

## Human Capital



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

### Three policies to strengthen our human capital, our source of value creation



#### Eriko Satonaka

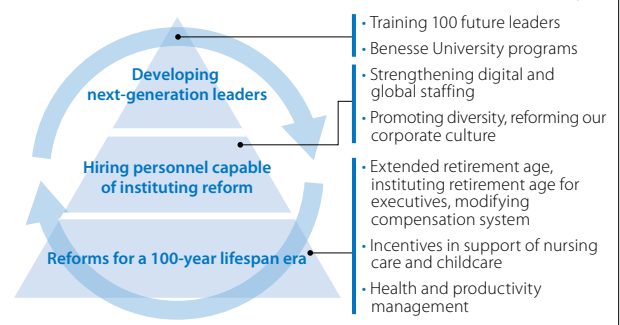
General Manager of  
Group Human Resources

Strengthening human capital is one of the most important topics in the Benesse Group medium-term management plan. People are our most important management resource, and we see them as our source of value creation. We aim to give ourselves the people, structures, and culture needed to “Transform and Grow.”

Based on that idea, our Human Resources Headquarters is working on three main initiatives. These are (1) developing

next-generation leaders, (2) hiring people capable of instituting reform, and (3) human resources and organizational reforms for a 100-year lifespan era.

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



### Developing next-generation leaders

#### Grooming the next generation of senior management candidates

To lay the foundation for the future of the Group, we are working to groom the next generation of Benesse Holdings senior managers.

In FY2018 we started an initiative to continuously, systematically groom around 100 next generation senior management candidates that were identified by our Group companies. Each selected candidate undergoes a program according to his or her own development plan which includes group leadership skills training, external training assignments,

and coaching. At the same time, information is shared among management, and regular opportunities are allotted for management to review the program from multiple perspectives. Their development will then proceed systematically by gaining experience in various positions and tasks through assignments to various projects and locations.

These training efforts are continuously ongoing, as year-two training to deepen the talent pool is also being conducted for selected candidates in FY2019, the second year of the program.

## Opening Benesse University to train young employees

Benesse University is a Group-wide program that was launched in April 2018 as an initiative for developing young employees. The program consists of two components—group training, and open courses.

Around 20 employees from seven Group companies participated in the group training in FY2018, the first year of the program. Through four months of activities including lectures by senior managers and external instructors, training camp on Naoshima Island, and action-based learning that attempts to solve actual problems, participants were trained to become proactive action-takers. By also establishing deeper connections through extensive interactions with each other, the participants established cooperative working relationships that transcend the boundaries of individual companies. Twenty more employees were newly chosen to undergo the second year of this program

in FY2019. We are working to provide growth opportunities that involve all companies in the Group as means of ongoing professional development.

Meanwhile, for the open courses there are courses offered each year in which all Group employees can freely participate. These include multiple courses each year that introduce the world's latest technologies and information such as digital technology, AI, and EdTech, stimulating employees to ambitiously seek professional growth while also building their intrinsic motivation.



An open course taught by an outside expert, attended by 700 employees



Training camp on Naoshima Island



## Hiring personnel capable of instituting reform

### Working to strengthen digital staffing and institute office reform

Digital transformation (DX) is advancing in all types of industrial fields and the Benesse Group is also engaged in business transformation, combining education and nursing care with digital technologies. The Group Digital Division established in January 2018 is a new organization that collaborates with Group companies to accelerate the development of new products and services that employ digital technologies.

This division is also active in hiring and training so-called "DX personnel"—employees who shift our services and operations into digital mediums. In addition to our existing mid-career hiring, the division is also putting more effort into hiring new graduates as candidates to become next-generation DX leaders, and is developing special training programs utilizing platforms such as Udemy. Furthermore, they are also working to boost the skills of existing employees and strategically develop human resources capable of proactively planning and producing products and services that harness the attributes of digital technology.

Aside from these activities, the Group Digital Division is also actively improving the office environments that DX



At the Digital Development Company office

personnel work in. One example of such efforts is how the division is promoting internal and external collaboration by enlarging open spaces at the Digital Development Department of the Zemi Business Company established at Tokyo Head Office in 2018.

### Supporting the success of diverse personnel

The Benesse Group is determined to recognize diversity among human resources regardless of nationality, race, gender, or age, and to leverage their differences in positive ways. As our business expands globally and we take on more and more employees of diverse nationalities, we are doing our best to give them workplaces where they can utilize their respective capabilities and be active, while gaining a sense of fulfillment from their work.

The ratio of female employees in the Benesse Group is relatively high (around 50%). Many female employees play active roles utilizing the perspectives of consumers in our education, nursing care, and childcare business segments. In April 2016, the Benesse Corporation obtained grade three certification—the highest grade awarded—from Eruboshi, the recognition system based on the Act on the Promotion of Women's Participation and Advancement in the Workplace. As of April 2019, the percentage of manager positions held by females in the Group had risen to 36%.



The Eruboshi certification logo



## Reforms for a 100-year lifespan era

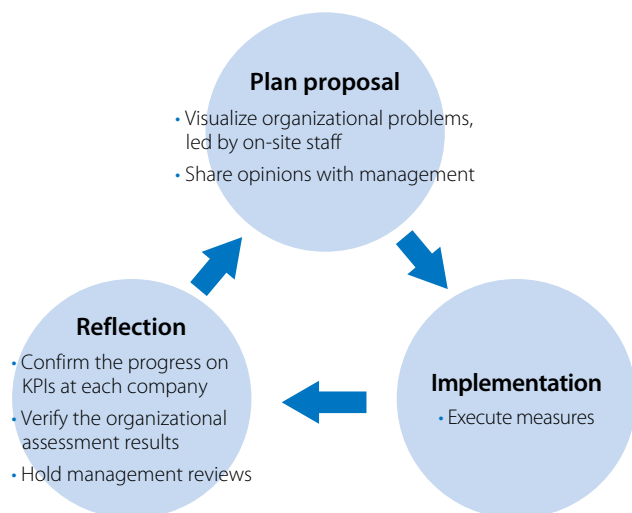
### Maximize organizational performance by improving productivity

Every year the Benesse Group has conducted the Gamba organizational assessment of employees, but the problem of low productivity in the assessment results has surfaced as a Group-wide problem in recent years. This is a major factor impeding job satisfaction and performance, so we initiated a company-wide activity under the theme of productivity improvement. The aim of the activity is to reduce work hours (input) while improving performance (output).

In May 2019, we gathered Group companies and major subsidiaries for a Kickoff Event in which we contemplated the challenges that must be overcome to improve productivity at every organization. The organizations pledged to take the initiative in working on these efforts.

We will be conducting quarterly reviews of KPIs that show specific plans (action plans) and achievement levels of those plans to confirm progress. In addition to the Gamba organizational assessment there will also be reviews involving management at the end of FY2019, the results of which will be reflected in plans for the subsequent year. Doing so, we will be facilitating PDCA cycles and improving the productivity of the Group as a whole on an ongoing basis.

### Productivity improvement cycle



### Bolster work-life management initiatives

With Japan's 100-year lifespan era on the horizon, the Benesse Group is implementing a number of policies to boost employee motivation and create good work environments and culture. These include extending the retirement age and instituting a retirement age for executives, offering telecommuting and flextime, as well as offering incentives so employees can balance their work with parenting or providing nursing care, and providing healthcare support.

Recently the Group has been targeting workstyle reform in particular, setting out (1) working healthy and (2) balancing nursing care with work (success of diverse personnel) as the two banners for workstyle reform activities. Without good health, you cannot exercise your full capabilities, nor can you engage in your work with a positive frame of mind. Additionally, environments with diverse human resources are essential for fostering a company culture where people push each other to be better and grow together as professionals. With workstyle improvements, we are pursuing additional growth for the Group as a whole by boosting the performance of each and every employee.

### Benesse Corporation

#### Data related to work-life management (full-time employees)

Overtime work hours (average/month in FY2017 ended March 2018)*	36 hours
Rate of paid leave taken (average/month in FY2017 ended March 2018)	60%
Number of employees who use telecommuting (FY2017 ended March 2018)	300
Number of male employees who took childcare leave (FY2017 ended March 2018)	15
Number of employees who took nursing care leave (FY2017 ended March 2018)	2
Average years of continuous service	Men 11.9 years Women 12.5 years

\* Regular working hours: 7 hours/day

## The Group-wide health management initiative



**Hiroki Nishiwaki**

Section Chief,  
Human Resources Division

The Benesse Group is pursuing a variety of initiatives aimed at promoting employee health, which include establishing an occupational health system and consultation desk and utilizing agencies that offer employee assistance programs (EASs). In January 2018, we issued the Benesse Group Health Declaration to add more momentum to our health management and following up on the declaration we began holding trial “health events” throughout the Group in September 2018. These activities involved tackling health

problems by organizing employee volunteers from the Group’s main companies into 20 teams and assigning each team to work on a health-related goal such as quitting smoking, improving eating habits, or getting more exercise.

We are also working on “Collabo-health” in collaboration with our health insurance association. To bolster our initiatives against metabolic syndrome among the Group as a whole, we are holding health seminars that promote lifestyle improvements in areas such as eating and sleeping habits. We will continue putting our ingenuity into devising ways to improve health that employees intuitively enjoy.



Benesse Holdings was recognized as a 2019 Certified Health and Productivity Management Organization

## Supporting employees in balancing their work with nursing care, so nobody has to leave their job to provide such care



**Yuko Onizawa**

Human Resources Division

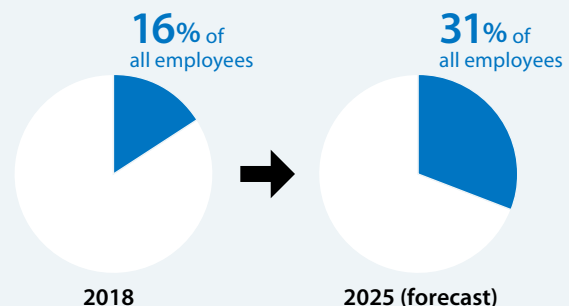
Nursing care is an issue that will face everyone at some point in their lives. Many Benesse Group employees likely have their own potential problems related to nursing care. People tend to put off dealing with the issue of nursing care until it directly relates to them, and they might not be very conscious or interested in it for the time being. However, we expect that more and more employees will be troubled with nursing care issues as time goes on.

With these circumstances in mind, the Benesse Group launched a Seminar for Balancing Work and Nursing Care for employees in FY2015. The seminar provides necessary and sufficient knowledge and information about balancing work with nursing care, including support

systems for achieving this balance and nursing care insurance systems. Online seminars are also available, which employees can join from their own seats at work or from meeting rooms by accessing the specified URL.

Seminar content is derived from various resources we at Benesse Style Care in the Benesse Group have accumulated through our nursing care operations. We will continue doing our best as specialists in nursing care services to support Group employees.

### Ratio of employees who are age 50 and older (Benesse Corporation)



# Intellectual Capital



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

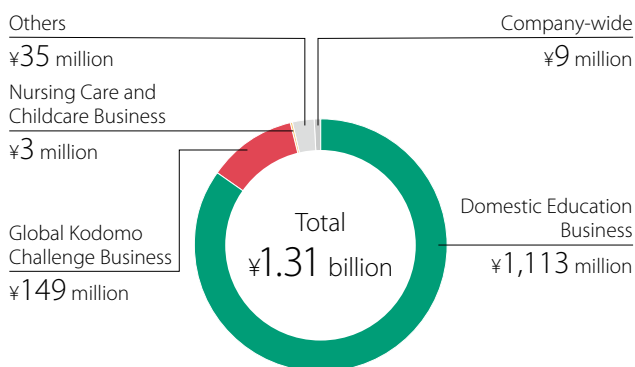
### Diverse intellectual capital as a foundation for value creation

#### Leveraging intellectual capital for the growth of the Benesse Group

In the 1960s, the Benesse Group began offering simulated 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.

#### Breakdown of Group R&D expenditures (Benesse Group, FY2018)



#### Leveraging digital technology to create even more value

We have been producing a variety of achievements by leveraging digital technology to further enhance the value of the intellectual capital we have accumulated. For example, in education we are providing products and services that have strong competitive advantage, such as Level-Specific English Four Skills Training materials which allows students to learn the four skills of English in a balanced manner through computers and tablets, Challenge Touch tablet-based learning materials, and Classi cloud service that supports operations in educational settings. Going forward, we are determined to continue making our products and services even more sophisticated, actively incorporating the functionalities and user interfaces that only digital can deliver, plus using AI to analyze the learning status of individual course takers in order to offer them the optimal advice.

Competition has intensified in the education business with digital technologies in recent years as more and more companies from other industries have entered the market. Benesse Corporation is working toward filing patent applications in order to differentiate ourselves from the competition and preemptively avoid the risk of rights infringements.



Students can take courses on Challenge Touch tablets

## 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 for social problems involving education and the elderly.

### Benesse Educational Research and Development Institute (BERD)

#### Giving back to society the results of multifaceted surveys and research

This in-house think tank came into being in 2013 through the merging of the Benesse Group's several 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 maintains collaboration with educational institutions and researchers in Japan and abroad. The research offices carry 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 presently being put to

actual use in parenting and education. In recent years BERD has also been dedicating efforts to supporting cross-organizational projects in the education business.

#### Examples of survey reports



Ability to Design Children's Learning Fostered by Visualizing the Learning Process (Joint research project with the Gifu City Board of Education)



International Survey on Early Childhood Home Education [2018]



2017 Parent and Child Survey on Children's Lifestyles and Learning (Joint research project with the Institute of Social Science at the University of Tokyo)

#### Panel surveys to visualize parent-child growth factors from infant age to high school graduation



#### Satoshi Okabe

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

Breaking from traditional fixed-standpoint observation surveys that are conducted every few years, our panel surveys follow the same individuals year by year to identify when and through what events children grow and develop. For example, we have already known that on average, motivation to learn declines from higher grades of elementary school through junior high school. However, when we look at changes in individual students, we discover cases in which some of them have maintained or even increased their motivation despite entering junior high school. In what ways are children

like these learning, and what are their parents focusing on in their upbringing? Issues that parents and children are facing and hints toward solving them are lying hidden within our vast data remaining from roughly 20,000 groups of parents and children all over Japan. Conducting joint research with the University of Tokyo, we are academically analyzing and visualizing this information and sharing it with the world through academic conferences, projects, and the media.

We are currently conducting two panel surveys—one for infants and another for students in elementary, junior high, and senior high schools, with our plan being to connect the two surveys in 2023. Doing so, we will have an unprecedented survey that can trace the development and learning process from infancy all the way up to high school graduation. We intend to contribute even more toward improving the quality of evidence-based education.

## Social Capital



## Creating new value on the strength of relationships cultivated with people and society

### Domestic Education Business

#### Improving customer satisfaction and education in communities

We are working hard each day to maintain and improve customer satisfaction in Shinkenzenmi and Kodomo Challenge by providing educational materials that support each and every enrollee.

We are also contributing to education in communities in our cram-school operations with Class Benesse, accelerating the expansion of franchises while also collaborating more with other cram schools for English proficiency tests in the four skills.

- Dedicated smartphone app "Teiki Tesuto: Yoku Deru Kiso" (regular tests: basics that are frequently useful) offering courses for high school students: 90% or higher satisfaction rate<sup>\*1</sup>
- "Iid Awards" customer satisfaction survey for correspondence courses: Kodomo Challenge awarded the top prize<sup>\*2</sup>

<sup>\*1</sup> From 2,264 responses received from questionnaires for students enrolled in Shinkenzenmi

<sup>\*2</sup> From an internet survey for parents of 4,947 children taking correspondence courses. Published on the educational information website of IID Inc.



### Nursing Care and Childcare Business

#### Creating new value based on comments from our worksites

The Benesse Senior/Nursing Care Research Institute presented its own original Dementia Care Method at the inaugural Japan-UK Dementia Conference, held to spread awareness of the importance of international collaboration in combating dementia. As the internal think tank of Benesse Style Care, the institute created this methodology by analyzing and systematizing a series of case studies.

The institute also oversees product development together with residents of elderly homes through the use of living labs. Comments from residents are used in joint development with manufacturers to make slip-resistant socks that are easy to put on, offering the elderly more opportunities to be a part of society.



At the inaugural Japan-UK Dementia Conference

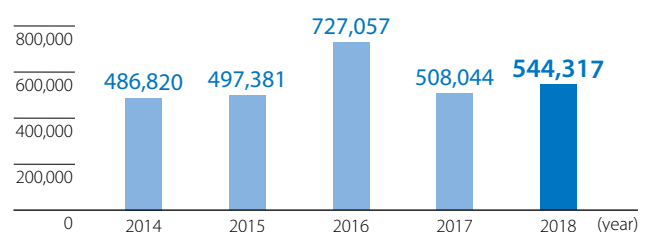
## Creating sustainable communities with Benesse well-being as a starting point

Benesse Art Site Naoshima is the collective name for our art-related activities taking place on the islands of Naoshima, Teshima, and Inujima on the Seto Inland Sea in conjunction with the Fukutake Foundation. These activities have been developing communities in the area for at least three decades.

Our objective is to make this a special place unlike any other by spending time creating art amongst the nature and unique culture of each island. Visitors can be inspired to reflect on the meaning of well-being as they mingle with the art products on each island, experience the classic Japanese landscapes of the Seto Inland Sea, and interact with people in the communities. Recent years have also seen high numbers of

visitors from Japan and overseas with at least 500,000 visitors annually to each island, invigorating the local economies and communities while at the same time demonstrating greater social value creation by the Benesse Group.

#### Annual tourist visitors to Naoshima Town



## An important expression of our Sustainability Vision



**Tamotsu Adachi**  
Representative Director,  
President and CEO

Since our Benesse Art Site Naoshima activities are deeply connected to Benesse’s corporate philosophy, we consider them important enough to refer to as part of our identity.

In March 2019 the Group announced our Benesse Group Sustainability Vision. One of the themes of this vision is “value co-creation with communities,” which we define as “working with local residents to generate new value in learning, culture, art, and other realms in order to build a more fulfilling society.” This theme was made part of our vision with the aim of finding solutions to learning problems in each community, while maintaining mutual relationships and growing together with them through our Benesse Art Site Naoshima activities.

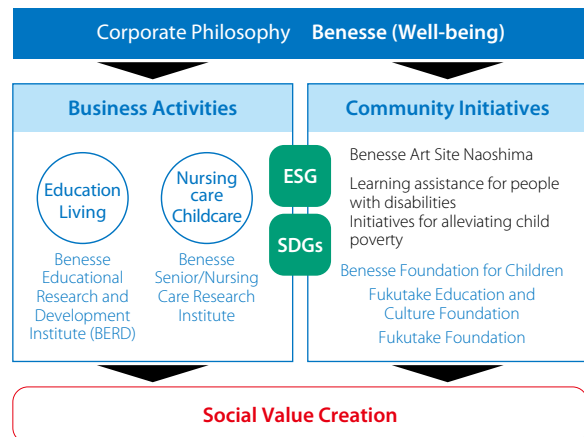
Together with our group employees, the Fukutake Foundation, local residents, visitors to Benesse Art Site Naoshima, and other stakeholders, we will reflect on what “well-being” means for people and engage in activities that turn this well-being into a reality.

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

Our commitment to the Benesse corporate philosophy of well-being is not limited only to our business activities, but also reflects in the activities of our foundations that engage in community initiatives. Our two foundations 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 along with the opening of the Chichu Art Museum 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, one of which is museum operations mainly in Naoshima, Teshima, and Inujima, the second being to assist culture- and art-driven regional development activities throughout Japan, and the third being to independently and jointly organize events such as Setouchi Triennale. We will continue working to build even better communities, where elderly people everywhere are happy, and everyone can think deeply about the Benesse principle of well-being.



#### Benesse Foundation for Children

The Benesse Foundation for Children was established in 2014 and changed into a public interest incorporated foundation by approval of the Cabinet Office on April 1, 2015. Since then, the Benesse Foundation for Children has been working to create environments where children can learn with peace of mind, to assist children dealing with economic issues, sickness, disabilities, or other obstructions to their learning, and to aid the learning and upbringing of children who have been affected by disasters (emergency assistance). The foundation is also ambitiously attempting to go beyond assistance for overcoming problems to also nurture and educate children who will play prominent roles in building an even better society.