating value, based on our FY2021–2025 Medium-Term Management Plan, Evolve core businesses & Expand into new fields, which we released in November 2020. In editing the report, we have kept in mind the reporting frameworks of the International Integrated Reporting Council (IIRC) and the "Guidance for Collaborative Value Creation" issued by the Ministry of Economy, Trade and Industry (METI), limiting the content to items of particular importance while striving to structure the report in a way that is concise and easy to understand.

More detailed investor-relations information and information related to environmental, social, and governance (ESG) matters is published on our website.



• Period covered

The report covers primarily activities carried out in fiscal 2020 (i.e., from April 2020 through March 2021), though it also includes some information on initiatives from prior to that period and activities taking place after April 2021. The organization names and the job titles used are current as of June 26, 2021.

• Activities covered

The report covers the activities of Benesse Holdings, Inc., and its consolidated subsidiaries. If the discussion at any point references any other particular scope of coverage, this will be indicated on the pages concerned.

Note regarding forward-looking statements

This report includes statements regarding current plans, forecasts, strategies, etc. Any of these statements that are not historical facts are forecasts of future performance; these statements are based on the judgment that the Company has formed using the information currently available, so they involve risks and uncertainties. Please be aware that, for a variety of reasons, actual performance may differ from current forecasts.

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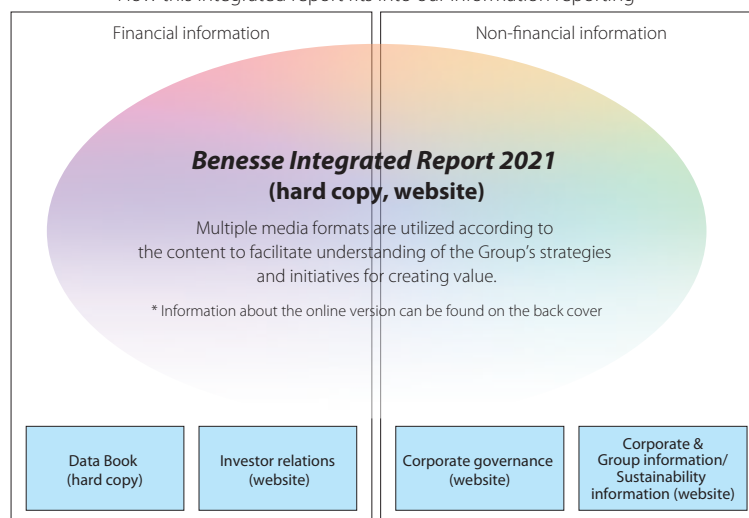
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How this integrated report fits into our information reporting



Steps in the History of Value Creation at Benesse



1955—



Establishes the foundations of future business, such as simulated exams for senior high schools and correspondence courses

Fukutake Publishing Co., Ltd. was founded in January 1955 in Okayama Prefecture, Japan. The company published educational materials and student pocketbooks for junior high school students. It began offering simulated exams for senior high school students in 1962. In 1973, these simulated exams were renamed Shinken Simulated Exams. The start of the nationwide, standardized Joint First-Stage Achievement Test in 1979 further boosted the simulated exam business, and the company improved and enhanced its business foundation, such as by introducing computers and expanding business sites, taking the simulated exam nationwide. In 1969, the company began offering correspondence courses for senior high school students, and from 1972, courses were also offered for junior high school students. Both began with roughly 500 enrollments, but through constant innovation and validation efforts, the number of enrollments increased, and correspondence courses grew into one of the company's core businesses.



1990—



Announces new “Benesse” corporate identity on the company’s 35th anniversary
Expands into new business domains such as nursing care and lifestyle

1990 saw the adoption of the concept “Benesse” as both a philosophy and a brand. The company coined the term by combining the Latin roots “bene” (Well) and “esse” (Being). From there, guided by a basic philosophy of supporting well-being, the company expanded its business operations in step with the changing times in Japan, particularly trends such as globalization, declining birthrates, and the aging of society. This period in the company’s history saw the acquisition of Berlitz, the start of the nursing care business, and the publication of magazines *Tamago Club* and *Hiyoko Club*, which deal with pregnancy, childbirth and parenting. In 1995, the company took the step to unify its business activities under a single corporate philosophy by officially changing its name to Benesse Corporation.

2000—

Dramatic success based on twin pillars of education and nursing care

Growth within Benesse's core correspondence course business slowed due to the declining number of children, but Benesse achieved further growth within the education business sector through measures such as expanding its school & teacher support business and bringing preparatory schools into the Group. With the introduction of nursing care insurance in 2000, the company made its full-fledged entry into the nursing home business, growing the nursing business sector into one of the company's twin pillars.

2010—

Decline in business results due to personal data breach, subsequent recovery, and further growth

A leak of personal information in 2014 caused a loss of customer trust, and the number of users of correspondence courses, one of the company's core business areas, fell precipitously, leading to a decline in the company's business results. Following the incident, the company did its utmost to win back the trust of customers and restore its correspondence course business. As a result of these efforts, business results began to recover.

Aiming for further growth, the company accelerated the digitization of Shinkenzei and engaged in business selection and concentration.



2020—

Striving for continuous growth by evolving core businesses and expanding into new fields

The COVID-19 pandemic has profoundly changed the Group's business environment. Benesse has created a five-year medium-term management plan, beginning in fiscal 2021, to "Evolve Core Businesses and Expand into New Fields." We aim to achieve sustainable growth by advancing our core businesses of education and nursing care and by leveraging our strengths to take on the challenge of cultivating new business areas.



Goals for 2030

Leading efforts to solve educational and nursing care issues
in Japan and the rest of the world

The Benesse Value Creation Model

We seek sustainable growth for both the Benesse Group and society by bringing people well-being through our business and social activities, and continuously creating new value that helps solve social problems.

INPUTS

Business capital

Financial capital



Total assets

¥541.9 billion

Shareholders' equity

¥173.4 billion

Human capital



Employees (consolidated)

20,000

Intellectual capital



Survey reports **400**

Social capital



Study history for

approximately **2 million**
Shinkenzeni members

Assessment data for

roughly **9 million**
annual test-takers for the Shinken
Simulated Exams and other tests

Nursing home residents

17,000

Medium-Term Management Plan FY2021–2025

Evolve core businesses & expand into new fields

Financial targets & KPI

Phase 1

FY2021–2022

**Rebuild sales/OP
to above
FY2019 levels**

Phase 2

FY2023–2025

**Organic growth
3%+ (sales)**

FY2025

**OPM 8%+
ROE 10%+**

Evolve core businesses

**Organic V-shaped
recovery in existing
business fields from
the COVID-19 impact**

**Inorganic growth (by
developing existing
businesses into new
areas) to further boost
sustaining growth**

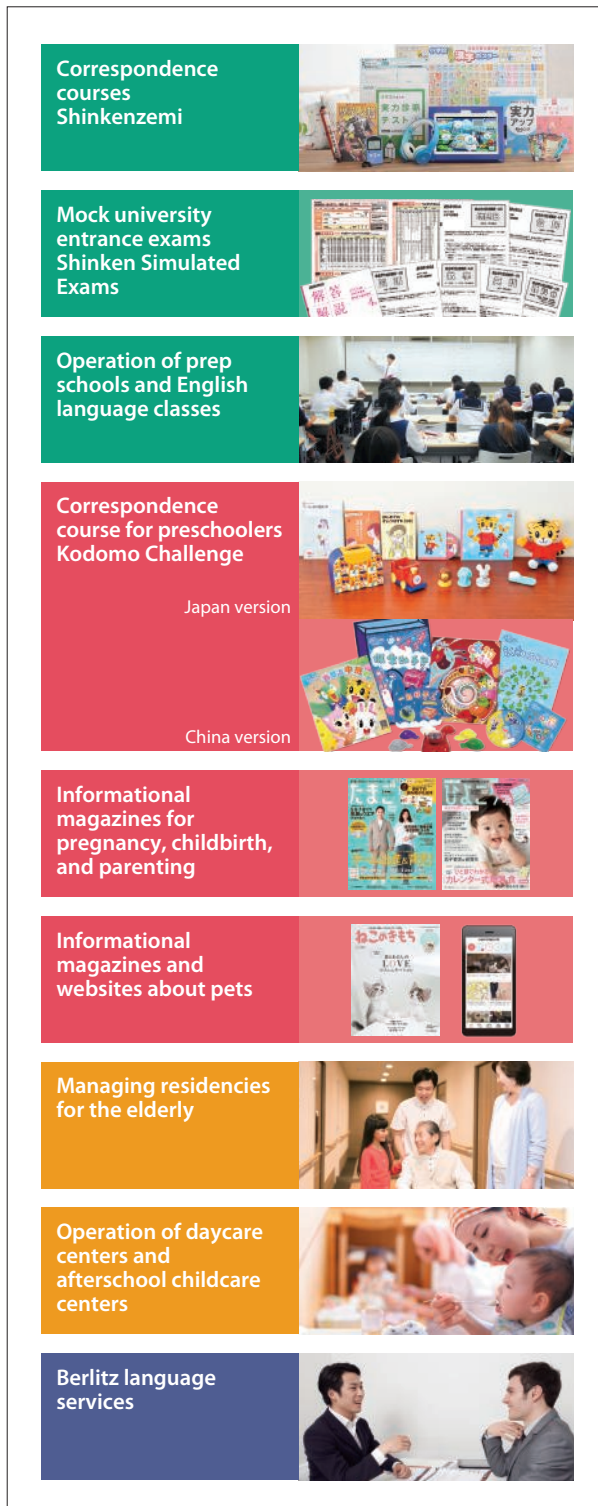
Expand into new fields

**Leveraging Benesse strengths to enter
new fields and overseas markets**

Note: Number of Shinkenzeni enrollments is as of April 2021; other numbers are as of the end of March 2021

OUTPUTS

Value created



OUTCOMES

Vision

As one of Japan's leading education and nursing care companies

Providing learning to aid individual growth and fuller lives

Supporting seniors in having a way of life that suits them



New challenges on global issues

Applying educational and nursing care assets cultivated in Japan to global educational and nursing care issues

Key Sustainability Challenges for the Benesse Group

Materiality (Key issues)	Opportunities for maximizing utilization	Progress in obtaining opportunities (2020–2021)
<p>Bringing learning to every part of people's lives</p> <p>With "the joy of learning" as our starting point, we will extend learning at a high quality, for all generations, to Japan, Asia, and the world.</p>	<p>Making learning new: We will deliver to children the "new learning" that the times to come will demand, together with "new ways of learning" that make the most of data and technology.</p> <p>A life of continued learning: We will transform society into one in which, even as adults, people can keep learning with enthusiasm for their entire lives.</p> <p>Opportunities to learn for all: We will offer accessible learning in response to all people's desire to learn and create a future in which they can grow.</p>	<ul style="list-style-type: none"> • Digital course membership for Shinkenzemi has hit about 70% • Launched "programming seminars" which offer various learning on tablets • Shinkenzemi "Today's Schedule" support for COVID-19 school closures (used by over one million people in two months) • Expansion of schools using "Mirai Seed" educational software for elementary and junior high schools • Expansion of ICT platforms for schools (schools using "Classi" and "EDUCOM") • Completed prep school videos and online support, improved infection countermeasures • Udemy for Business received the highest award in the professional "Human Resources Development and Training" category of the "HR Award 2020" for human resources departments in Japan • Benesse Corporation Udemy members: 2,065 people (roughly 93%) • Offered growth opportunities for university students through programs for instructors at the Tokyo Individualized Educational Institute • Made afterschool childcare clubs online • Kodomo Challenge Online Kindergarten support for COVID-19 school closures (used by 650,000 people in 100 countries in two months) • Offered the Shimajiro Club Application for free
<p>Toward a super-aging society</p> <p>Viewing the arrival of the super-aging society as "the 18th goal" following on from the 17 SDGs, we will be global pioneers in the delivery of nursing care services that provide support for all individuals.</p>	<p>Allowing every individual to play their own leading role: We will provide nursing care that respects every individual elderly person in what they want to do and the challenges they want to take.</p> <p>Making nursing care a great job: We will develop growth opportunities and pleasant working environments for the people who are involved in nursing care occupations, increase society's understanding of nursing care, and raise the quality of nursing care.</p> <p>Toward nursing care of the future: We will continue to take on the challenge of future nursing care that uses technology to improve QOL and provide deep support for each individual.</p>	<ul style="list-style-type: none"> • The Benesse Style Care "Door to Tomorrow Project" • Evolved the "Dementia Care Method," born from the conviction that Benesse Style Care continues to have • Efforts towards making the nursing care profession a vocation that people choose to do - Benesse Style Care "Expert Qualification System" (known internally as the Majikami system): Reached 177 "Majikami" in total • The "Service Navigation System," which will change the future of nursing care • Developed a Benesse version of sensing homes
<p>Passing our knowledge onto society</p> <p>We will communicate and share with society the experience and knowledge we have cultivated and cooperate with partners who practice "well-being" with us, to take on solutions to difficult issues.</p>	<p>Passing on expertise and knowledge: We will pass on to society our educational knowledge backed by data and our nursing care techniques based on our extensive experience, thus raising the quality of these industries as a whole.</p>	<ul style="list-style-type: none"> • Offered educational information through "Learning Pocketbook," a Benesse application for guardian support • Received the GOOD DESIGN AWARD 2020 for "Soundly Taking Care of Nightly Discharges," which was made freely available to the public on "Kaigo Antenna," a comprehensive information site • A collaborative research project between Benesse Art Site Naoshima and Okayama University entitled "What is True Happiness?"
<p>Co-creation of value with the community</p> <p>Together with the people living in those communities, we will create new value through education, culture, and art to realize a rich society.</p>	<p>Community-based education and nursing care: Through our education and nursing care businesses, we will conduct problem solving that suits the characteristics of each community.</p> <p>Global education with the locals: By joining hands with our local partners, we will deliver rich learning to the world, while reflecting local characteristics.</p> <p>Reinvigorating communities through art: Through art and cultural activities, we will bring new energy to individual communities and create communities in which the locals can feel happy.</p>	<ul style="list-style-type: none"> • Entered into a partnership agreement with Ogaki City, Gifu Prefecture, in connection with the GIGA School Project • Began offering "Learning Pocketbook," a Benesse application for guardian support • 15th anniversary of expanding the Kodomo Challenge to China • Developed programs at Naoshima for schools and corporations • Launched art appreciation seminars on Udemy, set in Naoshima
<p>Realizing a healthy society</p> <p>In addition to supporting daily life, we will take on the challenge of developing businesses in new domains that will be essential for future "well-being."</p>	<p>Towards sustainability for our company and society</p>	<ul style="list-style-type: none"> • Inorganic growth in existing business areas, progress with planting seeds in new areas

Risks that should be minimized

- Growing inequality of educational opportunities due to regional and economic disparities
- Restrictions on and inequality of educational opportunities due to the spread of COVID-19 and other factors
- Restrictions on and losses of job choices and opportunities due to the expansion of digital transformation and digitalization
- Inequality of and restrictions on learning and ability assessment opportunities for all students
- Reduced motivation to re-skill and improve skills due to the end of lifetime employment in Japan

Progress in minimizing risks (2020–2021)

- Shinkenzeremi “Today’s Schedule” support for COVID-19 school closures (used by over one million people in two months)
- Disseminated entrance exam information and learning methods at the Benesse Educational Information Forum
- Began offering “Learning Pocketbook,” a Benesse application for guardian support
- Over 300 companies using Udemy for Business (Japan)
- Support for concerns about learning due to developmental disabilities on the Shinkenzeremi Elementary School Courses Developmental Disability Support website
- Special consideration for those with disabilities taking the Global Test of English Communication (GTEC)

- Shortage of nursing care staff in a super-aging society, decline in the quality of nursing care

- Purchase of Proto Medical Care Co., Ltd.

- Restrictions on and inequality of educational opportunities due to the spread of COVID-19 and other factors
- Growing inequality of educational opportunities due to regional and economic disparities
- Shortage of nursing care staff in a super-aging society, decline in the quality of nursing care

- Benesse Educational Research and Development Institute conducted a survey of COVID-19’s impact on the daily lives of preschoolers and elementary school students

- Events and issues that hinder “living well” in the education and nursing care industries as a whole

- Benesse Educational Information Forum to settle all of test takers’ concerns and put them at ease

- Issues with regional educational abilities
- Uncertainty in a VUCA era

- Started a three-year research project with Okayama University on sustainability and well-being in the Setouchi region, centered on the SDGs

Sustainability Vision of the Benesse Group

“Well-being” in society and for the future

In the coming era, when change will be the normal state of things, to achieve our aim of an abundant, sustainable world, we want to reconsider all social issues with a “people-centric” perspective, and create a society in which everyone can seek out the things they want to do and take on those challenges.

Each and every one of our employees will practice our corporate philosophy of “Benesse – well-being,” and extend it to their local communities, to society at large, and to the future.

Sustainability Vision and Promotion Structure

In March 2019, the Benesse Group formulated the Sustainability Vision.

We have established the Sustainability-ESG Committee as the organization to lead the activities based on this vision.

The Committee’s membership is made up of the Representative Director and Chairman of Benesse Holdings, Inc.—who serves as Chairman and the decision maker—and full-time officers, who engage in discussions to boost the sustainability of the Benesse Group. (Meetings are held several times a year / as appropriate for the agenda.)

In addition, disseminating important items and regularly reporting on activities are also carried out at Board of Directors meetings and management meetings.



Part 1

Our Vision and Business Strategies



Message from the COO

We are fully devoted to creating a corporate culture and structure that will reestablish our business performance and generate sustained growth

Hitoshi Kobayashi

Representative Director and President, COO

Mr. Kobayashi joined Benesse Holdings, Inc. in 1985. He served as Representative Director and President of Benesse Style Care Co., Ltd., and was appointed to his current position as Director of the Company in 2012. He has served as the head of the Benesse Holdings Corporate Planning Division, Overseas Business Development Company, and Zemi Business Company. He was appointed to his current positions in April 2021.

The COVID-19 pandemic has upset the lives of people around the world and the circumstances continue to prevent us from living our normal lives. We would like to express our deepest sympathies to everyone who has suffered from the infection or has lost loved ones during the pandemic. We also wish to convey our heartfelt gratitude to all those working in the medical profession and maintaining the social infrastructure for everything you are doing for the safety and well-being of us all.

My objectives as president

Unifying management and worksites to create value amid the major changes

The world is rapidly changing, and the COVID-19 pandemic has only accelerated the changes to society. It is more difficult than ever to see ahead to what will come even just one year from now.

Benesse Holdings adopted a new corporate structure in April 2021 to respond to these changes, in anticipation of even faster changes in the business environment, and to deepen the synergies within the Benesse Group. Under this new structure, I was appointed Chief Operating Officer.

One of my main themes as president is to keep management in close touch with the worksites. Our customers are also facing rapidly changing business environments and new issues because of the pandemic. In times like these, it is critical that management understands the situations at our business sites that are our front line to our customers. I am seeking to build an organizational structure that can quickly and flexibly respond to the rapid changes by hearing and responding to

input from our business sites and by quickly incorporating information from the front lines into our management activities.

I have held various positions in the Benesse Group's business divisions during my 35 years at the Company. I always felt that every business site had a sincere desire to help their customers. All of our employees have taken our corporate philosophy to heart and are devoted to the "well-being" of each customer. I believe this is our Group's greatest strength. I also believe that the major changes in our business environment is an opportunity to dedicate ourselves to understanding and addressing various issues and for management and employees to work closely together to lead our Company forward.

Review of fiscal 2020

Progress with new initiatives in the harsh pandemic conditions

The whole Group was impacted by the COVID-19 pandemic in fiscal 2020. Shinkenzeni business was brisk as school closures increased demand for home-study solutions. New 12-month enrollments at the April start of the fiscal year increased, and the retention rate also rose. Use of our study materials also increased following the introduction of digital versions. All other businesses struggled as businesses with in-person locations, including the school and teacher support business, preparatory schools, and nursing care business all restrained their activities during the period. The consolidated results for fiscal 2020 included net sales of ¥427.5 billion (down 4.7% year-on-year), operating income of ¥13.0 billion (down 38.4%), ordinary income of ¥9.2 billion (down 44.7%), and net income attributable to owners of the parent of ¥3.1 billion (down 50.3%).

In the harsh operating environment, the businesses took great effort to respond to customer needs and to create systems that would enable safe and secure business activities. The Shinkenzeni and Kodomo Challenge businesses were strongly driven to help their customers and quickly created innovative ways to provide services. When nursery schools, kindergartens, and schools were closed to students in March 2020, Shinkenzeni distributed free spring practice drill booklets and national evaluation tests, and Kodomo Challenge began offering online kindergarten programs. To help students stay on track with their

Message from the COO

studies while schools were closed, Shinkenzei introduced online lessons for tablet computers and other lessons combining digital technology and live instruction. To prevent the spread of COVID-19 and provide a structure where students can learn safely during the pandemic, the Group's preparatory schools provided online classes and video programs.

Progress of the Medium-term Management Plan

A V-shaped recovery in two years and new growth phase in three years as we prepare for the world in 2030

The Benesse Group began implementing structural reform with the five-year medium-term management plan launched in fiscal 2018, which included restructuring the Berlitz business and digitalizing the Shinkenzei business. We also revised our business portfolio through selection and concentration as well as by selling non-core businesses and increasing investment in growth areas. These efforts had put our earnings performance back on the growth track; however, the major changes in the market conditions, which included revisions to the national education and school entrance examination systems, derailed our momentum and caused our earnings to deviate from our plan. Then the COVID-19 pandemic that arose in 2020 substantially impacted all of our businesses that relied on in-person activities, including our school and teacher support business, preparatory schools, nursing care facilities, and Berlitz.

The Group revised its medium-term management plan to reflect the major changes in the business environment and introduced a new plan for the fiscal years from 2021 to 2025 with strategies to "evolve core businesses and expand into new fields."

The new plan describes our vision for the Group in the society and business environment we envision in the year 2030. Japanese society is facing deepening structural issues from its low birthrate, aging demographics, and shortage of labor. As one of Japan's leading education and nursing care companies, our role in society will become even greater. We have therefore set an image for 2030 to be a corporate group "at the vanguard of directly addressing issues in education and nursing care issues in Japan and worldwide, helping people seeking to better themselves and make their lives what they want them to be."

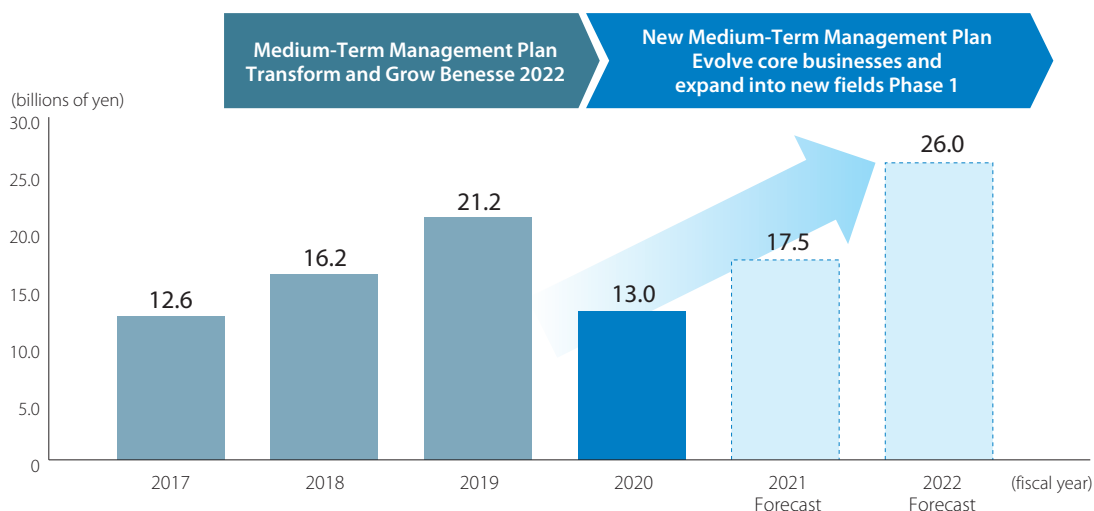
The new medium-term management plan has a growth plan for the next five years with two main phases of growth strategies. Phase one in the first two years will generate organic growth in sales and operating income to drive a V-shaped recovery in earnings to the regain the levels of fiscal 2019. Phase two for the three years beginning in fiscal 2023 will continue the organic growth while adding a layer of inorganic growth. Our existing businesses fields will be the primary focus in phases one and two, but we will also leverage the Group's strengths to expand business into new areas. Our quantitative targets are to generate annual growth in existing business sales of 3% during fiscal years 2023 to 2025 and to raise the operating margin to 8% and ROE to 10% by fiscal 2025.

Business strategy for fiscal 2021 onward

Generating growth by evolving existing businesses and expanding into new fields

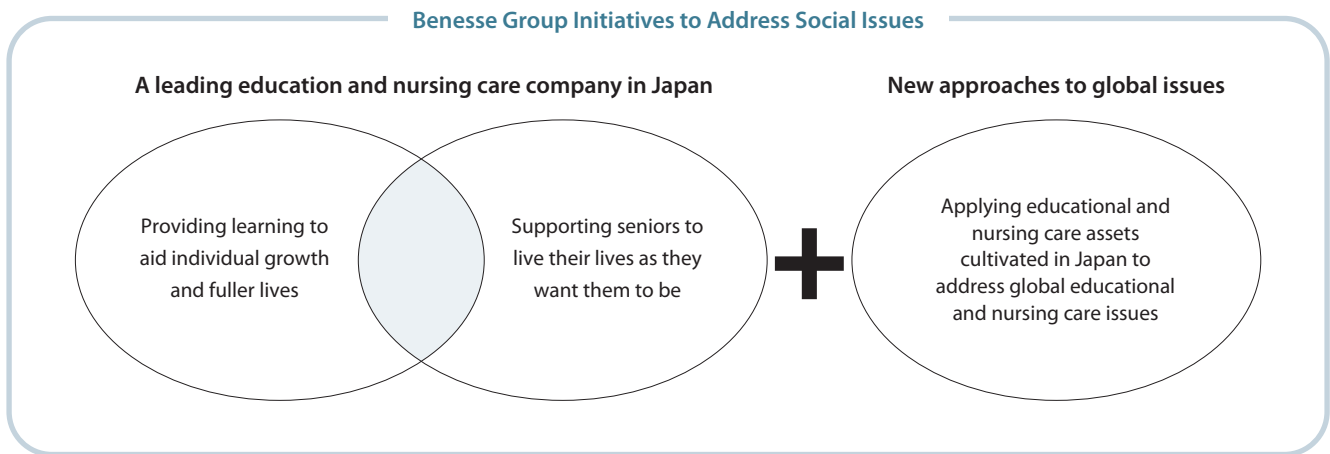
Fiscal 2021 is the first year under the medium-term management plan and an important year for setting up the V-shaped recovery

Operating income



Company Image for 2030

Benesse Group is at the vanguard of directly addressing issues in education and nursing care issues in Japan and worldwide, and helping people seeking to better themselves and make their lives what they want them to be.



in business performance. The Group is aiming to raise operating income to ¥26.0 billion in fiscal 2022, bringing it back above the ¥21.2 billion in fiscal 2019.

In our education related operations, the school and teacher support business and the prep school and classroom education businesses are already recovering from the impact of the pandemic. Shinkenzemi is developing new educational services combining “digital + human support” and courses to meet diversifying learning needs in course lessons as well as in career education using the roughly three million dedicated Shinkenzemi tablet computers as a platform. In the Kids & Family business, in fiscal 2021, we integrated the organizations of Tamahiyo, which is a major brand in the pregnancy, childbirth, and childcare segment, and the Kodomo Challenge courses for preschool children. We are combining their product and service offerings through mobile applications to increase the customer contact points and also developing peripheral businesses targeting families and parents.

In the nursing care business, we will expand our area coverage in conjunction with staff recruitment and new facility opening strategies following our fundamental approach of managing facilities from the perspective of the residents. We will also design nursing care homes with unique features by continuing to improve the Benesse Method that has been systematized over 25 years of practical knowledge using a scientific approach, and form our own Benesse version of nursing homes with sensing technologies. We will seek to expand the

nursing care business in the medium term by growing the recruitment business and other peripheral services.

Our current plan for the Berlitz business is to reestablish its profitability in fiscal 2022. We will be closely monitoring the achievability of that target and will take early action in fiscal 2021 to determine the future direction for the business.

We will also be exploring new fields with promise for growth where we can use the Group’s strengths to aggressively develop new businesses. In our services for universities and adult education, which centers on Udemy, we are constructing and expanding a new profit model and are conducting local research overseas with the main objective of developing peripheral operations to our core businesses.

For medium- and long-term growth

Group-wide initiatives transcending organizational and business boundaries

| Digital transformation across the entire Group

A major key to fulfilling the new medium-term management plan is the accelerating of digitalization of our businesses and improving the digital skills of Group employees. We believe we can use DX to transform our abundant knowledge and assets in the education and nursing care fields into new value that will further augment our already high value and competitiveness.

We have made great strides with DX in the education

Message from the COO

FY2021–2025 Medium-Term Management Plan

Evolve core businesses & Expand into new fields

Medium-Term Management Plan Roadmap

	Financial targets & KPI	Evolve core businesses	Expand into new fields
Phase 1	FY2021–2022 Rebuild sales/OP to above FY2019 levels	Organic V-shaped recovery in existing business fields from the COVID-19 impact	
Phase 2	FY2023–2025 Organic growth rate 3%+ FY2025 OPM 8%+ ROE 10%+	Inorganic growth (by developing existing businesses into new areas) to further boost sustaining growth	Leveraging Benesse strengths to enter new fields and overseas markets

Evolve Core Businesses

Education in Japan

Swiftly establish blended learning

- Offer individual learning through digital sources (optimize video, online, and class instruction)
- Support diverse learning needs (such as with tablet-based learning)

Preparatory Schools

- Develop an online nationwide preparatory school network

School & Teacher Support

- Strengthen the mock exam business
- Create the next-generation school support business geared to the GIGA School Project

Kids & Family

- Increase new customers by combining Tamahiyo World and Kodomo Challenge World
- Develop new businesses (such as parent support)

Nursing Care and Childcare

- Increase the number of new facilities by moving into new areas
- Pursue non-contiguous growth in peripheral businesses, such as HR recruitment

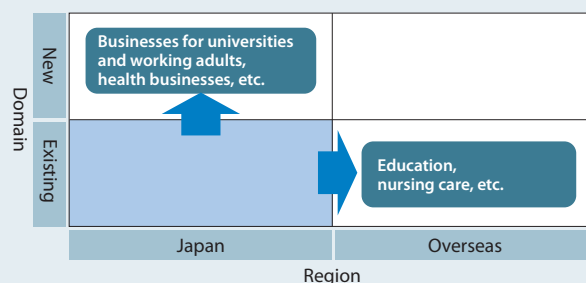
Berlitz

- Develop Berlitz 2.0 and strengthen digital marketing
- Continue structural reform

Expand into New Fields

We are actively developing new businesses in domains where the market is expected to continue growing and we can take advantage of the Group's strengths.

- Using the Company strengths cultivated in Japan to develop businesses overseas
- Lifelong learning and support for diverse work styles in the university and working adult domains



Management Foundation

- Digital education services
→ Please see page 31
- Systems to promote DX
→ Please see page 47

Capital Strategies

Benesse actively invests in growth following Group portfolio and financial strategies while maintaining a dividend payout ratio of at least 35%.
→ Please see page 19

SDG Efforts

The Group will contribute to fulfilling the SDGs through its core education and nursing care businesses.
→ Please see page 9

business in the past five years, and in June 2021, Benesse was selected for the DX Stocks 2021 list by Japan's Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. Yet we believe we are at a stage where we need to further deepen the digital skills throughout the Group. We accordingly established the Digital Innovation Partners (DIP) in April 2021 integrating all of the Group's digital, IT, digital technology training for human resources, and DX consulting. DIP will support the digital shift of all of our businesses and accelerate the digitization of the entire group, and is already working with all departments to advance their digitalization. At the same time, we are improving the digital technology training for human resources. Improving the digital skills of employees with expertise in the education and nursing care fields will boost the value we provide to customers and help drive business growth.

Creating a culture that encourages learning and taking on challenges

Benesse is presently working to create a Group culture where employees can be continuously learning. This learning culture will encompass various topics including digital technology, and will have a structure and environment encouraging learning of all forms and reach across the business framework, such as one business division learning another division's know-how.

We have also created a mechanism to promote "taking challenges." As I mentioned earlier, the passion and sense of mission of each employee at the worksites to follow the Benesse philosophy is a major strength of the Group. To fully utilize this

strength in our management, in fiscal 2021, we introduced the new B-Stage suggestion system enabling any employee to submit proposals for new projects and ideas for new businesses and improvements for our operations.

Benesse's original company Fukutake Publishing had a system for employees to write letters beginning with "Dear President." The president read some 2,000 letters each year and received numerous valuable tips for better company management. Reviving that idea and making B-Stage a permanent part of our management system will provide candid insights from employees at worksites with direct customer contact that we can incorporate into our business and management activities to make us more competitive.

We have also launched the Group-wide Bringing the Future Closer for Children Project. Benesse Corporation selected some 80 individuals from an open call for participants for the project,



The B-Stage new business and business reform suggestion system

The passion and sense of mission of each employee at the worksites is one of the Group's major strengths and a source of our growth



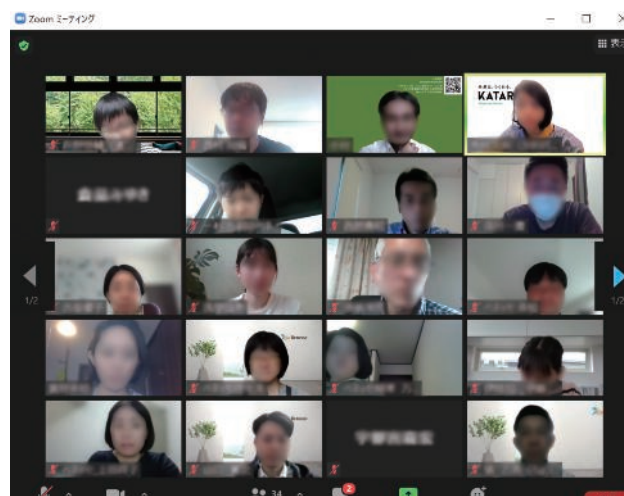
Message from the COO

which seeks to provide a forum to share various perspectives on what kind of education children will need and how to provide that education in a society that is undergoing such major changes. We are eager to hear the ideas that the project participants come up with in the hope that they will provide new directions for business development that are outside the scope of our current business content and profitability.

Reform of corporate division and management meeting

I believe that the major changes in society and our business environment has made it more important than ever for the Group and the corporate division to decide precisely what we want the Benesse Group to be and to begin working toward that vision. To fulfill that vision, officers in the corporate division and at the operating companies will need not only to carry out their specific business functions but to have a deep understanding of business initiatives throughout the Group so they can determine how each function can be applied to the greatest effect and how various functions can be linked to generate new business activity. The Cross-sectional Meeting of Corporate Headquarters Managing Directors was therefore created in April 2021 to bring together Group staff with professional expertise in human resources, general affairs, accounting, finance, legal affairs, public relations, and investor relations to share issues and to unite and strengthen the effectiveness of our business functions.

The format of the meeting, whose members include executives from Benesse Holdings, the operating companies, and



An online meeting of the Bringing the Future Closer for Children Project

corporate departments, has been changed from “information sharing” to “a discussion by executives about issues from across the Group.” This format will create a uniform understanding of the Group’s position and enable a more dynamic interrelation of Group activities.

The Benesse philosophy and sustainability

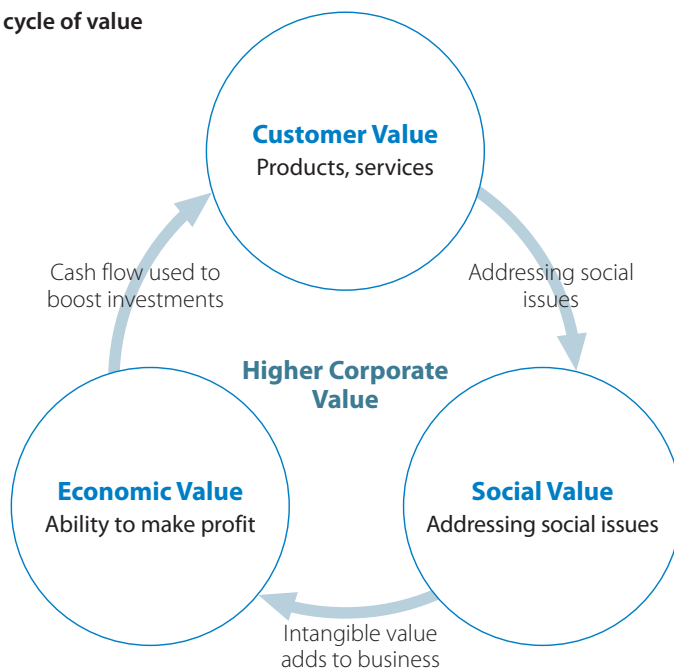
Sustaining growth fueled by the cycle of customer, social, and economic value

The Benesse Group follows its corporate philosophy of “Benesse = well-being” by actively addressing social issues in education and nursing care. Sustainability is by no means a new concept for



Sharing the Benesse philosophy and customer-oriented values, and continuing to take on new challenges

The cycle of value



the Group and it is deeply intertwined with our corporate values and business practices.

Our objective is to raise our corporate value on a cycle of three different types of value—customer, social, and economic value. Earnest efforts to increase customer value and social value will lift our economic value. I consider management’s most important job is to ensure executives and employees assimilate all three types of value and that each value is integrated into our corporate activities.

The nursing care business, for example, may not be tenable if only profitability or investment efficiency were considered, but it has incredibly high value and need in society. My primary mission is to create the best balance for society, customers, and employees to contribute to the sustainability of society and create conditions for the Company to continue growing.

We are currently in discussions to clarify non-financial indicators for our business performance based on our vision for the sustainability of our business and our medium-term management plan.

Message to stakeholders

Creating value with “philosophy-driven” management

In our business supporting each customer’s desire to grow and learn and make their life what they want it to be, the decisions we make are rooted in our corporate philosophy of “Benesse = well-being” and our customer-centric values that motivate us to help each customer individually. In that sense, I also consider Benesse to be a “philosophy-driven” company.

Being philosophy-driven is not easy. We can lose sight of the philosophy when there is a tailwind and business is steadily expanding; and we can forget the reason for our existence when there is a harsh headwind that causes us to narrow our focus to only the immediate profits. That is why I believe management must continually remind everyone about the importance of the philosophy, even at the risk of repeating the same thing over and over.

The Benesse Group will remain centered on its philosophy as our society continues changing and our management and all of our worksites will work together to take on new challenges and generate sustained growth. We look forward to the continued understanding and support of our stakeholders.

Message from the CFO

Fueling Group growth with a balance of investments and financial stability

Allocating funds for a balance of growth and stability

I have been focusing specifically on finance for over 20 years since 1999 when joining the Benesse Corporation Finance Department as a mid-career hire. The finance department's role has evolved over the past two decades, but the mission to financially support businesses of high social importance such as education and long-term care has been unchanging.

At this moment, the Group's most pressing issue is to quickly reestablish its business performance, which has suffered during the COVID-19 pandemic. The new medium-term management plan launched in April 2021 aims to generate a V-shaped recovery for profits first to regain the level of fiscal 2019 and then continue growing. The foundation for this resurgence will come from fortifying our existing businesses to generate organic growth and then to leverage our strengths to expand into new fields and build our overseas operations. At the same time, we will strengthen our financial standing, which is the foundation for growth. As director of finance, I will seek to allocate funds and generate investment return while maintaining a balance of growth investment and financial stability.

Fiscal 2020 performance review

The COVID pandemic disrupted our business activities and forced us to revise our growth plans for all of our business segments. Shinkenzenmi business increased while schools were closed under the state of emergency conditions. However, all of our businesses

that rely on in-person business, such as the school and teacher support, classroom education, and nursing care businesses, faced extremely harsh operating conditions. The result was an overall decline in sales and a substantial reduction in profits. Despite these developments, the market needs for all of the businesses have not diminished, and we expect the high customer satisfaction for our Group's products and services to drive earnings recovery in all businesses once the pandemic subsides.

In the Berlitz business, the structural reform during the past few years significantly lowered the breakeven point, and sales and profits were on an upward trajectory until the pandemic caused both to turn sharply downward. Sales are currently edging back upward and profitability has improved following the extensive restructuring. If the impact from the pandemic subsides, we believe the business will regain profitability in fiscal 2022. The many uncertainties make it impossible to anticipate when or how quickly earnings will recover, and we will not hesitate to implement further measures if we determine that positive profits still appear unattainable in fiscal 2022.

DX to strengthen our businesses and expand into new areas

For our current businesses, we will advance an investment strategy aimed at generating a V-shaped recovery that will drive profits to regain the fiscal 2019 level and then continue growing. A major point in the investment in our core domain of education will primarily focus on digitalizing the business. We are stepping



Shinsuke Tsuboi

Executive Officer, CFO
Managing Director of
Finance and Accounting

Mr. Tsuboi joined Benesse Corporation in 1999 after a successful career primarily as a fund manager in an investment trust company. His career at Benesse has been in the finance department, where he has been in charge of planning and executing financial strategies for fund procurement and management, investments, and M&A. He was appointed to his current positions in April 2021.

up investment in digitalization after the growth of the Shinkenzei business since digitalizing its teaching materials showed us that digital transformation is essential. Digitalization will bring many advantages, such as enabling us to rapidly deliver materials with enhanced interactivity and that are better tailored to customer preferences as well as facilitating the introduction of new products and services to the tablet platforms. We will also have a better ability to cross-sell products and add high value-added services. All of these will enable more efficient and effective marketing and contribute to revenue growth. We will also aggressively invest to enhance employee digital proficiency and other areas that will fortify our business foundation for growth in the medium and long term.

The Group has also been carefully selecting and concentrating its businesses over the last few years with the aim of securing the funds needed for growth. The Group sold the call center and the interpretation/translation companies, added EDUCOM and Study Hacker to the education business, and added Proto Medical Care to the nursing care business. The Group also made a substantial investment in Udemy, a major company in the adult education field in the United States. As these existing businesses grow, we plan to allocate funds to invest in new areas where we can apply the Group's knowledge and know-how to generate business synergies as well as in developing our domestic businesses for overseas markets. Investment targets will be selected based on information gathered from the IT department and all business divisions, and the investment methods will take full consideration of our financial structure.

Improving profitability and capital efficiency

The key performance indicators we are mainly focused on are the sales growth rate, operating profit margin, and ROE, and the new medium-term management plan sets a target of ROE of 10% or higher in fiscal 2025. ROE was 1.8% in fiscal 2020, and we estimate it will rise to 3% in fiscal 2021. If we raise profit to the level we are aiming for, then we project ROE will rise to the 7% level in fiscal 2022. In fiscal 2020, we also began using ROIC internally as an indicator of our performance to give us a closer look at the profitability of each business. We will also use ROIC as a measure of M&A investment efficiency.

It's also important to understand that ROIC varies from business to business. For example, nursing care profits are quite

stable but its ROIC tends to be lower than the Shinkenzei and school and teacher support businesses. The Group attaches great importance to the social significance of its businesses, and therefore does not evaluate business performance based solely on ROIC. Similarly, the nursing care business is primarily geared to higher income customers, so we are accordingly seeking to raise its overall capital efficiency by expanding into peripheral businesses, such as the employment matching business in addition to the operation of facilities.

Maintaining financial discipline and accumulating cash

At the end of fiscal 2020, roughly ¥150 billion of the Company's cash and cash equivalents were customer deposits, which included roughly ¥140 billion in deposits such as advance payments in the education business and lump sum payments for long-term nursing care. Our policy is to not use these deposits for business investments or investments that carry risk. Considering the asset-side receivables of over ¥50 billion and the standard seasonal fluctuations in the balance of deposits, we have designated up to ¥50 billion as standby funds for risk investment. Our capital expenditure is currently roughly equivalent to depreciation, but is rising as we make progress with our digital transformation. We believe that carefully managing capital expenditure and investment efficiency are essential to stable business operations.

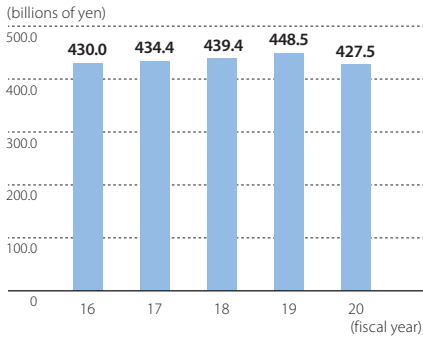
From this point, our next step is to continue increasing operating income to raise free cash flow and to use those funds to invest in digitalization and business development while considering the funds needed to operate the existing businesses. We will also expand free cash flow and fortify our financial foundation by being scrupulous about the investment return from capital investments and M&A moves and by further strengthening our financial strategy.

To our shareholders

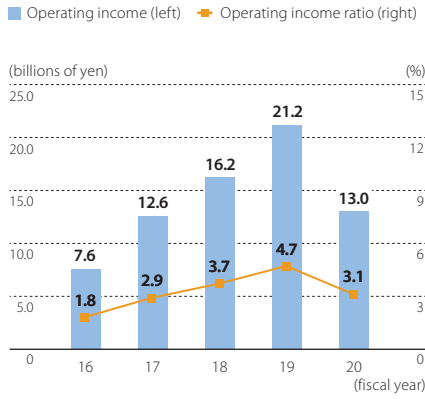
Our basic policy for distributing dividends to shareholders is to increase the dividend payment amount by expanding profits and to maintain a payout ratio of 35% or higher while retaining sufficient internal reserves for future growth. With this policy in mind, we maintained the stable dividend in fiscal 2020 by providing a dividend payment of ¥50 per share for the year. We look forward to your continuing support for the Benesse Group.

Financial Highlights

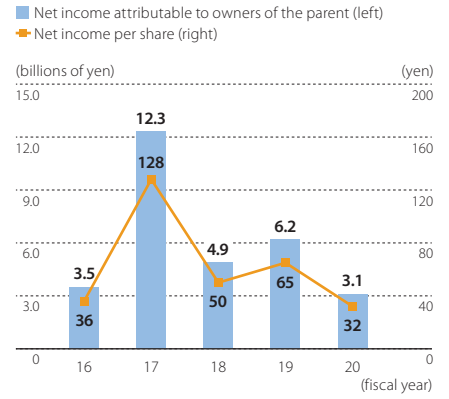
Net sales



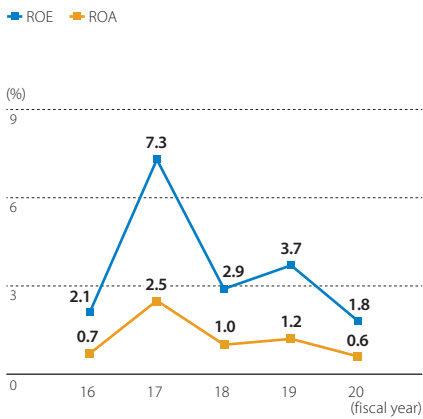
Operating income/ Operating income ratio



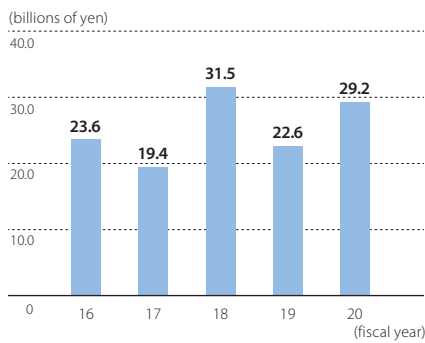
Net income attributable to owners of the parent/ Net income per share



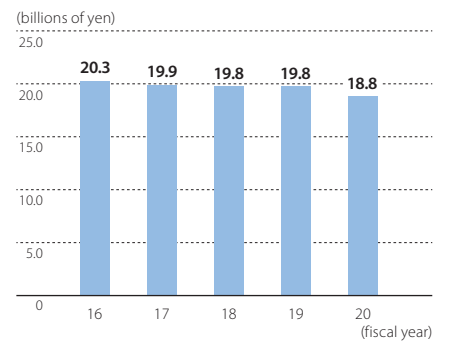
ROE/ROA



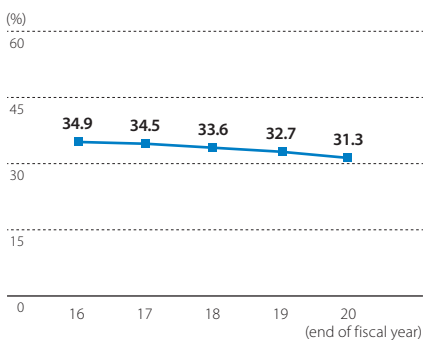
CAPEX



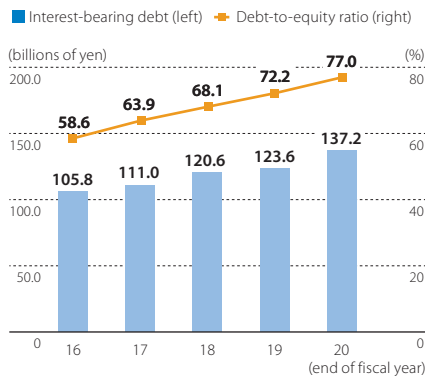
Depreciation & amortization



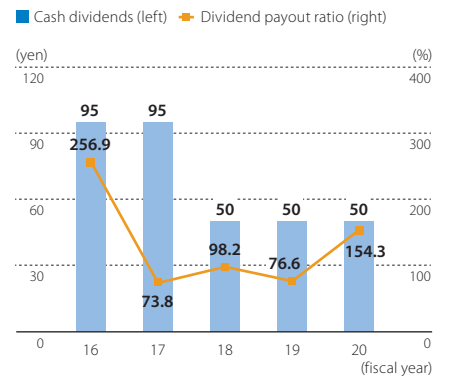
Equity ratio



Interest-bearing debt/ Debt-to-equity ratio



Cash dividends/ Dividend payout ratio



Note: Interest-bearing debt includes lease obligations.

Part 2

How We Create Value



FOCUS 1

Supporting learning and growth in every environment (p.29)



FOCUS 2

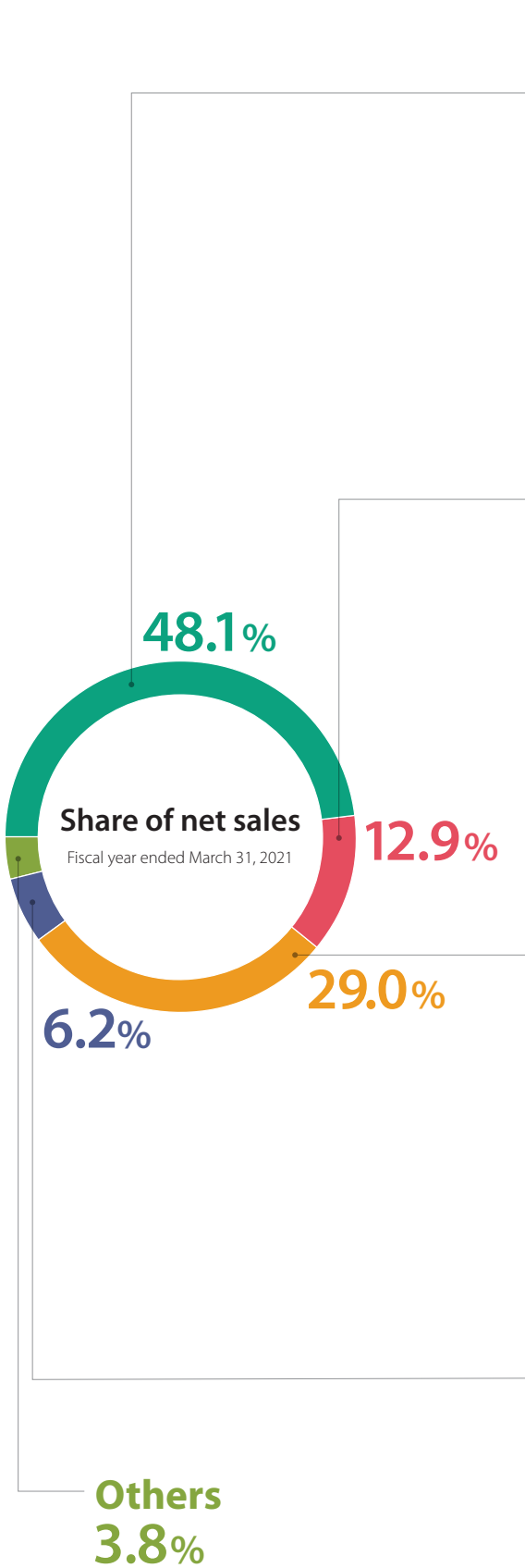
New education in line with the times (p.31)



FOCUS 3

Placing importance on deep respect for people's individuality (p.34)

At a Glance



Education Business in Japan

Education in Japan is the Group's main business, accounting for approximately half of consolidated sales. We aim to use digitalization and the introduction of information and communication technology (ICT) in education as an opportunity for further growth.



Global Kodomo Challenge Business

Keeping our focus on Kodomo Challenge, a correspondence course for preschoolers that draws on the expertise of Benesse, we are pushing ahead with expanding this competitive brand globally.

* Starting in fiscal 2021, we consolidated lifestyle-related businesses, and changed the segment's name to "Kids & Family."



Nursing Care and Childcare Business

The Nursing Care and Childcare business constitutes the number-two pillar of the Benesse Group. We are focusing on improving quality and reinforcing our strategy of regional dominance.



Berlitz Business

One of the largest language-education companies in the world. We are working on drastic structural reforms to become profitable and to expand sales through our new product, "Berlitz 2.0," which makes use of digital technology.



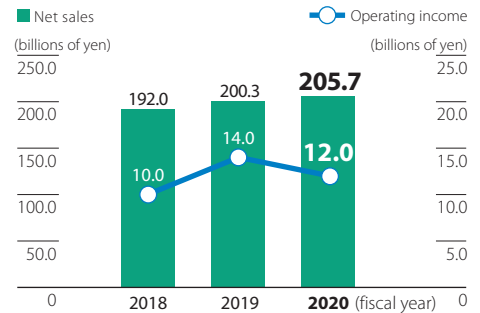
Strengths

- Trust fostered over many years and a formidable base of clients
- A business scale that is number one in the industry, with collective capabilities that cover elementary, junior high and high schools, as well as extracurricular education
- An abundance of educational knowledge which has provided support for bolstering children's motivation and ability to learn on their own
- Diverse personnel and a corporate culture that embodies our customer-centric philosophy

Reflections on FY2020

- ◆ **Shinkenzei Business:**
Significant improvement in retention rate and profitability, due to increased usage rate of digital teaching materials
- ◆ **School and Teacher Support Business:**
The GIGA School Project made a positive contribution to our elementary and junior high businesses, but our high school businesses were impacted by school closures, and our simulated exams business declined to a large extent
- ◆ **Prep School and Classroom Education Business:**
Impacted by school closures, and declined in a major way

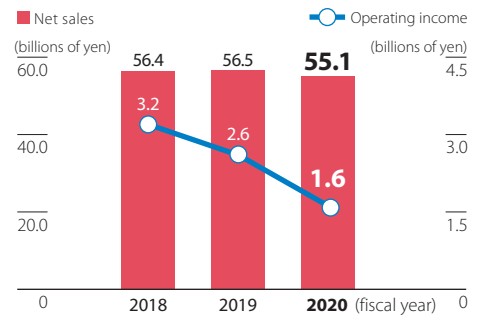
Net sales / Operating income



- Over two million enrollments in Japan and around the world, plus the expertise of 30 years in business educating preschoolers
- The brand power of Shimajiro, which is well-known and well-liked in Japan and internationally
- A curriculum which nurtures students' motivation according to their stage of development
- A solid customer base in businesses related to pregnancy, childbirth, and parenting
- The *Tamahiyo* App, which boasts 450,000 annual downloads

- ◆ In Japan, though our concert business was affected by COVID-19, our business of providing courses is in excellent shape
- ◆ In China, in addition to the impact of COVID-19, the entry of competitors poses a threat

Net sales / Operating income

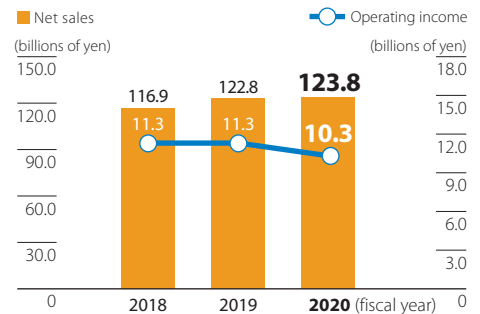


* The figures for the fiscal year ending on March 31, 2019, have been rearranged to reflect the new segments.

- Nursing home management from the residents' perspective, seeking to "place importance on deep respect for people's individuality"
- Benesse Method: Systematized scientific approaches based on 25 years of practical knowledge
- Through deployment of our methods, improved service quality that stands out from the rest
- Strategic hiring and human resources development
- Daycare center and afterschool childcare club management from the children's perspective, seeking to "help children grow as their own unique individuals"

- ◆ Occupancy rate decreased due to the impact of COVID-19, as a result of refraining from operations in the first quarter and an increase in those considering occupancy who decided not to do so
- ◆ Though sales increased due to an increase in the number of locations, income decreased due to the decline in occupancy rate

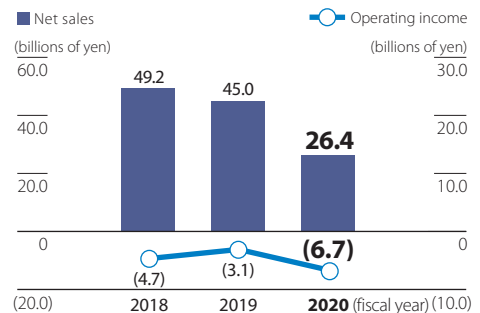
Net sales / Operating income



- 357 language centers in over 70 countries and regions worldwide
- The Berlitz Method of learning a target language through immersion in life situations using that language only, verified as effective with a 140-year track record of success in the world
- Able to offer language learning through intercultural understanding

- ◆ Due to the impact of COVID-19, sales in fiscal 2020 greatly declined
- ◆ Fixed costs were significantly reduced through structural reforms
- ◆ The introduction of Berlitz 2.0 was postponed

Net sales / Operating income



Shinkenzeni Business

Michiaki Yamamoto

Group Executive Officer,
Head of the Out-of-School Learning Business Company of
Benesse Corporation



Business environment and prospects

Levering the digital shift being driven by the COVID-19 pandemic to further evolve towards “Digital + Human Instruction”

Due to the COVID-19 pandemic, fiscal 2020 was a year of greater acceptance and demand for digital education. Led by the improved retention rates for digital Shinkenzeni enrollments, total annual enrollment grew significantly. Shinkenzeni has strengths that competitors do not, such as a track record of roughly two million students and human instruction by “Red-pen teachers,” who use red pens to write advice on students’ work. We believe that through digitization, these strengths will produce even greater value. As educational disparity grows and learning needs become more diverse, we will provide powerful support for the education of each and every customer by combining digital personalized instruction and human guidance.

Opportunities

- Greater acceptance and demand for digital education due to the COVID-19 pandemic
- Wider range of learning needs due to differing values and diversification of entrance exams

Risks

- ◆ Market contraction due to the decreasing birthrate
- ◆ Lower barriers to entry due to acceleration of educational DX and greater competition as a result

Growth strategy

(1) Improved retention rates for digital course enrollments

We aim to further improve retention rates and refine our blended learning, which combines digital learning which can be tailored to the goals and proficiency of individual users with human instruction, which motivates learners.

(2) Marketing reforms

In conjunction with our digitization of instructional materials, we will shift our marketing approach from its current direct mail-focused model to one that uses digital technologies. Furthermore, through our “Learning Pocketbook” support app for parents, we will provide parents with information regarding

education and career advancement and enable them to experience actual instructional material use. Through this, we will expand our customer contact points and build ongoing relationships.

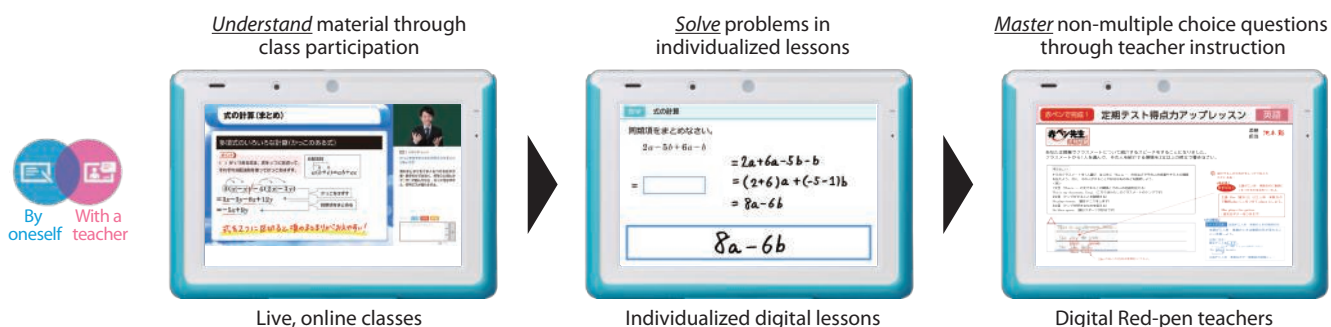


“Learning Pocketbook”

(3) Meeting diverse learning needs

Using the platform provided by our dedicated tablet computers, over 500,000 of which are provided to new enrollees each year, we will provide diverse study content and further expand business. The first of these efforts was the creation of a programming course in fiscal 2021, which is off to a strong start with 30,000 enrollments.

Launch of blended learning through Shinkenzeni



School & Teacher Support Business

Kenji Yamakawa
 Group Executive Officer,
 Head of the School and Teacher Support Business Company of
 Benesse Corporation



Business environment and prospects

Recovering from the impact of the COVID-19 pandemic and aiming for further “Mirai Seed” growth

In fiscal 2020, the suspension of school due to the COVID-19 pandemic had a major negative impact, especially for our senior high school business. However, the implementation of the GIGA School Project, in which every elementary school and junior high school student would be provided with a computer, was accelerated, so the market for software used in schools has grown. The number of schools using our “Mirai Seed” dedicated programming content has also grown. As of April 2021, roughly 6,000 schools are using Mirai Seed. In fiscal 2021, we aim to recover from the impact of the COVID-19 pandemic and achieve further Mirai Seed growth.

Opportunities

- Rising need for individualization due to the diversification of entrance examinations
- GIGA School Project and the use of ICT in school education

Risks

- ◆ Overworking of educators and handover to next generation
- ◆ Paradigm shifts in school education, such as support for new courses and COVID-19 countermeasures

Growth strategy

(1) GIGA School Project status and related measures

Under the GIGA School Project*, all of the students in roughly 30,000 elementary and junior high schools in Japan will be supplied with a computer. Currently, we provide Mirai Seed, paid tablet computer learning software, to roughly 3 million users in 7,000 schools. It has been recognized for its service design, which makes it easy to use in educational settings, and its ICT support system, which provides assistance with utilization. As a result, the number of schools using Mirai Seed is steadily growing. We will further promote this growth, and plan to have Mirai Seed used in 8,000 schools by the end of this fiscal year.

* This initiative, promoted by the Ministry of Education, Culture, Sports, Science and Technology, aims to create educational ICT environments that nurture creativity through individualized and optimized instruction through the use of devices, one of which is supplied to each individual student, and high speed networking environments.

GIGA School Project status and related measures

Percentage of schools with one computer for each student

97% of elementary and junior high schools

Percentage of schools using paid educational software

Approx. 60%

Primarily in Tokyo area, cities designated by government ordinance, and major urban areas

Approx. 40%

(introduction of software will expand in future, primarily in provincial regions)

The number of schools using Mirai Seed is growing

Approx. 6,000 schools (2.4 million students) are using Mirai Seed (as of April 2021)
 Usage rates are rising, supported by the sense of security offered by our roughly 900 ICT supporters

» We plan to increase this to 8,000 schools by the end of the current fiscal year

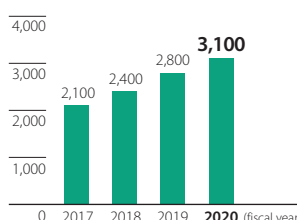
» For details regarding Mirai Seed, see page 32 Focus 2

(2) Expansion of platform business for schools

Every year, a growing number of schools are using Classi, the cloud-based learning assistance platform service that supports the shift to ICT in school education, and EDUCOM, a system which provides integrated support systems for school affairs in elementary and junior high schools. In order to further enrich the offerings of our Classi service, we are integrating it with other assessment services offered by the Group and promoting individualized learning. With the EDUCOM school support system, our policy is to support day-to-day instruction using ICT, such as by providing school life notebooks and integrating with related services like Mirai Seed.

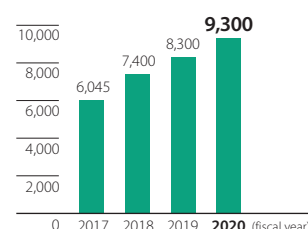
Classi

No. of schools using Classi



EDUCOM

No. of schools using EDUCOM



* Figures include only elementary and junior high schools.

Prep School and Classroom Education Business

Kenji Yamakawa

Group Executive Officer,
Head of the School and Teacher Support Business Company of
Benesse Corporation



Business environment and prospects

Completion of a classroom + video classes/online structure for the post-COVID-19 era. Providing individualized, optimized education

In fiscal 2020, due to the spread of COVID-19, we had to refrain from sales activities in advance of the start of the new school year in April. This had a major impact, such as a drop in the number of students enrolled as of the start of the fiscal year and the temporary closure of preparatory schools and classrooms. In fiscal 2021, as of April, our enhancements to our new student recruitment efforts have proven successful, and the number of enrollments now exceeds that of fiscal 2019, pre-COVID-19. Furthermore, in the midst of the ongoing COVID-19 situation, each company has completed its preparation of online systems.

Opportunities

- Improve convenience for students through use of online instruction
- Online instruction will enable distinctive preparatory schools to attract students from a wider area

Risks

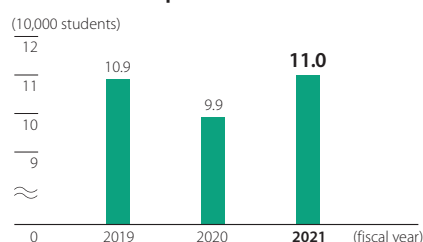
- ◆ Online instruction may lower the barriers to entry
- ◆ The acceleration of education digitization may blur the lines between school, prep schools, and home teaching, resulting in greater competition

Growth strategy

(1) Rapidly recover from the impact of the COVID-19 pandemic

The number of enrollments in Group prep schools as of April 2020 fell significantly year-on-year due to the suspension of new operations and the temporary closure of classrooms due to COVID-19. However, the number of enrollments has recovered steadily since then, due to the fruit of our infection countermeasures, improvements to student service satisfaction, reinforced recruitment measures, and other measures. In April 2021, we began the new academic year with 110,000 enrollees, and we expect to see a full and rapid recovery for the full year.

Number of enrollees in Group prep schools as of April



(2) Reinforcement of hybrid strategy through use of online education

Each of the Group companies are expanding and enriching their video and online offerings given the long duration of the COVID-19 pandemic and the establishment of a "new normal." Shinkenzenmi individual tutoring lessons are already being offered online, and we have begun providing online and video lessons through our BE Studio English classrooms. We plan to further increase our growth in fiscal 2023 and beyond, with an eye towards expanding the regions in which we do business by using online approaches and offering hybrid services.

Highlights of hybrid strategy for achieving growth in the midst of the COVID-19 pandemic

(1) Improved contract signing rate

Make up for decrease in inquiries through initiatives such as enabling prospective customers to experience prep schools online

(2) Hybrid proposals

Provide effective hybrid proposals for class attendance based on conditions in individual homes

(3) Improve level of video/online and hybrid services

Improve level of programs, instructional materials, and instructors in order to produce more effective learning

Kids & Family Business

Kids & Family Business

Haruna Okada

Group Executive Officer,
Head of the Kids & Family Business Company of
Benesse Corporation



Business environment and prospects

Merging of Tamahiyo and Kodomo Challenge organizations into a “first contact brand” to expand customer contact points and provide wide-ranging support

While the spread of COVID-19 in fiscal 2020 resulted in the suspension of course operations in China and the cancellation of concerts in Japan, China, and Taiwan, the rates of usage of instructional materials, including the *Shimajiro Club* App, rose, and retention rates remained stable and strong. In China, new companies entered the market, and competition grew even more fierce. In fiscal 2021, in order to achieve the targets of the new Mid-Term Management Plan, the organizational structure in Japan has been changed to promote even greater customer retention and new customer development. In China, as well, digital contact points are being reinforced, the sales structure is being revamped, and a multilevel structure is being applied to products.

Opportunities

- Japan: Increased use of digital technology in childcare, diversifying customer values
- China: Acceleration of digital technology usage, growth of e-commerce

Risks

- ◆ Japan: Further decline in birth rate, increased digital competition
- ◆ China: Further decline in birth rate, intensifying competition, moves towards placement of restrictions on education businesses

Growth strategy

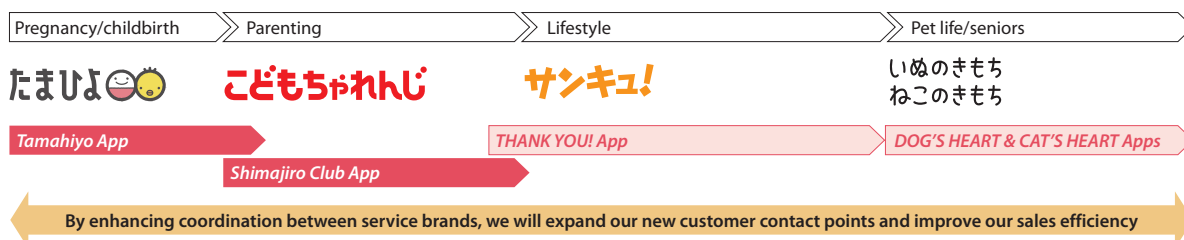
(1) Japan: Integrate and reinforce Tamahiyo and Kodomo Challenge businesses

In April 2021, we merged businesses such as our Tamahiyo and Kodomo Challenge businesses into the Kids & Family business in order to strengthen our customer contact points. Our goal is to use the *Tamahiyo* App, which is very popular among pregnant customers (450,000 downloads per year), to lead into the use of the *Shimajiro Club* App. We will meet new needs by providing services tailored to individual customer life stages, thereby establishing relationships with them, reinforcing existing businesses, and developing new businesses.

(2) China: Redesign of strategy based on business environment

In China, the use of digital content in early childhood education is rapidly growing. However, the influx of new market players due to heating up markets and resulting in fierce competition. Furthermore, while the e-commerce market is growing, our sales are primarily conducted through shops and by phone, so our sales efficiency is falling. Given this, we are redeveloping our strategy with an eye on the business environment. We are transforming our sales structure by making product improvements, growing e-commerce, expanding our digital contact points, leveraging data, and other initiatives.

Reinforcing the value we provide, aligned with our customers, and expanding our world of offerings



FOCUS 1

Supporting learning and growth in every environment

Ensuring that learning goes on despite the COVID-19 pandemic



The spread of COVID-19 had a tremendous impact on children's education in fiscal 2020. The Benesse Group is implementing a wide range of initiatives to support children's growth and learning.

How Benesse can help in the midst of the pandemic

The COVID-19 pandemic has caused confusion and disarray throughout society, resulting in temporary daycare center and school closures and forcing changes to school curricula. The Benesse Group has been quick to respond by implementing support activities to ensure that children's educations are not interrupted. These activities have been carried out through Shinken-zemi, Kodomo Challenge, preparatory schools, English classrooms, and other businesses in the Benesse Group. We have also developed a variety of instructional materials, content, and services, some of which are provided free of charge to the general public, not just enrollees. At the heart of these activities

has been the firm desire among each and every employee to alleviate the concerns of children and family members and to help solve the problems they face. Even before the COVID-19 pandemic, the Benesse Corporation has responded to the dramatically changing environment by examining its own purpose and principles (judgment standards and behavior standards), putting them into words. We have been able to speedily take on the challenges presented by COVID-19 due to our thorough application of our purpose and principles. We will continue to give our full attention to our customers, providing value as only Benesse can.

The state of society through the COVID-19 pandemic and the support offered by Benesse

	2020 Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Major events			3/2- Elementary, junior high, and senior high schools temporarily closed nationwide	4/7- School closures extended due to state of emergency declarations		6/1- Classes resumed at elementary, junior high, and senior high schools nationwide						
Support for parents and young children			Kodomo Challenge • Opened "Together with Shimajiro! Web Challenge Daycare" • Opened "Online Kindergarten"	Tamahiyō • Opened "Tamahiyō - Making it Through the Pandemic" special support website for expecting mothers		Kodomo Challenge • Opened "Online Summer School," offering classroom lessons in eight fields, including experimentation, athletics, art, and English	Kodomo Challenge • Held "Cheers with Vegetables PARTY 'Online Extracurricular Lessons'" in collaboration with Kagome Co., Ltd. and children's cafeterias	Kodomo Challenge • Streamed popular music that children can enjoy at home	Kodomo Challenge • Streamed "Home Happy Halloween" online show, free of charge, to provide children with expressive opportunities			
Support for elementary, junior high, and senior high school students			Elementary, Junior High, and Senior High School Shinken-zemi • Began providing "Spring practice drill booklets" free of charge Junior High School Shinken-zemi • Began offering "Online Shinken-zemi Classes"	Elementary and Junior High School Shinken-zemi • Opened "Today's Schedule" online classroom Senior High School Shinken-zemi • Launched interactive online classes	Elementary and Junior High School Shinken-zemi • Offered "Nationwide Assessment Tests" free of charge • Provided "Individual Review Drills" free of charge	Senior High School Shinken-zemi • Launched "Online Open Campus" due to cancellation of in-person open campuses						
Other businesses	Prep schools and classrooms • Suspended face-to-face classes (in stages) Afterschool childcare • Expanded operation hours	Class Benesse • Online services for junior high school students Held "StudyCast Workshops"	BE Studio • Began streaming "Online Lessons" and "Video Lessons"	Prep schools and classrooms • Opened "Overseas University Advancement and Study Abroad Lab" and offered online workshops for students planning to study overseas	Prep schools and classrooms • Route H and Tetsuryokukai jointly held "U.S.-Japan Top University Online Summer School" • UP Educational Project's Eigokan offered "English Study Method Seminar" and "Overseas University Advancement Seminar" online, free of charge • Ochanomizu Seminar offered online seminar, free of charge	Benesse Education Information Forum • Free Benesse Education Information Forum service offered to help solve the problems faced by students preparing for entrance examinations in the midst of the COVID-19 pandemic	Prep schools and classrooms • Benesse Tetsuryokukai Individualized Education Center expanded web course offerings	Benesse Education Information Forum • Senior High School Entrance Exam Seminars for individual prefectures held in collaboration with 27 prep schools and classrooms nationwide	Benesse Education Information Forum • "Uniform Test for University Admissions In-depth Analysis Festival" online explanation event held free of charge			

Shinkenzeni

Providing free instructional materials and programs that meet changing needs

In response to rising concerns about disparities in educational abilities as the result of schools nationwide being shut down for a long period of time, Shinkenzeni carried out a variety of activities. These included offering "Nationwide Assessment Tests" that could be taken at home, providing "Individual Review Drills" linked to the results of the assessment tests, providing "Spring practice drill booklets" for elementary, junior high, and senior high school students that covered three semesters of material, and offering "Today's Schedule" online classrooms, which enabled participants to maintain their life and study rhythms during the long school closure period. All of these were provided to students free of charge. Questionnaires were administered on a daily basis, and instructional materials and programs were provided that addressed the concerns felt by users and their families.

The decision to offer the "Spring practice drill booklets" free of charge was made on the day that the school closures were announced, and we received 100,000 applications on the first day that registration was open. The schedule was a grueling one, with instructional materials being prepared while reservations were in progress, but Shinkenzeni employees and partner companies worked together as one and succeeded in delivering the materials in just one week. We will continue to place great value on our ability to immediately address changing needs while thoroughly maintaining our unique Shinkenzeni focus on the student experience.

Spring practice drill booklets



Hiroshi Mizukami
Brand Communication Department
Benesse Corporation

Kodomo Challenge

Online Kindergarten provides support to children and parents while daycares are closed

Numerous kindergartens and daycare centers across Japan closed in order to prevent the spread of COVID-19, so children spent a greater amount of time at home. Benesse responded to this by opening its Online Kindergarten in March 2020.

The Online Kindergarten distributed educational and video content, including "brushing teeth," "washing hands," "singing," "dancing," and "intellectual training," matched to a daily schedule made with the supervision of experts. It was designed to enable children to have fun and learn, just like they would in kindergarten or daycare, from within their own homes. Furthermore, it also provided exercise content to help refresh parents working at home. Over a two month period, the content was viewed by over 600,000 people, and we received wonderful feedback, such as "Thanks to the Online Kindergarten, I was able to accomplish a lot while working from home" and "The program helped my children maintain their daily rhythm while the kindergarten was closed." The situations surrounding parents and children is likely to continue to change, and we plan to meet these changes by providing instructional materials that offer new value.

Streamed content was matched to the day's schedule



Reona Yamada
Nursery Department
Benesse Corporation

FOCUS 2

New education in line with the times

Fusing people and digital technology as only Benesse can



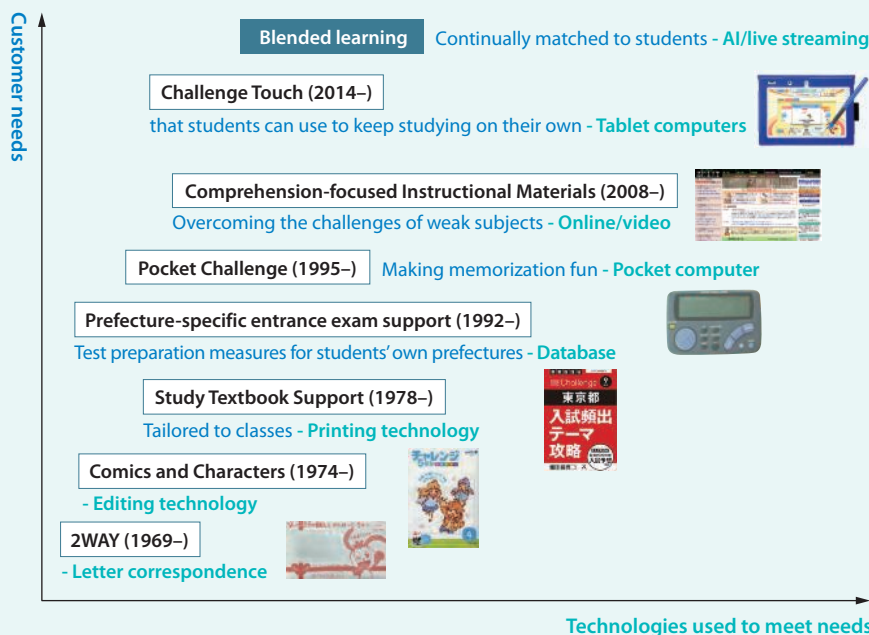
The Benesse Group provides cloud services that support the use of ICT in elementary, junior high, and senior high schools nationwide from a variety of approaches. We leverage the strengths of our educational platform, providing dedicated learning tablet computers to more elementary and junior high school students than any other company, and our tutelage abilities, cultivated over many years, to develop and provide products and services that only our Group can.

Combining the strengths we have cultivated with digital technology to take our services to the next level

Benesse aims to accelerate the digitization of education, thereby meeting the need for personalized services tailored to individual students' educational abilities and motivation, together with diverse educational needs. The number of companies entering the market from other industries is rising. Our sources of competitive superiority are the three strengths of our tutelage abilities, our educational knowledge, and our customer base, which we have developed through our educational services. Our tutelage abilities include our roughly 9,000 "Red-pen teachers" and instructors from Group preparatory schools. Our educational

knowledge includes the expertise and content we have developed through our over five decades of instruction experience and the results of studies and research by the Benesse Educational Research and Development Institute (BERD). Our customer base is an asset made up of the enrollment history of Shinkenzemi, assessment data from Shinken Simulated Exams, and our contact points with schools nationwide. By combining these strengths with digital technologies, we can further enhance our competitive superiority and achieve our educational ideals.

The history of technology use by Shinkenzemi



The strengths of Benesse's educational business

Tutelage

- Number of Red-pen teachers: Approx. 9,000
- Abundance of instructors in Group prep schools: Approx. 8,000
- Course supporters (former Shinkenzemi students): Approx. 13,000

Educational knowledge

- Expertise and content developed over the course of more than five decades
- Assessment know-how
- Studies and research by the Benesse Educational Research and Development Institute

Customer base

- Roughly 2 million current and former Shinkenzemi enrollees
- Assessment data: Total number of takers of Shinken Simulated Exams, etc.: Approx. 9 million/year
- Contact with schools we do business with roughly 90% of schools

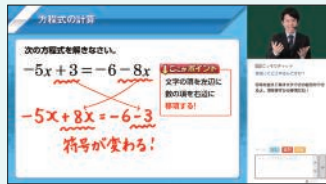
Shinkenzeni

Combining “instruction that motivates students” and “personally tailored digital learning” to improve customer satisfaction

Of the roughly 400,000 students currently enrolled in our Shinkenzeni Junior High School Courses, about 70% are using our hybrid style, combining dedicated tablet computers and textbooks. The growth of tablet computer-based learning has made it possible for us to speedily provide students with education proposals that are personally tailored to meet, for example, students’ academic levels and frequency of school club activities. In April 2021, we introduced proficiency scores, which use learning data to predict test scores and generate study plans for reaching and surpassing target scores. In August, we applied AI to historical data regarding past initiatives to identify which lessons increase proficiency scores the most and offered those lessons during the summer break. Furthermore, our weekly bidirectional online live classes are improving students’ motivation, creating a weekly study rhythm, and enabling teachers to explain questions that are hard for students to understand on their own and to answer individual students’ questions. By creating a study cycle that fuses digital technology with human instruction, we aim to improve instructional material utilization rates and ongoing use.



Generating study plans based on proficiency scores



Bidirectional online live classes



Itsuko Yamane

Department Chief, Shinkenzeni Junior High School Courses Department
Benesse Corporation

School and Teacher Support

Developing independent, interactive, deep study among the students that will shape the future

Thanks to the GIGA School Project, almost every elementary and junior high school student has been assigned their own digital device, and digital study in schools is shifting from the device ubiquity to the device usage phase. Our tablet learning software, Mirai Seed, is notable not only for the drills it provides and its ability to enable opinion-sharing in class, but also for supporting the entire process from data collection to effectiveness verification. We hope that the tablets help students organize and share their ideas, stimulating group work and class-wide discussions and expanding the use of active learning classes.

In the future, we plan to use Mirai Seed to further collaborate with local municipal governments with the aims of helping schools and governments realize their educational ideals and enabling all students to actively and independently engage in learning, anywhere, at any time.



Hirotaka Koyanagi

Department Chief, Elementary and Junior High School Business Department, School and Teacher Support Business Company
Benesse Corporation

Mirai Seed all-in-one software for tablet education



Nursing Care and Childcare Business

Nursing Care and Childcare Business

Shinya Takiyama

Director and Group Executive Officer
Head of the Nursing Care and Childcare Business Company
Representative Director and President of Benesse Style Care Co., Ltd.



Business environment and prospects

Steadily implementing the strategies of the Mid-Term Management Plan while addressing the COVID-19 situation

In fiscal 2020, we added nine nursing homes and increased sales, but occupancy rates fell due to the COVID-19 pandemic. COVID-19 is continuing to spread as of August 2021, but we are thoroughly and consistently implementing infection countermeasures, making them our highest priority, as we steadily implement the strategies of our Mid-Term Management Plan, such as increasing the number of nursing homes, cultivating human resources with a focus on developing expertise, and expanding peripheral businesses.

Opportunities

- Increasing elderly population in big cities
- More recipients of nursing care services covered by nursing care insurance
- Growing need for nursing care personnel referrals

Risks

- ◆ Spread of COVID-19
- ◆ Serious shortage of nursing care and daycare staff

Growth strategy

(1) Increasing the number of nursing homes

We are opening roughly 10 new nursing homes per year, primarily in highly urbanized areas. In the future, we will reinforce efforts related to our distinctive, high-end nursing homes, increase our dominance, and expand in untapped areas in coordination with our hiring strategies, steadily increasing the number of nursing homes we operate.

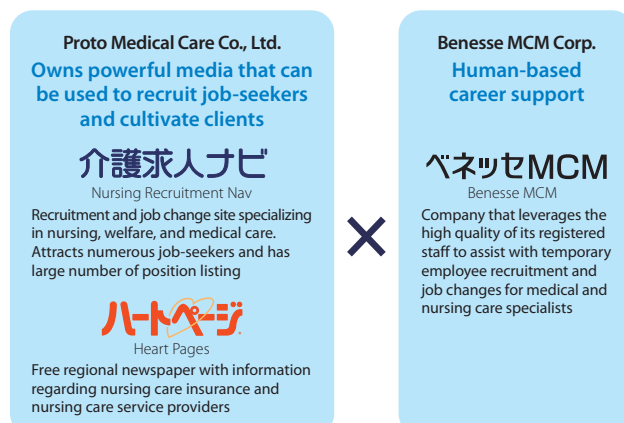
(2) Cultivating human resources with a focus on developing expertise

In the nursing care industry, increasing retention rates is important to achieving stable operation. Benesse Style Care raised wages in fiscal 2019 and established an internal certification system for certifying expertise related to dementia, nursing technologies, safety management, and reoccurrence prevention. It introduced a new human resources system that linked expertise and wages. By providing individual employees with greater expertise, we aim to provide them with a sense of growth, recognition that they are professionals, a stronger feeling that their work is rewarding, and greater motivation. We believe that this will improve the quality of the service they provide and thereby enhance our competitive superiority.

(3) Expanding peripheral businesses

Our strategy in the nursing care field is to steadily grow our nursing home management business while also expanding peripheral business. Based on this policy, in June 2021, we acquired all of the shares of Proto Medical Care, which engages in human resource business in the nursing, welfare, and medical fields, turning it into a wholly-owned subsidiary. We plan to achieve non-continuous growth in the human resource referral business, led by Proto Medical Care. We will also work to develop "Benesse Sensing Homes," which leverage technology, and create a "Benesse Sensing Home" method.

A human resource business specializing in nursing and medical care that leverages the strengths of both companies



FOCUS 3

Placing importance on deep respect for people's individuality

Using technology to improve QOL



Benesse's combination of nursing care and technology emphasizes improving the QOL of residents and making more time for staff members to interact with residents, stimulating new discoveries. We use technology to support the people that provide care, constantly evolving so that we can provide even better services.

Benesse Style Care **Bringing together a wealth of data and implicit workplace knowledge to improve the skills of all staff members**

In 2017, we developed the Service Navigation System, a recordkeeping platform for nursing and caregiving. By digitizing and collecting data on nursing and caregiving, we have been able not only to improve operation efficiency and prevent accidents from reoccurring, but also to foster new realizations regarding residents. We are making further advances in technology usage, and are in the process of preparation and development work aimed at introducing "Sensing Homes," which utilize sensors throughout nursing homes, in 2022.

Sensing Homes will combine the data we have accrued through our Service Navigation System with the results of analysis of data regarding residents acquired through the use of sensors, such as data regarding their sleep and excretory activity. AI will be applied to these data to perform analysis and make optimal care predictions. Furthermore, we are raising the skill level of staff members across the board by sharing information with staff whose high level of expertise and ability has been recognized with our "Majikami" internal certification system, and by turning their implicit knowledge into explicit knowledge.

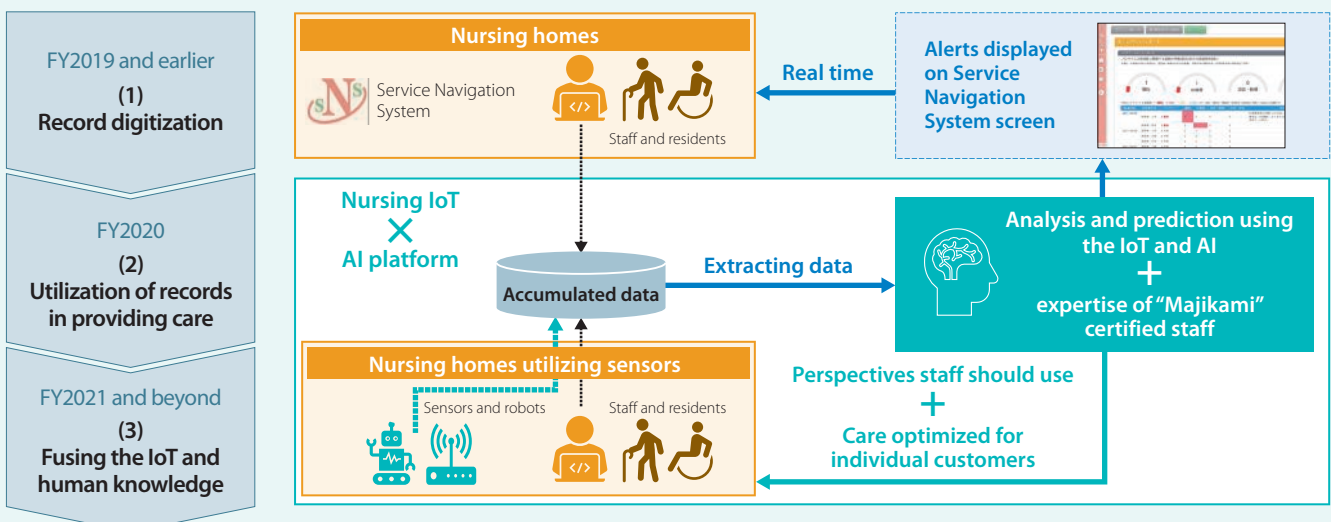


Ken Iwaida
General Manager, Service Promotion Division
Executive Officer, Benesse Style Care Co., Ltd.

Selection to participate in AMED's Project to Promote the Development and Standardization of Robotic Devices for Nursing Care (Development Support)

Benesse Style Care was selected to engage in nursing care operation system development as part of the Project to Promote the Development and Standardization of Robotic Devices for Nursing Care (Development Support) being conducted in fiscal 2021 by the Japan Agency for Medical Research and Development (AMED). It will receive subsidies over the course of at least three years as it accelerates system development.

The evolution of our service navigation



Berlitz

Business environment and prospects

Rapidly determining potential for achieving profitability in fiscal 2022

In fiscal 2020, in the midst of structural changes spanning several years, the COVID-19 pandemic placed further negative pressure on business results. Berlitz uses the Berlitz Method, which has a consistently strong reputation for language learning efficacy, and a high level of brand recognition. However, at the same time, it has dealt with the difficulties that come with operating in over 70 countries and regions. Furthermore, it had fallen behind in its product and marketing digitization. Just when the product and marketing reforms were on the point of producing returns, the global COVID-19 pandemic placed major restrictions on face-to-face lessons, overseas study, and the like. Due to this, both sales and profits fell significantly in fiscal 2020.

Opportunities

- Language learning needs are increasing around the world due to the globalization of business
- Medium- and long-term economic growth is driving an increase in the number of people studying abroad

Risks

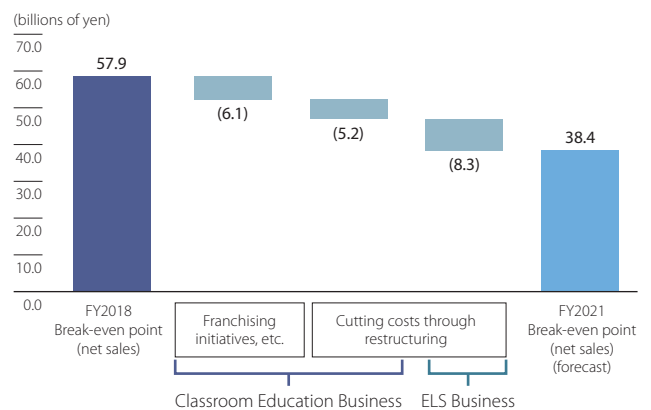
- ◆ Diversification and intensifying competition in products and services due to the shift to digital mediums
- ◆ COVID-19 related restrictions on face-to-face lessons and overseas travel for business and study purposes, etc.

Growth strategy

(1) Clarify roadmap to achieving profitability in fiscal 2022

The additional structural reforms implemented in fiscal 2020 succeeded in bringing down costs in fiscal 2021 compared to the previous year. Restructuring measures have also significantly lowered the break-even point. Implementation of the new online foreign language courses was completed in the first half of fiscal 2021, and we have begun offering a new program worldwide. Through this, we aim to accelerate digital marketing and operating reforms and to increase sales, primarily in the online and digital areas. At the same time, we will also identify the roadmap to achieving profitability.

Break-even point (net sales)



Key online and digitization points

Establishment of a shared global platform

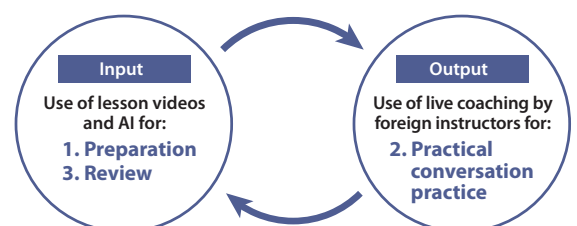
- Instructors around the world provide classes online
- Seamless platform connectivity, from customer contact point front office systems to back office systems
- Operation automation

Product reforms

- Reform Live Online class provision system
- Provide autonomous digital learning products which use AI and voice recognition (**Berlitz Flex**)

Marketing

- Recruit marketing experts from Google, Facebook, etc. Leverage shared global CRM and deploy digital marketing best practices throughout the organization





Environment



Social



Governance

Part 3

Enhancing Operational Resources

Corporate Governance

Corporate governance

The Company continuously appoints both directors in charge of business execution and multiple, highly independent outside directors. This ensures that meetings of the Board of Directors consist of lively, multifaceted discussions that go beyond internal circumstances and that the supervisory function of the Board of Directors is maintained and improved. It also ensures that the Company conducts effective audits by standing Audit & Supervisory Board Members who are knowledgeable about the Company and by outside Audit & Supervisory Board Members who are attorneys or certified public accountants.

Board of Directors

In principle, the Board of Directors, led by an outside director, meets monthly to deliberate on matters important for the management of the Company and the Benesse Group, make key management decisions, and supervise the business execution of the operating companies. Since 2003, the Company has appointed multiple outside directors. Four of the Board's eight directors are outside directors (all of whom are independent outside directors). By appointing multiple directors and multiple highly independent outside directors, the Company assures the Board's supervisory function and executes business appropriately.

Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee as an advisory committee to the Board of Directors. The chairman is an outside director and the majority of the Committee's members are outside directors. In the appointment and dismissal of directors and of the director and president/CEO, the Committee deliberates and submits its opinion to the Board of Directors, which makes the final decision.

The Committee also deliberates on the compensation system for directors and submits its opinions to the Board of Directors. It is delegated by the Board of Directors to decide the compensation of individual directors.

Management Council

The Management Council is chaired by the COO and attended by heads of companies, those responsible for administrative divisions, and individuals designated by the CEO or the COO. Group management leaders share important issues and information and deliberate on important matters for the Group.

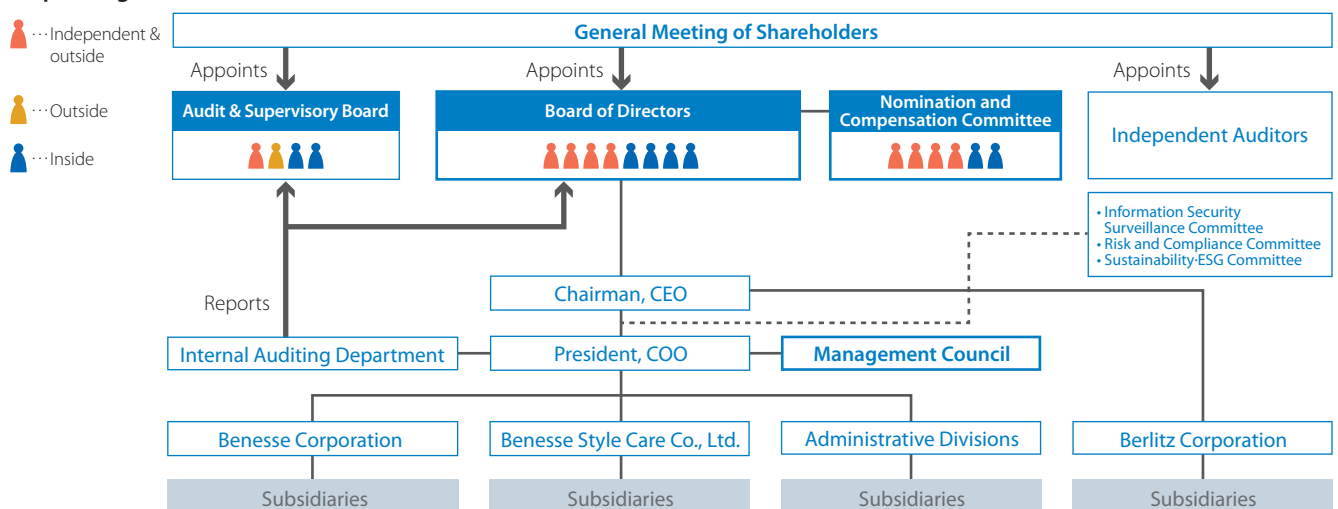
Audit & Supervisory Board

In accordance with the Audit and Supervisory Board Member Auditing Standards, the policy of the Audit & Supervisory Board is to assume responsibility for establishing a good corporate governance structure worthy of the trust that society places in the Company, with emphasis on preventive auditing. The Company also conducts effective audits via standing members of the Board who are knowledgeable about the Company, and via outside Board members who are attorneys or certified public accountants.

The Board meets once a month, in principle, and individual Board members share their awareness of key management issues by attending important management meetings such as Board of Directors, Nomination and Compensation Committee, and Management Council meetings, and by exchanging opinions with senior management. Two standing members of the Board and one part-time member also serve as auditors for major subsidiaries while actively receiving verbal business reports and the results of investigations of business conditions by operating companies.

In addition to appointing two dedicated audit staff members to enhance its audit system, the Company has established the Benesse Group Audit Committee (which also includes standing members of audit & supervisory boards at subsidiaries) to strengthen cooperation among the Group's audit systems.

Corporate governance structure



Improving the effectiveness of the Board of Directors

In fiscal 2015, the Company began carrying out an annual assessment of the Board of Directors. Since fiscal 2016, the findings of these assessments have been used to make improvements to the Board of Directors.

In fiscal 2020, as well, a questionnaire was administered to all 14 directors and members of the Audit & Supervisory Board. Outside experts also interviewed all of the directors and members of the Audit & Supervisory Board. Based on the results, the Board's effectiveness was analyzed and the Board evaluated itself and deliberated concerning the results. The questionnaires and interviews found the Board of Directors to have maintained a high level of effectiveness and confirmed that the Board engages in substantive discussions. However, they also confirmed further issues to be tackled in order to raise the effectiveness of the Board of Directors and continue increasing the Company's value. These issues will be resolved through further deliberation by the Board of Directors.

1) Questionnaire evaluation

Survey Period: March 2021

Response Format: Five-stage evaluation + comments/respondents identified by name

Evaluation items: (1) Overall evaluation of the Board of Directors
 (2) The composition of the Board of Directors
 (3) The operations of the Board of Directors
 (4) The quality of Board discussions
 (5) Information provision and training
 (6) Dialogue with shareholders and investors

2) Individual interviews

Survey Period: March to April 2021

Confirmation and further examination of each person's responses to the questionnaire, as well as individual interviews by outside experts about other issues.

FY2020 initiatives and future actions

FY2020 initiatives

Efforts were focused on the following items based on the results of the previous questionnaire. In the process of preparing the medium-term management plan, in addition to the Board of Directors meetings, members of the Board held three offsite meetings for intensive discussions where there was a lively exchange of opinions.

- Ongoing discussions about management strategy and capital policy from medium- and long-term perspectives
- Increased sharing of and discussion about non-financial information and sustainability
- Ongoing precautionary discussions about risks that could impact the group as a whole

Overview of the FY2020 assessment

High level maintained

- Thorough support is given to outside directors and to members of the Audit & Supervisory Board by means of practices such as various types of briefings and the holding of officer study sessions. As a result, directors and Audit & Supervisory Board Members are able to put their experience and expertise to work, rendering the discussions of the Board of Directors free, open, and constructive.
- Group strategy, the medium-term management plan, and group performance are actively discussed for the purpose of increasing corporate value.

Issues to be further addressed

- Ongoing review of the business portfolio and discussion regarding the allocation of management resources
- Discussion regarding succession planning for representative directors and management compensation
- Discussion regarding ESG and sustainability initiatives
- Enhanced dialogue with shareholders and investors and improved feedback to management

FY2021 initiatives based on the results of the evaluation

It was confirmed that focused efforts would be made to address the following issues.

- (1) Monitor the medium-term management plan
- (2) Discuss nominations and compensation
- (3) Discuss ESG and sustainability initiatives
- (4) Discuss improving diversity and inclusion
- (5) Enhance dialogue with shareholders and investors and improved feedback to management
- (6) Increase discussion time in order to facilitate the above-mentioned discussions by carefully selecting board meeting proposals. Promote free and open discussion by increasing opportunities for dialogue among members of the Board of Directors through participation in various events including preliminary briefings and executive study sessions

Corporate Governance

Composition of directors and how they are appointed

The Company employs the following method of appointing directors in order to ensure proper supervision over management from the standpoint of achieving sustained growth for the Benesse Group.

- **Number of Board members**

No more than 10 directors.

- **Diversity**

The Board seeks to maintain a good balance among its directors, appointing directors with diverse types of expertise and experience without being too heavily weighted in any specific field. The Company is appointing female directors and ensuring diversity in terms of gender. The Board is also improving the effectiveness of its supervision by appointing multiple outside directors who have experience in managing companies or who have high levels of insight and expert knowledge in sectors such as global business and IT/digital technology, in which the Company aims to grow in the future.

- **Outside directors/independence**

In order to ensure proper supervision over management, at least half of the Board is composed of outside directors, and at least one-third is composed of independent outside directors.

- **Requirements of directors**

Directors, who possess the expertise and knowledge necessary to address medium- and long-term management issues and social issues (see the skill matrix on p. 44), must also satisfy the following requirements, which have been established to ensure that they can properly handle their roles

1. Deep understanding and empathy for the corporate philosophy of the Benesse Group
2. Outstanding leadership befitting of a manager
3. Outstanding character and insight, as well as mental and physical health
4. Meets legal requirements for eligibility as a director

- **Appointment process**

The Nomination and Compensation Committee, which is chaired by an outside director and the majority of whose members are outside directors, deliberates on the nomination of directors and submits its opinion to the Board of Directors, which then makes a final decision. This format ensures transparency, fairness, and objectivity in the appointment of directors.

Reasons for the appointment of outside directors and Audit & Supervisory Board Members

Directors of the Board

Katsumi Ihara	Mr. Ihara has acquired extensive company management experience and knowledge at global companies and as an outside director at other companies. As chair of the Board of Directors and the Nomination and Compensation Committee, he is drawing on this experience and knowledge to contribute to the improvement of the transparency of the decision-making processes used in managing the Company.
Mutsuo Iwai	Mr. Iwai has acquired extensive company management experience and knowledge at global corporations. He is drawing on this experience and knowledge as a member of the Board and the Nomination and Compensation Committee to contribute to the improvement of the transparency of the decision-making processes used in managing the Company.
Yumiko Noda	Ms. Noda has extensive management experience and expert knowledge in finance. The Company believes she will be able to draw on this experience and knowledge in her role as outside director to contribute to the Company's sustainable growth and enhance its medium-to-long term corporate value.
Kohey Takashima	Mr. Takashima has extensive company management experience and expert knowledge in e-commerce. The Company believes he will be able to draw on this experience and knowledge in his role as outside director to contribute to the Company's sustainable growth and enhance its medium-to-long term corporate value.

Audit & Supervisory Board Members

Eiichi Izumo	Mr. Izumo, formerly a partner at Deloitte Touche Tohmatsu LLC, possesses the professional knowledge of a certified public accountant and experience acquired by working with many different companies in various roles as an auditor and consultant. Utilizing this knowledge and experience, he actively provides opinions and recommendations on important matters for the management of the Company in the Board of Directors and the Audit & Supervisory Board.
Miyuki Ishiguro	Ms. Ishiguro has considerable practical experience and advanced insight into corporate affairs law as a partner in a major law firm, as well as experience as an outside officer in other companies. In the Board of Directors and the Audit & Supervisory Board, she draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company. The Company therefore judges that she is capable of continuing to appropriately perform her duties as an outside audit & supervisory board member.

* Please see our website for the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members.
https://www.benesse-hd.co.jp/en/about/management/corp_governance.html

Officer compensation

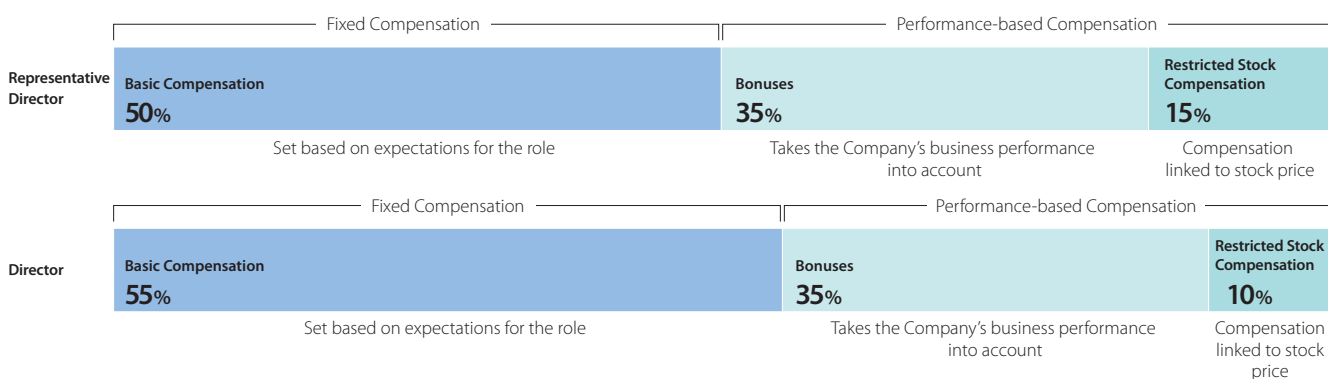
The Benesse Group aims to achieve sustained medium- to long-term growth for the entire Group. We have designed a system of compensation for executive directors that provides incentive for the sustained improvement of corporate value by focusing not only on short-term business results, but also on contributing to the improvement of employee satisfaction and the organizational culture, and on medium- and long-term business results. At the same time, compensation for non-executive directors, including outside directors, is composed of only basic compensation, so as

not to obstruct outside directors' supervision of management.

Compensation for directors is set to competitive levels commensurate with the roles, skills, and responsibilities expected of directors who manage the Group, based on median levels found for Japanese companies of similar size using externally-conducted compensation surveys as a reference. Furthermore, compensation for directors is evaluated by the Nomination and Compensation Committee, which deliberates regarding the amount of compensation.

At the same time, compensation for Audit & Supervisory Board Members is decided through consultation with those members, and is composed of only basic compensation.

Compensation system for directors (excluding outside directors)



Total compensation by officer category (FY2020)

Officer Category	Directors (excluding Outside Directors)	Outside Directors	Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	Outside Audit & Supervisory Board Members
Amount of Compensation (millions of yen)	204	63	64	20
Amount of Compensation by Type (millions of yen)	Basic Compensation	97	63	20
	Bonuses	61	—	—
	Restricted Stock Compensation	44	—	—
Number of Eligible Officers	5	7	2	2

Activities of the Nomination and Compensation Committee

Activities in 2020 and 2021 (August 2020 to April 2021)

	Date	Agenda Theme
1st meeting	August 7, 2020	1. Appointment of outside directors for the upcoming fiscal year
2nd meeting	September 4, 2020	1. Discussion regarding the organization of Benesse HD 2. Selection of outside directors for the upcoming fiscal year
3rd meeting	November 6, 2020	1. Selection of outside directors for the upcoming fiscal year 2. CEO succession plan
4th meeting	December 4, 2020	1. Selection of outside directors for the upcoming fiscal year 2. CEO succession plan

	Date	Agenda Theme
5th meeting	January 15, 2021	1. Selection of outside directors for the upcoming fiscal year 2. Deliberation regarding the organization (roles) of inside directors in the upcoming fiscal year 3. Disclosure of the policy used to decide on directors' compensation
6th meeting	March 5, 2021	1. Management structure for FY2021 2. Organization of executive officers in Benesse HD in FY2021
7th meeting	March 24, 2021	1. Organization of directors following the next General Meeting of Shareholders 2. CEO succession plan
8th meeting	March 30, 2021	1. Organization of directors following the next General Meeting of Shareholders 2. CEO succession plan
9th meeting	April 27, 2021	1. Payment of bonuses to Benesse HD inside directors

Corporate Governance

Enhancing internal control

At a meeting of the Board of Directors held in May 2006, the Company passed a resolution establishing a system (internal control system) to ensure compliance with the stipulations of the Companies Act and the Ordinance for Enforcement of the Companies Act. The latest revision of said resolution was passed at a meeting of the Board held on April 1, 2021.

In addition, the Company's Internal Auditing Division centrally manages the entire Group's activities involved in the creation and operation of internal controls relating to financial reporting under the Financial Instruments and Exchange Act.

Ensuring compliance

The Company has established the Benesse Group Principles, which are rooted in the Group's corporate philosophy. The principles indicate how all the Group's executive officers and employees should behave, for the purpose of ensuring that the operations of the Group be performed in an appropriate and ethical manner that goes beyond just legal compliance. The Company has established the Benesse Group Risk Management and Compliance Rules to further our efforts in risk management and compliance. In order to act in accordance with the Group's Principles, individual companies comply with laws and regulations and establish standards of conduct or internal rules of their own that have more specific content suited to the conditions, nature, and size of their businesses, ensuring that their operations are carried out in an appropriate manner and thereby ensuring compliance.

Compliance administrators are appointed at each company and in each important business department to identify the risks within their respective businesses and implement measures to counteract them. In these activities, they work closely with the administrative office in charge of compliance for the Company (Compliance Division) to devise ways to fortify the systems on-site, such as sending staff on assignment to take charge as dictated by the circumstances. Various types of training are also provided for the purpose of raising employee awareness, and the Internal Auditing Division monitors how thoroughly compliance is implemented at our business sites.

In addition, the Group set up the Benesse Group Speak-Up Line as an internal reporting mechanism to be used whenever illegal

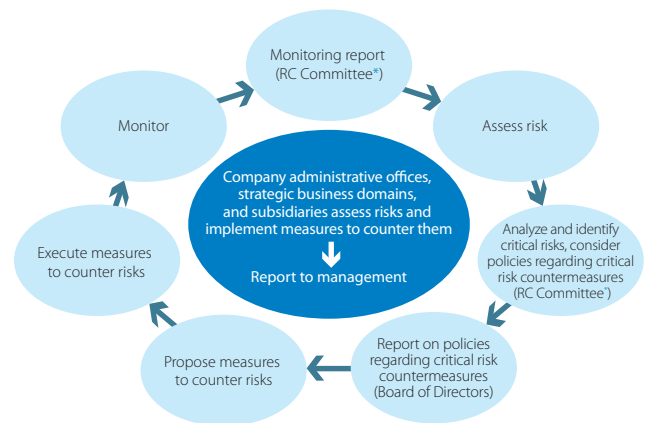
conduct, improper conduct, or conduct that violates the Group's articles of incorporation or internal rules may be discovered. The Audit & Supervisory Board Member Hotline has also been set up for cases in which someone in the Company's management may be involved in the conduct being reported. These mechanisms are operated outside the Group and managed in such a way that they can be used without worry, such as by allowing anonymous reporting, thus ensuring the effectiveness of the Group's compliance monitoring.

Risk management

The Risk and Compliance (RC) Committee handles day-to-day risk management. Attended by executive directors, general managers, and management personnel responsible for strategic business domains, the RC Committee analyzes key risks within the Group and considers policies in response based on the assessments by Company administrative divisions in charge of each type of risk and by each subsidiary. The RC Committee then reports to the Board of Directors on the key risks they identified and policies for dealing with them, and risk-related measures are then implemented in Company administrative divisions, strategic business domains, and subsidiaries while the Compliance Division provides support and monitors their progress.

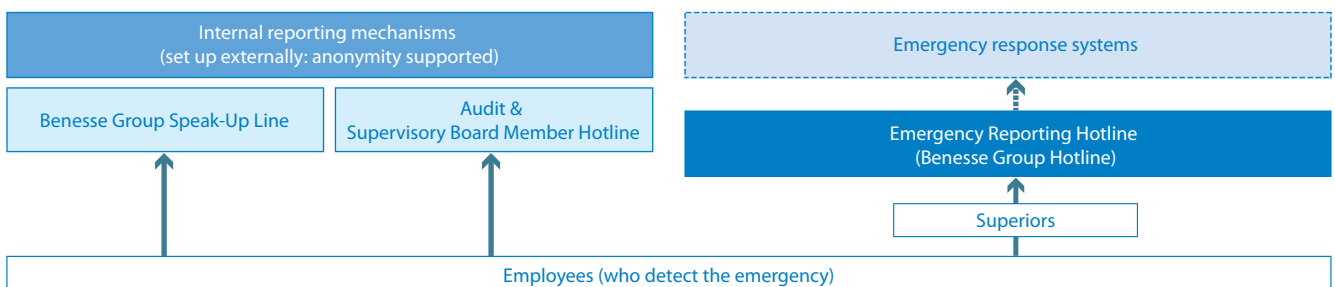
When emergencies occur, we set up the Emergency Reporting Hotline for reporting situations to management immediately. In more urgent situations, we convene an Emergency Task Force and put systems in place for dealing with the emergencies.

Day-to-day risk management



* Risk and Compliance Committee

Internal reporting mechanisms and response in the event of an emergency



Information security

To earn our customers' trust, we have formulated the Benesse Group's Policy on Information Security and Personal Information and are working to maintain and improve our information security and the management and protection of personal information.

Specifically, we assign a Chief Risk Officer (CRO), who also serves as the Managing Director of Compliance and Information Security, to lead the Compliance Security Headquarters. The Headquarters manages the plans and status of enforcement of information security and protection of personal information through management personnel in each operating company. An information security chief is appointed in each operating company, and we have created a system to promote information security, formulate emergency response plans, and define procedures for dealing with incidents. We have also established an information security surveillance committee composed of outside experts. It regularly checks the management, maintenance, and operation of data and systems within the Group and aims to create a world-class information security organization.

Information Security Surveillance Committee members

Committee Chair Ryoichi Sasaki	Advisor and visiting professor at Tokyo Denki University's Center for Research Collaboration/Honorary president of the Japan Society of Security Management/Director and advisor at the Institute of Digital Forensics/Fellow at the Information Processing Society of Japan/Chief information security advisor at the Board of Audit of Japan
Committee Member Atsuo Inomata	Professor, Osaka University of Office for Information Security
Committee Member Tetsutaro Uehara	Professor, Ritsumeikan University College of Information Science and Engineering
Committee Member Harumichi Yuasa	Professor, Meiji University of Governance Studies, Graduate School

• Security measures in system operations / Strengthening our security environment

We are strengthening the operation and monitoring of our systems and strengthening our system security with technological measures based on the latest information so that our customers will feel secure and trust Benesse with their personal information. We are also advised and audited by outside experts and LAC Co., Ltd, the most trusted information security company in Japan. We are constantly working to maintain and improve our level of information security.

• Employee awareness and training

Benesse Corporation and Benesse InfoShell have designated July 7, the day of the discovery of the personal information breach in 2014, as Security Day. They carry out activities on and around Security

Day each year in which all executives and employees reaffirm the importance of information security. These activities include morning meetings, presentations on internal initiatives, and lectures by outside specialists.

Benesse Holdings and Benesse Corporation implement web-based training where attendance is required of all employees working at Benesse, including part-time staff, and work to reconfirm the skills, actions, and basic knowledge that must be followed for information security, focusing on personal information protection.

At Benesse InfoShell, which is responsible for the development, management, maintenance, and operation of the Group's systems, more stringent training is offered through a special program. We check on attendance until all target employees have completed the training, and our attendance rate is always 100%.

Please see our website for detailed information regarding information security. Information Security <https://benesse-hd.disclosure.site/en/themes/160>

• Third-party certification

We obtain third-party certification with the aim of maintaining and improving our information security and our management and protection of personal information.

Registration as a Business Approved to Display the PrivacyMark Symbol (November 2016) and Continuation of Actions to Protect Personal Information

After being assessed by JIPDEC, the Benesse Corporation was registered as a business approved to display the PrivacyMark symbol in November 2016. We will continue to work to maintain and improve our information security and the management and protection of personal information and to further increase our customers' trust.

November 2, 2016: Initial registration
November 1, 2022: Expiry date



ISMS Certification (March 2016) and Continuation of ISMS Action

Following the acquisition of ISO27001 (ISMS) certification by Benesse Corporation School Headquarters and Benesse BASE COM in May 2015, Benesse Holdings, Benesse Corporation (excluding some offices), and Benesse InfoShell also acquired ISO27001 (ISMS) certification in March 2016.

May 25, 2015: Initial registration
May 24, 2024: Expiry date



Directors and Audit & Supervisory Board Members (As of June 26, 2021) ■ Outside ■ Independent ■ Newly Appointed



1 Tamotsu Adachi



2 Hitoshi Kobayashi



3 Shinya Takiyama



4 Hideaki Fukutake



5 Katsumi Ihara



6 Mutsuo Iwai



7 Yumiko Noda



8 Kohey Takashima



9 Yoshinori Matsumoto



10 Naoto Saito



11 Eiichi Izumo



12 Miyuki Ishiguro

Name/Affiliation	Other current positions	State of attendance for FY2020	
		Board of Directors meetings	Audit & Supervisory Board

Directors of the Board

1 Tamotsu Adachi Representative Director and Chairman, CEO • Member of the Nomination and Compensation Committee	Berlitz Corporation Chairman of the Board	13/13		
2 Hitoshi Kobayashi Representative Director and President, COO	Representative Director and President of Benesse Corporation	13/13		
3 Shinya Takiyama Director	Representative Director and President of Benesse Style Care Co., Ltd.	13/13		
4 Hideaki Fukutake Director ■ ■ Non-executive Director • Member of the Nomination and Compensation Committee	Representative Director (Vice Chairman of the Board), Fukutake Foundation Director of efu Investment Limited Representative Director of Minamigata Holdings Ltd.	13/13		
5 Katsumi Ihara Director ■ ■ • Chairman of the Board of Directors • Chairman of the Nomination and Compensation Committee	Outside Director of Hitachi, Ltd.	13/13		
6 Mutsuo Iwai Director ■ ■ • Member of the Nomination and Compensation Committee	Deputy Chairman of the Board at Japan Tobacco Inc. Outside Director of TDK Corporation	11/11		
7 Yumiko Noda Director ■ ■ ■ • Member of the Nomination and Compensation Committee	Representative Director and Chairman of Veolia Japan K.K. Outside Director of Idemitsu Kosan Co., Ltd.	-		
8 Kohey Takashima Director ■ ■ ■ • Member of the Nomination and Compensation Committee	Representative Director and President of Oisix ra daichi Inc. Outside Director of CARTA Holdings, Inc.	-		

Audit & Supervisory Board Members

9 Yoshinori Matsumoto Standing Audit & Supervisory Board Member		13/13	17/17	
10 Naoto Saito Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member of Tokyo Individualized Educational Institute, Inc.	13/13	17/17	
11 Eiichi Izumo Audit & Supervisory Board Member ■ ■	Representative of Izumo CPA Office Outside Audit & Supervisory Board Member at Torii Pharmaceutical Co., Ltd. Outside Audit & Supervisory Board Member of Lasertec Corporation	13/13	17/17	
12 Miyuki Ishiguro Audit & Supervisory Board Member ■	Partner at the law firm of Nagashima Ohno & Tsunematsu Outside Audit & Supervisory Board Member of Lasertec Corporation	12/13	16/17	

	Career	Necessary expertise and experience					
		Leadership	Industry expertise			Strategy	
		Management	Education	Nursing care	Digital	Global	Finance
	In 1977, joined Mitsubishi Corporation. Went on to serve as a Partner at McKinsey & Company, Inc. Japan, President and CEO of Japan Lease Auto Co., President and CEO of GE Fleet Services Co., Managing Director and Japan Representative of Carlyle Japan LLC, and in other positions. Since 2003 he has been an Outside Director of the Company, a position which he has held intermittently for a total of 11 years. Since 2016 he has been the Company's Representative Director and President, CEO. He has served in his current role since April 2021.	✓				✓	✓
	Joined the Company in 1985. After having served as Representative Director and President of Benesse Style Care Co., Ltd., in 2012 became a Director of the Company, a position that he continues to serve in. Went on to lead the Company's Corporate Planning Division, Overseas Business Development Company, Zemi Business Company, etc. Currently serves as Representative Director and President, COO of the Company, and as Representative Director and President of Benesse Corporation.	✓	✓	✓		✓	
	Joined the Company in 1996. Has been Representative Director and President of Benesse Style Care Co., Ltd. (incumbent) since 2013, and a Director of the Company since 2016. Currently a Group Executive Officer.	✓		✓			
	In 2000 joined KEYENCE CORPORATION. In 2006 joined SMS CO., LTD., and subsequently became Division President of Nursing Care and Medical Care, and Media at that company. Since 2009, has been Director of efu Investment Limited. After having served as an Outside Director of Benesse Corporation, he has been a Director of the Company since 2014. In 2018, he became Director of Kings Plant Barn Ltd., a position he currently serves in. At present, he is a Non-executive Director for the Company.	✓				✓	
	In 1973 joined Mitsui Knowledge Industry Co., Ltd. After joining Sony Corporation in 1981 he has served as Group Chief Strategy Officer (CSO), Chief Financial Officer (CFO), and Executive Deputy President, then as Representative Director and President of Sony Financial Holdings Inc., and later also as Director and Chairman of the same company. Starting in 2018 he has been an outside director at Hitachi, Ltd., and in 2019, he became a Director of the Company.	✓			✓	✓	✓
	Joined the Japan Tobacco and Salt Public Corporation in 1983. Served as Director and Managing Executive Officer at Japan Tobacco Inc., Executive Vice-President at JT International S.A., and Representative Director and Executive Vice-President at Japan Tobacco Inc. In 2020, he took up the post of Deputy Chairman of the Board at Japan Tobacco Inc. and Director at the Company.	✓				✓	
	Joined Bank of America Corporation, Tokyo Branch, in 1982. After serving in positions such as Deputy General Manager of London branch of the Long-Term Credit Bank of Japan, an advisory partner with PwC Financial Advisory Services, Deputy Mayor of Yokohama City, and a senior fellow at the Tsinghua University Research Center for Japanese Studies, she became Representative Director and President at Veolia Japan K.K. in 2017, then Chairman and Representative Director in 2020. She became a Director of the Company in 2021.	✓				✓	✓
	Joined McKinsey & Company Inc. Japan in 1998. Became Representative Director and President of Oisix Inc. (now Oisix ra daichi Inc.) in 2000. Became the Director of the Japan Wheelchair Rugby Federation in 2018. Became Outside Director of CARTA Holdings, Inc. in 2020. Took up the posts of Vice Chairman of Keizai Doyukai (Japan Association of Corporate Executives) and Director of the Company in 2021.	✓			✓	✓	
			Accounting	Legal			
	In 1977, joined Daio Paper Corporation. In 1991, joined the Company, and went on to serve as Manager of the General Affairs Department, as Manager of the Human Resources Department, and in other positions before becoming a Corporate Executive Vice President in 2003. Since 2008, has been a Standing Member of the Audit & Supervisory Board.			✓			
	Joined the Company in 1986. After working in the Finance & Accounting and Auditing & Business Administration Departments in the Group, he later became General Manager of the Finance & Accounting Division, General Manager of the Internal Auditing Division, and then General Manager of the Business Administration Division. In 2015, he became an Audit & Supervisory Board Member at Tokyo Individualized Educational Institute, Inc., and in 2017, he became a Senior Executive Officer of the Company, before also being appointed as a Standing Audit & Supervisory Board Member starting in 2019.	✓					
	In 1995 joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC). Since 1998, has been registered as a certified public accountant. In 2010, became a Partner at Deloitte Touche Tohmatsu LLC, and after leaving that position, became Representative of Izumo CPA Office in 2015, a position he currently holds. Since 2015, has been a Member of the Company's Audit & Supervisory Board.	✓					
	In 1991, registered as a lawyer and joined the firm Tsunematsu Yanase & Sekine (now Nagashima Ohno & Tsunematsu). Since 1999, has been a partner at that firm. Since 2017, has been a Member of the Company's Audit & Supervisory Board.			✓			

Messages from the Outside Directors

We will further enhance the effectiveness of the Board of Directors and support the growth of the Group



Katsumi Ihara

Outside Director
Chairman of the Board of Directors

Leveraging the Board of Directors' diverse experience and knowledge to ensure we fulfill the Medium-Term Management Plan

During my career at the Sony Group, I supervised various business operations and gained extensive experience working with overseas joint venture firms as well as with M&A and post-merger integration. I also served as the president and chairman of a listed company. Myself and all of the outside directors at Benesse bring an extremely wide range of experience. The role of the outside directors is to provide advice to executives from various perspectives that are not framed by the organization's internal logic. Our input helps ensure the business plans and medium-term management plans are fulfilled and speeds up the progress toward attaining the Company's objectives. As Chairman of the Board of Directors, I believe it is my duty to bring out each Board member's full experience and knowledge.

Prior to each Board meeting, Benesse's directors participate in a Preliminary Briefing Session to understand the background of the items to be discussed and join in an Executive Study Group to discuss important business themes. Through these meetings and other activities, the directors are able to engage in fully informed business discussions. Although the pandemic conditions by necessity led to the Board meetings being conducted remotely and prevented us from directly visiting business sites in fiscal 2020, we were still able to effectively address important topics, including formulating the medium-term management plan and revising the management structure.

The Board members also convened three times for intensive in-person discussions about the medium-term management plan. In fiscal 2021, we will be monitoring the plan's progress and plan to discuss any issues that come up during the discussion process, such as optimizing the business portfolio, measures to improve capital efficiency, and branding.

Clarifying issues and further improving Board effectiveness

The fiscal 2020 survey on the Board of Directors effectiveness showed a high evaluation overall, but some areas had mixed results. We engaged a special external agency to discuss various issues with each of the directors, and the Board members then held several in-depth meetings to deliberate the agency's findings.

Issues identified in the effectiveness evaluations included the need to discuss representative director evaluations, remuneration, and the development of successors as well as ESG and sustainability initiatives, diversity and inclusion, and the thoroughness of dialogue with shareholders and feedback to management. We also understood that we need to create more opportunities for Board members to communicate with one another. These items will be priority topics for the Board of Directors and the Nomination and Compensation Committee.

Cultivating next-generation management human resources and visualizing the HR pipeline

Fiscal 2021 is the first year of the Benesse Group medium-term management plan. To ensure the most effective management structure to enable quick responses to changes in the business environment and to generate a V-shaped earnings recovery, we decided to give President Kobayashi broader authority, based on his direct leadership at our business sites, and to have Chairman Adachi focus on leading the Group's medium- and long-term strategies.

As chairman of the Nomination and Compensation Committee, in fiscal 2021, I intend to examine succession plans to develop the next generation of managers. I will also be focusing on creating a visualization scheme for the human resources pipeline for top management.

Benesse has a wonderful corporate culture that strongly adheres to its corporate philosophy. I will work to continue improving the effectiveness of the Board of Directors and the Nomination and Compensation Committee so this culture will continue to flourish as the Company grows and expands into new business realms.

Forming a strong business foundation for contributing to a sustainable society



Mutsuo Iwai

Outside Director

The Board functions effectively as a place for democratic dialogue

The dialogue that we have between management and human resources is one of aspects that I particularly cherish. A core chain of command is essential for an organization, but dialogue that is solely top-down limits the company to the abilities of the top management. I firmly believe that democratic dialogue is what creates the most value. From this perspective, I believe Benesse's Board of Directors is a place where real dialogue takes place.

When we were formulating the medium-term management plan, our approach and review process was to make decisions based on the input from everyone on all of the elements. Points that I think need particular attention include the global strategy going forward and the Group's ability to advance that strategy as well as the status of both the corporate brand and the product and service brands.

Our focus in the area of ESG is on our human resources, which are critical to our business. To strengthen our human resources, we are enhancing the education and training programs, and we are using the Group's area of specialty in fostering a learning culture that encourages each person to build their skills in their daily activities to become the best version of themselves.

Expanding possibilities by incorporating an artistic sensibility

As someone from outside the company, one piece of advice I can give is that sometimes when major changes occur it's important to step back to take a wider view and look at the bigger picture. Be curious even about things that don't seem to have any connection to yourself, and ask "why is that?" Seek out new experiences, and try to unlearn things that you have learned previously. Sometimes you can find new solutions that you couldn't see before.

In that sense, I think the Group's active development of art-related activities has huge potential. I also think that management could be even more creative if, rather than following just the numbers and data, it could incorporate an element of artistic sensibility into its thinking.

Sustainable growth from a balance of strength and kindness

In the year since I was appointed director, I have seen how all of the Company's employees in their explanations and reports on various projects earnestly put into practice the corporate philosophy of "well-being." My impression is that at Benesse the philosophy is not just a slogan, it's deeply embedded into the daily activities of all employees.

Increasing interest in sustainability and social issues around the world is leading to a reconsideration of the idea of shareholder supremacy and new perspectives on the reasons companies exist and the value they create. In this way, it seems as if society is now catching up with the Group and its practice of "well-being."

Raymond Chandler's great fictional detective Philip Marlowe once said, "If I wasn't hard, I wouldn't be alive. If I couldn't ever be gentle, I wouldn't deserve to be alive." I believe that sentiment is reflected in the Group's management. Commanding market share and earning power allows the Company to survive fierce competition. Underlying that strength is the feeling of gently supporting each customer's growth and security. In my role as outside director, I will continue to support management efforts to achieve sustainable growth through a balance of strength and kindness.

The Benesse Group DX Strategy

Enhancing the Group's digital technology capabilities to continue offering products and services meeting customer needs

Hidetomo Hashimoto

Executive Officer, Chief Digital Officer,
Managing Director of Group DX Strategy



The Benesse Group is advancing its digital transformation (DX) as the central strategy to its medium-term management plan to evolve the core businesses and expand into new fields. The Group established the Digital Innovation Partners (DIP) in April 2021 to accelerate the DX in all of the Group's business divisions.




Group-wide DX on the Group level and for the individual business units

The Benesse Group's diverse businesses each have their own unique customer base, business model, and competitive environment. Each business therefore must undertake its own form of DX with a detailed strategy matched to its unique characteristics and current level of digitalization. At the same time, certain aspects must be approached on the Group level,

such as the personnel training and system infrastructure construction needed for DX.

With this in mind, we are following two main tracks to advance our DX: introducing DX tailored to each business' phase of digitalization and improving the organization's overall DX capabilities. Each business' level of digitalization will be categorized into one of three phases of digital shift, integration, or disruption, and the application of the digital technologies to

DX strategies tailored to business characteristics

	Digital shift	Integration	Disruption
Infant / family lifestyle	Digitalize existing businesses  Systematically digitalize services and business processes to enhance quality and productivity	Integrate online and offline services  Provide integrated online and offline customer services	Convert the business and profit models  Develop new models capable of accommodating market environment changes and disruptive innovation
Off-campus learning			
School			
University student / working adults			
Nursing care / childcare			

each product and service will be based on the business' market and competitive environments. Improving the Group's overall DX capabilities will entail addressing the various issues across the Group to enable us to harness the digital technology for sustaining growth, including training DX human resources, strengthening our partnerships with specialists inside and outside the Group, and preparing the organizational structure and system infrastructure for digital operations.

New Group-level unit for planning and promoting DX strategies

The Digital Innovation Partners (DIP) unit was created in April 2021 to direct the steady advancement of the Group's DX. Combining the Digital Department, IT Department, Human Resources Development Department, and a Consulting Department for DX promotion led by the Chief Digital Officer (CDO), the DIP is directing all aspects of the DX strategies for all departments and Group companies from preparing strategies to allocating resources and investments and implementing specific DX measures.

The Benesse Group is accelerating its DX strategy by implementing specific priority measures, led by the DIP, on the Group level and for each of the individual business units.

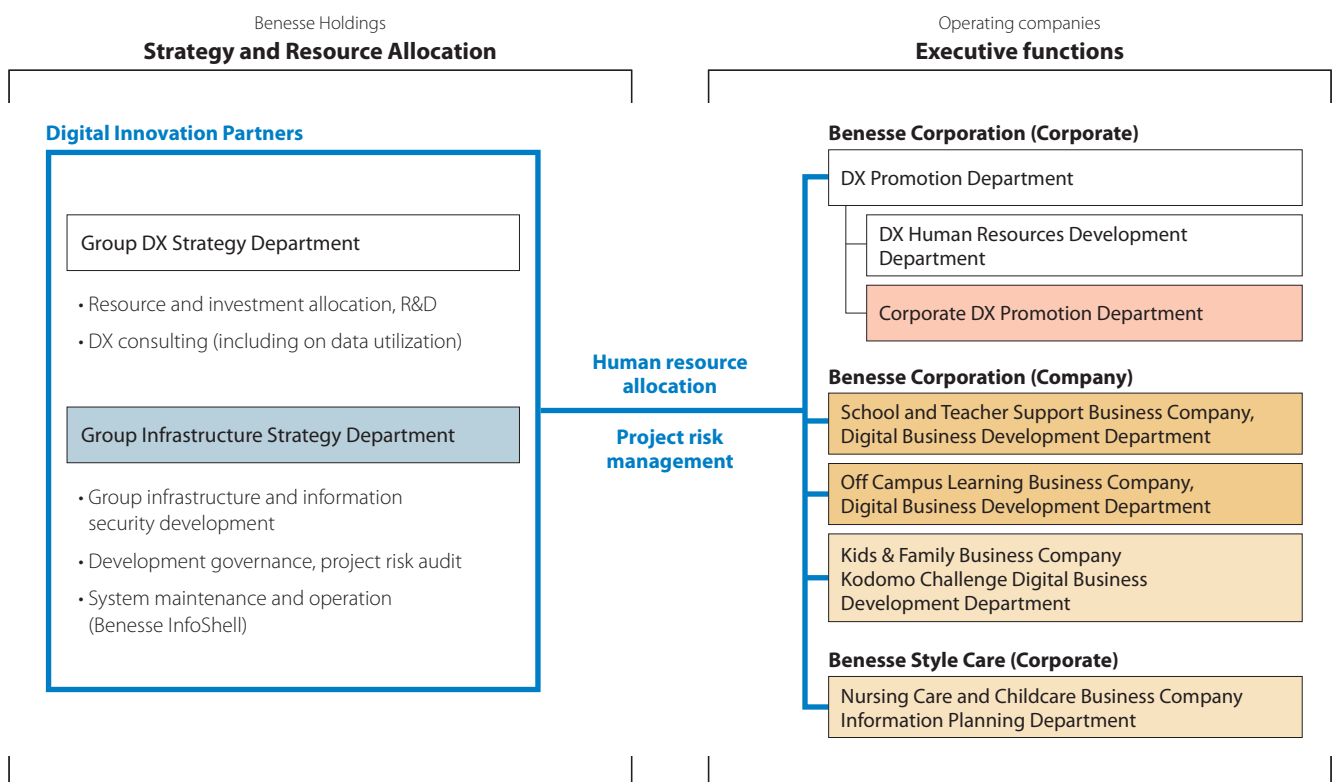
A corporate group always providing the best products and services for its customers

The ultimate goal of our DX strategy is to "continue being a company that always provides the best products and services." The Group's products and services are highly regarded in the market, but the advances in digital technology are creating a steady stream of new services and market disruptors. These conditions mean that there is no guarantee that our methods and services will necessarily continue to be the best in the market.

We want to use DX to enhance our ability to quickly respond the moment that a customer thinks of a new type of service that would meet their need. Digitalization is a means to achieving that, but it cannot be achieved by digitalization alone. The goal we need to shoot for is to use our customer base and the knowledge and know-how in the nursing care and education fields that we have created in our past businesses and combine them with new technologies, functions, and business models to continue providing the best value on the market.

DX promotion scheme

Management Group infrastructure Corporate system Business system



Specific measures

DX promotion according to the business phase of digitalization

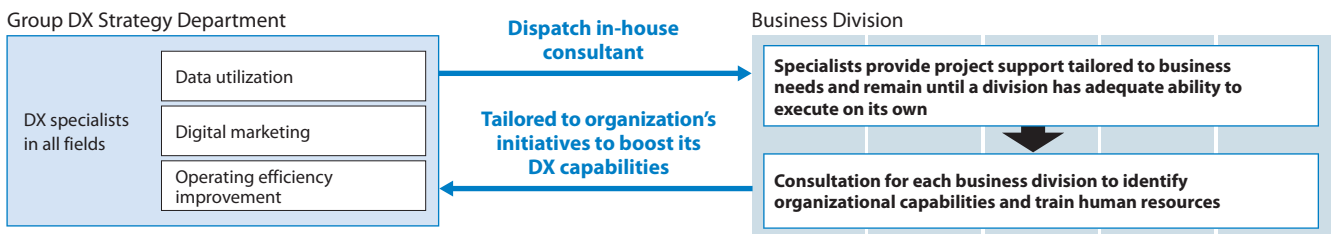
Dispatching in-house consultants to accelerate the digital shift at each site

We are advancing the DX for each business with initiatives geared to three phases of digitalization.

All businesses are digitalizing non-digital services and business processes in stages to bring about a digital shift that will stabilize quality and improve productivity. For businesses in fields where digitalizing products and services face special challenges, DIP is dispatching highly skilled DX human resources to help them make a successful shift.

The three main areas in which DIP is providing support are data utilization, digital marketing, and operating efficiency improvement. Employees who are deeply familiar with the specific issues of each business site are acting as consultants to support digitalization at the business divisions. The ultimate objective of the consultation is to help each business site gain the organizational capability to diagnose its specific needs so they can proceed with their digital shift independently. Each business division's results will also be shared with other divisions to boost the overall effectiveness of our organizational abilities.

Digital shift project



Building foundations for data utilization in each business

Once businesses and services bring about the digital shift, they will then begin focusing on making effective use of the digitalized data. We are therefore also working to build the foundations that will enable the business divisions to make effective use of the data.

We will explore how the data can be used to grow the

business and then experiment to see what works. When results with potential are found, IT infrastructure will be created to collect and analyze data, human resources will be trained to analyze the data, and support will be provided to create and standardize the analysis environment and processes so that the business divisions become fully capable of utilizing the data and operating the business on their own.

On watch for disruption using industry landscape maps

The Group's wide range of businesses in various fields presents a high risk of exposure to digital disruption. We are therefore constantly on "disruption watch" by objectively assessing the changes in the competitive environment and our Company's strengths.

We use desk research to identify new service trends in the industry and with venture firms around the world, and create industry landscape maps for each business area and category. Business managers and on-site digital managers use the maps to monitor for signs of change in the landscape, such as what kind of players are increasing in which categories and where capital is

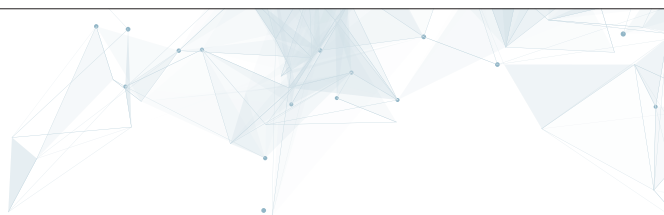
being directed. When a potential disruptor arises, we will consider building a relationship, such to co-create, collaborate, and cooperate in a business. We are also exploring markets and service fields where we can move in as a disruptor.



Industry landscape map

Specific measures

Improving the organization’s overall DX capabilities



Systematic personnel allocation and development using visualization of digital skills

DX human resources will be developed using a system of six types of work content and three skill levels for each type of work. Individual skill levels will be assessed, including evaluations using external assessment standards, and the related data will be input to a management system. We systematically assign, train, and hire DX human resources based on an accurate identification of how many personnel with what specialty and skill level are needed in which department. If a gap is found, for example, between our current capabilities and the specialties and skill levels needed for a certain business area, we will boost our organizational

capabilities by training in-house employees or hiring professionals from outside the organization. To boost individual employee skills, we are also currently developing several original training programs based on case studies in each business.

Clearly identifying the skills needed for each business site will give us greater flexibility to allocate DX human resources within the Group. The possibility to transfer across business divisions and departments is also beneficial for motivating and recruiting DX human resources. Benesse Corporation is currently using this system for its employees, and we plan to expand it to other operating companies in the future.

DX human resources development measures

Specialty definitions	Define six specialties required for Benesse DX
Skill map	Create a skill map for each specialty, chart the required skill level
Assessments	Use skill assessment services to ensure objectivity and gauge market value
Management	Use a talent management system to assign, train and recruit human resources
Training programs	Introduce an original program using actual case studies from our Company, and use Udemy for general knowledge

Six types of work content

Planning	Development and management
Engineering	Digital marketing
Data	Design

Redesigning system architecture as the business evolves

As our businesses have evolved, the systems that were designed and developed for specific services have become outdated legacy systems, with some systems even becoming technological liabilities. As we redesign our system architecture, we will create even stronger coordination between the System Development Department and the business divisions. Business planning and system planning will be combined together, and we will gradually redesign the system architecture as our

business plans evolve. The system infrastructure will be migrated to the cloud environment, which will reduce costs while enabling us to flexibly respond to change and improve system quality.

We will also implement more sophisticated information security measures based on the zero trust model as we continue making greater use of the cloud environment, software as a service (SaaS) and application service provider (ASP), and collaboration with external partners as well as telecommuting and remote work.

Further enhancing development governance effectiveness

System development governance will also be enhanced, which will increase development quality and improve our ability to quickly provide stable services. For this purpose, we have created a specialized team to examine the system architecture suitability and identify any risks that arise with the DX. The team monitors

the progress of the important development projects within the Group to identify and assist in responding to any issues or risks.

The specific experiences and the expertise the team gains during its activities will also be shared throughout the Group to train project leaders and further enhance our DX organizational capabilities.

Human Capital



Strengthening our human resources and organizational capabilities through employee development, based on the desire to serve our customers



Yuko Onizawa

General Manager of
Group Human Resources
Benesse Holdings

Our desire to support people's well-being (Benesse) is the fundamental idea behind the products and services we provide to our customers. In order to make this possible, we would like to assist our employees in taking care of their own well-being, and to that end, we would like to have personnel systems and personnel policies which support this objective.

It is nothing short of rewarding when each of the Benesse Group's employees feel as though they are helping to solve the problems of customers through their work, if only slightly, which in turn is helping to address social issues. Our goal is for each employee to fully demonstrate his or her abilities, and to link the accumulation of small daily challenges to their individual growth and to the growth of our business. "Management is centered on people," and "When our employees in the field are bursting with vitality, that is precisely when our business grows." These are the messages that top-level management constantly sends out, and I believe that it is the responsibility of personnel departments to bring them to fruition.

In today's rapidly changing environment, which is centered on digital transformation (DX), personnel departments are working to create a more comfortable work culture, which means an environment that can create customer value, through a focus on the following three points.

The first point is getting a learning culture to take root as our corporate climate. Employees' desires to "provide these kinds of services to our customers" and "offer more of these sorts of things" will be the starting point, and they will realize that they

will need to develop certain abilities and gain more knowledge in order to do so, which will lead to learning. I call upon all employees to strive for a state of affairs in which personnel development improves organizational capabilities, which then leads to the creation of customer value and business growth. In particular, in the area of DX support, which is becoming increasingly important, we are increasing opportunities for skill development in cooperation with Digital Innovation Partners (DIP).

The second point is implementing work style reforms that are suited to this era. Within the Group, the COVID-19 pandemic has had a major impact on how employees work. Benesse Corporation has standardized hybrid work that combines remote work and in-office work to guarantee safety and security for our employees, while also experimenting with more productive ways of working by balancing tasks that can be completed by individuals and tasks which emphasize teamwork. In addition, the entire Group is examining ways to increase the flexibility of work styles as the job types, preferences, and lifestyles of individuals grow more and more diverse.

The third point is fostering a sense of unity between employees and management, creating a more open workplace, and improving engagement. As mentioned in the previous Message from the CEO, the Group believes that frontline employees who face customers are the sources which create value. It has been a matter of course for us to take the voices and perceptions of each and every employee, and reflect them in our products and services. However, now that the business environment is changing rapidly and it is difficult to foresee the future, we aim to increase the awareness of each and every employee that they are participating in the management of the company by gathering their wisdom and firmly incorporating mechanisms into management to link their insights to business proposals and operational reforms.

Executive development

Implementing a program to train next-generation leaders

As part of our measures to strengthen our pipeline for management human resources, we are implementing a program to train the next generation of leaders. We have shortlisted about 100 candidates from across the Group, and are continuing to implement the program under a development plan that combines induction courses, external training, and coaching to develop human resources with a big-picture view who can drive the growth of the Benesse Group over the medium to long term, even in a rapidly changing business environment.

In this training program, business proposals made by the participants are turned into projects and considered for commercialization moving forward, among other initiatives which will lead to business growth.

Regarding the development of the next generation of leaders, we are making steady progress with succession through actions such as sharing information with management, establishing regular opportunities to conduct reviews from various perspectives, and further developing these human resources by appointing them to important jobs.

Fostering a learning culture

Training young human resources (Benesse University (programs))

We launched the “Benesse University” programs in fiscal 2018, mainly targeting young employees in their 20s and early 30s, as part of our measures to provide employees with learning opportunities and support their growth. About 80 people in total from nine Group companies have participated up to this point. Since fiscal 2021, the programs have also allowed employee participation via open recruitment in addition to on-site recommendations, providing opportunities for employees to learn independently.

These training programs offer lectures by senior management and outside lecturers, leadership development, and action learning that challenges participants to solve problems in their current jobs from a higher perspective. By having participants present their results to Benesse Holdings management at the end, the programs attempt to develop “proactive action-takers.”

As for the status of the participating employees after program completion, more than 70% of them have been promoted to management and other leadership positions. Chances for each employee to grow through friendly competition across the Group stimulate their desire to grow, lead to the formation of intrinsic motivation, and serve as opportunities for them to reconsider the meaning and purpose of their work and to elevate their perspective on the Group’s contribution to society to a higher level.

Making our philosophy widespread through organizational learning opportunities

Our Group sets the corporate philosophy of Benesse (well-being) as the linchpin for our business operations. It is our belief that each and every employee having a solid understanding of our philosophy and being able to put it into practice will lead to the provision of high-quality products and services in our business. At each Benesse Group company, in order to instill their own respective philosophies and value standards, they are implementing initiatives such as verbalizing their value standards and making their employees feel ownership through training and practice.

As an example, at Benesse Style Care, which operates our Nursing Care and Childcare Business, we have compiled our code of conduct in the form of the Benesse Style Care Declaration. The code of conduct is established as part of our corporate climate through regular learning opportunities, such as having all employees read the code of conduct together once a year and reflect on each other’s experiences with episodes from the actual workplace.

Developing and training DX capabilities

In order to successfully “evolve core businesses” and “expand into new fields,” as are set forth in the medium-term management plan, improving our organizational DX capabilities and developing DX human resources are urgent challenges for us.

In order to improve the organizational capabilities for promoting DX in Benesse Corporation, we are working to understand the current state of literacy by conducting DX knowledge assessments for all employees and to improve their specialized skills through training. In addition, we are working to improve the DX capabilities of the entire Group by expanding the DX training conducted at Benesse Corporation to other Group companies.

→ Refer to pages 47–50 for more information on our DX strategy.

Creating a comfortable working environment

Promoting diversity

The Group is striving to practice management based on the Benesse Group Human Rights Policy Statement, which seeks to recognize diversity in human resources, irrespective of qualities such as nationality, ethnicity, gender, and age, and to make best use of those differences.

With regard to promoting women's participation and advancement in the workplace, Benesse Corporation introduced a child care leave system in 1988, before the Child Care and Family Care Leave Act was enacted, to prevent employees from leaving the company due to childbirth, and has been revising and operating the system for over a quarter of a century, taking into account the actual utilization of the system by employees and their opinions. Currently, we have moved past the "helping employees to balance work and family life" stage and are focusing on "providing career support while employees are balancing work and family life," with the percentage of women in management positions at 34% in fiscal 2020. In addition, we are aiming to thoroughly implement systems and measures such as child care and nursing care as personnel policies for all employees, including men. We will continue to work to

Acquired Eruboshi certification



The Eruboshi certification, based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, is a certification system which is issued to companies that meet certain standards and have excellent conditions related to the promotion of women's participation and advancement in the workplace. In April 2016, Benesse Corporation was granted "Grade 3," the highest grade attainable.

appropriately respond to the changes in career awareness and values regarding work styles of our increasingly diverse employees, in order to ensure that a varied range of human resources will be able to flourish in the future.

Reforming our work styles and offices to accomplish both infection prevention and business continuity

In response to the spread of COVID-19, the Benesse Group is promoting hybrid work, a combination of remote and office work, in order to reduce the risk of infection among employees while conducting efficient business operations.

In addition to taking measures to prevent infections in the office, such as having employees wear masks, encouraging hand washing, and installing acrylic panels and making disinfectant available, we are also reevaluating our ideas about what offices should be, and building offices from the perspective of creating value with the team, thereby devising ways to create high-quality products and services even in a hybrid work environment.

Specifically, at Benesse Corporation, senior management and frontline employees have launched a project which brings them together to consider what offices should be like, going back to their *raison d'être* (their purpose), and reaffirming their common understanding that the office is a place to "create value with the team (co-creation)." As a result, we have reduced office space by 40%, while simultaneously increasing the number of team-building and collaboration spaces, by changing to a free address system where employees can choose the most appropriate location according to the nature of their work in order to increase productivity. Through these efforts, we will create value (co-creation) in teams, and further aim to create value that will make the well-being of our customers and employees a reality.

Recognized as a 2021 Certified Health & Productivity Management Organization (White 500)



Michiko Kobayashi

Human Resources Division
Project Leader
for Health Management
Benesse Holdings

The Benesse Group announced that it would work to improve employee health maintenance for its employees and their families, with the aim of creating a workplace where employees can work in a vigorous and enthusiastic way, and has been implementing a variety of health maintenance and promotion measures, with management and frontline employees acting in tandem. In fiscal 2020, the Benesse Group launched Group-wide online programs on exercise habits, mental health, and work and nursing care

(family health), and 1,760 employees participated. Sixty percent of the participants have successfully made new initiatives and health measures into habits, demonstrating that triggers can change awareness, change behavior, and change habits.

One of the reasons for this is connections with peers. We set up interactive communication opportunities in all programs so that participants would be able to interact with each other and feel connected to their peers, even amidst the COVID-19 environment, and the satisfaction rate for all programs exceeded 95%, which was an excellent rating. In recognition of these efforts, Benesse was certified as one of the corporations in the 2021 Certified Health & Productivity Management Organizations Recognition Program (White 500).



Fostering a culture of openness

A Group-wide system for working on proposals

Benesse’s organizational culture and DNA of achieving solutions to customer issues and business problems through ideas developed in the field has been passed down since it was founded. The awareness of our frontline employees concerning the issues they perceive while interacting with customers, as well as what they think needs to be improved in their work, has been the driving force which has empowered Benesse up to this point.

In recent years, amidst rapid changes to societal demands and the business environment, the importance of the field, which is the front line of our business, has become even more vital. In fiscal 2021, in order for the Benesse Group to remain indispensable to the world, we launched “B-Stage,” a system for making new business and operational reform proposals, as a method for bringing management and frontline workers together to create the next Benesse.

B-Stage is available to all employees of the Group, who can propose various solutions and ideas which transcend the boundaries of their company, division, or work responsibilities. We hope that through this proposal system, each and every Group employee will have a sense that all employees participate in management, and that this will foster a free and open-minded organizational culture.

B-Stage, where all group employees participate openly



Making Group-wide efforts to address issues which arise in day-to-day operations, and cannot be solved solely on the frontline

Disclosure of job satisfaction scores and our current initiatives



Tetsuya Matsushita

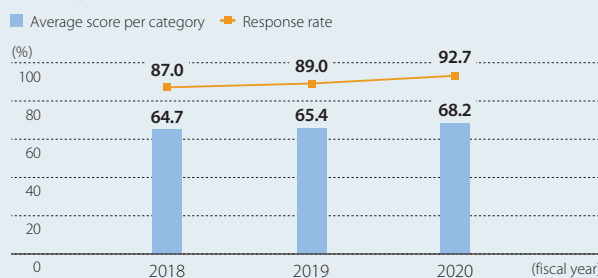
Human Resources Division
Benesse Holdings

In order to implement people-focused management, the Benesse Group has conducted organizational assessments for over 20 years. We are incorporating the PDCA cycle into our group and company management systems to make the state of the organization visible and improve issues through actions such as reporting on results at Board meetings and reflecting them in our business plans. Our organizational assessments consist of the categories of “management,” “organizational management,” “job satisfaction,” and “compliance,” and the job satisfaction score has risen every year for the last three years. Notably, in 2020, amidst the COVID-19 pandemic and significant environmental changes, we have been working to be familiar with the challenges faced by our customers, solve problems, and create new value. As a result, employees have

become aware of their own growth and realized that they are valuable to customers and society, which has led to an increase in job satisfaction.

We will continue working to resolve organizational issues and make improvements at each company through various measures in order to promote a learning culture, a comfortable working environment, and a culture of openness, with the aim of further improving job satisfaction.

Employee job satisfaction score



* Category average for job satisfaction-related questions, such as motivation to work and level of satisfaction, in the organizational climate survey

Intellectual Capital



Combining our accumulated knowledge and expertise with digital technology to create new value

Diverse intellectual capital as a foundation for value creation

Leveraging intellectual capital for the growth of the Benesse Group

In the 1960s, the Benesse Group began offering mock exams and correspondence courses. Since then, the Group has gone on to expand its business into many other fields including languages and nursing care, thereby creating new markets. The marketing knowledge and expertise in product and service development that we have acquired along the way in these different fields constitute valuable intellectual capital for the Group. We are currently engaged in a variety of R&D activities including business research and questionnaire surveys, through which we will create superior products and services while growing our intellectual capital.

The Benesse Group has also accumulated big data from children's learning histories and residents' life records, in addition to a wealth of implicit expertise-type knowledge based on long years of business operations. Using advanced digital technology to analyze, verbalize, and systematize this big data and implicit knowledge, we aim to create new value that drives the growth of the Group.

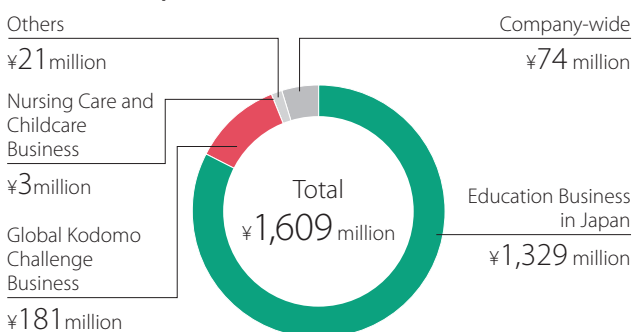
Turning intellectual capital into social assets

Benesse Style Care embodies "sharing of knowledge with society," which has been positioned as one of the Group's key tasks. It operates Kaigo Antenna, a portal site that supplies busy nursing staff nationwide with information they can trust.

Kaigo Antenna is rooted in the know-how and expertise developed by Benesse Style Care during its over 25 years of nursing home management. It provides information regarding the Benesse Method and previously confidential know-how regarding nursing technologies. It also contains information on seminars and materials for use in recreational and other activities, for which there is a high level of demand among nursing staff.

First published in September 2019, it now has registered recipients in every one of Japan's prefectures, and access rates are rising. We aim for Kaigo Antenna to serve as an invaluable resource for anyone experiencing difficulties in the nursing field and to improve the overall quality of the nursing industry by sharing various knowledge not only with nursing staff across the country, but also with all those involved with nursing, including those providing nursing care to family members at home.

Breakdown of Group R&D expenditures (Benesse Group, FY2020)



Kaigo Antenna: <https://www.kaigo-antenna.jp/>
(only available in Japanese)

Think tanks complement the Group's intellectual capital

The Benesse Educational Research and Development Institute and the Benesse Senior/Nursing Care Research Institute are our two laboratories which serve as think tanks, carrying out original

surveys and research based on knowledge the group has accumulated in the education and nursing care businesses. These laboratories not only utilize their research findings for the development of business in the Benesse Group, but they also widely disseminate their findings in society through reports, websites, and symposiums, thereby contributing to solutions to social problems involving education and the elderly.

Benesse Educational Research and Development Institute (BERD)

Using the results of multifaceted surveys and research to benefit society

The Benesse Educational Research and Development Institute is an in-house think tank that came into being in 2013 through the merging of several Benesse Group research departments. Taking a comprehensive view of parenting and the educational environment, the BERD conducts multifaceted surveys and research in the field of education regarding a wide range of people, covering everyone from infants to college students, working adults, parents, and teachers.

The BERD is made up of four different research offices, each of which collaborates with educational institutions and researchers in Japan and abroad while carrying out research in their particular areas of specialization, e.g., the talents and abilities that will be needed in society in the future, ways for acquiring those talents and abilities, and assessment based on testing theory. Since the founding of the predecessor to this research institute in 1980, more than 400 studies have been carried out, the results of which are being presented through our website and printed publications, and which are presently being put to actual use in parenting and education.

Examples of research



“Skills for Social Progress—The Power of Social and Emotional Skills”
 Author: Organisation for Economic Cooperation and Development (OECD),
 Planning and production: Benesse Educational Research and Development Institute (BERD), Akashi Shoten (2018)

This publication presents measures, practices, and research from around the world related to social emotional skills (non-cognitive skills), which are important for improving wellbeing and achieving success in society.



“Tracking the Learning and Development of Children—Results from a Panel Survey of 20,000 Children and Their Parents”
 Editor: Institute of Social Science, The University of Tokyo & Benesse Educational Research and Development Institute (BERD), Keiso Shobo (2020)

This publication presents the interim findings of an ongoing study of 20,000 children and their parents which began in 2015. It covers how children develop and become independent.



Satoshi Okabe

Child Sciences and Parenting
 Research Office
 Benesse Educational Research
 and Development Institute

How the COVID-19 pandemic and the GIGA School Project are changing school and home study

In spring 2020, schools were temporarily shut down to prevent the spread of COVID-19. During the 2021 academic year, tablet computers have been distributed to each and every elementary school and junior high school student. The school environment surrounding children is undergoing profound change. Will these sudden changes enrich children's learning? Will they contribute to the development of diverse talents and abilities? Or will they demotivate children and lead to greater educational inequality?

One approach, in the face of the uncertain future that is drawing closer, is to identify the sources and signs of change. The signs of change can be seen in schools (among teachers) and in homes (among guardians and children). Identifying these changes requires steady observation, with identical conditions before and after the changes, and study design and statistical analysis based on academic knowledge.

We are conducting a nationwide sampling survey that aims to identify changes in school educational guidance, home education selection, and children's learning over the medium and long term. How will children, the generation of the future, grow and develop the independence they will need in changing school and home environments? This book points out issues, based on solid evidence, and actively provides recommendations on how those issues can be addressed.

Social Capital



Creating new value through the strength of the relationships we have cultivated with people and society

Education Business in Japan

Improving customer satisfaction and education in communities

We are working hard each day to maintain and improve customer satisfaction in Shinkenzemi and Kodomo Challenge by providing educational materials that support each and every enrollee. The Shinkenzemi individual tutoring lessons offered through our prep schools contribute to education in the region by coordinating with regional and local prep schools to provide Shinkenzemi students studying at home with teaching that helps them improve their own learning abilities.

- “Iid Awards” customer satisfaction survey

Worldwide Kids was awarded the top prize in the Children’s English Teaching Materials - Preschool (Age 0 to 6) category*

* From an internet survey of parents of 1,168 children using children’s English teaching materials.



Benesse signs GIGA School Project collaboration agreement with Gifu Prefecture’s Ogaki City

In October 2020, Benesse Corporation and Ogaki City, Gifu Prefecture, entered an Agreement on Coordination and Cooperation in Enriching Educational Environments Using State-of-the-art Technology. The aim of this agreement is the promotion of Ogaki City’s GIGA School Project, based on Japan’s national GIGA School Project. Benesse has entered comprehensive cooperation agreements with municipal governments in the past, but this is its first cooperation agreement related to the GIGA School Project.

Mirai Seed tablet learning software will be installed in the tablet computers distributed to students by the city government and used for purposes including study drills and sharing opinions during class. We also plan to ensure that students can

smoothly take advantage of rich study opportunities by providing various types of support, such as creating more detailed visions of school and home study, utilizing cloud technology, enriching information ethics education, and more.

Accommodating GTEC English exam test-takers with disabilities

The Global Test of English Communication (GTEC), an English examination administered by Benesse Corporation, evaluates all four skills of English language proficiency (listening, reading, speaking, and writing) in the form of a score-based absolute assessment. However, there are situations in which the English proficiency of people with disabilities cannot be accurately evaluated using the standard testing format. This is why we offer 11 types of disability accommodation, based on each test-taker’s individual disability status. During the course of developing these accommodations, we conducted multiple interviews with experts and related associations. We established methods of providing support through multiple rounds of development, testing, and refinement to ensure that the methods were effective and that the test remained fair. A total of 19 of the people that took the GTEC administered in July 2020 made use of these disability accommodations.

Nursing Care and Childcare Business

Benesse enters agreement on protective monitoring network for seniors

Led by its desire to contribute to the healthy lives of the members of customers’ communities, Benesse Palette, which offers food delivery services for seniors, is an active participant in the protective monitoring programs operated by individual local governments. It has signed agreements regarding local protective monitoring networks, etc., with Tokyo’s Shinagawa, Suginami, Nerima, Bunkyo, and Nakano wards.

Benesse Art Site Naoshima

Benesse Art Site Naoshima is the collective name for the art-related activities we conduct in conjunction with the Fukutake Foundation on the islands of Naoshima, Teshima, and Inujima in the Seto Inland Sea. These activities have contributed to community development in the area for over three decades.

Offering an “art thinking” course through Udemy, set in Naoshima

In May 2021, Udemy, an online learning platform operated through a capital alliance with Benesse Holdings, conducted a course titled, “Art Thinking’ for Adults - Developing Three Abilities at Naoshima, the Art Island of the Seto Inland Sea.” In the hands-on, online course, participants closely observed artworks on Naoshima and developed their ability to see things from their own unique perspectives and come to their own conclusions.



Students study *Water-Lily Pond*, a Claude Monet work in the Chichu Art Museum’s collection

Full-fledged launch of programs for schools, companies, and organizations

Benesse Art Site Naoshima offers programs for schools, companies, and organizations. The program, which went into full-fledged operation in 2020, provides participants with the experience of engaging in dialog, deliberation, and empathetic communication through art appreciation, and offers opportunities to take an active approach to thinking by developing numerous new perspectives, such as the contemporaneous social issues that underlie works of art and lessons to be learned regarding community involvement.



Senior high school training program tour

Benesse and Okayama University begin joint research focused on SDGs

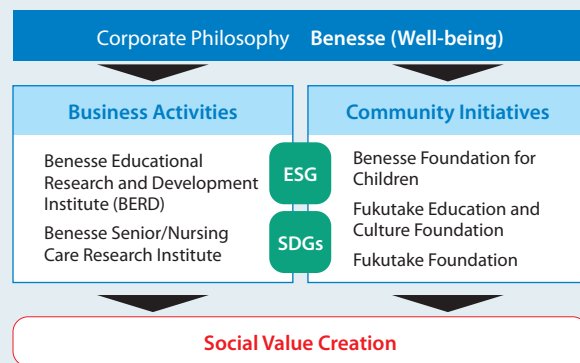
Benesse Holdings and Okayama University are conducting a three-year joint academic research program, from fiscal 2020 to fiscal 2022, on community sustainability and well-being. We are studying the changes in the well-being of the communities and residents of Naoshima, Inujima, and Teshima and the surrounding area being brought about by the “Naoshima Method” and “public interest capitalism” activities of Benesse Art Site Naoshima, and the mechanisms behind those changes. We plan to compile and present the academic results of the study, including information on the creation of a model which can be applied to other regions and countries as well.

Foundation activities —Initiatives geared toward the creation of well-being—

Our commitment to the Benesse corporate philosophy of well-being is not limited to our business activities, but is also reflected in the activities of our foundations that engage in community initiatives. Our two foundations aim to create social value by aiding regional development and assisting children.

• Fukutake Foundation

The Fukutake Foundation (formerly the Naoshima Fukutake Art Museum Foundation) was established together with the Chichu Art Museum, which opened in 2004, and assumed its current name after a merger of two aid foundations in October 2012. The foundation carries out three different types of activities. The first is museum operation, mainly in Naoshima, Teshima, and Inujima. The second is assisting with culture- and art-driven regional development activities throughout Japan. The third is independently and jointly organizing events such as Setouchi Triennale.



• Benesse Foundation for Children

The Benesse Foundation for Children is working to create environments where children can learn with peace of mind; to assist children dealing with economic issues, sickness, disabilities, or other obstacles to learning; and to aid the study and growth of children who have been affected by disasters (emergency assistance). The foundation is also ambitiously attempting to go beyond simply providing assistance for overcoming problems to also nurturing and educating children who will play prominent roles in building an even better society.

Environmental Initiatives

Seeking further growth, Benesse formulates medium- to long-term environmental targets, and we actively strive to reduce our environmental footprint while improving external assessments of our activities.

Environmental policy

In March 2021, the Benesse Group revised the Environmental Policy which it formulated in 2011. Benesse will not only work to promote climate control and environmental consciousness in products and services, as well as in sales and other activities, but also engage with society to encourage energy conservation and waste reduction for climate control, recycling, the preservation of biodiversity, and the conservation of water resources, including the efficient use of water.

Climate control measures

With the year ending March 31, 2018 (fiscal 2017) as the reference year, Benesse Corporation revised its reduction targets upward in line with the WB 2°C target (2°C target for Scope 3) in accordance with SBT standards, and has set the following medium- to long-term targets for reducing greenhouse gas emissions (with regard to the data, it has received third-party verification via the Japan Quality Assurance Organization).

To achieve this goal, in fiscal 2020, we made progress on further reducing the burden we place on the environment through actions such as reducing the amount of paper we use by promoting digitalization of products and services, as well as facilitating energy conservation via remote work and web meetings in connection with the COVID-19 pandemic.

Medium- to long-term environmental targets

(Years ended March 31)

		2020	2030	2050
Reduce CO ₂ emissions (compared to 2018)	Scope 1 and 2	6.0%	36.2%	100%
	Scope 3	2.5%	14.8%	39.4%

Reference year: 2018

Actual greenhouse gas emissions (per basic unit)

(Years ended March 31)

	Reference year 2018	2020	2021
Scope 1+2+3 (t-CO ₂)	0.0023	0.0022	0.0024
Yearly change	—	104.5%	109.4%

Assessment and endorsement of initiatives

• Acquired SBT certification

The Benesse Corporation's greenhouse gas emission targets for 2030 and 2050 were certified by the SBT Initiative* based on scientific evidence to "keep the global average temperature increase well below 2°C and maintain it below 1.5°C compared to pre-industrial levels" under the Paris Agreement. We also received SBT certification from the Initiative.



* SBT Initiative: Established in 2015 by four organizations—CDP, the UN Global Compact, the World Resources Institute (WRI), and WWF (World Wildlife Fund for Nature)—to promote achieving science-based targets (SBT) for the reduction of greenhouse gas emissions, in order to limit the temperature increase from pre-industrial levels to below 2°C.

• Evaluation by the CDP

In the CDP's climate change survey, we were selected in 2020 as an A List company—the highest evaluation for companies that conduct outstanding activities in areas such as reducing greenhouse gas emissions and implementing measures to mitigate climate change—for the third straight year.

In addition, we have received the highest evaluation of A in the CDP's Suppliers Engagement Valuation for two straight years, continuing from last year. Furthermore, 396 companies from around the world who are taking action on climate change have obtained the highest evaluation on the CDP supplier engagement leader board, and we were one of the companies to be chosen.



• Agreement with TCFD

In 2019, we expressed our agreement with recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), and were the first education business operator in Japan to do so.



Conducted a scenario analysis in accordance with TCFD recommendations

The Benesse Group conducted a scenario analysis of its education business in Japan in accordance with TCFD recommendations to make an in-depth analysis of the risks and opportunities for its business due to the impact of climate change.

• Analytical estimation of risks and opportunities

Analysis of the risks and opportunities that affect Benesse is conducted on two key points: probability of occurrence and level of influence.

Transitional Risks	<ul style="list-style-type: none"> • Switch to alternative materials (recycled plastics, etc.) • Increase in shipping costs (by truck) 	<ul style="list-style-type: none"> • Increase in digital educational materials (rare metals, etc.) • Increase in energy costs
Physical Risks	<ul style="list-style-type: none"> • Procurement failures from suppliers • Major damage at logistics hubs • Changes in shipping methods due to suspension of the logistics network 	<ul style="list-style-type: none"> • Restructuring of the logistics network due to environmental changes and the spreading of infectious diseases
Opportunities	<ul style="list-style-type: none"> • Changes in the environmental awareness of consumers • Initiatives towards global environmental preservation 	<ul style="list-style-type: none"> • Competitive advantages through innovations in environmental technology • Highly resilient logistics base



• Future strategies and initiatives

Benesse will advance the following strategies and initiatives in the future based on the results of our climate change-induced risk-opportunity analysis.

Transitional Risks	Research into alternative materials that consider reductions in CO ₂ , resource circulation initiatives (recycling), and reductions in shipping fees through the adoption of digital educational materials
Physical Risks	Reduction in risks through the decentralization of production bases, securement of alternate means of transport, strengthening of flood control measures at logistics hubs, etc.
Opportunities	The promotion of new environmental education, and reflecting innovations in environmental technology, etc., on products, services, and marketing activities based on changes in consumer behavior

Business initiatives **Support for environmental education**

Benesse is working to provide support for environmental education from an early stage. In 2020, we held an online event, the Benesse STEAM Festival, where junior high and high school students present research and initiatives that will lead to solving problems in the real world. There were many presentations themed around social innovation, and they have been made available on our Library. We also conducted the 2020 National Research Contest on Manavision. A total of 300 high school students from across Japan participated, and among their research projects, many of them were seen to touch on the topic of the SDGs.



Benesse STEAM Festival

Communication with Shareholders and Investors

Benesse proactively discloses information to shareholders and investors. We use superior IR disclosure tools and emphasize mutual communication in our IR activities.

Striving to increase corporate value through dialog with shareholders and investors

The Company strives to maximize its corporate value by promptly and accurately disclosing and explaining information regarding its management policies, business strategies, forecasts, etc., to shareholders, investors, and securities analysts, and by reflecting their opinions and requests in our business management.

The Company's top executives, the Chairman & CEO and the President & COO, actively engage in dialog with shareholders, investors, and securities analysts through financial results briefings (held twice per year), small meetings, individual meetings, etc. Outside directors and major shareholders also have face-to-face meetings. Roughly 200 IR meetings, including the aforementioned meetings, are conducted each year. In fiscal 2020, in order to prevent the spread of COVID-19, all meetings were held remotely.

Furthermore, as a COVID-19 infection countermeasure, the Ordinary General Shareholders' Meeting for the 67th Period was held in the same manner as last year, by requesting that all shareholders refrain, whenever possible, from attending in person, instead exercising their voting rights in advance by mail or via the Internet. To ensure that the Ordinary General Shareholders' Meeting was conducted openly despite the COVID-19 situation, we accepted questions submitted online in advance. We also streamed the meeting live, for the first time, so that it could be viewed from peoples' homes, etc. Footage of the meeting, presentation materials, question and answer session summaries, and the like are available from our website.

Reflecting the results of dialog with investors and analysts in our corporate management

In fiscal 2020, we conducted a perception study of institutional investors and securities analysts. We assessed perception gaps between investors and the Company and used what we discovered in our corporate management and IR activities. The findings were reported, shared, and deliberated at the Board of Directors meeting, assisting with the future improvement of our management initiatives.

Disclosures on our IR website

Guided by the principle of fair disclosure, we strive to provide an extensive range of information on our website. In addition to the proceedings from financial results analysis meetings and General Meetings of Shareholders which we make available on our website, we also disclose various IR materials, financial data, and press releases in a timely manner.

We have also created a website geared toward individual investors, designed to help those unfamiliar with Benesse to gain a greater understanding of our company. It points out the strengths of Benesse and our strategies, as well as information about our business performance, presented in a way that is easy to understand.



Online Investor Relations



Introducing the Benesse Group

Main IR activities

We conduct the following activities over the course of the year.

- General Meetings of Shareholders
- Financial results briefings: Twice per year (interim and year-end)
- Media coverage assistance: Roughly 200 activities per year, for a total of 342 companies (Japanese and foreign)
- IR pamphlet publication: Benesse Integrated Report, Shareholder News, Databook, etc.
- IR site planning and operation

External assessments of our IR tools (FY2020)

- Gomez IR Site Ranking, Best Company, Gold Award
- Nikko Investor Relations Co., Ltd. All Japanese Listed Companies' Website Ranking AAA Grade
- Daiwa Investor Relations Co., Ltd. Internet IR Excellence Award (Silver Award)



Investor Information (As of March 31, 2021)

Shares issued 102,541,528 shares
Listed date October 26, 1995
Securities listing (Common stock) Tokyo Stock Exchange, First Section
Securities code 9783
ISIN code JP3835620000

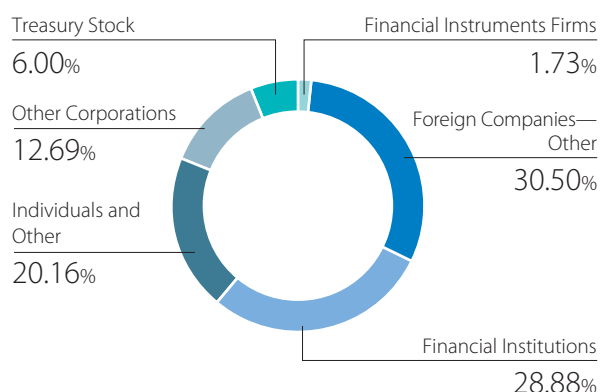
Unit of trading 100 shares
Independent auditor Deloitte Touche Tohmatsu LLC
Transfer agent Mitsubishi UFJ Trust and Banking Corporation
Shareholders 61,814

Top 10 shareholders

	Shares (Thousand)	Percentage (%)
The Master Trust Bank of Japan, Ltd.	12,259	12.71
Custody Bank of Japan, Ltd.	10,658	11.05
efu Investment Limited	7,858	8.15
Fukutake Foundation	7,758	8.04
The Chugoku Bank, Ltd.	2,787	2.89
Fukutake Education and Culture Foundation	1,919	1.99
Minamigata Holdings, Inc.	1,836	1.90
CREDIT SUISSE (LUXEMBOURG) S.A./ CUSTOMER ASSETS, FUNDS UCITS	1,728	1.79
Mizuho Trust & Banking Co., Ltd. (Retirement Benefit Trust Account, The Chugoku Bank, Ltd.)	1,600	1.66
THE BANK OF NEW YORK MELLON 140044	1,532	1.58

Notes: 1. The shares held by The Master Trust Bank of Japan, Ltd. include 6,809 thousand Company shares (a 7.06% investment ratio) contributed by efu Investment Limited as trust assets. efu Investment is an asset management and investment corporation of which Hideaki Fukutake serves as representative. The decision-maker with respect to the execution of voting rights related to the consigned trust assets is efu Investment Limited.
 2. The Company owns 6,158 thousand shares of treasury stock which are not included above because they do not carry voting rights. These shares of treasury stock are also excluded from the calculation of percentages.
 3. The shareholding ratio has been rounded down to the second decimal place.

Shareholdings by type of shareholder



Coverage in ESG indexes

MSCI ESG Index*

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

* The inclusion of Benesse Holdings, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Benesse Holdings, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

FTSE4Good Index Series / FTSE Blossom Japan Index



FTSE4Good



FTSE Blossom
Japan

SOMPO Sustainability Index

2021



Sompo Sustainability Index

Recognized as a leading "Prime" company in the ISS ESG Corporate Rating by the ISS ESG



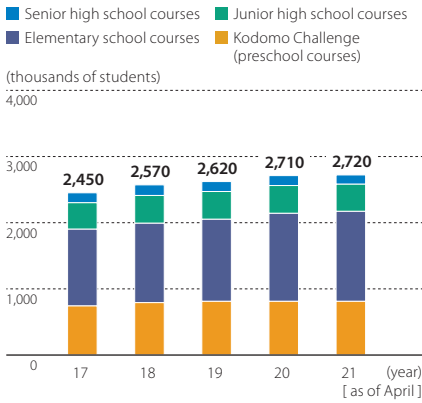
S&P/JPX Carbon Efficient Index



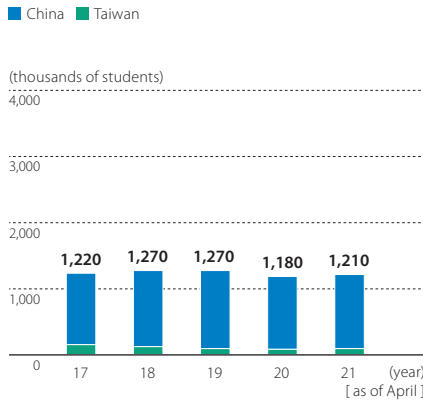
Non-Financial Information

Business-Related

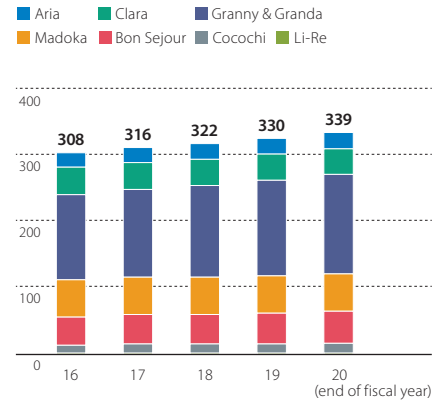
Shinkenzei and Kodomo Challenge enrollments in April (Japan)



Kodomo Challenge enrollments in April (Overseas)

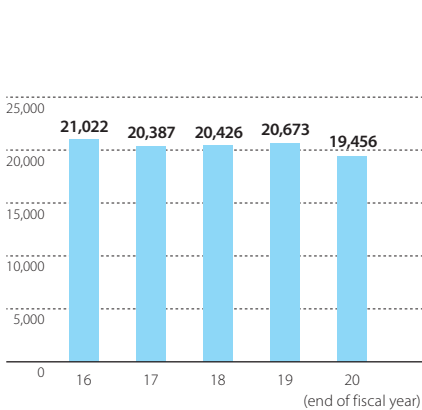


Nursing homes & elderly homes by brand

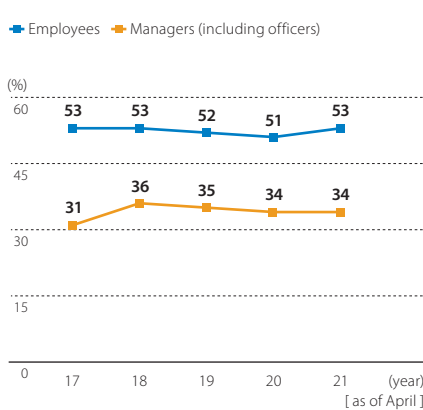


Human Resources

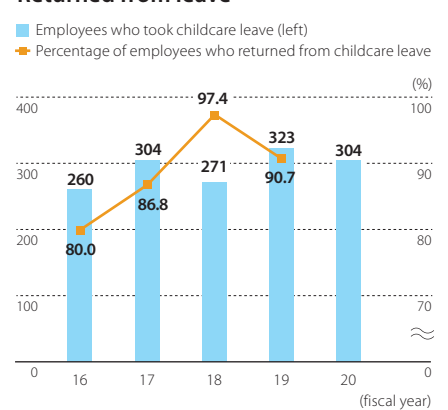
Employees on consolidated basis



Ratio of female employees/managers

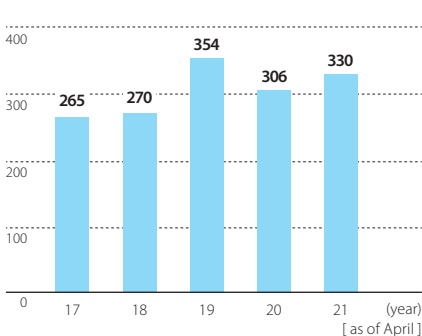


Employees who took childcare leave / Returned from leave



Human Resources

Employees taking shorter hours for child-rearing

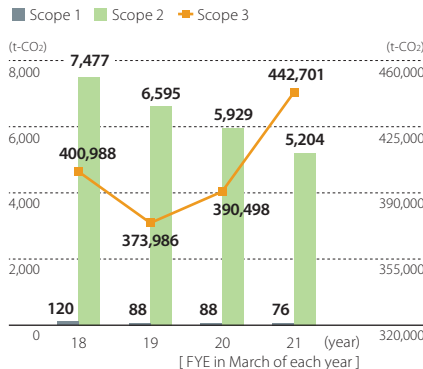


Note: Figures are for Benesse Corporation and Benesse Style Care combined.

* Benesse Style Care has 276 employees as of July 31, 2020. The number of employees as of July is also listed for fiscal 2020, due to the fact that some employees and staff returned to work later than usual because of the spread of COVID-19.

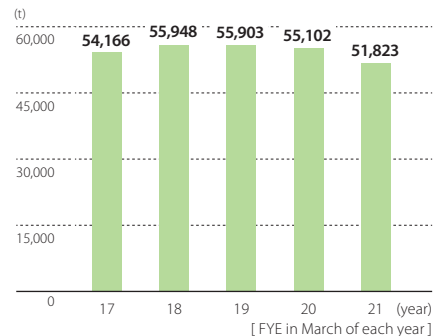
Environment

Amount of GHG emissions



Note: GHG emissions are those of Benesse Corporation.

Paper consumption



Note: Paper consumption excludes printing paper for use in offices.

Group Information

Corporate Information

As of March 31, 2021

Name	Benesse Holdings, Inc.	Representatives	Tamotsu Adachi Representative Director and Chairman, CEO	Employees (Consolidated)	19,456
Date established	January 28, 1955			Capital	13,739 million yen
Headquarters	3-7-17 Minamigata, Kita-ku, Okayama-shi, Okayama 700-0807, Japan		Hitoshi Kobayashi Representative Director and President, COO (As of June 26, 2021)	Fiscal year-end	March 31

Consolidated subsidiaries

As of March 31, 2021

Name of company	Common stock (Millions of yen)	Ratio of shareholding (%)	Description of business
Benesse Corporation	3,000	100.0	Education, publishing, mail-order sales, etc.
Classi Corp	840	50.0	Development and operation of educational platform
Tokyo Individualized Educational Institute, Inc.	642	61.9	Operation of prep schools
Benesse i-Career, Co., Ltd.	261	51.0	Career education and career building support services for university students and working adults
UP Inc.	100	100.0	Operation of prep schools
Shinken-AD Co., Ltd.	65	100.0	Advertising business specializing in higher education institutions
Plandit Co., Ltd.	40	100.0	Planning and editing of study materials
EDUCOM Corporation	33	100.0 ^{*1}	Development and sales of school business support system
Benesse BE studio Inc.	10	100.0	Operation of English language schools for children
Learn-S Co., Ltd.	10	100.0	Planning, editing, production and sales of study materials
Ochanomizu Seminar Co., Ltd.	10	100.0 ^{*2}	Operation of prep schools
Tokyo Educational Institute Co., Ltd.	10	100.0	Operation of prep schools
Benesse Corporation China	125,000 Thousands of RMB	100.0	Sales of correspondence course materials for preschoolers
PT. Benesse Indonesia	272,700 Million INR	100.0 ^{*3}	Operation of prep schools in Indonesia
Benesse Style Care Co., Ltd.	100	100.0	Nursing care services for the elderly business, childcare business
Benesse Senior Support Co., Ltd.	100	100.0 ^{*1}	Nursing care consultation service business
Benesse Palette Co., Ltd.	100	80.0 ^{*4}	Food delivery services and nursing care food for seniors business
Benesse MCM Corp.	80	100.0 ^{*1}	Introduction and temp staffing of nurses and human resources trained in nursing care
Berlitz Corporation	1,005 Thousands of U.S. dollars	100.0	Language instruction, global leadership training and support for study overseas
Benesse InfoShell Co., Ltd.	150	90.0	Information system maintenance and operation business, information processing service business
Benesse Business-mate, Inc.	50	100.0 ^{*5}	Office operational management, outsourcing and support services
Naoshima Cultural Village Co., Ltd.	20	100.0	Hotel and campsite operation and management
Benesse Base-Com, Inc.	20	100.0	Creation, sales and distribution of study materials
Benesse Hong Kong Co., Ltd.	3,600 Thousands of H.K. dollars	100.0	General trading and quality assurance related to educational equipment, toys and other items

Plus 13 other subsidiaries.

^{*1} Indirect stock holding through a subsidiary.

^{*2} Including an indirect stock holding of 50.0% through a subsidiary.

^{*3} Including an indirect stock holding of 0.1% through a subsidiary.

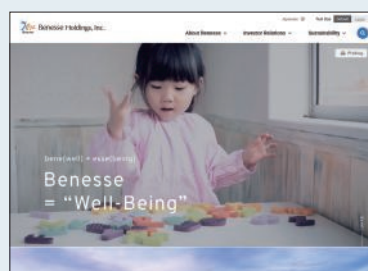
^{*4} Indirect stock holdings of 80.0% through subsidiaries.

^{*5} Including indirect stock holdings of 2.0% through subsidiaries.

Benesse Holdings corporate website

www.benesse-hd.co.jp/en/

Our corporate website provides comprehensive information on the Group as a whole.



Corporate and Group information



Investor Relations



Sustainability



Benesse Holdings, Inc.

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URL: <https://www.benesse-hd.co.jp/en/ir/index.html>

Online Version of Benesse Report 2021

HTML articles and PDF files of the report are available on the website.

<https://www.benesse-hd.co.jp/en/ir/library/ar/2021/index.html>

