

# Part 3

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## Enhancing Operational Resources



Environment



Social



Governance

# Corporate Governance

## Corporate governance

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

### Board of Directors

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

### Nomination and Compensation Committee

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

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

### Management Council

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

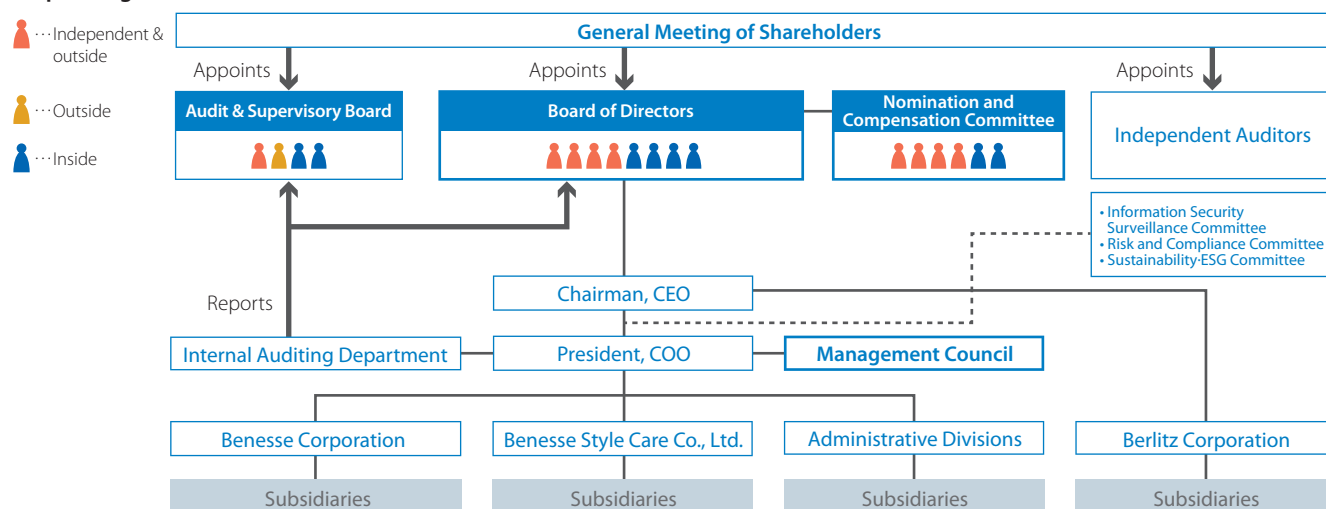
### Audit & Supervisory Board

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

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

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

## Corporate governance structure



## Improving the effectiveness of the Board of Directors

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

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

### 1) Questionnaire evaluation

**Survey Period:** March 2021

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

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

### 2) Individual interviews

**Survey Period:** March to April 2021

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

## FY2020 initiatives and future actions

### FY2020 initiatives

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

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

### Overview of the FY2020 assessment

#### High level maintained

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

#### Issues to be further addressed

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

### FY2021 initiatives based on the results of the evaluation

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

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

## Corporate Governance

### Composition of directors and how they are appointed

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

- **Number of Board members**

No more than 10 directors.

- **Diversity**

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

- **Outside directors/independence**

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

- **Requirements of directors**

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

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

- **Appointment process**

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

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

#### Directors of the Board

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

#### Audit & Supervisory Board Members

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

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



## Officer compensation

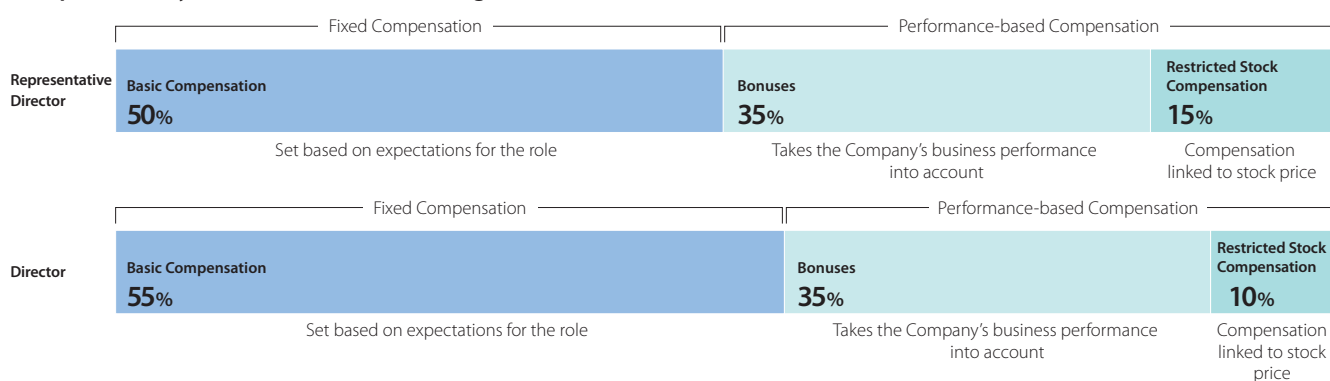
The Benesse Group aims to achieve sustained medium- to long-term growth for the entire Group. We have designed a system of compensation for executive directors that provides incentive for the sustained improvement of corporate value by focusing not only on short-term business results, but also on contributing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

not to obstruct outside directors' supervision of management.

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

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

### Compensation system for directors (excluding outside directors)



### Total compensation by officer category (FY2020)

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

## Activities of the Nomination and Compensation Committee

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

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

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

## Corporate Governance

### Enhancing internal control

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

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

### Ensuring compliance

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

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

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

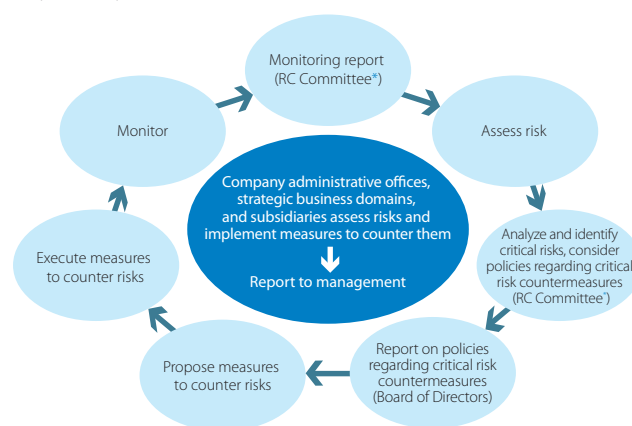
conduct, improper conduct, or conduct that violates the Group's articles of incorporation or internal rules may be discovered. The Audit & Supervisory Board Member Hotline has also been set up for cases in which someone in the Company's management may be involved in the conduct being reported. These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

### Risk management

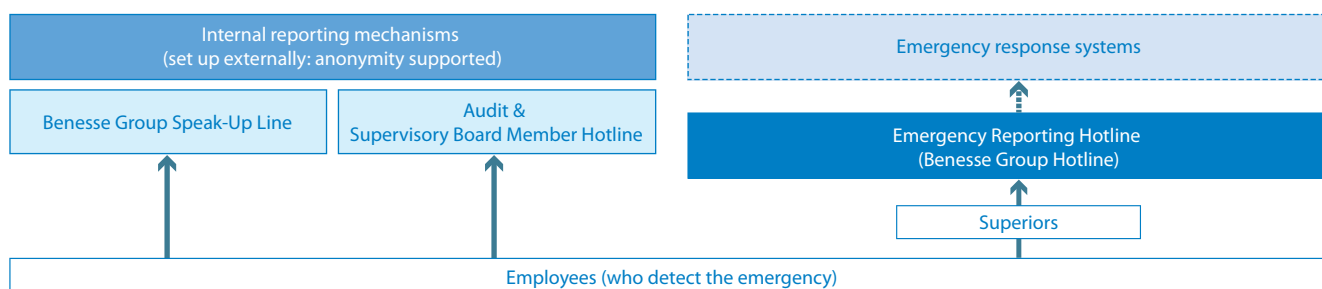
The Risk and Compliance (RC) Committee handles day-to-day risk management. Attended by executive directors, general managers, and management personnel responsible for strategic business domains, the RC Committee analyzes key risks within the Group and considers policies in response based on the assessments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

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

#### Day-to-day risk management



#### Internal reporting mechanisms and response in the event of an emergency



## Information security

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

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

### Information Security Surveillance Committee members

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

### • Security measures in system operations / Strengthening our security environment

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

### • Employee awareness and training

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

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

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

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

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

### • Third-party certification

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

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

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

November 2, 2016: Initial registration

November 1, 2022: Expiry date



### ISMS Certification (March 2016) and Continuation of ISMS Action

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

May 25, 2015: Initial registration

May 24, 2024: Expiry date



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



**1** Tamotsu Adachi



**2** Hitoshi Kobayashi



**3** Shinya Takiyama



**4** Hideaki Fukutake



**5** Katsumi Ihara



**6** Mutsuo Iwai



**7** Yumiko Noda



**8** Kohey Takashima



**9** Yoshinori Matsumoto



**10** Naoto Saito



**11** Eiichi Izumo



**12** Miyuki Ishiguro

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

### Directors of the Board

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

### Audit & Supervisory Board Members

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



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

### Messages from the Outside Directors

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



### Katsumi Ihara

Outside Director  
Chairman of the Board of Directors

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

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

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

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

#### Clarifying issues and further improving Board effectiveness

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

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

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

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

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

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

## Forming a strong business foundation for contributing to a sustainable society



**Mutsuo Iwai**

Outside Director

### The Board functions effectively as a place for democratic dialogue

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

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

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

### Expanding possibilities by incorporating an artistic sensibility

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

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

### Sustainable growth from a balance of strength and kindness

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

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

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

# The Benesse Group DX Strategy

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

## Hidetomo Hashimoto

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



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




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

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

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

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

### DX strategies tailored to business characteristics

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

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

## New Group-level unit for planning and promoting DX strategies

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

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

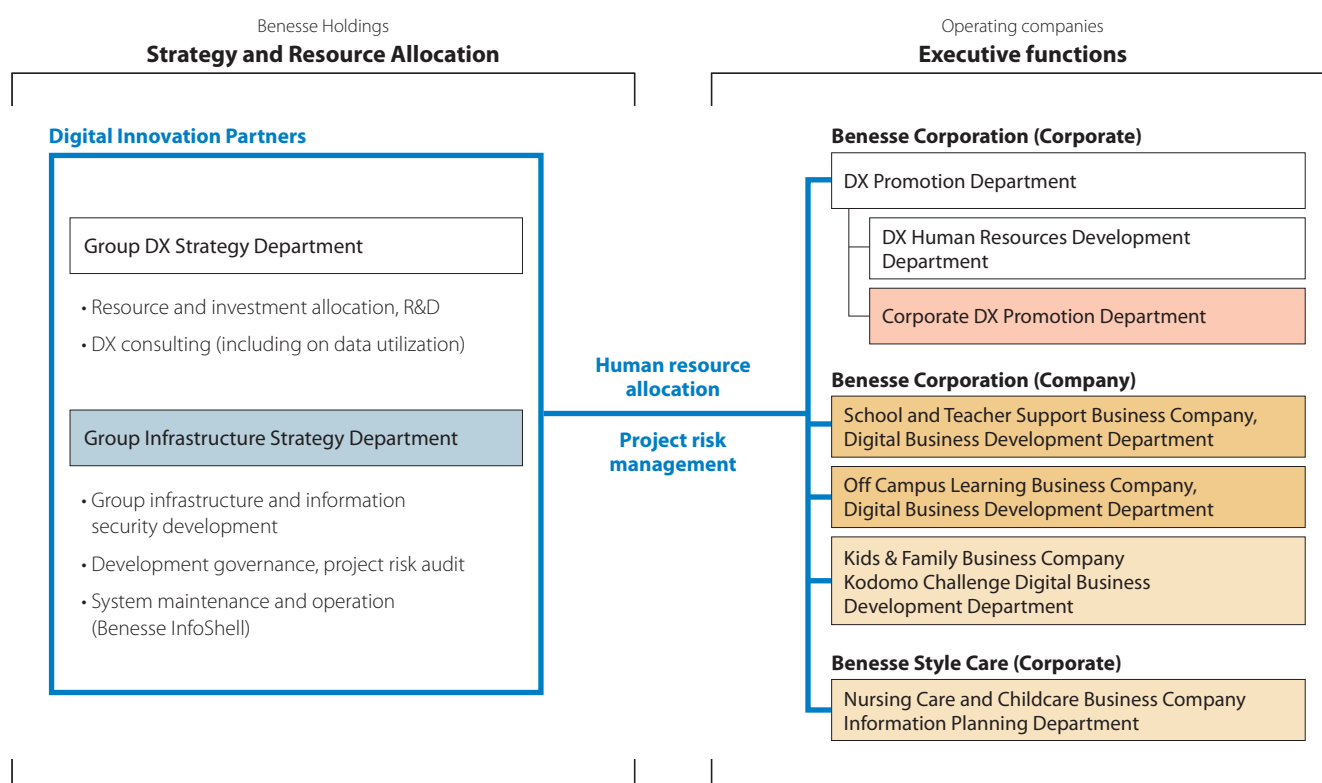
## A corporate group always providing the best products and services for its customers

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

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

### DX promotion scheme

Management  Group infrastructure  Corporate system  Business system





### Specific measures

## DX promotion according to the business phase of digitalization

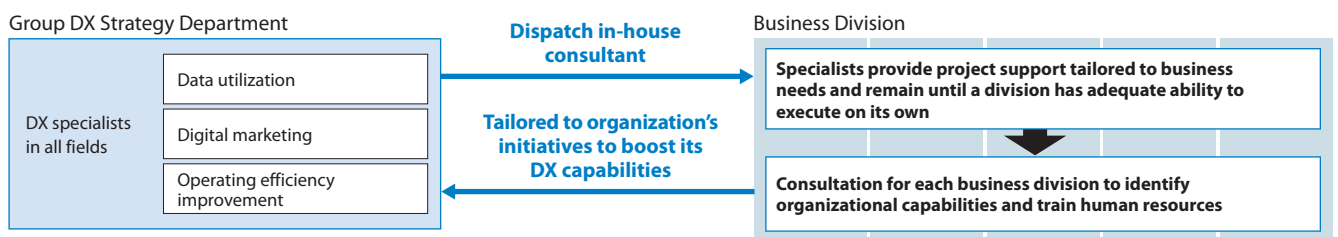
### Dispatching in-house consultants to accelerate the digital shift at each site

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

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

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

### Digital shift project



### Building foundations for data utilization in each business

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

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

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

### On watch for disruption using industry landscape maps

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

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

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



Industry landscape map

Specific measures

# Improving the organization’s overall DX capabilities



## Systematic personnel allocation and development using visualization of digital skills

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

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

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

### DX human resources development measures

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

### Six types of work content

Planning	Development and management
Engineering	Digital marketing
Data	Design

## Redesigning system architecture as the business evolves

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

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

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

## Further enhancing development governance effectiveness

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

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

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

## Human Capital



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



**Yuko Onizawa**

General Manager of  
Group Human Resources  
Benesse Holdings

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

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

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

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

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

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

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

## Executive development

### Implementing a program to train next-generation leaders

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

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

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

## Fostering a learning culture

### Training young human resources (Benesse University (programs))

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

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

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

### Making our philosophy widespread through organizational learning opportunities

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

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

### Developing and training DX capabilities

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

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

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

## Creating a comfortable working environment

### Promoting diversity

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

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

### Acquired Eruboshi certification



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

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

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

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

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

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

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



### Michiko Kobayashi

Human Resources Division  
Project Leader  
for Health Management  
Benesse Holdings

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

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

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





## Fostering a culture of openness

### A Group-wide system for working on proposals

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

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

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

B-Stage, where all group employees participate openly



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

## Disclosure of job satisfaction scores and our current initiatives



**Tetsuya Matsushita**

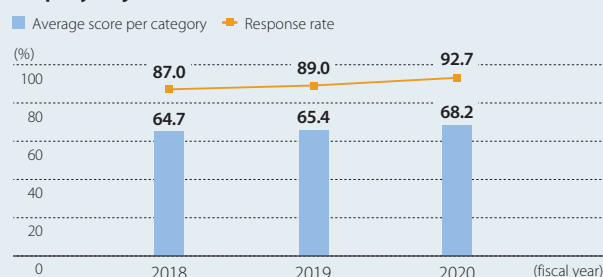
Human Resources Division  
Benesse Holdings

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

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

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

### Employee job satisfaction score



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

# Intellectual Capital



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

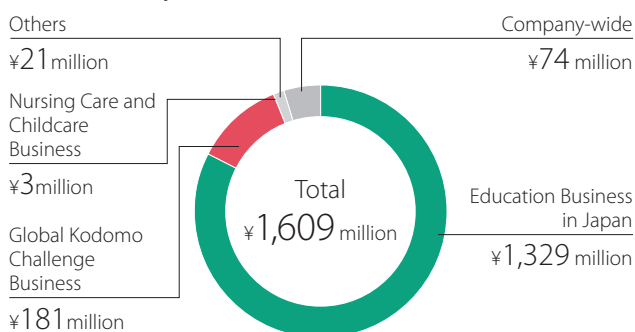
### Diverse intellectual capital as a foundation for value creation

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

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

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

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



#### Turning intellectual capital into social assets

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

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

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



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

## Think tanks complement the Group's intellectual capital

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

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

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

#### Using the results of multifaceted surveys and research to benefit society

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

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

#### Examples of research



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

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



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

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



#### Satoshi Okabe

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

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

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

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

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

## Social Capital



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

### Education Business in Japan

#### Improving customer satisfaction and education in communities

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

#### • "Iid Awards" customer satisfaction survey

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

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



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

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

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

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

#### Accommodating GTEC English exam test-takers with disabilities

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

### Nursing Care and Childcare Business

#### Benesse enters agreement on protective monitoring network for seniors

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

## Benesse Art Site Naoshima

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

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

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



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

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

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



Senior high school training program tour

### Benesse and Okayama University begin joint research focused on SDGs

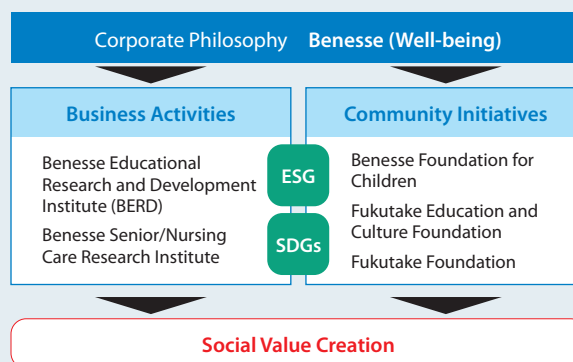
Benesse Holdings and Okayama University are conducting a three-year joint academic research program, from fiscal 2020 to fiscal 2022, on community sustainability and well-being. We are studying the changes in the well-being of the communities and residents of Naoshima, Inujima, and Teshima and the surrounding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

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

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

#### • Fukutake Foundation

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



#### • Benesse Foundation for Children

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



# Environmental Initiatives

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

## Environmental policy

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

## Climate control measures

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

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

### Medium- to long-term environmental targets

		(Years ended March 31)		
		2020	2030	2050
Reduce CO <sub>2</sub> emissions (compared to 2018)	Scope 1 and 2	6.0%	36.2%	100%
	Scope 3	2.5%	14.8%	39.4%

Reference year: 2018

### Actual greenhouse gas emissions (per basic unit)

(Years ended March 31)			
	Reference year 2018	2020	2021
Scope 1+2+3 (t-CO <sub>2</sub> )	0.0023	0.0022	0.0024
Yearly change	—	104.5%	109.4%

## Assessment and endorsement of initiatives

### • Acquired SBT certification

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



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

### • Evaluation by the CDP

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

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



### • Agreement with TCFD

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



## Conducted a scenario analysis in accordance with TCFD recommendations

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

### • Analytical estimation of risks and opportunities

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

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



### • Future strategies and initiatives

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

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

## Business initiatives **Support for environmental education**

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



Benesse STEAM Festival

# Communication with Shareholders and Investors

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

## Striving to increase corporate value through dialog with shareholders and investors

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

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

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

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

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

## Disclosures on our IR website

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

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



Online Investor Relations



Introducing the Benesse Group

## Main IR activities

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

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

## External assessments of our IR tools (FY2020)

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



# Investor Information (As of March 31, 2021)

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

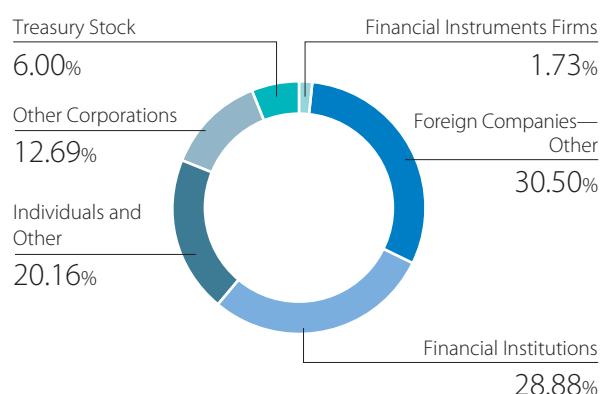
**Unit of trading** ..... 100 shares  
**Independent auditor** ..... Deloitte Touche Tohmatsu LLC  
**Transfer agent** ..... Mitsubishi UFJ Trust and Banking Corporation  
**Shareholders** ..... 61,814

## Top 10 shareholders

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

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

## Shareholdings by type of shareholder



## Coverage in ESG indexes

### MSCI ESG Index\*

2021 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

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

### FTSE4Good Index Series / FTSE Blossom Japan Index



### SOMPO Sustainability Index



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



### S&P/JPX Carbon Efficient Index

