

2030  
*Toward*

Benesse Integrated Report

2021



Benesse Holdings, Inc.

## Message from the CEO

# 2025 and Beyond



**Tamotsu Adachi**

Representative Director, Chairman and CEO





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

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

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

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

## Benesse Group Corporate Philosophy

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bene (Well) + esse (being)

**Benesse**  
(Well-being)

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

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

## Benesse Group Principles

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

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

### Our Principles

Act sincerely

Build trust

Pursue challenges and innovation

### Promise to our :

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

# CONTENTS

Message from the CEO .....	1
Benesse Group Corporate Philosophy & Principles .....	3
Contents / Editorial Policy .....	4
Steps in the History of Value Creation at Benesse .....	5
The Benesse Value Creation Model .....	7
Key Sustainability Challenges for the Benesse Group .....	9

## Part 1 Our Vision and Business Strategies

Message from the COO .....	12
Medium-Term Management Plan .....	15



Message from the CFO .....	19
Financial Highlights .....	21

## Part 2 How We Create Value

At a Glance .....	23
Education Business in Japan .....	25
Kids & Family Business .....	28
FOCUS 1 Ensuring that learning goes on despite the COVID-19 pandemic .....	29



FOCUS 2 Fusing people and digital technology as only Benesse can .....	31
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Nursing Care and Childcare Business .....	33
FOCUS 3 Using technology to improve QOL .....	34
Berlitz Business .....	35

## Part 3 Enhancing Operational Resources

Corporate Governance .....	37
Messages from the Outside Directors .....	45



The Benesse Group DX Strategy .....	47
Human Capital .....	51
Intellectual Capital .....	55
Social Capital .....	57
Environmental Initiatives .....	59
Communication with Shareholders and Investors .....	61
Non-Financial Information .....	63
Group Information .....	64

## Editorial Policy

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

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



### • Period covered

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

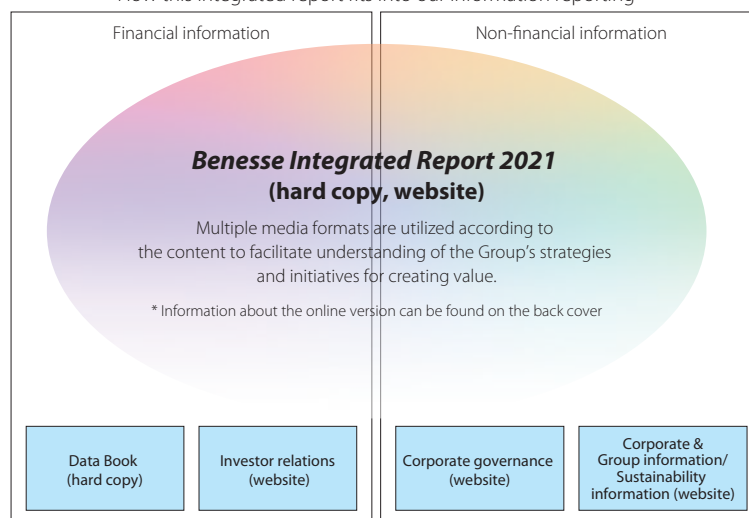
### • Activities covered

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

### Note regarding forward-looking statements

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

## How this integrated report fits into our information reporting





## Steps in the History of Value Creation at Benesse



# 1955—



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

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



# 1990—



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

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

# 2000—

## Dramatic success based on twin pillars of education and nursing care

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

# 2010—

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

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

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

# 2020—

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

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



### Goals for 2030

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

# The Benesse Value Creation Model

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

## INPUTS

### Business capital

#### Financial capital



Total assets

**¥541.9 billion**

Shareholders' equity

**¥173.4 billion**

#### Human capital



Employees (consolidated)

**20,000**

#### Intellectual capital



Survey reports **400**

#### Social capital



Study history for

approximately **2 million**  
Shinkensemi members

Assessment data for

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

Nursing home residents

**17,000**

## Medium-Term Management Plan FY2021–2025

### Evolve core businesses & expand into new fields

#### Financial targets & KPI

##### Phase 1

FY2021–2022

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

##### Phase 2

FY2023–2025

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

FY2025

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

#### Evolve core businesses

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

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

#### Expand into new fields

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

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



# OUTPUTS

Value created

Correspondence courses  
Shinkenzeni



Mock university entrance exams  
Shinken Simulated Exams



Operation of prep schools and English language classes



Correspondence course for preschoolers  
Kodomo Challenge

Japan version



China version



Informational magazines for pregnancy, childbirth, and parenting



Informational magazines and websites about pets



Managing residencies for the elderly



Operation of daycare centers and afterschool childcare centers



Berlitz language services



# OUTCOMES

Vision

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

Providing learning to aid individual growth and fuller lives

Supporting seniors in having a way of life that suits them



New challenges on global issues

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

# Key Sustainability Challenges for the Benesse Group

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

## Risks that should be minimized

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

## Progress in minimizing risks (2020–2021)

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

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

- Purchase of Proto Medical Care Co., Ltd.

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

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

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

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

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

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

## Sustainability Vision of the Benesse Group

### “Well-being” in society and for the future

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

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

### Sustainability Vision and Promotion Structure

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

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

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

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