



Benesse Holdings, Inc.

Briefing on ESG and Sustainability

February 21, 2023

Event Summary

[Company Name]	Benesse Holdings, Inc.	
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[Number of Speakers]	6	
	Hitoshi Kobayashi	Representative Director and President, CEO
	Hidetomo Hashimoto	Senior Managing Executive Officer CDXO (Chief DX Officer), Executive General Manager of Digital Innovation Partners
	Haruna Okada	Managing Executive Officer, Executive General Manager of ESG and Sustainability
	Shinsuke Tsuboi	Managing Executive Officer, CFO, Executive General Manager of Finance and Accounting
	Hisano Murakami	CHRO (Chief Human Resource Officer), Executive General Manager of Human Resources
	Koutarou Ueda	CSO (Chief Strategy Officer), Executive General Manager of Corporate Planning and Promotion

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Presentation

Today's Agenda

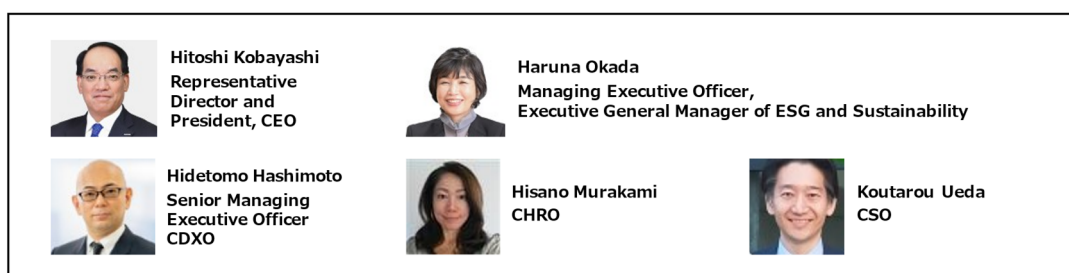
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Part 1 Benesse's ESG and Sustainability

Part 2 Reform and Growth Toward a Sustainable Society

Looking to the Future



Kobayashi: Thank you very much for taking time out of your busy schedules to attend our ESG and sustainability briefing today.

Today's agenda is as follows. In the first part, Ms. Okada, Ms. Murakami, and Mr. Hashimoto will explain Benesse's ESG and sustainability initiatives. Following the first part, Mr. Ueda and I will explain change and growth toward the realization of a sustainable society in the second part.

Today, we will be in a large group, and several people will be present to explain the situation. We are determined to promote our business and manage the Company while firmly integrating Benesse's future growth, sustainability, and ESG. We would be very grateful if you would listen carefully.

Since this is Benesse's first information session limited to ESG and sustainability, we have prepared a video to introduce Benesse first. Please take a look.

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Benesse Group Corporate Philosophy

Video: At a time when the world is undergoing major changes, we have a corporate philosophy that remains unchanged and important to us.

Fukutake Publishing Co., Ltd. the predecessor of Benesse Group, was founded in Okayama. In 1990, Benesse was announced. In 1995, the Company changed its name to Benesse Corporation.

Benesse means well-being. This is where the Benesse Group's new challenge began, with well-being at the center of its management.

Benesse has a special place in its heart that embodies this corporate philosophy, Benesse Art Site Naoshima. With the Fukutake Foundation, art activities have been promoted in Naoshima, Teshima, and Inujima. It is a place where visitors are encouraged to think about Benesse (well-being) and a happy community full of smiling elderly people.

With this corporate philosophy as our guiding principle, we have expanded our support for our customers' well-being in a variety of businesses. The Benesse Group has continued to move forward on Naoshima and in its business with well-being as its guiding principle.

Well-being in English is the vision of the future that sustainability and the SDGs aim to achieve. We have been earnestly pursuing this corporate philosophy in our company name for more than 30 years. Toward the next future, we want to rethink various social issues with people at the core, and create a sustainable society and future with the power of people and technology. Through our business activities, we are expanding various possibilities, together with highly motivated employees.

Benesse means well-being.

Kobayashi: Thank you very much. From here, we would like Ms. Okada to talk about Benesse's current and future ESG and sustainability initiatives.

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Integration of "Management" and "Sustainability Activities" in progress.



Okada: I'm Okada. As you have just seen, Benesse is a corporate group that supports well-being of people. Therefore, we believe that the ESG and sustainability initiatives that society is now striving for are quite inevitable for us.

Based on this premise, Sustainability Promotion Committee was formed concurrently with the formulation of the mid-term management plan "Transform and Grow Benesse 2022" in 2018. Since it is important to solve social issues through our business, we have established our sustainability vision and materiality in 2019, starting with communication with our employees and receiving input from various stakeholders. Through external ESG assessments and analysis, we visualize issues that are lacking, while selecting key themes and consistently implementing strategies, initiatives, and disclosures.

In 2020, we started a human rights initiative to ascertain the actual situation through human rights due diligence, and in 2021, we formulated and disclosed a human rights policy. In 2022, the ESG and Sustainability Division was established to further integrate management, business, and sustainability activities. We promote ESG throughout the Group.

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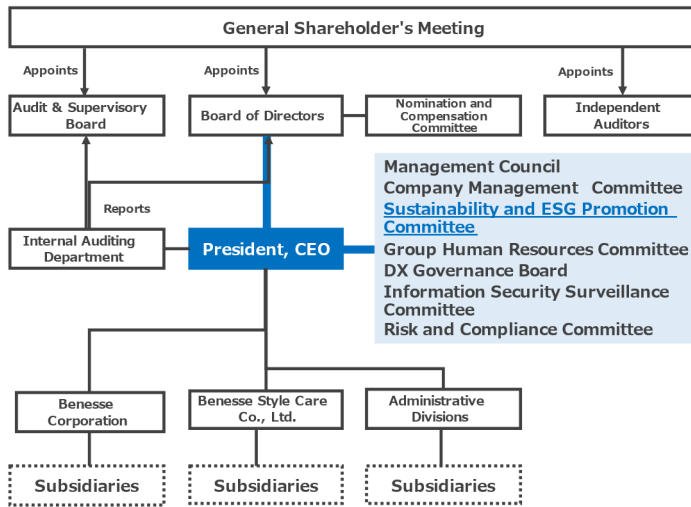
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Structure of Sustainability and ESG Promotion Committee

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Sustainability is at the core of corporate governance and matters for discussion are submitted to the Board of Directors.



- Committee whose members are full-time directors, including the President, CEO, and Head of each Business Company.
- Sustainability and ESG Promotion Committee established in April 2022 directly under the President, CEO
- Director in charge (Managing Executive Officer) appointed

Group's main policies and initiatives regarding ESG and sustainability determined

Next is the Group's promotion structure for ESG and sustainability activities.

We place ESG and sustainability at the core of our corporate governance. The Sustainability and ESG Promotion Committee, under the direct control of the President and CEO, will be the main driving force. The Committee is composed of the CEO, full-time directors, and all company heads who are responsible for the business. This has created a structure that will enable us to better ensure the implementation of sustainability activities through our business.

To further strengthen the promotion system, we established a headquarters as a dedicated organization in April 2022, and have been promoting activities targeting all group companies. Since its establishment, the Committee meetings were held 16 times, and matters discussed are regularly brought up for discussion and reported to the Board of Directors.

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Responding quickly to changes in society and customers.
Improving human capital in particular is a driver of reform and growth

E Contribution to a sustainable global environment	<ul style="list-style-type: none"> ■ Role of companies in climate control measures ■ GX and the real challenges of soaring energy prices ■ Need for essential medium and long-term measures 	<ul style="list-style-type: none"> ■ Establishment of environmental goals ※Benesse Corporation ■ Environmental practices compatible with business characteristics ■ CO2 reduction at logistic centres
S Human resources to support growth	<ul style="list-style-type: none"> ■ Strengthen human capital ■ Changing job types through advances in DX/AI ■ Diversification of individual working styles and values 	<ul style="list-style-type: none"> ■ Engagement through spreading awareness of principles ■ Implementation of "B-STAGE" proposal system ■ Enhancing diversity ■ Learning culture challenges
G Further strengthening of governance	<ul style="list-style-type: none"> ■ Diversity in governance ■ Board of Directors' ESG commitments ■ Maintain and improve information security 	<ul style="list-style-type: none"> ■ Corporate governance structure ■ Improving effectiveness of Board of Directors ■ Thorough information security measures

The next section provides an overview of Benesse's ESG initiatives. From left to right are examples of themes, issues, and initiatives.

First is the environmental area of E(Environment). In terms of environmental initiatives, Benesse Corporation established an environmental policy in 2011 and environmental targets in 2012. In addition to being the first education provider to endorse the TCFD in 2019, we are also committed to reaching out to society and children through our educational services.

Next comes S(Social), the area of social. We believe that social initiatives are the most important area of Benesse's sustainable growth. We have always believed that people are the key to success, and we consider people to be our most important asset. We have strengthened our efforts to promote philosophy-driven management and emphasize independent work styles and growth support. After this, we will also present some specific examples.

G(Governance) stands for further strengthening governance. The Board of Directors, of which half are outside directors, makes management decisions from diverse and long-term perspectives. We have conducted and disclosed an annual evaluation of the effectiveness of the Board of Directors since 2015, and are working to further improve its effectiveness.

In terms of risk minimization, since the 2014 personal data breach we have placed even greater emphasis on maintaining and improving information security, and we continue to do so.

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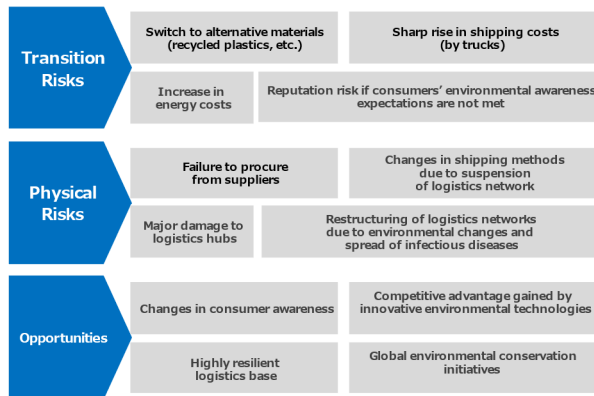
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Establish medium- to long-term environmental targets and address climate change as a Group

Scenario analysis in accordance with TCFD recommendations

Analysis of risks and opportunities based on probability of occurrence and impact, strategies and promotion based on the results



Targets revised to 1.5°C

Scope 1 and 2 reduction targets certified by SBTi
 Scope 3 reduction target SBTi 2°C certified

	Every year	2030	2041	2050
Scope 1+2 (1.5°C target)	4.4% [※]	52.8% [※]	100%	100% [※]
Scope 3 (2°C target) [※]	1.23%	14.8%	-	39.4%

[※]Benesse Corporation/ FY ended March

[※]SBTi certified

We will then present some specific examples.

First, I will continue with the environmental case study. After that, CHRO Murakami and CDXO Hashimoto, the person in charge of DX promotion, will explain the case study of human resource enhancement along with governance.

This is a climate change initiative. We are conducting a scenario analysis in line with the TCFD recommendations. Some of the transition risks have already become apparent, such as the rising cost of shipping and energy prices, in addition to changes in the materials used in the seminar, and we believe that further ongoing preparedness is necessary with regard to logistics.

We are in the process of analyzing risks and opportunities affecting our company from the two axes of probability of occurrence and degree of impact, and promoting strategies and initiatives based on the results. Benesse Corporation, a major business subsidiary, has been a pioneer in this initiative, and has revised its greenhouse gas emissions reduction target upward from the existing 2-degree Celsius level to the 1.5 degree Celsius level. In the future, we would like to expand our efforts to the entire Benesse Group and set targets.




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Providing opportunities for environmental education in line with children's' development stages and curriculum

<p>Preschool</p>	<p>TV show “Shimajiro no Wow!”</p>	
<p>Elementary school, Junior high school, Senior high school</p>	<p>「Creating the future competition, environmental category」 「“Tankyu Nabi (Inquiry Navigator)”」</p>	
<p>Collaboration with government agencies</p>	<p>「STEAM library」 ※Ministry of Economy, Trade and Industry's “future classrooms”</p>	

Next, I would like to introduce our environmental activities tailored to the characteristics of our business. For environmental activities, we also value the social contribution that is typical of Benesse with its various access opportunities for learning.

For example, for early childhood, we deliver content that fosters interest in nature around us through TV programs with the Kodomo Challenge character, Shimajiro. It has received numerous international awards in the past as an excellent educational program for young children.

In addition to our own activities, we also provide environmental education content for parents and children in collaboration with other companies that support our efforts. For elementary school students and above, we have incorporated environmental themes into our Shinkenzeni teaching materials service and into teaching materials for schools, responding to new educational needs that are growing in tandem with the spread of the SDGs.

In 2021, at the request of the Ministry of Economy, Trade and Industry, we provided content for the STEAM Library of Mirai No Kyoushitsu. This is an example of our efforts to meet the expectations of society and our customers.

Next, CHRO Murakami will give an explanation of human resource enhancement.

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S Engagement through spreading awareness of principles

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Employees play a leading role in Benesse's sustainability activities. Measures implemented to share thoughts with employees.

Founding Day Morning Meeting	<ul style="list-style-type: none">Started in 1991Held more than 20 times in totalHeld once a year since 2008	
Sustainability Study	<ul style="list-style-type: none">Started in 20192022 theme "Diversity and Transformation" (23 companies and 4,000 people participated)	
Philosophy booklet "BATON"	<ul style="list-style-type: none">Published in April 2022Distributed to all Group employees (Initial distribution approximately 10,000)	

Group engagement survey

MOTIVATION CLOUD
A

Murakami: Let me start with engagement through permeation of our philosophy.

People have been an important part of Benesse since the Company's founding, and our fundamental belief is that Benesse's assets are people with ambition. We believe that this is the most important aspect of our sustainability activities, so we will introduce some of our new initiatives as well.

As changes in the business environment accelerate, it is becoming increasingly important for each and every employee to be aware of the raison d'être of our business, in other words, why we are engaged in this business. In terms of employee engagement activities, as you can see here, we are strengthening new initiatives as well as continuing traditional activities such as morning meetings.

Sustainability study, an online study, was launched in 2019, with 4,000 students from 23 group companies. It was an opportunity to gain insight into the future of society and connect it to their own work.

In addition, a philosophy booklet, BATON, was published in April 2022. This is a booklet that summarizes business practices from the birth of Benesse. Based on this booklet, we held study sessions for employees to think about how to put Benesse's philosophy into practice in their businesses. Approximately 1,000 employees participated in each study session, for a total of 3,000 employees.

As a result of these efforts, we have continued to maintain our A-rating position in the biannual engagement survey, which corresponds to the top 20% of companies participating in the assessment. It is our company's characteristic that there is a strong correlation between the penetration of empathy for the philosophy and the satisfaction of employees. We will continue our efforts to link our philosophy with our business operations.

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S Group proposal system "B-STAGE"

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Group proposal system "B-STAGE", which is rooted in employees' self-initiatives, attracts many business proposals.



Next, I will explain the B-STAGE group proposal system. It is even more important to not only empathize and share our thoughts, but also to give shape to them in the form of a business, and we will stick to this.

As part of this effort, we have launched B-STAGE, a group proposal system, in 2021. For quite some time, proposal activities that make use of the voices of the field in management have taken root in our company. The proposal system was revitalized when current CEO Kobayashi launched a project during his tenure as COO to make it more active, involving the entire group.

What we valued was the autonomy of our employees and the seriousness of our management. Both the proposer and the receiver of the proposal must work with their own will and overwhelming enthusiasm. First, management demonstrated its commitment and asked its employees. As a result, 1,782 proposals were received in the first year, exceeding the target, and one of these proposals was actually decided to be commercialized.

In the second proposal activity we recently conducted, we received nearly twice that number of proposals. We have been surprised to hear from people outside the Company. They say it is very rare for the number of applications in the second year of such an internal proposal system to exceed that of the first year. The final judging session here took place over a full day, inviting guests from outside the Company, and the heated discussion was open to all group employees. We are seeing many projects that have never been done before or that offer unique perspectives, and we will continue to study promising ones with a budget and structure.

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Enhancing the next level of diversity in women’s activities, aiming for new value creation and sustainable growth.



- **Percentage of women in management positions**
Domestic average 9.4% < **Benesse 33%**
※Benesse Corporation percentages (2022)
- **Percentage of employees who returned from childcare leave : Over 95%**
※Benesse Corporation and Benesse Style Care percentages (2022)
- **Employees who took childcare leave : 377**
※Benesse Corporation and Benesse Style Care percentages (2022)
- **「Uncomfortable with female supervisors」**
Benesse 2.7% < Domestic average 14.6%

Continuing on, we are strengthening diversity.

We believe that in order to transform or sustain a business, something is needed to drastically change the values and ideas we had before, and that the catalyst for this change is the diversity of people and organizations.

Gender diversity is one of Benesse’s great strengths, with many female employees working in career-track positions even before the Equal Employment Opportunity Law. Today, the ratio of female managers exceeds 30%, well above the national average, and the return-to-work rate after childcare leave is 95%. It is perfectly normal for employees to work again after giving birth.

As a challenge, we see that there is still room for appointing women in senior management positions above the general manager level, and we have already visualized the current situation in this regard and have already started targeted activities. And we will work on the next stage of diversity in female empowerment, taking advantage of our inherently flat culture of diversity.

After this, CDXO Hashimoto will explain the challenge of learning culture to enhance DX.

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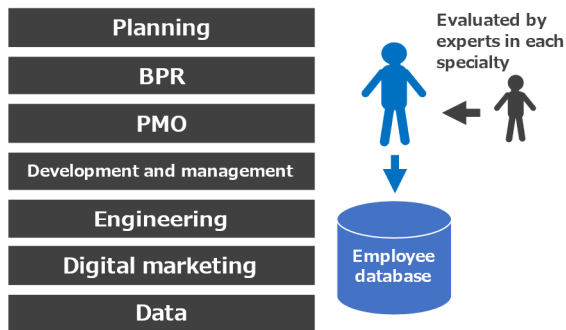
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Visualize number of people and placements by specialty required to execute the business plan, and objectively identify organizational capabilities. Periodically fulfill human resources needs.

Specialty definitions and individual specifications

Define skills for each specialty, verify the skills of all employees, and manage through talent manage system



Skill definitions for each specialty are based on external skills standards (e.g. ITSS) and internal high performer analysis

GAP analysis of number of people required and number of placements

Fill rate for DX positions in 2022 was 86%(+15 % YoY)

Job types	# of people required	# of placement	Placement level breakdown		
			Lv3	Lv2	Lv1
Planning					
BPR					
PMO					
Development and management					
Engineering					
Digital marketing					
Data					
Total					

Increase vs previous year

Decrease vs previous year

Analyze urgent need for training due to sharp increase in Lv1 by department and formulate individual training plans

Hashimoto: Sustainable growth still requires innovation. When we think of that innovation, we now think of business transformation using technology, which is DX. How can a company add the organizational capacity itself to promote this DX? I believe this is the purpose of our learning culture challenge. So we are trying to move forward with this DX first.

I know this is DX, but it is not easy to do, as you may be having trouble with it too. So, we are starting by defining what kind of professionals and skills are needed for this DX.

Benesse has now defined seven job categories as shown on the left as specialized positions to promote DX. In addition, all employees are being evaluated by experts in their respective professions to determine which skills they possess and at what level, and their individual abilities are being registered in the talent management system.

What kind of things will be able to be done when this is done are shown on the right side. The same indicators will be used throughout the Company to determine how many people are needed in each position to advance the business, how many people are currently being filled, and how this is being done at each level.

Now, according to the results in 2022, if we assume that 100% of these DX positions are necessary for the business to proceed, we are now at 86%. This is a 15% increase from last year, but it is where we have been able to keep people inside.

However, as you can see on the right side of this page, there are of course some areas in red, although we have not included the numbers. Therefore, the first premise is that we are making it possible to discuss within the Company whether to procure this red part from the outside or to cultivate the inside, and how to further cultivate it.

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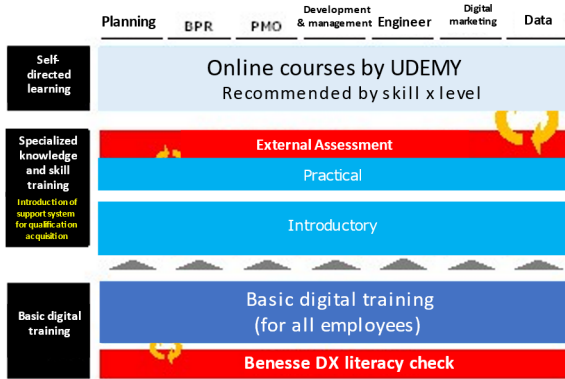
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Reskilling through 「assessment x job-specific training programs」.
Various measures to bring out employees' independence.

Training system

Development of company -wide training programs in addition to on-the-job training

Most of the 31 training programs are internal content using in-house case studies



Benesse DX literacy check = 2,456 people (100% YoY)
Training program participants = 6,504 people in total (180 % YoY)

Reskilling testimonials

Passing on what one learns to the organization
Learning through interactions with experts across divisions

I joined Benesse as a new graduate in 1984. I have a wide range of experience from Red -Pen teacher to sales & sales development for Shinkenzenmi correspondence courses, web marketing and information editing. I have been deepening my data analysis skills since taking the Challenge Touch course (Shinkenzenmi tablet course) when it was first offered in 2014.

Time for a change!
I learned math which I was not good at, and became a data scientist

- I failed twice during training, and that painful trauma renewed my determination**
If you have more company experience, you will be able to handle the work. But as my role changed, I realized that new knowledge and skills are essential.
- Learn data by exploring**
I learn by searching through books, training programs, UdeMY, YouTube, etc. with the focus on making use of data that visualizes how Shinkenzenmi members are doing. Before I knew it, I could understand math, which I was not good at, to a level beyond high school math.
- Reskilling starts with a simple question**
Learning expands from coming across something you don't know how to do in the course of familiar work. Don't be afraid to start!

Next is the human aspect.

As you can see on the left, we have created a training system. Of course, on-the-job training in the field is a prerequisite, but it is difficult to nurture people only with that.

Therefore, we are preparing a training program for the entire company, by the type of job that was just mentioned. This training itself is also being conducted with in-house content created by utilizing examples within the Company. In addition, we use external assessments to measure the degree to which the participants have developed their skills after receiving this training.

Furthermore, Benesse features are illustrated on the lower left side, but I think we need to add that literacy at a minimum for all employees, including management. Therefore, Benesse has created a check test to measure literacy and recommend training programs based on the test results.

At Benesse Corporation, more than 80% of our employees are currently undergoing this DX literacy check, and from there they are receiving the necessary training for their various jobs. In addition, we are also exchanging expert human resources across divisions and departments to ensure that the knowledge gained is not limited to individual efforts, but must be converted into organizational knowledge.

The person on the right, who has been with the Company for 38 years, was very poor at math, but after much hard work, she became a data scientist and is now playing an active role in the Company. We also have her teach young people who are aspiring to be in the industry, including her own experience.

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G Thorough information security measures

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Continuing to promote initiatives based on our determination to be a company that takes the security of customer information most seriously.

Measures to strengthen systems security

Strengthen system operation and surveillance, and continue technical measures

Security measures in system operation

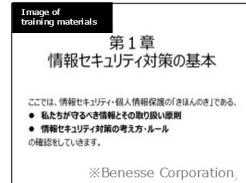
Measures to prevent malware infection

Measures to protect telecommunications networks

Systems and information access control

Employee awareness and education

Annual Security Day in which all employees participate



Strengthen security environment

Implement security zoning (classification) by level



※Benesse Corporation

Accident response system

Enforce rule to report to contact point within 30 minutes of discovery



Next will be the G(Governance) of ESG. The case here is information security.

As you know, we had a personal data breach in 2014. Since then, we have continued our efforts to become a company that takes the security of customer information most seriously.

Information security measures include the two so-called hardware aspects of information management on the left, and the software aspect, or the people who handle it, on the right. We are in the process of thoroughly promoting both aspects.

In terms of hardware, system security has been strengthened. This is where the security and IT departments are working together to speed up the process, as changes in attack methods are occurring at a dizzying pace on a daily basis. In the area of information and data management, we are also working on physical zoning.

In terms of human resources, we have training programs for all Benesse Corporation employees, hold the Security Day every year, and maintain an information route that quickly conveys information about any incidents, including near-misses, to the top management.

Last but not least, Ms. Okada. Thank you.

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List of ESG external valuations

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Benesse Holdings is listed for all ESG indices selected by GPIF.

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 ※1 Benesse Corporation ※2 Benesse Business-mate, Inc. ※3 Tokyo Individualized Educational Institute, Inc.

Okada: This is the last part of the first section, but it lists the latest external evaluations and index inclusion.

In the ESG indices selected by GPIF, all of the constituent stocks have been adopted. In addition to receiving high praise from CDP for our environmental initiatives, we have also announced our participation in the GX League this year.

In recognition of its human capital, Benesse Corporation received the Platinum Career Award, which is given to companies that are committed to solving society’s problems with a view to the 100-year life period, through efforts to develop human resources from a long-term perspective and to provide opportunities for employees to play active roles regardless of age.

In order to continue to meet these external expectations, the Benesse Group will continue its activities firmly and strive to disclose information in a highly transparent manner.

This concludes the first part, Benesse’s ESG and Sustainability.

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Kobayashi: Now let's start with the second part. In the second part, we would like to introduce Benesse's transformation and Benesse's concept of growth and what we are currently thinking about in order to realize a sustainable society.

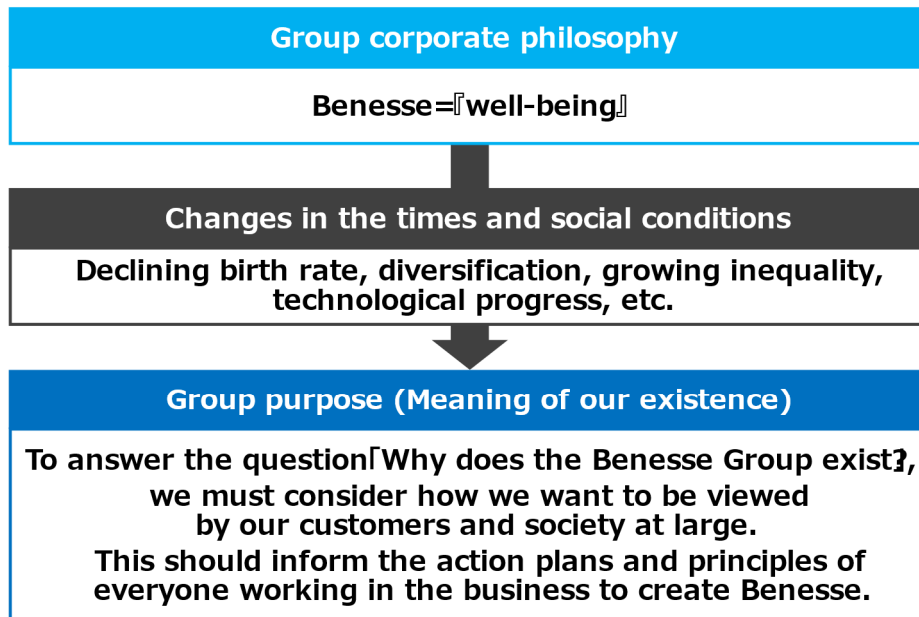
Benesse means well-being. We are a corporate entity with such a philosophy. What does Benesse think about its future activities, transformational growth, and how this direction relates to the realization of a sustainable society? How do we think about this? I personally see this as a concept that we must consider as the axis of management, which is very relevant to Benesse's sustainable growth in the future.

In a society that is changing at a dizzying pace and where answers are hard to find, I believe that social issues related to people are also becoming more diverse, complex, and extremely difficult. Benesse's sustainable growth will contribute to solving social issues that affect people at all life stages. We believe that this is the very essence of Benesse's future growth. We are now working to reform our business with the belief that this will surely lead to the realization of a sustainable society for the world as a whole.

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Continuing on, in considering such matters, I think it is very important to focus on what and how the Company as a whole will work on this matter. As you saw in the first half, we have a strong and unwavering philosophy called Benesse.

In order for each of us to further conceive and implement this concept at a concrete business site, we need to think of our purpose that is closer to the business, verbalize it, and use it as the basis for considering the specific usefulness of the business. We believe that doing so would be a very important process.

We have already introduced this concept about three years ago, and we are currently reviewing the business plans for the next fiscal year and beyond for each project, and I feel that we have already established a structure within the Group to clearly state the purpose of each business on the first page of the plan, and to express it in a more concrete form in our business.

I believe that it is of the utmost importance for Benesse to confirm the relationship between Benesse and purpose, and the sheet you are looking at now is what I always check in front of all the employees of the Group in order to ensure the thoroughness of the Benesse Group.

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We established the management foundations we are aiming for as the 「Group's purpose」 (from April 2023)

**Anybody can enjoy lifelong growth.
Toward a world in which everyone can live their own life.
Benesse will continue to aim for these ideals.**



We have once again confirmed the group purpose for the Benesse Group as a whole. Today I would like to announce it in front of you for the first time.

"Anybody can enjoy lifelong growth. Toward a world in which everyone can live their own life. Benesse will continue to aim for these ideals." We have established these words as the new Benesse Group purpose and intend to use them as the starting point for our future business direction and growth.

"Anybody" means
"All people", "Diversification"
"Sustainability" and
"No one left behind"

"Can enjoy lifelong growth " means
Benesse's principle and appeal
"Believing in the potential of human
beings"

**Anybody can enjoy lifelong growth.
Toward a world in which everyone can live their own life.
Benesse will continue to aim for these ideals.**

"World" broadly means
"future", "global", and
"social systems"

"Live their own life"
including the ideas
of diversity and well-being

"Benesse will continue to aim for these ideals" encapsulate our resolution
"There are no goals, but ideals that we continue to follow".
As a company's determination, these words motivate our employees.



I would like to explain a little about the background of each of these group-purpose words and why we chose them.

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First, "Anybody" is inclusive of diversification and sustainability in the sense that no one is left behind, but all. "Can enjoy lifelong growth" is the word for Benesse's principle and appeal to believe in the potential of human beings.

The phrase "everyone can live their own life" expresses diversity and well-being. We decided to use the word "world" to describe the future, global, social systems, and other such broad meanings of the word.

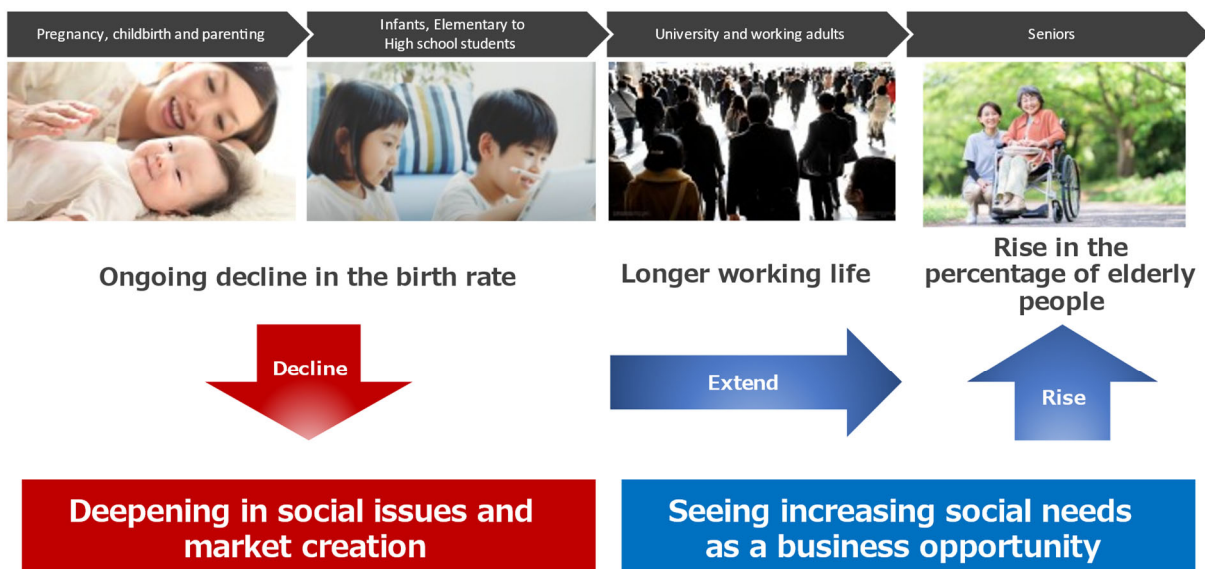
And finally, "Benesse will continue to aim for these ideals." It may not be something that has a goal. It may not even be something that has an end. I believe that it is exactly what a person continues to seek for the rest of his/her life, just as he/she is. Keep doing that. In business, we continue to make changes. This is our own strong determination and will. This is what we have indicated at the end of the group purpose.

" Anybody can enjoy lifelong growth. Toward a world in which everyone can live their own life. Benesse will continue to aim for these ideals." This is the group purpose, and we will work together with our group employees to make it a reality.

Understanding Population Change and Social Issues in Japan 21

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As Japan's population changes, understanding of social issues is being reconsidered.



Continuing on, social issues related to people at all life stages in Japan. I would like to talk about what we are thinking about this view at this point.

As you are all aware, Japan is experiencing a declining birthrate at every stage of life, from pregnancy, childbirth, and childcare, to infants, elementary school students, junior high school students, and high school students. And the speed is about to accelerate. Benesse's approach here is to dig deeper and evolve the issues of the individual or society as a whole, and create a market for the issues that we have dug deeper into. Let's take on the challenge there. We believe this is something our company must do.

On the other hand, there is an evolution of learning centered on the reskilling of university and working adults that is now required in society regarding seniors. In addition, we would like to take advantage of the growing social needs of the aging population, which is occurring among seniors, as an opportunity for growth for us at Benesse. We would like to face each of them with these two major ideas in mind.

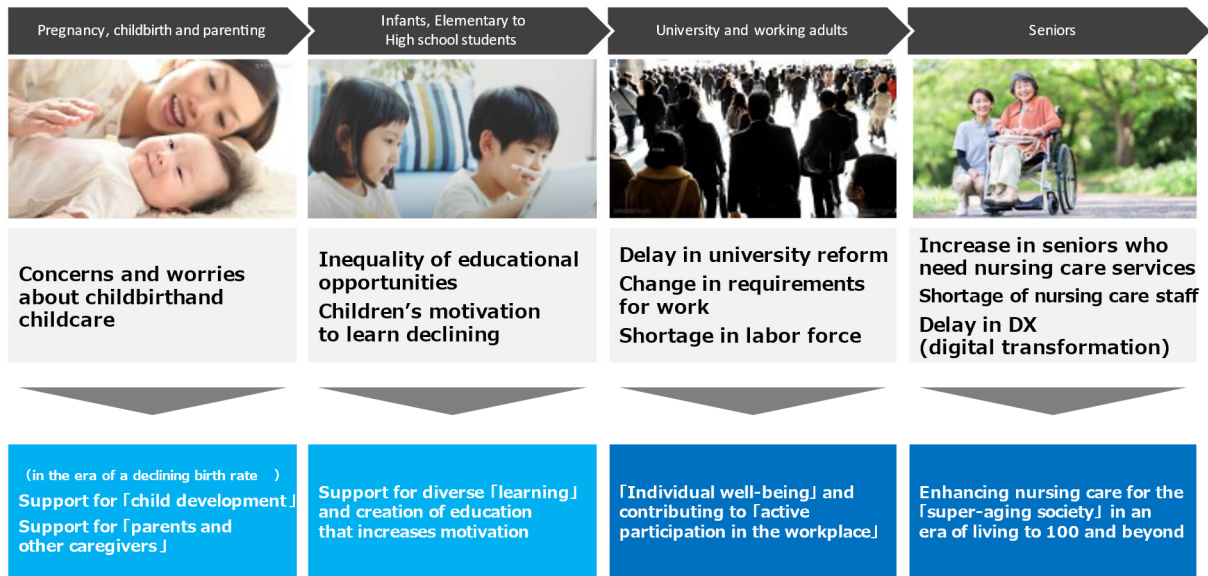
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Reorienting our business to reflect social issues faced by “people”



The table here is a bit more organized by life stage and social issues related to people.

This section will organize the currently envisioned solutions by dividing them into four life stages: pregnancy, childbirth, parenting, infants through elementary and junior high school, and University/working adults and seniors.

First of all, we would like to take on the challenge of providing detailed support for pregnancy, childbirth, and parenting to meet the diverse needs of parents and their children in this era of declining birthrates.

Then, for infants, elementary to junior high and high school students, there is a disparity in education or a decline in motivation to learn. We believe these are the major issues now. We will continue to strongly develop Benesse’s unique educational support activities, focusing on the realization of education that supports and motivates diversified learning.

Regarding university and working adults, we view the slow pace of university transformation, or changes in work ability requirements, and labor shortages as major social issues in this area in Japan in the future. We would like to conceptualize and provide a well-developed business that will help individuals realize their personal well-being and success in their place of employment. We are working on this initiative right now.

Finally, it is a senior. I believe that the number of elderly people requiring nursing care will continue to increase, and now we face the shortage of nursing care personnel to support them, or the slow progress of DX in this inevitably labor-intensive field. These are the main challenges in this area that are occurring now. To address this issue, we will work harder than ever before to provide support to the elderly people I have just mentioned, or to improve the caregivers who support them, in a super-aging society in which people live for 100 years.

After this, we will discuss more specific examples of new initiatives that are about to be set in motion. CSO Ueda will explain.

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Supporting all infants and students to follow their dreams and learn their own way.

Social issues and customer needs

■ **Shift from conventional university entrance exams to intra-year admissions (recommendation, Comprehensive)**

Ratio of intra-year admissions (recommendation, Comprehensive) to private universities up

42.4% in 2001⇒58.2% in 2021

※Source: Ministry of Education, Culture, Sports, Science and Technology

■ **Increasing needs for diverse learning**

Proportion of parents and caregivers of 1 year elementary school students wanting their child to “develop a sense of curiosity and positive attitude” up

39% in 2018⇒46% in 2022

※Source: Benesse Corporation

■ **Rise in children with varying levels of development and [inclusive education]**

Proportion of children with serious difficulties in learning and behavior up

6.5% in 2012⇒8.8% in 2022

※Source: Ministry of Education, Culture, Sports, Science and Technology

New initiatives

Advancement achievement program



Used by around 500 high schools and 110,000 students in its second year since launch

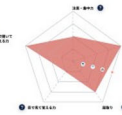
Mirai Campus



Challenge School



Maru Grand



2022 Japan e-Learning Awards Grand Prize



Ueda: Benesse will expand its business domains based on the group purpose, while sincerely addressing social issues related to people and discerning changes in customer needs. Here are some of the new challenges we are taking on beyond our existing core businesses in the three areas of education business in Japan, university and working adults, and nursing care.

First, in the area of education business in Japan shown here, more and more children are taking various forms of intra-year entrance examinations, such as recommendations and comprehensive type selection.

There is also a growing need for diverse learning that fosters curiosity and motivation, especially among parents of school-aged children.

In addition, there is a growing need for an optimal learning and teaching environment for children with diverse developmental needs and challenges.

In response to these social issues and customer changes, Benesse is taking new initiatives as shown on the right. The career achievement program, which supports high school students as they consider various career paths; Mirai Campus, where students learn while interacting with instructors who are active in the real world; Challenge School, an online learning school that helps students discover and develop their individual likes and strengths; and Maru Grand, which supports learning and guidance tailored to each individual’s developmental characteristics. We have already begun offering these new products and services.

Incidentally, the first program we introduced, the career achievement program, has already been used by 500 schools and 110,000 customers in the second year of its release.

The last service, Maru Grand, was created by a team of employees who won an award for excellence in an in-house new business proposal competition, and was awarded the top prize in this year’s e-Learning Awards.

Through these activities, we will support all children and students to have hopes for their future and to learn in their own way.

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Toward a society of lifelong learning, support for individuals and institutions

Social issues and customer needs

■ **Increase in reskilling demand and growth in HR market**
 Rise in awareness and demand triggered by advance in digitalization and labor shortages
1/2 of all workers in need of reskilling
 according to report ※Source: The Future of Jobs Report 2020, World Economic Forum

■ **Japan has lowest level of adults in education in the OECD**
 Percentage of adults aged 25~64 studying at educational institutions
Japan lowest at 2.4% compared to OECD average 10.9%
 Source: Ministry of Health, Labour and Welfare

■ **Rise in the number of foreign workers in Japan**
 Foreign nationals in Japan currently only 2% of Japan's population, but expected to rise to
more than 10% by 2060
 ※Source: Ministry of Land, Infrastructure, Transport and Tourism

New initiatives

Udemy

In use at
1,000+
 companies
 in Japan



Working support



魅力を見つけ、
 強みに育てる
 就活オファーサービス
**学生満足度総合
 No.1**
 2年連続

Inbound support



Next is the university and adult area.

As we have indicated, the demand for relearning and reskilling of working people is increasing due to the progress of digitalization and the shortage of human resources. According to an OECD survey, Japan is said to be the country where adults are the least likely to learn.

Furthermore, the number of foreign nationals working in Japan is expected to increase significantly as a solution to the labor shortage.

Based on this view, Benesse is further expanding Udemy, an online learning service that already has 1,000 companies and more than 1 million users. We will then help companies and individuals to relearn, improve their skills, and realize their careers.

We are also planning to provide new services such as doda Campus, which will provide employment support for new graduates, and inbound support for foreigners, and will further focus on employment support that links learning and working.

Through these efforts, we will support organizations and individuals to realize a society where people can continue to learn.

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Resolving nursing HR issues and supporting higher QOL for seniors

Social issues and customer needs

■ Shortage of nursing care staff and worsening supply-demand gap

Shortage in nursing care staff set to expand
220,000 in FY2023⇒690,000 in FY2040

※Source: Ministry of Health, Labour and Welfare

■ Rise in the number and proportion of seniors with dementia

Projected number of dementia patients aged 65+ and prevalence set to rise
6mn (17%) in 2020⇒8mn (21%) in 2040

※Source: Ministry of Health, Labour and Welfare

New initiatives

Expansion in HR recruitment/dispatch services
 Benesse MCM



Joined Group in 2021

Heart Medical Care

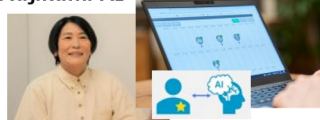


Giving back knowledge and contact points for nursing care industry



100,000 registered users, mostly for nursing care jobs

Majikami AI



FY2022 Information Technology Award
 <Customer and business function area>



Finally, the nursing care area.

Japan's rapidly aging population is certain to lead to a serious shortage of nursing care personnel. In addition, the increasing number of elderly people with dementia, among others, will make it more difficult to deal with them in the nursing home.

In response to this situation, Benesse will expand and strengthen its placement and temporary staffing business beyond its core business of improvement at nursing care facilities. Moreover, we will also expand our contacts with the general nursing care workforce beyond our own company through our service called Kaigo Antenna, which is designed to return our deep nursing care knowledge to society at large.

And for the elderly with dementia, we will develop a solution called Majikami AI, which was developed by combining the knowledge of Majikami, our master caregivers.

Through these efforts, we will work to resolve issues related to nursing care personnel and improve the quality of life of the elderly through these efforts.

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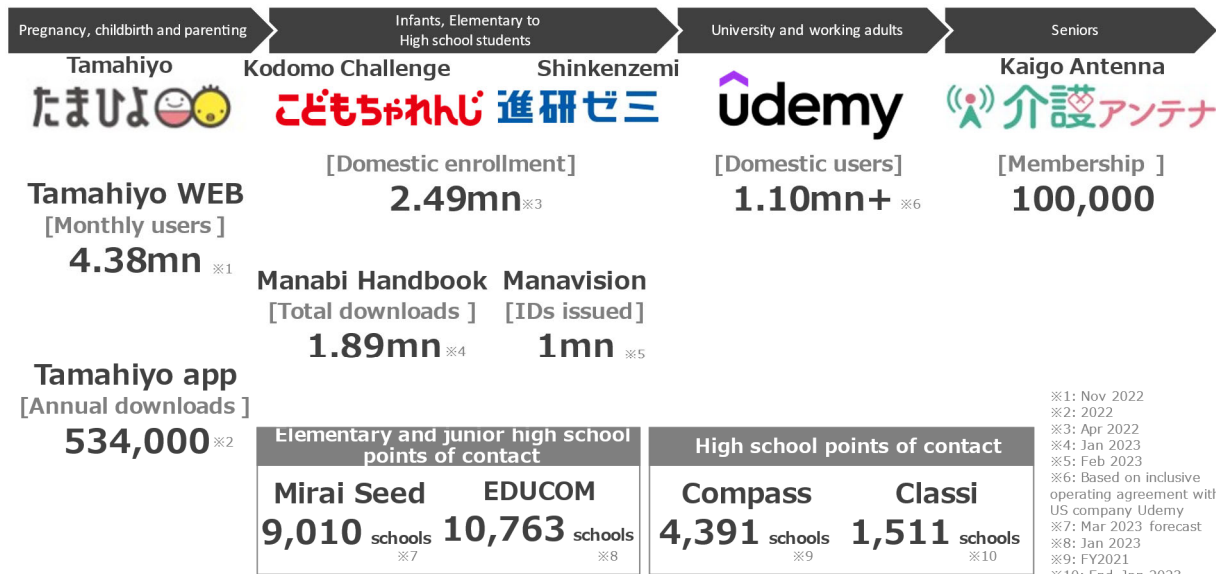
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Building on Benesse's Strengths

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Customer contact points accumulated through products and services for each life stage is a major asset to build upon.



※1: Nov 2022
 ※2: 2022
 ※3: Apr 2022
 ※4: Jan 2023
 ※5: Feb 2023
 ※6: Based on inclusive operating agreement with US company Udemy
 ※7: Mar 2023 forecast
 ※8: Jan 2023
 ※9: FY2021
 ※10: End-Jan 2023

In order to solve social issues that affect people and achieve sustainable growth through these solutions, we consider our most important asset to be the points of contact with our customers and the trust they place in us. Aside from Kodomo Challenge and Shinkenzeni, we are now connected with many customers through diverse digital services such as Tamahiyo, Udemy, Kaigo Antenna, as well as various apps and services for schools.

We cherish each and every one of these valuable contacts, relationships, and trust, and we are committed to taking on new challenges to realize the group purpose. Now, CEO Kobayashi would like to conclude with a few words.

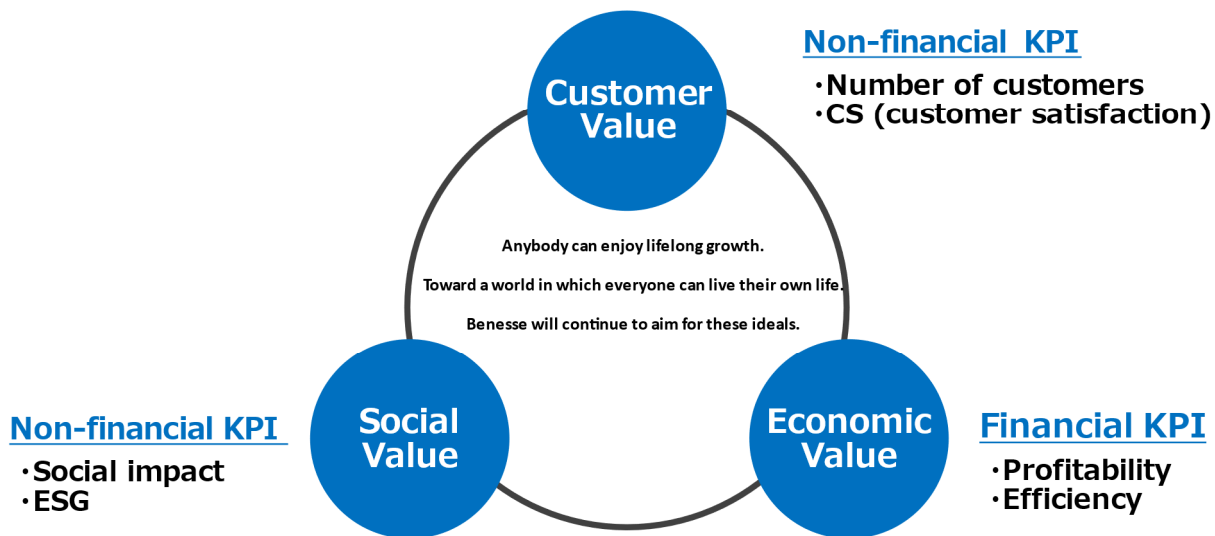
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Establishing targets and KPI by separating the value we create into three types: customer value, social value, and economic value



Kobayashi: This is an introduction to the concept of sustainable growth that we are currently considering, an introduction to the group purpose, and some specific business topics that we are planning to start or have already started.

How can we achieve Benesse’s sustainable growth? In this regard, how to set goals and KPIs is also a very important point. In setting these goals and KPIs, it is very important to firmly state the three values mentioned above, place the group purpose in the middle of the three values, and set each of these three values as the starting point, and continue to implement them. I am now thinking that this is the way Benesse should set its goals, integrating the solution of social issues with its business activities.

The first of the three values is social value. I believe that social impact or ESG perspectives are very important in the education and nursing care businesses.

Second, we would like to incorporate the value and reputation of our company from the perspective of our customers, who are the recipients of our services, into our goals.

Then, by operating the business with a focus on its social and customer value, the Company will create solid economic value as a result. We are now discussing the possibility of turning this cycle around, which is a Benesse-like way of growing the business, and a way of holding the goal.

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		Education		Nursing Care	
		Vision	KPI ※Levels TBD	Vision	KPI
Customer Value	<p>▼Children and families Enjoy learning with enthusiasm, dreams, and goals to attain the qualifications, skills, and attitudes for the future</p> <p>▼Working adults and employers Help workers take ownership of their own careers and live a life of continued participation in society</p>	<p>■ Product satisfaction rate, retention rate</p> <p>■ Adoption and number of content users for「Udemy」</p>	<p>▼Seniors and families To allow people to always live life on their own terms</p> <p>▼Nursing care workers (human capital) Enable nursing care career visions and continued improvement of one's potential and expertise</p>	<p>■ Accredited Majikami ·600 in total (FY25)</p> <p>■ Leading the standard of compensation in the nursing care industry</p>	
	Social Value	<p>Provide learning to navigate the future, support lifelong learning, and increase the number of people developing new lives</p>	<p>■ Diverse learning Total no. of users</p> <p>■ Education for university students and working adults Total no. of users</p>	<p>Increase seniors' QOL and increase the number of nursing care worker role models by fusing IT and human knowledge</p>	<p>■ Majikami AI development status ·Use at all fee-paying care homes (FY24) ■ Membership of Kaigo Antenna ·300,000 (FY25)</p>
		<p>E ■ Scope 1+2 (1.5°C target) ·2030 52.8% ·2050 100%</p>	<p>S ■ Engagement survey「A」 ■ 1 female managing director</p>	<p>G ■ Increase efficiency of Board of Directors</p>	
Economic Value	<p>Net Sales ¥500bn Operating Income ¥40bn (FY25)</p>				

Continuing on, I would like to introduce a few of the non-financial KPIs that we are currently considering.

The left side is for education and the right side is for nursing care. We are still in the process of verbalizing the customer value and social value for each as shown in this table. We would like to sublimate these KPIs into non-financial KPIs that are more convincing from the standpoint of the business or from the viewpoint of society and customers.

We also believe that it is important to set firm targets for ESG within these non-financial KPIs as well. E is the target in environmental issues as explained. As for S, as I explained earlier, we are working on specific annual targets for employee engagement, the addition of female executive directors, and when we will be able to introduce and appoint such people to the Board of Directors.

These are the things that I, as CEO, am actually in the process of trying to address and working on by listing these items in the evaluation itself.

In addition, we would like to strengthen the governance of the Board of Directors by conducting an annual survey on the effectiveness of the Board of Directors, so that we can improve its effectiveness.

So far, we have talked about change and growth toward the realization of a sustainable society.

Now, we have a comment from an outside director of Benesse Holdings regarding the current Benesse situation, which I would like to share with you.

Please watch this Video.

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Benesse as Viewed by External Directors

Video: The first thing that permeates our minds is what well-being means to us. I think this is very thorough, and I feel that the philosophy is firmly connected to the actions of each and every one of them, when we see work sites.

I feel that they need to reconstruct and change the way they want to provide this kind of happiness, and that is why they are in this business. I feel that there is a tremendous desire to make things better. I think this is a great strength.

In terms of a person's life, the university and adult life were a bit thin in the past, but now that part is really being strengthened, and I think the overall connection is taking a good shape.

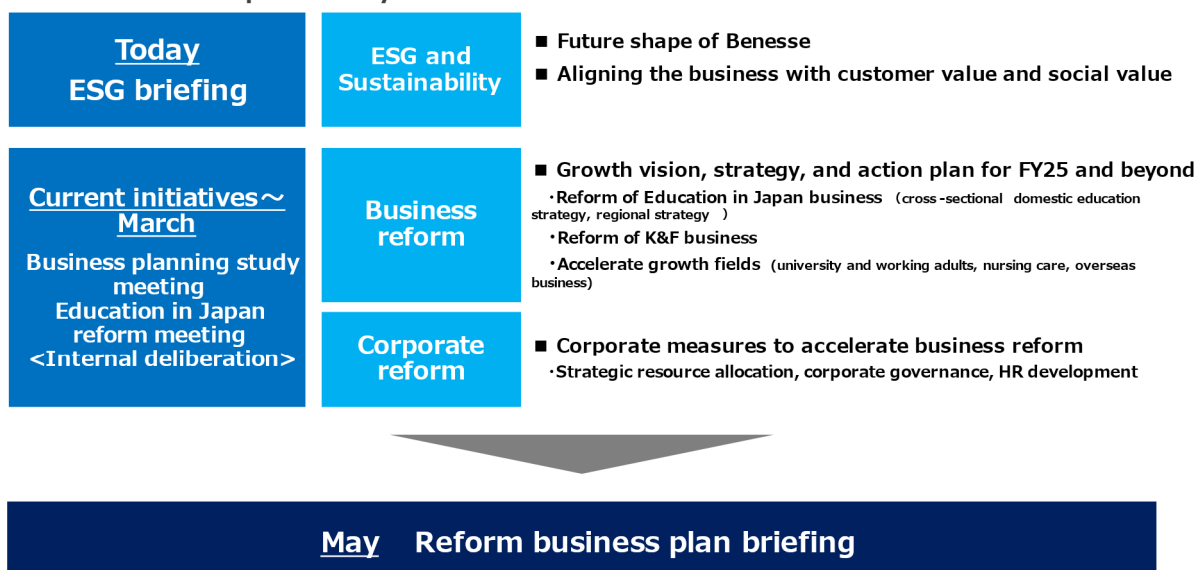
I see a sense of crisis on the part of enforcement and how to deal with it, as well as the speed with which it is handled. After all, I think that it is very dynamic to change immediately, including the organization, like this. I am looking forward to the new medium-term management plan.

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The following main themes are under consideration ahead of the publication of the reform business plan in May



Kobayashi: That concludes my explanation. Last but not least, I would like to share with you some of the things we are thinking about for the future.

The Benesse Group is currently in the process of developing a transformation business plan. As we have already announced in our Q2 financial results announcement, we are now considering the possibility of announcing our transformation business plan to you in May 2023.

Today, we have held this ESG and sustainability briefing, and we talked about what Benesse should aim for in its future growth, the relationship between business, customer value, and social value, as well as Group Purpose. Using this as a starting point, the report summarizes the areas and forms in which the Benesse Group plans to grow its business in the future. We are planning to present this plan to you in May, when we will give it a solid form as a business plan for reform.

We look forward to continuing to communicate with you in a variety of ways.

[END]

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