

## Human Capital



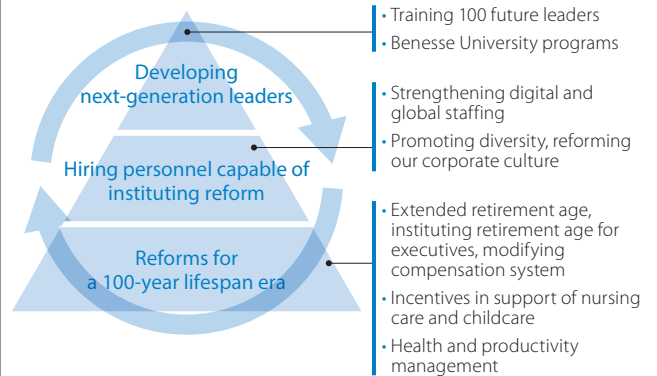
### Fulfilling our mission to transform and grow by strengthening our employee base and organizational capabilities

#### Three policies to strengthen our human capital

In the Benesse Group's medium-term management plan, one of the major themes under Strengthening the Management Base is strengthening our human capital. The greatest single management resource of a company is its employee base, so developing our employee base and making our working environment pleasant will contribute greatly to the Group's mission, to transform and grow.

Accordingly, we are implementing three major policies: (1) developing next-generation leaders who will drive sustainable growth, (2) in response to changes in the business environment, hiring personnel capable of instituting reform, and (3) implementing personnel & organizational reforms that will form the foundation for pursuing our personnel strategy in preparation for an era when people will live to be 100 years old.

#### The Benesse Group's personnel & organization strategy



#### Developing our younger employees

### Benesse University for our younger employees



**Eriko Satonaka**  
General Manager of  
Group Human Resources

As one part of the Benesse Group's development efforts for its younger employees, in April 2018 the Group started up Benesse University, a program for younger employees.

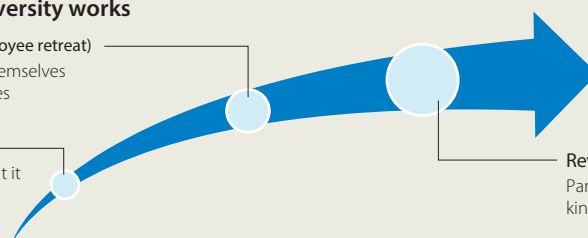
The program has its origins in a proposal made by employee volunteers in the *Building the Benesse of Tomorrow Project* (see p. 48), and consists of two components: group seminars and open courses. At the group seminars, we work to train the participants to take action. Senior managers or outside instructors give lectures to groups of roughly 20 of the Group's younger employees who also undergo training camps at Naoshima, and go through action learning to attempt to solve real problems. At the open courses, employees have the opportunity to come into contact with broader perspectives by having instructors from inside and outside the Company give them talks on societal trends, potential situations in the future, and so on, stimulating in the employees a desire to grow and leading them to become internally motivated.

#### How Benesse University works

**Naoshima camp (employee retreat)**  
Participants reflect on themselves and define their principles

**Leader sessions**  
Participants find out what it takes to be a true leader

**Review of activities**  
Participants figure out what kind of leader they want to be



**Developing next-generation leaders who will drive sustainable growth**

Across the entire Benesse Group, we are developing management leaders who will lead Benesse Holdings over the next generation. We have identified, at various Group companies, approximately 100 management leader candidates, and we are having them go through a continuous, systematic development program. In addition, on a regular basis we give our executives the opportunity to share among themselves information on the candidates, get a clearer view of them from a variety of angles, and review the development program.

Going forward, in accordance with the development plans for the individual candidates, we plan to rotate them through different types of training and different Group companies, and assign them to a variety of projects within the Group. We are also considering having them undergo training outside the Group as well as executive coaching and mentoring.

**Hiring personnel capable of instituting reform**

We are focusing on hiring and developing two types of personnel capable of instituting reform: *digital staff* to take charge of the digitalization of services and operations, and *global staff* to take charge of business conducted in English. We are developing digital staff primarily at the Group Digital Division, a new organization that we launched in January 2018. Besides developing the abilities of the Group’s digital personnel, the division also collaborates with the individual business companies to develop new products and services that employ digital technology.

In order that these two types of personnel may use their abilities to the fullest, we are focusing on cultivating an organizational culture where diverse ideas and values are acknowledged and accepted.

**Personnel and organizational reforms for implementing personnel strategy**

We are also revamping our personnel system and organizational structure so that employees can feel proud and enthusiastic about their work, and will be able to use their capabilities to the fullest. In preparation for an era when people will live to be 100 years old, we are implementing policies to boost employee motivation and cultivate a corporate culture that is pleasant to work in, such as extending the retirement age, instituting a retirement age for executives, modifying our compensation system, offering telecommuting and flextime, offering incentives so that employees can work while providing childcare or nursing care, and providing work-life management and healthcare support. Furthermore, Benesse Holdings, which is devoting effort to health and productivity management, was recognized as a White 500 enterprise in the Ministry of Economy, Trade and Industry’s 2018 Certified Health and Productivity Management Organization Recognition Program.

We will continue to implement the PDCA cycle with regard to these policies for strengthening our employee base and our organizational capabilities, thereby creating new value and enhancing our competitiveness for the Group to grow in a sustainable fashion.

**Implementing the *Building the Benesse of Tomorrow Project*, which provided opportunities for personal growth and networking**

We carried out the *Building the Benesse of Tomorrow Project* throughout the entire Group for a period of three months beginning in July 2017, prior to the formulation of the medium-term management plan. In the Project, employee volunteers from different business departments came together into teams, and each team chose a topic in one of three areas—personnel, organization, and culture, corporate social responsibility (CSR), or new business—and proposed to management one or more ways to resolve issues related to that topic. Of the 13 teams that took part, 3 received awards for excellence for their proposals.

This project activity gave the younger employees who participated in it the opportunity to grow personally, and also fostered networking and camaraderie within the Group. In addition, out of the proposals that received awards, two proposals in the area of personnel, organization, and culture (dealing respectively with the topics of health and productivity management and development programs for younger employees) ended up being included in the personnel & organization strategies of the medium-term management plan.



CEO Tamotsu Adachi critiquing the final proposals

**Employee proposals that won awards for excellence in the Project**

Team	Topic	Main point of proposal
One Benesse	Developing younger employees	Launching Benesse University to help younger employees grow personally and tackle challenges
Waku-Waku 17	Health and productivity management	Redesigning the work environment and how employees work
Team Accessible	Providing teaching materials and books to persons with disabilities	Providing learning opportunities for persons with learning disabilities, with attention deficit hyperactivity disorder

## Human Capital

### Health and productivity management

#### Initiating health event trial activities in response to a proposal by employees

The Benesse Group is carrying out a variety of initiatives to make its employees healthier, such as revamping its industrial health system, setting up consultation desks, and making use of employee-assistance program (EAP) organizations.

Putting into practice a proposal that won an award for excellence in the *Building the Benesse of Tomorrow Project*, in 2018 we have enhanced our health and productivity management

#### Goals of health and productivity management



efforts. In January, Kenichi Fukuhara, Vice Chairman of the Company, issued the Benesse Group Health Declaration, stating, "in order that employees may be healthy in mind and body, and live each day in a vigorous, enthusiastic way, we will work to improve the health of employees and their families."

Following up on the declaration, in September 2018 we began holding trial activities—health events—throughout the entire Group. In these activities, we are tackling health problems by organizing employee volunteers at the Group's main companies into 20 teams, and assigning to each team a goal quitting smoking, improving their eating habits, or getting more exercise. Based on the results of the trial activities, in the near future we plan to expand these health events to the entire Group.



Members of the Health and Productivity Management Implementation Project

### Developing our digital staff

#### Establishing Benesse's competitive advantage by combining both education and nursing care with digital technology



Hiroshi Sakakibara

General Manager of  
Group Digital Division

Digital transformation is a trend that is sweeping the world, and Benesse, naturally, is a part of this. Benesse has already begun transforming its businesses by combining both its education and its nursing care with digital technology. The mission of the Group Digital Division is to accelerate this transformation, and improve Benesse Group's products and services with technological innovation to increase customer and business value.

Benesse's digital strategy includes a number of different approaches, and one of them is to boost the hiring and development of digital staff. In April 2018, we launched a staff-talent pooling system, the aim of which is to get our digital staff to use their full potential. We are accomplishing this by making their individual skills and aptitudes visible throughout the Group and moving these persons around freely among the Benesse Group's companies and departments, and their various lines of business.

We are also working on office reform, modifying office environments to make them fit the sensibilities and work styles of staff members whose strengths are in IT or in digital technology. One example of this is a new "digital native" office that we set up at our Tokyo Head Office in August 2018. At the same time, we are also using cutting-edge technologies such as AI and deep learning in research and development for the purpose of creating new opportunities and business in our educational and nursing care businesses.

Our intention is to harness digital transformation so as to take the strengths that Benesse has built up in a variety of fields of business and fuse them with advanced digital technology so as to create unprecedented strengths, thereby establishing a comprehensive competitive advantage in areas including personnel, organization, and corporate culture.

## Diversity

**Drawing on the individual strengths of the employees in our diverse workforce in order to create new value**

The Benesse Group is promoting diversity with an eye to accepting differences regarding nationality, race, gender, age, and the presence or absence of physical limitations, and to make use of these differences.

Because the Group conducts business in a variety of countries and regions, the Group employs persons of various nationalities. Furthermore, in education, in nursing care and

childcare, and in other fields of business, many of our female employees put to use in their work their perspective as consumers. In a business environment that is undergoing sweeping changes, we are working to harness the diversity of employees like these in order to respond to the changes in a flexible manner and create new value.

**Initiatives at Group companies for the strengthening of human capital****Benesse Corporation****Received Stage 3 certification under the Act on Promotion of Women's Participation and Advancement in the Workplace**

The Group's personnel system permits all employees, of either sex, to provide childcare or nursing care while working and advancing their careers. Under the certification system for the *Act on Promotion of Women's Participation and Advancement in the Workplace*, the Group has been certified as satisfying the criteria set down by the Ministry of Health, Labour and Welfare in the five areas of hiring, employment continuity, work style (including working hours), percentage of managerial positions, and variety of career paths, and has been awarded the highest level of certification, Stage 3.

**Benesse Style Care****Supporting women's participation via a variety of occupations and working arrangements**

We are working to cultivate an environment where personnel who want to work in nursing care or childcare can keep on working and truly feel the importance of their work.

Roughly 70% of our employees are women, and many of our homes for the elderly and daycare centers are headed up by women. We offer our employees a variety of ways to work, enabling them to choose from among a variety of occupations and working arrangements the ones that fit their stage in life. Specifically, we offer childcare allowances that help permanent employees work full-time while they have children attending a daycare center, as well as shorter work hours during child-rearing that are available up through the time the child finishes 3rd grade in elementary school, and the number of our employees using these benefits is increasing each year.

Furthermore, for employees who would like to return to work after taking child-rearing leave but are unable to do so because they cannot find a daycare center for their child, in April 2018 we opened Benesse Noborito Daycare Center, a

daycare center for the use of our employees. The Center has been recognized as a Company-led type daycare facility of the kind that the Cabinet Office is promoting to eliminate the problem of children having to wait for admission to daycare centers and in order to support people who work while raising children, and represents the first daycare center of this kind that we have opened. And to help support child-rearing and the resolution of the waiting-list problem in the broader community, we have set aside a certain number of admission spots in the Center for use by community residents.

**Benesse Style Care****Using the Benesse Method to improve employee motivation**

The Benesse Method, a tool that is unique to Benesse Style Care, uses a scientific approach so as to verbalize and systematize successful examples drawn from the experience Benesse has acquired at its nursing homes. We are applying the Method in our homes for the elderly, one by one, with excellent results. The Method indicates how to create an environment where residents will spontaneously want to do things, and in the homes where the Method is being applied, the creation of this environment leads to more residents gradually returning to living their own way, sometimes with less need for care. The use of the Method also leads to higher employee motivation and lower turnover.

**Benesse Style Care****Substantially improving compensation for employees in nursing care and childcare positions**

We wish that our employees working in nursing care and childcare may live well—like our home residents and daycare children—and continue working with us for a long time. To that effect, in April 2017 we invested approximately ¥1.53 billion to substantially improve the compensation we pay to our employees in nursing care and childcare positions. Benesse Style Care is implementing measures like these to motivate our employees more and expand our personnel structure.