

Part 1

Our Vision and Business Strategies



Hitoshi Kobayashi

Hitoshi Kobayashi
Representative Director and President, CEO

Message from the CEO

We will continue working toward a new stage of growth based on our corporate philosophy

Steadfastly implementing our philosophy amid a changing environment

The Benesse Group's corporate philosophy is the word "Benesse" which means well-being. It expresses how we will accompany each individual customer as they move forward, step by step, toward the realization of their dreams and aspirations, empowering them to grow and to solve issues at every stage of their lives. This has been of utmost importance to the Group throughout our history. You could say it is an unchanging management principle that we have always pursued.

However, the education, lifestyle-related, and nursing care markets in which we do business are constantly changing. They have been transformed, even compared to just 10 years ago, and the pace of this transformation is expected to accelerate further. Other business areas are also experiencing great change as the social and economic environments of our customers and the nature of the issues troubling them are altered by factors such as the continuing impact of the COVID-19 pandemic. In order to steadfastly implement our unchanging philosophy amid this rapidly changing world, we must be flexible in meeting the needs of customers. This includes carefully observing and understanding the current situation to predict changes and customer demands over the next five to 10 years, which will enable us to develop and deliver products and services in a timely manner.

If we are to confront our current situation and take the correct path for continuously providing customers with value that meets their expectations, then we need to clarify our reason for existence and the basis of our decision making. Obviously, "Benesse" is at the root of these, but as our philosophy is a broad reaching concept, we need to add to it to create specific growth strategies and principles of action for our everyday work. Therefore, starting two years ago, every organization within the Group has been setting and implementing a clearly stated purpose.

Contributing to the realization of a sustainable society by putting a three-value cycle at the heart of our purpose

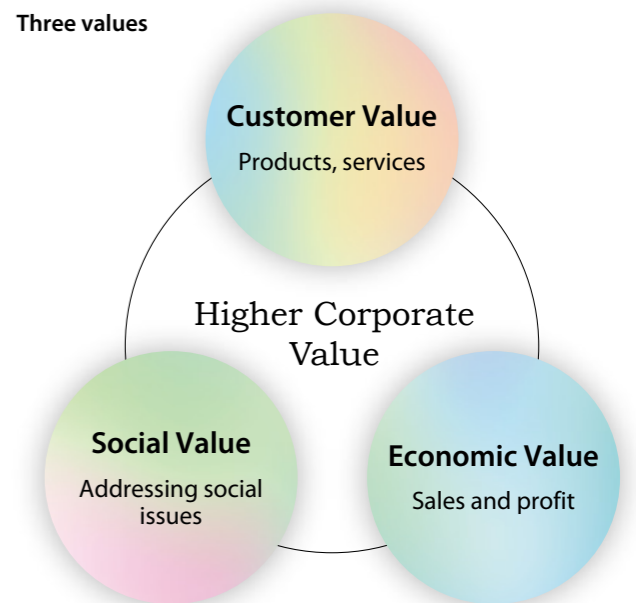
Recently, sustainability has become a buzz word within the business community. However, it is not a new concept for the

Benesse Group. I believe it has always been present in our values and actions.

Since our founding in 1955, we have constantly worked to provide solutions to social issues in the fields of education and nursing care, and the well-being that is the goal of the SDGs is the same as our "Benesse" corporate philosophy. I think this shows that sustainability is a core principle of the Group's management. We aim to continue enhancing long-term corporate value by realizing a three-value cycle comprising social value, customer value, and economic value. We will work to generate social value by contributing to solutions for various social issues while also generating customer value by providing products and services that meet customers' expectations. This will lead to the creation of profit, thereby generating economic value for the company. Achieving this cycle through our corporate activities is at the heart of our purpose and I recognize that it is also my important duty as a member of the company's management.

In April 2022, we launched ESG and Sustainability Division within Benesse Holdings in order to implement specific measures based on the management direction outlined above

Three values



Message from the CEO

at each business. It has been established as an independent division to clearly demonstrate our intent to address sustainability to stakeholders both inside and outside the Group. It will play a central role in examining the Group's various actions and initiatives from a sustainability perspective to further strengthen our ability to contribute to addressing social issues.

A rapid recovery from the downturn in business performance caused by the pandemic

Fiscal 2021 was the first year of our medium-term management plan. The plan covers five years and is divided into two phases. The first is to realize a swift V-shaped recovery in business results, which declined in fiscal 2020 due to the COVID-19 pandemic, while the second will aim to further improve performance to new heights.

In fiscal 2021, although net sales only increased slightly to ¥431.9 billion, operating income grew 54.1% year on year to ¥20.1 billion, resulting in a significantly faster recovery than forecasted. Within this, we should highlight that the education business in Japan achieved a V-shaped recovery in a single year and even exceeded fiscal 2019 results. Another big result was the sale of the Berlitz business, which has been a management issue for a number of years. The sale has given a huge boost to our business selection and concentration efforts. We see these two results as a smooth start to Phase 1 of the plan.

The nursing care business saw a decline in occupancy rates

at our nursing homes, but the main factor behind this was that prospective residents were wary about moving into homes as the Omicron variant prolonged the effects of the COVID-19 pandemic. In order to continue our business, we also made it a top priority to prevent infection among residents and staff. In the nursing care market, demand continues to outweigh supply, and as our facilities and services have an excellent reputation, I am confident that business performance will recover once the pandemic subsides. In our forecasts for fiscal 2022, we expect that net sales will decrease by 1.4% to ¥426.0 billion due to the absence of sales from the Berlitz business, but operating income will increase 24.0% to ¥25.0 billion due to profit growth in the education business in Japan and the absence of losses incurred by Berlitz.

Leaping forward in Phase 2 of the plan and beyond by growing existing businesses and expanding into new fields

Our targets for fiscal 2025, the final year of our medium-term management plan, are an operating margin of at least 8% and ROE of at least 10%. ROE was low in fiscal 2021, at 0.7%, due to special losses accompanying the sale of Berlitz. However, we are aiming to achieve our target of at least 10% two years early in fiscal 2023 through business growth and the effects of reduced taxes following the Berlitz sale.

Our main medium- to long-term growth strategy is to realize organic growth in existing business, but we will also

advance inorganic growth strategies, including M&A. At the same time, we will aim to make further leaps forward by creating and expanding into new fields. We are targeting net sales of ¥500.0 billion and operating income of ¥40.0 billion in fiscal 2025 and we anticipate that over 20% of contributions toward achieving these targets will come from inorganic growth and growth in new fields from fiscal 2023 to 2025.

We also recognize that digital transformation (DX) will play an extremely important role in both organic and inorganic growth in every business field. Therefore, we are providing robust support for the advancement of DX in every business, primarily through the establishment of the Group-wide organization Digital Innovation Partners (DIP) in April 2021.

Targeting university students and working adults as a new business field

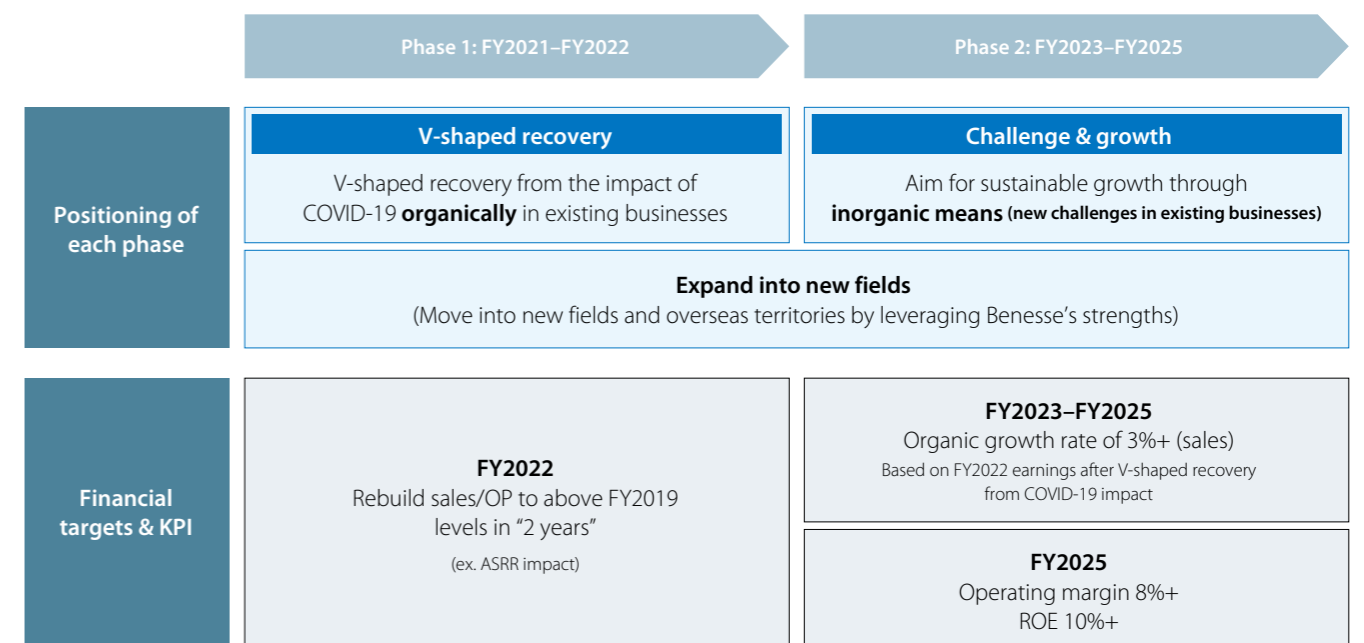
In our efforts to cultivate new business fields, we are putting a particular emphasis on the education market for university students and working adults. While many companies are aiming for sustainable growth by focusing on reskilling employees, from an individual's perspective, we have entered an age in which even adults who are already employed need to gain new abilities and expand their potential. We believe that developing and delivering services that meet these individuals' needs is not only a business opportunity, but also contributes to solving a social issue.

We are already active in this field as the long-time partner



We will keep our purpose front and center as we work with all Group employees to create new value

Targets of the Medium-Term Management Plan (Announced in November 2020)



Update on financial KPI for FY2025 (Announced in May 2022)

	Net sales	Operating income	Financial KPI
FY2022 forecast	¥426 billion	¥25 billion	FY2023–FY2025 Organic growth 3%+
FY2025 PL estimate	¥500 billion+	¥40 billion+	FY2025 Operating margin 8%+
Contribution ration to growth in FY2023–FY2025 (breakdown)			Updated FY2023 ROE 10%+
Organic	+¥50–¥60 billion	80%	+
Inorganic/New fields	+¥10–¥15 billion+α	20%	
			NEW FY2023–FY2025 Growth contribution 20%+ from inorganic/new fields

Message from the CEO

of Udemy, a world-class online learning platform, in Japan. We also plan to provide various learning and self-improvement support services for university students and for working adults. We plan to invest proactively to expand our business in this area, including exploring potential M&As.

We have been carrying out organizational restructuring to facilitate more robust expansion into new fields. This includes making the divisions in Benesse Corporation's School and Teacher Support Business Company that were previously responsible for the development of services for university students and working adults into the independent University and Working Adult Business Company. While the company is still small, we think it has the highest growth potential out of all of the companies in the Group. Our targets for the university and working adult business are to achieve sales of ¥40 billion by fiscal 2025 and ¥100 billion further into the future.

We will also continue working to expand our overseas business as an initiative in a new field. Our assessment business occupies a clear leading position in Japan and under our current medium-term management plan, we are adapting it for overseas

markets. In fiscal 2022, our paid assessment business in India started holding tests. We are also considering a potential nursing care business in China.

Leveraging our learning culture to encourage the reskilling of individual employees

Human resources continues to be the main theme of the non-financial initiatives in our medium-term management plan. Within these, we recognize that strengthening the pool of DX employees is an increasingly important issue across the Group. There is strong demand for DX human resources from every industry, so it is becoming extremely difficult to recruit exceptional talent. However, I think that merely gathering together engineers with a talent for digital technology will not necessarily lead to the development of good services.

We cannot create great value based on our "Benesse" philosophy through advanced digital technology alone. It needs to be combined with essential factors such as conviction regarding education, affection toward children, or sympathy for

the elderly, which our current employees have been cultivating through their work. Therefore, I think the company should focus on training these employees to learn new skills so they can create new services that meet customers' needs.

The digitalization of Japan's education industry is progressing rapidly, driven by the government's GIGA School Program. We have been advancing the digital shift of services across the Group for some time now, but if we are to continue producing highly competitive materials in our education business, then we will need knowledge at a workplace level that is completely different from the methods we have developed that use paper-based materials.

The same applies to the nursing care business. Although people are the core of our nursing care services, digital technology will be the key to further improving quality. In March 2022, we opened Granda Yotsuya, a sensing-based nursing home located in Yotsuya, Tokyo. This facility gathers data about residents' activities in real time through various sensors and the data is then analyzed by our *Majikami* (nursing care experts certified by Benesse) to revise how care is delivered. We are also developing *Majikami AI*, an AI solution that incorporates this data and the knowledge of the *Majikami*. We will use *Majikami AI* to improve the skills of nursing care staff, further raising quality of life for residents.

I am confident that our employees also recognize the need to reskill with regard to DX and as a company, we will provide them with the means and opportunities to do this wherever possible. Happily, the Benesse Group has a deep-rooted culture of self-directed learning. We will leverage this culture as much as possible to support individual employees in developing new abilities.

Reaffirming our history of taking on challenges to create new value

In April 2022, we compiled the book *BATON* as part of efforts to ensure the continuation of our philosophy. The book's purpose is to remind all Group members of Benesse's history of taking on challenges.



Innovation will be essential to the continued growth of the Group and there are many examples of innovation throughout our history. Our current business portfolio did not just spring out of nowhere as a perfectly arranged collection of assets. There was a time when we were also a venture company, but by building a new business model piece by piece through a process of trial and error, we gradually gave shape to our philosophy in each business field. Examples of this are Benesse Art Site Naoshima and the nursing care business.

In *BATON*, the creation of the "Benesse" corporate philosophy is used as a starting point for employees who were active at that time to look back and describe how they pursued innovation and what kind of difficulties they overcame in order to create something new. We also plan to create opportunities for all employees to meet and talk to the people featured in the book.

We are not publishing *BATON* in order to merely pass on company legends or to relive past glories. As we face a drastically changing business environment, we want to reaffirm the fact that we have striven to realize innovation based on our philosophy in the past, and therefore, that we will be able to do so again. We will work together with the support of our predecessors to take on various challenges and realize innovation that will create new value for customers.

Key measures for FY2025

Proactively undertake measures to create organic growth and new growth

	Organic	Inorganic
Shinkenzeni	<ul style="list-style-type: none"> Raise profitability via improvement of retention rate and reform of marketing BYOD-based tablet strategy 	<ul style="list-style-type: none"> Develop platform business to address diverse learning needs
School & Teacher Support	<ul style="list-style-type: none"> Stabilize Mirai Seed earnings (Elem./J. High schools) Boost product attractiveness via assessment x ICT (High schools) 	<ul style="list-style-type: none"> Bolster service model for schools with diverse students' education advancement (development + advancement support)
Prep Schools and Classrooms	<ul style="list-style-type: none"> Grow number of schools and strengthen uniqueness of each prep school 	<ul style="list-style-type: none"> Further increase industry share (M&A)
Kids & Family	<ul style="list-style-type: none"> Raise profitability via improvement of retention rate and reform of marketing 	<ul style="list-style-type: none"> Overhaul model to focus on "multi-layered" product services
Nursing Care and Childcare	<ul style="list-style-type: none"> Rebuild occupancy rate, expand strategic locations 	<ul style="list-style-type: none"> Grow peripheral businesses with focus on HR business (M&A)
	New fields	
University and Working Adult	<ul style="list-style-type: none"> Move into new markets (M&A), expand into recurrent education/reskilling markets utilizing Group's strengths 	
Overseas development	<ul style="list-style-type: none"> Move into school assessment in India, consider and evaluate nursing care in China 	

Foundation: strongly pursue DX based on cross-organizational DIP (digital innovation partners)

Message from the CFO



We will steadily achieve our medium-term management plan by strengthening existing businesses and investing in new businesses

Shinsuke Tsuboi

Managing Executive Officer, CFO (Chief Financial Officer), Executive General Manager of Finance and Accounting

Recovery in the Education Business in Japan led to an increase in sales and profits for the entire Group

The Benesse Group's medium-term management plan positions fiscal 2021 to 2022 as Phase 1 with the goal of recovering business results to the levels recorded in fiscal 2019, before the COVID-19 pandemic. In fiscal 2021, we made smooth progress toward this goal. Net sales increased 1.0% year on year to ¥431.9 billion, while operating income increased by 54.1% to ¥20.1 billion, surpassing initial forecasts by a huge ¥17.5 billion and drawing close to the ¥21.2 billion recorded in fiscal 2019. Net income attributable to owners of the parent decreased 65.9% to ¥1.0 billion due to the booking of special losses accompanying the sale of the Berlitz business, but we still managed to secure a profit.

The biggest story in the fiscal 2021 business results was the recovery of the education business in Japan. The prep school and classroom business and school and teacher support business in particular suffered from big falls in results in fiscal 2020 due to the impact of the pandemic, but in just one year they have recovered to levels that exceed fiscal 2019 results. Another notable event was the sale of the Berlitz business, which has been an issue for the Group for a number of years. While the sale did incur special losses, we were able to complete it within the fiscal year so that there will be no negative impact from fiscal 2022 onward. The special losses are a temporary factor, so we can expect to see positive effects from the sale in fiscal 2022 and beyond.

Overall, the implementation of our medium-term management plan is going smoothly, but there are still some issues regarding our main businesses. One is that as of April 2022, enrollment at our Shinkenzenmi business has fallen by around 8% year on year. This is due to a combination of declining birthrates and the prolonged effects of the pandemic. The spread of the Omicron variant in the second half of fiscal 2021 caused a succession of school and class closures across Japan and the resulting increase in homework meant that the amount of time children had to learn at home was limited. We have also come to the conclusion that a growing sense of unease about family finances has affected the use of home learning services. However, the Shinkenzenmi business has been monitoring the decline in birthrates for several years and has been shifting its focus from acquiring new enrollment to raising retention rates. It is working to secure profitability by combining digital teaching materials with support provided in person to steadily increase the number of frequent users, as well as by expanding services that meet the diverse educational needs of children, such as providing online learning through Challenge School.

In the nursing care business, occupancy rates at our nursing homes are taking longer than expected to recover. This is mainly because of the prolonging of the COVID-19 pandemic and many new applicants decided to postpone the date of their occupancy due to declarations of a state of emergency in several regions. However, our nursing homes have always been very highly regarded by residents and as the pandemic began to

abate in spring 2022, we saw recovery trends in resident numbers and occupancy rates. We have also started taking a new sales approach toward regional healthcare institutions and care managers, so we expect to see a gradual improvement toward our targets going forward.

Further raising ROE and ROIC by improving capital efficiency in the nursing care business

We are aiming to raise corporate value by improving capital efficiency. In our medium-term management plan, we have set the target of achieving ROE of at least 10% by fiscal 2025 and we have introduced ROIC as an indicator with the aim of enhancing the earning power of each business. We had been hindered by losses recorded by the Berlitz business over the last few years. However, the sale of said business means that a negative factor has been removed from fiscal 2022 onward and it will also have a positive effect in terms of taxes over the next few years. Therefore, ROE and ROIC should both improve rapidly. In fiscal 2022, ROE is forecast to surpass 8% while ROIC is forecast to improve beyond our current weighted average cost of capital (about 5%). We will aim to hit our ROE target of at least 10% ahead of schedule in fiscal 2023.

Looking at ROIC by business, the nursing care business,

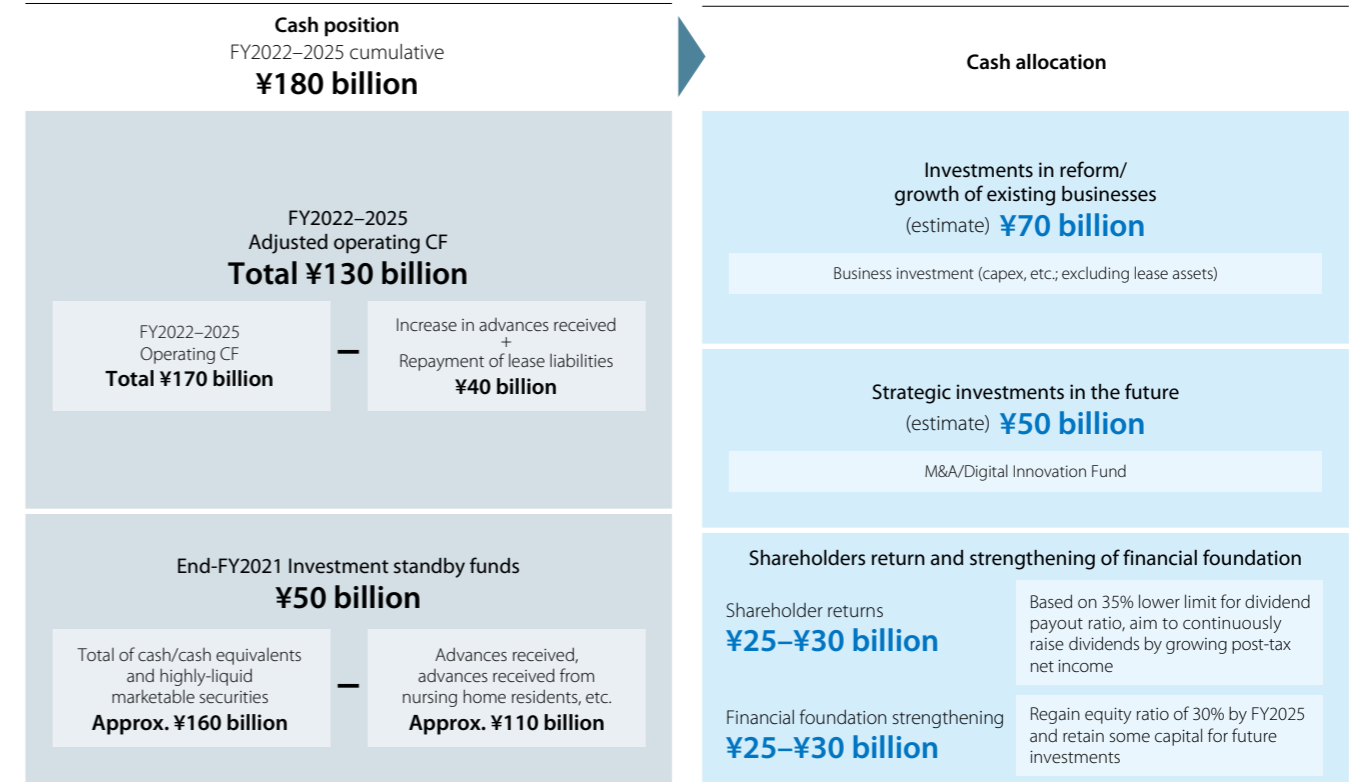
which has to treat real estate leases in its accounts, is lowering the overall average. The nursing care business is an asset heavy business, so we have been told by shareholders and investors that we should concentrate business resources on the education business instead. However, it also offers stable cash flows, and we are striving to improve capital efficiency by expanding ancillary businesses that do not require actual facilities, such as staff dispatch and referral services. In fiscal 2021, we made Heart Medical Care Co., Ltd., which provides nursing care personnel referrals among other services, into a consolidated subsidiary.

A very large portion of the Group's businesses take payments from customers in advance, so we need to keep a certain amount of cash in reserve to maintain a sound financial position, which is a limiting factor from a capital efficiency perspective. We will manage this reserve more efficiently and reduce fixed costs to raise ROE.

Actively investing in growth while fortifying our financial foundation

At the start of fiscal 2022, the second year of our medium-term management plan, we disclosed our cash position up to fiscal 2025 and our approaches to growth investment and shareholder returns. In fiscal 2025, the final year of the plan, we forecast that

Approach to cash position and allocation



Message from the CFO

cumulative adjusted cash flow from operating activities will have increased by around ¥130.0 billion. When combined with ¥50.0 billion in investment standby funds at the end of fiscal 2021, it results in an anticipated cash position of about ¥180.0 billion over the next four years.

Our basic policy for the allocation of these funds is to balance growth and strategic investments and shareholder returns with efforts to fortify our financial foundation. We plan to spend ¥70.0 billion on business investments, primarily expanding products and services in existing business fields, funding new products, and IT investment. We will also allocate about ¥50.0 billion for strategic investments aimed at inorganic growth, such as M&A and funds for use by the Digital Innovation Fund (DIF), which we established in November 2021.

We also plan to allocate a total of around ¥25.0 to ¥30.0 billion for shareholder returns over the four years. If actual results are in line with plan forecasts, we expect to be able to raise the dividend each year from fiscal 2022 onward, even under the assumption of a 35% payout ratio. In fiscal 2022, we plan to raise the annual dividend by ¥10 to ¥60 per share.

Linking ESG initiatives to the enhancement of economic value

As a Group that delivers services in the socially important fields, including education and nursing care, we should be putting a greater emphasis on ESG activities than other companies. Therefore, it is essential that we ultimately link the enhancement of non-financial value to the enhancement of financial value. With this in mind, we will be setting non-financial KPI for each company and business from fiscal 2022 and we are currently discussing how this will be monitored at meetings of Benesse Holding's Management Council.

We aim to maximize our corporate value by generating three types of value—social value, customer value, and



economic value. There is a certain amount of alignment between customer value, social value, and our ESG-related KPI. We plan to reanalyze the relationship between non-financial KPI and corporate value from this perspective and disclose our findings to external stakeholders in an easy-to-understand manner.

Steadily achieving the medium-term management plan by steering from selection and concentration to growth

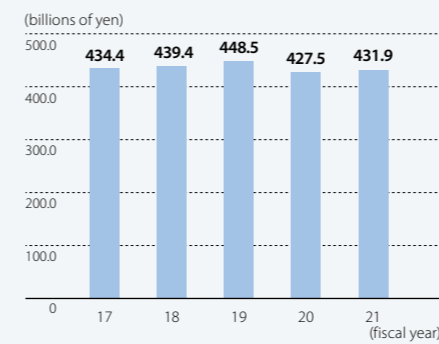
One of the important responsibilities of a CFO is to ensure smooth communication with investors and the financial markets. While there may be concerns about the decline in enrollment of our Shinkenzeni business that I mentioned at the start of this message, said business accounts for only around 25% of the Group's operating income. Currently, our education business in Japan has a broad scope, from schools to prep schools and classrooms, and even through to university students and working adults, and we are strengthening efforts in each field. Furthermore, profit contributions from our nursing care business are growing each year. This balanced business portfolio means that we can still achieve corporate growth, even if there is no increase in Shinkenzeni enrollment. I intend to properly explain topics such as our profit structure to shareholders and investors to ensure their understanding.

Although we are improving in many KPI, I am aware that raising our price-earnings ratio (PER) is a challenge. At the release of our fiscal 2021 financial results, our PER was less than 15, which could be seen as a worrying indication regarding the Group's growth potential. I understand some people might be concerned that our main strength is an education business in a country with declining birthrates and that we are also facing factors such as the impact of the weakening yen. However, there is still plenty of room for business growth by expanding our market share, even in the Japanese market, and we are building a solid strategy for achieving this. We will disclose the details going forward, so I hope you will share in my excitement about the future.

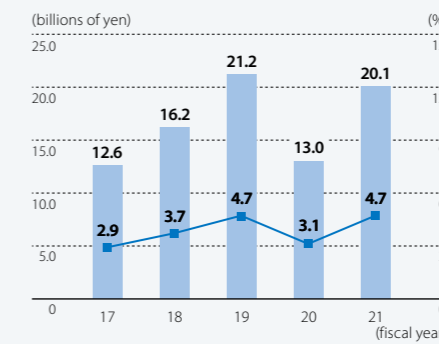
We started to wind down our main activities for concentration and selection in fiscal 2021 and we are now moving strongly toward the next phase, which is focused on growth. We will work to achieve our target of ¥40.0 billion in operating income by fiscal 2025, the final year of the current medium-term management plan, by growing our existing businesses and actively investing in new businesses, while staying conscious of financial soundness and capital efficiency.

Financial Highlights

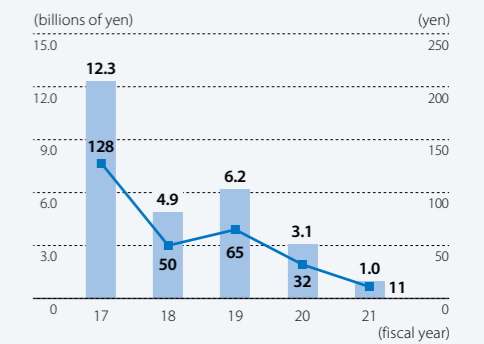
Net sales



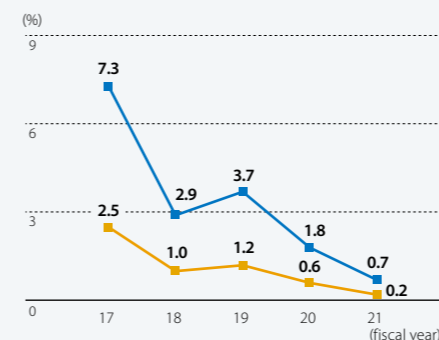
Operating income/ Operating income ratio



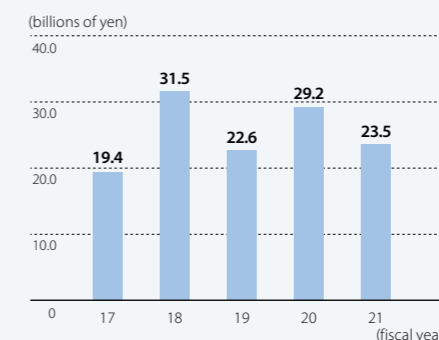
Net income attributable to owners of the parent/Net income per share



ROE/ROA

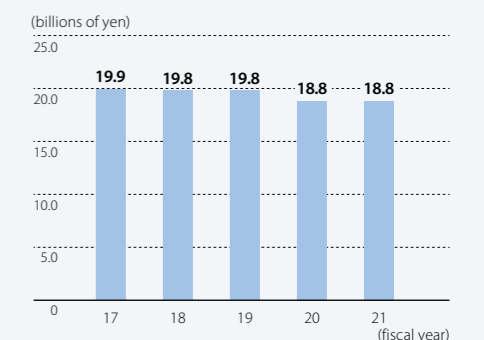


CAPEX



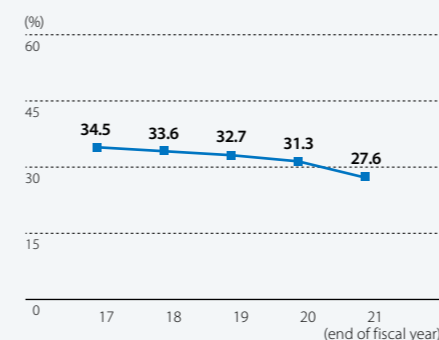
Note: CAPEX shows the "increase in tangible fixed assets and intangible fixed assets" as listed in summaries of financial results.

Depreciation & amortization

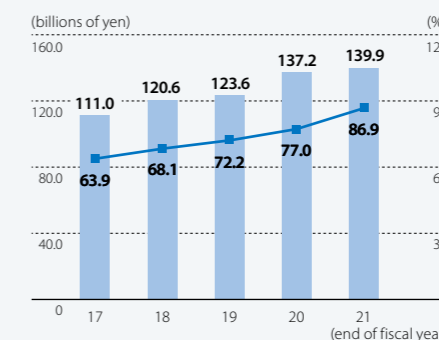


Note: Depreciation & amortization shows the total amount of "depreciation and amortization" and "amortization of goodwill" as listed in summaries of financial results.

Equity ratio

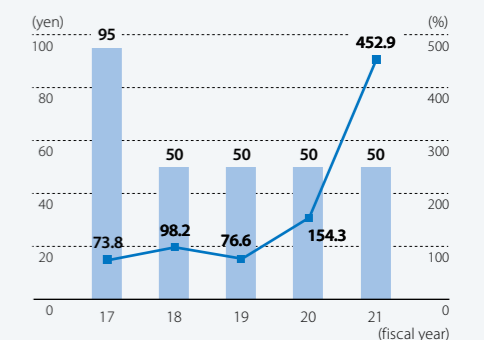


Interest-bearing debt/ Debt-to-equity ratio



Note: Interest-bearing debt includes lease obligations.

Cash dividends/Dividend payout ratio



Message from the Chief DX Officer

We will raise value for customers by enhancing in-house organizational capabilities to strengthen partnerships with external partners



Hidetomo Hashimoto
Senior Managing Executive Officer, CDXO (Chief DX Officer),
Executive General Manager of Digital Innovation Partners

Advancing DX to continue providing the best value

The Benesse Group is advancing its digital transformation (DX) as one of the key measures in its medium-term management plan. The ultimate goal of this DX is to “continue being a company that can always provide customers with the best products and services.”

New services that utilize cutting-edge technologies are being launched one after another and a succession of new players are entering the market. If we are to remain as the best within this environment, we need to raise our ability to respond swiftly to the needs of customers. Digital technology is one way of achieving this and we think that we can continue providing the best value by combining the Group’s customer base and our operational resources, such as knowledge and expertise in the education and nursing care fields, with new functions and business models that utilize digital technologies.

Based on this approach, we established the Digital Innovation Partners (DIP) in April 2021 as an organization that intersects with all of the Group’s business divisions. Initially, the DIP was a virtual organization comprising systems developers, data scientists, personnel in charge of human resources development, and others from Benesse Holdings and Group companies, but in fiscal 2022, it was converted into an actual physical organization. The DIP will reorganize and strengthen organizational functions related to IT and digital technology in each business division in order to further accelerate the Group-wide advancement of DX.

Focusing on the digitalization of products and services and cultivation of DX human resources

The Benesse Group is engaged in a wide range of businesses and each business has different customers, business models, and competitive environments. It is important that DX is advanced using strategies that are matched to the unique characteristics of each business and service, as well as its current level of digitalization. Furthermore, the training of personnel and

construction of systems infrastructure that are essential for DX need to be addressed as shared issues for the entire Group. Therefore, the DIP has been implementing specific measures under the two themes of “DX promotion according to the business phase of digitalization” and “improving the organization’s overall DX capabilities.”

For example, in fiscal 2021, more than 20 projects were launched based on the business plans of each Group company and each of these projects has been making smooth progress through close coordination between personnel from the relevant business division and personnel from the DIP. Also, as a measure to strengthen DX human resources, we carried out an assessment based on new definitions of DX-related work content and skills, and then set up 25 different training programs (for a total of 56 sessions) based on the result. To date, almost 3,000 employees have taken this training. Furthermore, there is a growing number of cases where DX has facilitated coordination between Group businesses, such as the use of skill analysis and training programs designed for sales personnel in the school & teacher support business to develop staff in the nursing care business.

An increase in the number of mid-career job applicants following greater recognition of our efforts as a DX pioneer

In fiscal 2021, the Group received an unprecedented amount of external recognition related to its DX initiatives. Benesse Holdings was selected for the DX Stocks list due to its overall DX efforts, and we also received commendations from external experts, including Japan e-Learning Awards and an Information Technology Award for services and teaching materials provided

External recognition of DX initiatives

Certified in May 2021

Selected in June 2021

18th Japan e-Learning Awards

Minister for Internal Affairs and Communications Award

Award in the Educational BCP special category

Speaking Quest

まなびの手帳 Learning Pocketbook

39th Information Technology Awards

IT Award (Customer and Business Functions category)

IT Encouragement Award (Management category)

Current month Previous month Branch average

Discernment of needs

Crisis management

Proposal formulation

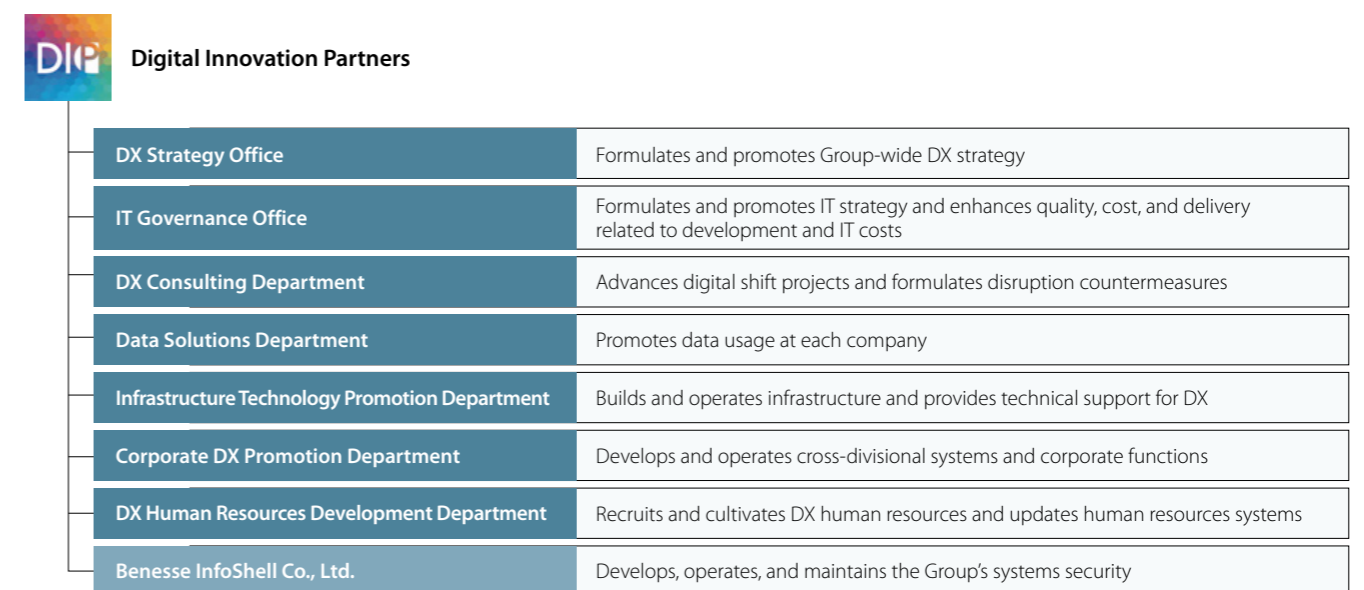
Relationship building

Service user information collection

Sales skills assessment and cultivation program

Mirai Seed

DIP organizational structure



Visit the following website for more information on Benesse’s DX strategy (only available in Japanese)
<https://www.benesse.co.jp/digital/>

Message from the Chief DX Officer

by the Group that incorporate digital technology, such as the “Learning Pocketbook” support app for parents, “Speaking Quest” English performance tests, and “Mirai Seed” tablet computer learning support software.

This succession of awards provided opportunities for the Group to appear in media articles about DX and in fiscal 2021, the number of mentions in media grew by an impressive 378% compared to the previous fiscal year. Benesse has a rich history in the education industry, but unfortunately this also tends to be accompanied by the image that we are lagging behind in terms of digitalization among people who do not generally use our products and services. However, I think the huge increase in external assessments and media exposure has helped to change this kind of negative impression and raise recognition of the Company as a digital pioneer. It will also have a positive impact on recruitment and actually, in fiscal 2021, the number of applications we received from mid-career DX personnel increased year on year by about 20%.



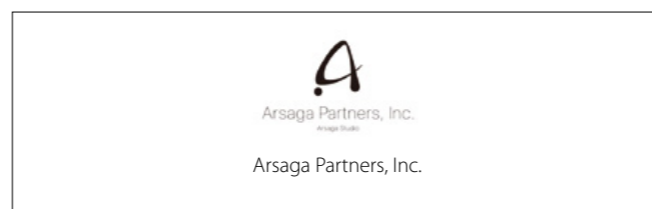
Leveraging the DIF to further expand Group business through partnerships

When advancing DX, it is important to not only focus on solving immediate challenges but also to draw up a vision of an ideal future and then backcast from that vision to find what needs to be done now. Therefore, we established the Digital Innovation Fund (DIF) in November 2021 to implement this approach.

The DIP has already been carrying out an ongoing “disruption watch,” in which it identifies and monitors potential disruptors that may threaten the Group’s business in the future and the technological fields they are likely to target, as part of its analysis of risks and opportunities in each business area. We established the DIF to take these efforts one step further by building partnerships with potential disruptors through co-creation, cooperation, and joint projects. Its scope for investment is a total of ¥5.0 billion over five years and as of July 2022, it has agreed to partnerships with four companies.

The DIF’s core concept is to avoid getting dragged into a battle for survival with future competitors but instead, to vitalize markets and create greater value for society by working together with fellow industry players. Therefore, in addition to financial assets, it also needs to be able to leverage as great an amount as possible of non-financial assets, including our knowledge and expertise, with the goal of supporting the growth of companies it has invested in. Going forward it will continue to explore potential investment partners that are expected to produce synergies with the Group’s businesses, including in the education, lifestyle-related, and nursing care fields, and companies engaged in activities that could lead to the creation of new businesses for the Group.

Partners that have received investment and support through the DIF



DX training programs

		Planning	Development management/ engineering	Data	Digital marketing
Specialized knowledge and skill training	Practical	<ul style="list-style-type: none"> Agile development in-house case studies Defining wireframe requirements Implementing design sprints Digital teaching material development 	<ul style="list-style-type: none"> Using wireframe-defining requirements Agile development Databases In-house systems fundamentals 	<ul style="list-style-type: none"> Using Semi-Structured Query Language Effect verification Data analysis application Using Shinkenzeremi’s elementary, junior high, and high school data 	<ul style="list-style-type: none"> Digital marketing in-house case studies Practical access analysis
	Introductory	<ul style="list-style-type: none"> Introduction to DX UI/UX fundamentals Website fundamentals App development fundamentals 	<ul style="list-style-type: none"> Systems development fundamentals Development process fundamentals—agile Development process fundamentals—waterfall 	<ul style="list-style-type: none"> Introduction to Benesse’s data Product log design Introductory and practical analytical design Data usage fundamentals 	<ul style="list-style-type: none"> Digital marketing fundamentals Introduction to marketing Advertising fundamentals
Basic digital training		<ul style="list-style-type: none"> Digital fundamentals - In-house DX case studies, disruptor analysis, etc. Technical fundamentals - Operating systems, networks, databases, HTML/CSS, Java, web servers, etc. Digital lectures - External case studies, culture sessions, etc. DX literacy—An explanation of key terms (video) 			

Reskilling each employee to enhance the quality, cost, and delivery of products and services

The DIF realizes inorganic growth through investments, while the DIP’s mission is to support organic growth by working together with existing businesses to properly address immediate challenges and advance DX.

The DIP’s activities have clarified that the biggest challenge we are currently facing is a human resources shortage. Awareness of the advantages of using IT and digital technology is rising at each workplace and the number of development projects being launched within the Group is growing, but there is still a shortage of personnel who can implement DX. The rapid increase in development projects also means that this shortage is growing, despite our efforts to increase the number of DX personnel by strengthening mid-career recruitment.

I think the key to overcoming this problem is to reskill current employees. Basically, the advancement of DX is not a task that should be taken on by IT departments alone. We need our employees at each business location to possess knowledge of IT and digital technology, or in other words, to become DX literate, and to adopt a proactive mindset. Even personnel who are not involved in the actual development of systems and apps need to have a minimal understanding of concepts and specialist terms in order to be able to communicate with others both inside and outside the Group. The 25 training programs I mentioned earlier were developed with this in mind. Happily, learning is deeply rooted in

Benesse’s culture, and we have a huge number of employees who are highly committed to self-directed learning. We will work to raise the value provided by the products and services of each business by steadily providing each individual with new DX-related skills.

Advancing DX to realize well-being for each individual

We will continue to focus on both reskilling in-house and recruiting DX human resources. I think one of the advantages we offer as a workplace for both new and experienced recruits is that we provide a variety of career options.

We deliver services to a truly wide range of people, from infants to school and university students, working adults and the elderly. Our business model also covers many different kinds of work, including instruction through correspondence and in real classrooms, assessments, care work at nursing homes, and dispatch staffing and referral operations. We also provide environments that can meet the needs of diverse jobseekers, such as people who want to use their skills to benefit society or people who want to hone their capabilities by taking on various types of work. My role as CDXO is to make this advantage and the atmospheres at our actual workplaces more visible to people outside the Group. It is said that a company is its people and ultimately, this is also true of DX. Going forward, we will continue to advance DX in order to realize well-being for all our customers, partners, and employees as a leader in education and nursing care.

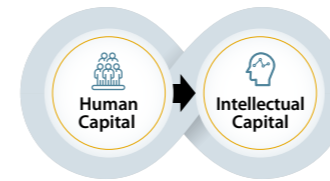
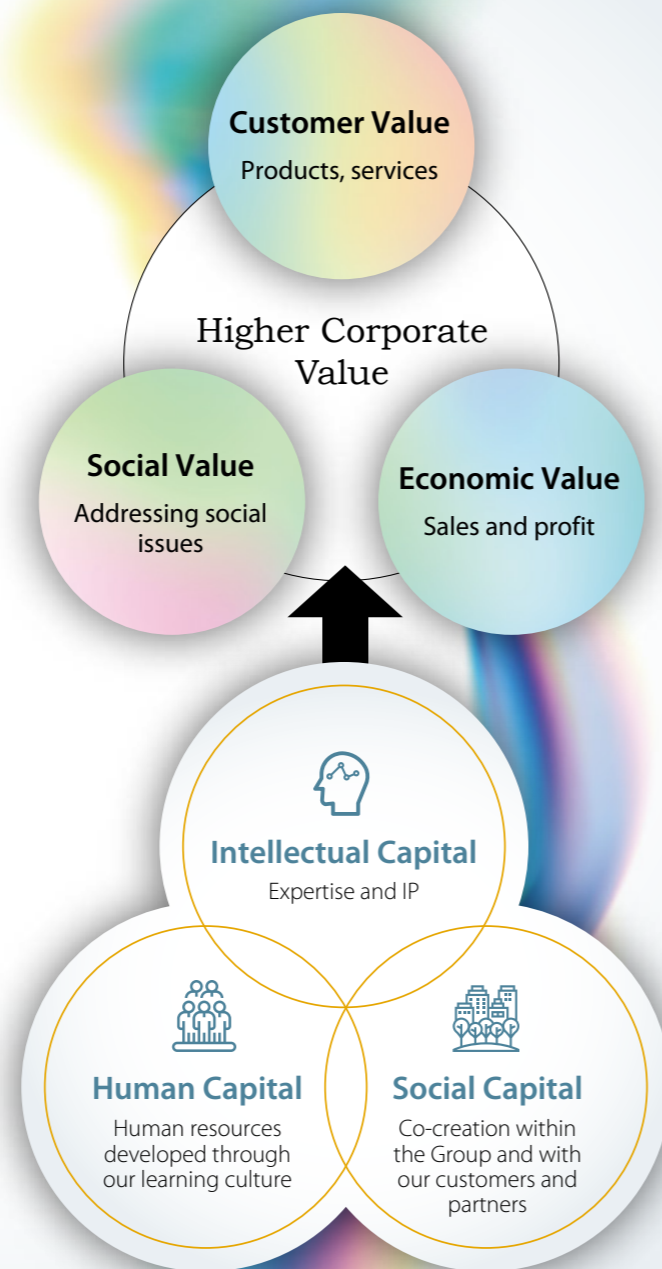
FOCUS Enhancing Our Non-Financial Capital

Sparking innovation through the synergy of non-financial capital to improve three values

Intellectual capital, which is our expertise and intellectual property (IP); social capital through co-creation within the Group and with our customers and partners; and human capital, based on our learning culture.

The Benesse Group is working to further enhance this accumulated non-financial capital through a variety of initiatives.

By sparking frequent innovation through the synergy of each type of capital and continuing to create new products and services, we are working to enhance three values: social value, customer value, and economic value.



Evolution of Mirai Seed

Evolving digital products and services through the training of DX personnel

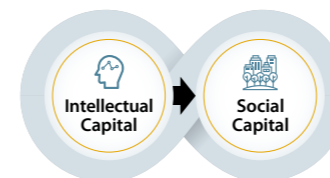
Benesse Corporation offers Mirai Seed, tablet learning support software, to elementary and junior high schools nationwide. Since 2020, the user base for this Mirai Seed software has greatly increased due to school closures caused by COVID-19 and the GIGA School Program being pushed forward. We therefore established fan sites to provide detailed information to teachers in charge of ICT at the schools where the software was introduced, and online seminars were held to strengthen points of contact. Leveraging the diverse opinions of teachers in each region, we are expanding our services by improving the UI/UX that is easy to use in daily classes and revising it to accommodate individualized and optimal learning using AI, while enhancing our efforts to recruit, retain and train DX personnel who are responsible for the development of functions and operation of services.

As a result of these initiatives, Mirai Seed was a winner in the 39th Information Technology Awards (customer/business function category) in 2021, which are held by the Japan Institute

of Information Technology. We developed Mirai Seed to be usable in various situations for instruction and learning, based on our accumulated knowledge and expertise from the Benesse Group's sustained efforts to support school education in the field, and Mirai Seed was recognized for its contribution to DX in the field of education, including support for student learning and academic affairs.



Mirai Seed



Expanding and popularization of Udemy Business

Further growing our customer base through expansion of corporate-targeted services

The Benesse Group is working to enhance social capital by offering new products and services for universities and working adults.

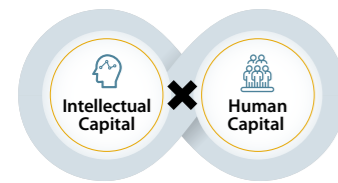
Udemy, one of those services, is an online platform service for video learning that brings together people who want to teach and people who want to learn from all over the world, and Benesse Corporation is aiming to popularize the service as Udemy's exclusive business partner in Japan. We also developed a corporate-targeted service, Udemy Business, to enable users to view approximately 7,300 Japanese and English seminars—which have been carefully curated for a Japanese audience from the material available on Udemy—on a subscription basis. As of June 30, 2022, Udemy Business has been adopted by more than 800 companies in Japan, including 50% of the companies chosen for the Nikkei 225. Since fiscal 2021, the program has also been used in Mie Prefecture to improve the IT knowledge and skills of administrative staff, thereby contributing to the human resource development of companies and local governments.

Udemy is also used by employees of our Group, and it is not merely helping to enhance companies which have introduced Udemy Business, but contributing to the improvement of the Group's human capital, as well. Going forward, by evolving Udemy, we will make progress with growing the Group's customer base and developing the skills of employees.



Udemy Business

FOCUS Enhancing Our Non-Financial Capital



Development of Majikami AI

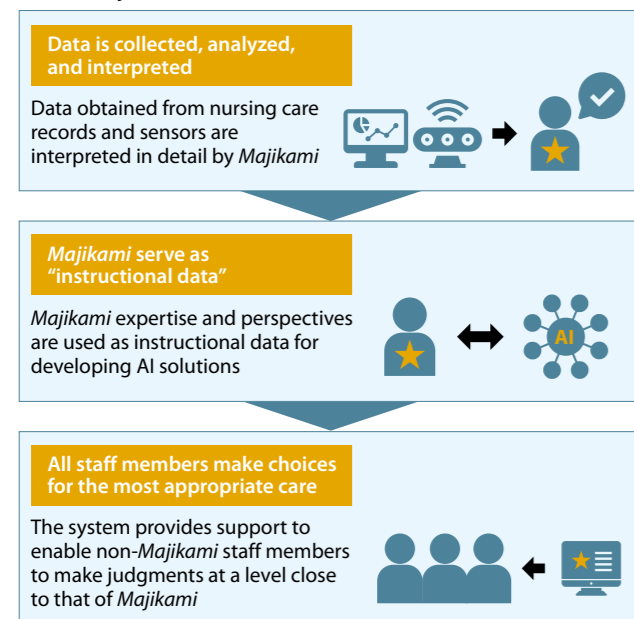
Improving residents' quality of life (QOL) through the fusion of people and technology

With the aim of improving QOL for residents of elderly homes nationwide, Benesse Style Care has been making progress on the development of Majikami AI, in conjunction with the DX Promotion Department of Benesse Holdings. *Majikami* is the common name for an internal qualification system for a nursing care expert with a high level of expertise and practical skills, and a total of over 190 staff members have been certified as *Majikami* up to this point. Majikami AI is being developed with the insights and behavior of *Majikami* serving as instructional data. By turning the intangible expertise of highly specialized staff into instructional data, we quantify the factors that lead to improved QOL for residents. Through the fusion of people and technology, our goal is to enable any staff member to provide high-quality care that is close to the care provided by *Majikami*.

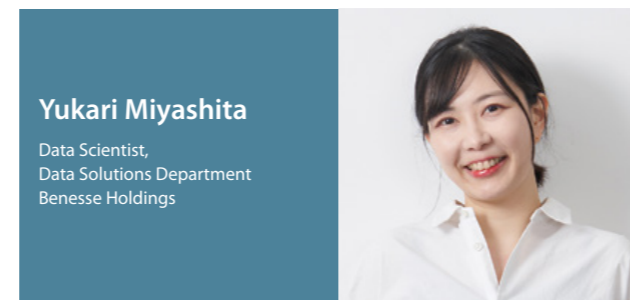
Benesse Style Care opened Granda Yotsuya in March 2022 as the first edition of the Benesse sensing home, with 55 more elderly home locations planned for conversion to sensing homes by fiscal 2023. Multiple sensors, including "sleep sensors" and "excretory activity sensors," will be installed in the rooms in these homes, and the information collected by the sensors will be aggregated to make the physical condition of the residents visible. Using this data and *Majikami* expertise, we plan to develop AI solutions which will make service quality that places the highest priority on QOL into a reality.

With regard to the Benesse Group's use of AI in the nursing care field, we intend to continue enhancing this initiative going forward as one of the Group's key DX measures, which will not

Use of Majikami AI



only improve operational efficiency at nursing care facilities, but will also enhance the quality of nursing care by developing human resources to address the critical social issue of a shortage of nursing care personnel, and also lead to the revitalization of the industry as a whole.



Yukari Miyashita
Data Scientist,
Data Solutions Department
Benesse Holdings

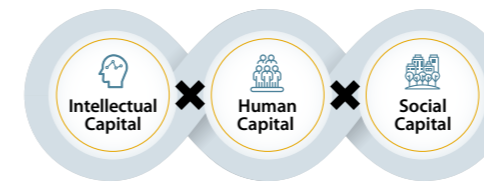
The process of developing solutions that will further advance Benesse nursing care is both challenging and rewarding, as we have to make them requirements so that frontline nursing care providers will be able to comprehend and actually use the solutions. We have promoted the review of requirements and development of solutions in tandem while listening to the thought process of Ms. Edamatsu, a *Majikami* active in the field. In the future, I would like us to continue to create synergy between people and technology by continuously reflecting human insights in the system and enhancing functions to support better judgment by each on-site staff member.



Yuko Edamatsu
Nursing Care Professional (*Majikami*),
Expert Development Department
Benesse Style Care

The advantage of Benesse's nursing care personnel is that in order to make our business principle of showing "deep respect for the person's individuality" into a reality, we are systematically learning about ways to grasp the individuality of each resident, as well as a framework to realize that approach for showing them that deep respect.

Furthermore, going forward, not only will we be able to get insights about matters like changes to residents' physical condition by leveraging information gathered by sensors and Majikami AI, but we will also enable each resident to express their individuality to a greater extent.



Benesse Educational Research and Development Institute (BERD)

Increasing the speed and quality of research findings, and passing on those findings to society, the educational field, and our own business: Better learning through digital technology

The Benesse Educational Research and Development Institute (BERD) is an in-house think tank, which was created in 2013 by integrating several research divisions of the Benesse Group. With a large number of human resources as the foundation for its research activities, BERD takes a comprehensive view of the childcare and education environment and conducts multifaceted surveys and research in the field of education which target a wide range of people, from infants and toddlers to university students, adults, parents, and teachers.

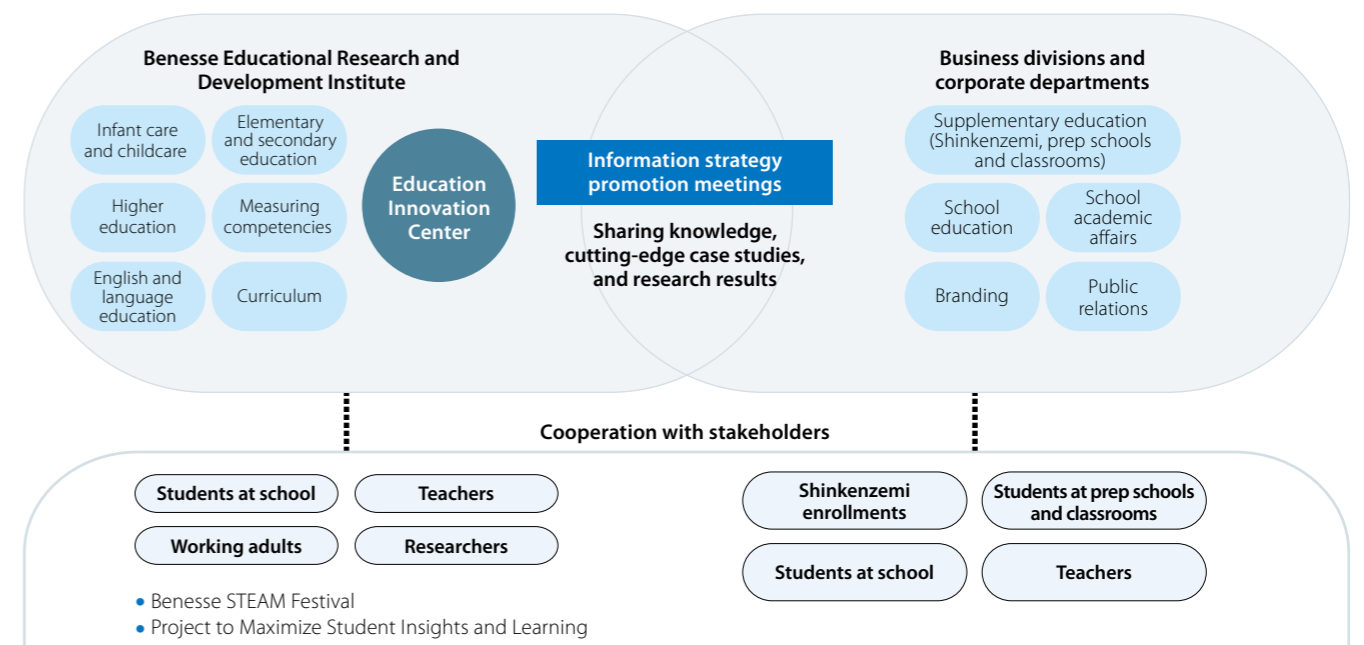
As the environment surrounding business has changed at a dizzying pace, research themes are becoming more complex and interdisciplinary with each passing day. In order to respond in a flexible way to the speed of business changes, we have reformed BERD to switch from its traditional research function divided by field to a research function divided by issue, and are evolving the institute's research on the topics of human development, growth, and learning outcomes. As part of this effort, we newly established the Education Innovation Center

within BERD in April 2022. The center will work to disseminate information to society and within the Group on the theme of "better learning through the use of digital technology," in addition to strengthening functions to support DX in the education business domain.

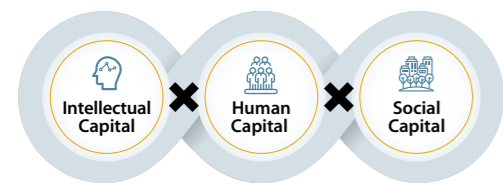
Specifically, we hold monthly information strategy promotion meetings—attended by those in charge of the Shinkensemi business and School & Teacher Support Business, as well as those in charge of branding and public relations—to share knowledge, cutting-edge domestic and international case studies, and research results which are related to digital-based learning, mainly in the elementary through high school domains. In addition to conducting case studies and empirical research with elementary and junior high schools and high schools across Japan, we hold events such as the Benesse STEAM Festival, where junior and high school students and working adults interact with each other based on inquiry-based learning. We also conducted the Project to Maximize Student Insights and Learning, a weekly online dialogue with teachers across Japan. The latest information obtained through these collaborations with outside parties is also shared with business division personnel and others to enhance employee's expertise and communication skills.



Disseminating information to support better learning through digitization



FOCUS Enhancing Our Non-Financial Capital



Strengthening partnerships through DIF

Establishing an investment facility to accelerate open innovation

The Benesse Group is accelerating the development of businesses that will lead to the resolution of social issues by promoting open innovation and enhancing cooperation with its business partners.

As part of this initiative, we established the Digital Innovation Fund (DIF), an investment facility, in November 2021. Through the DIF, we will strengthen our partnerships with venture startup businesses that possess revolutionary technologies in fields such as education, daily living and nursing care, and aim for co-creation of various projects, service updates, and new value. The total ceiling on investments is five billion yen over five years.

Aiming for the sustainable development of the Group, in conjunction with partners who have promising technologies

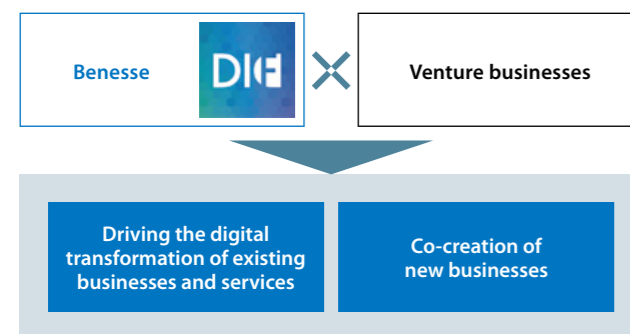
We have established the following three requirements for the selection of investment and partnership partners by DIF.

- Partners who have potential for synergy with Benesse Group businesses in areas such as education, daily living, and nursing care

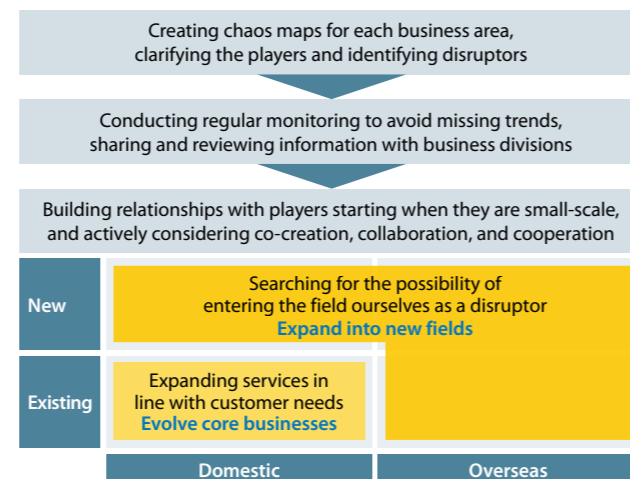
- Partners with plans and development capabilities for DX-related services promoted by Benesse
- Companies with innovative technologies and markets in fields related to Benesse, or partners with the potential to develop such technologies and markets

In conjunction with DIF activities, the Digital Innovation Partners (DIP) division, which handles the promotion of DX strategy at the Benesse Group, is constantly on “disruption watch.” While being on disruption watch is generally understood as identifying and monitoring future threat players (disruptors) and their technology areas, the Benesse Group does not limit its activities to that aspect, and engages in monitoring to search for promising partners who have potential for synergy with Benesse Group businesses. By creating partnerships with companies with whom we can share our guiding principle of “creating new products and services that respond to customer needs, as well as new businesses that contribute to solving social problems;” we are aiming for sustainable growth for those partner companies and for the Group. Since its establishment, the DIF has already invested in several partners, and will continue to contribute to further business growth.

Enhancing partnerships through DIF



Disruption watch



Investee companies (as of July 2022)

Investee company	Business description	Start of cooperation
Code Chrysalis Japan Co., Ltd.	Offers advanced IT personnel training boot camps	November 2021
Hmcomm Co., Ltd.	Pursues value creation through “sound”	February 2022
Fourth Valley Concierge Corporation	Provides global recruitment support that goes beyond national borders	March 2022
Arsaga Partners, Inc.	Promotes corporate DX and IT development	June 2022

Hiroshi Mizukami

General Manager of DX Consulting Department, Digital Innovation Partners Benesse Holdings



Since the digital shift consulting and disruption response that DIP is moving forward with are conducted for each business division, we also deal with business division issues at the same time.

For example, in digital shift consulting, as the situation becomes clearer as we enter each business division, we are working

on DX promotion tailored to their business phase.

For dealing with DX issues at each business division, I think we can resolve issues not simply by developing everything in-house in a self-sufficient manner, but also through co-creation with external parties. There are currently several precedents, and going forward, I would like to further promote DX through DIF activities while having organic connections with external partners that possess more advanced expertise.

Benesse is a company that supports people’s growth, so I hope that the employees who are involved with DIF will grow as well, not just our customers. I would like to create a system and culture where everyone involved in the project can grow. I believe doing this will have a positive impact on the company, and I expect that it will become an initiative worthy of the Benesse name.

Jumpei Nakamura

Manager of Digital Innovation Section, DX Consulting Department, Digital Innovation Partners Assistant Fund Manager of Digital Innovation Fund Benesse Holdings



We understand that collaboration with startups that have skills and ideas not possessed by Benesse will enable us to have a wider variety of opportunities for speedily offering new value. We are considering a wide range of possibilities, not only in the areas of education, nursing care, and daily living, but also in new areas if they are in line with our corporate philosophy of “well-being.”

In terms of the circumstances for our activities up to this point,

we have been monitoring the trends of digital players in the fields of education, nursing care, and daily living as part of our disruption watch, and DIF aims to be positioned as a catalyst for innovation as part of those specific measures.

In 2021, we selected and made a list of approximately 1,900 companies from around the world with the potential to achieve digital disruption in each business. At present, while using that list for reference, we are continuing to meet with startups that may be potential candidates for collaboration in terms of business synergy and net investment, and are also in discussions with business divisions. My focus is on the areas of NFT/tokens, the blockchain, and the metaverse in relation to Web 3.0. I am pursuing these activities because I believe that if we are able to make them a reality, they have the potential to make significant contributions to the co-creation of new businesses and the expansion of business areas.

Naoki Sugita

Deputy Manager in Charge of Investment and Procurement of Finance Department, Finance and Accounting Assistant Fund Manager of Digital Innovation Fund Benesse Holdings



At DIF, we provide financing from the holding company Benesse Holdings itself, and we are creating mechanisms to rapidly scale up business collaboration by encouraging cooperation with each operating company. Our Group has had past experience with things such as minority investments, and has a track record of several

investee companies going public. I believe that in the future, we will be able to take advantage of that experience in these DIF activities.

We have already invested in four companies and engaged in cooperation with them as DIF, and in each case, we have made the investment with a strong awareness of the relationship being mutually advantageous for both parties. While it is a prerequisite for investment that there will be financial benefits and expected synergy for our Group, we believe that accelerating growth by providing support—not only financially, but also in terms of business to the partner companies in which we invest—will ultimately lead to mutual benefits for both parties.

In this way, we will leverage our investments to pursue mutually advantageous relationships with partner companies and achieve sustainable growth for our Group.

Initiatives for Improving Human Capital

A personnel system that supports the “Benesse (well-being)” of employees themselves

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. “Management is centered on people,” and “When our employees in the field are bursting with vitality, that is precisely when our business grows.” I believe that it is the responsibility of personnel departments to bring these messages to fruition.



Yuko Onizawa
Executive Officer,
CHRO (Chief Human
Resource Officer),
Executive General Manager
of Group Human Resources

Topics	Policies	Progress
Improving Employee Engagement	Promoting principle-driven management <ul style="list-style-type: none"> Implementation of events such as morning meetings attended by all employees, company-wide meetings, and Security Day (for the Group, or for Benesse Holdings and Benesse Corporation) Publication of the <i>BATON</i> booklet on our philosophy, and employee engagement <ul style="list-style-type: none"> p. 30 	<ul style="list-style-type: none"> Implementation of morning meetings on the founding date of Benesse, as well as activities to make our principles widespread (nine times in fiscal 2021) Implementation of employee engagement surveys (A rating across the entire company in fiscal 2021) <ul style="list-style-type: none"> p. 30
	Implementation of the B-Stage internal proposal system (fiscal 2021) <ul style="list-style-type: none"> Launch of a proposal system to embody the “DNA of utilizing voices from the frontlines in management” 	<ul style="list-style-type: none"> Six plans received awards from among 1,782 plans and proposals Three plans were chosen from units proposing new business initiatives and three from units proposing business process reforms, with preparations underway to implement them
Fostering a Learning Culture	Providing growth opportunities based on individual suitability and career <ul style="list-style-type: none"> Fiscal 2021 “skill development point” system <ul style="list-style-type: none"> Granting approximately 200,000 yen for training expenses and other fees annually (Benesse Corporation) Reskilling leave system: Three days a year (from fiscal 2022, Benesse Corporation) 	<ul style="list-style-type: none"> Revitalizing all generations through improved “feelings of growth” for each individual employee Approximately 20% of skill development points used
	DX personnel enhancement (from fiscal 2020) <ul style="list-style-type: none"> DX reskilling, fostering of a learning culture 	<ul style="list-style-type: none"> Approximately 800 DX personnel in fiscal 2021 DX reskilling: Approximately 2,600 employees at Benesse Corporation who took UdeMY seminars in fiscal 2021 Received an “Outstanding Performance” Award at the 4th Platinum Career Awards, which recognizes companies that are oriented toward providing career development and career opportunities for their employees. (Organized by Mitsubishi Research Institute, Inc. in cooperation with Toyo Keizai Inc., with support by the Ministry of Health, Labour and Welfare and the Tokyo Stock Exchange)
Diversity Promotion and Leadership	Promotion of diversity and active participation by female employees <ul style="list-style-type: none"> Launched ESG and Sustainability Division and ESG and Diversity Department (April 2022) Benesse University (training of young human resources) Establishment of an “Instructor and Business Leader Training System” at a special-purpose subsidiary which promotes the employment of persons with disabilities 	<ul style="list-style-type: none"> For female executives, one Outside Director and two Executive Officers 35% of all managerial positions held by women (Benesse Corporation) Participants in Benesse University (17 employees in fiscal 2021 / 12 employees in fiscal 2022) Benesse Business-mate, a special-purpose subsidiary, was awarded the “Innovation Award” at the 11th Japan HR Challenge Awards
	CEO succession training / leadership <ul style="list-style-type: none"> CEO Succession Plan / discussions at the Nomination and Compensation Committee Developing the next generation of management through planned work experience and other measures (The Benesse Leadership Program, a program for training the next generation of leaders) 	<ul style="list-style-type: none"> Six discussions at the Nomination and Compensation Committee Six new employees chosen for the program for training the next generation of leaders (In total, 53 employees chosen in fiscal 2021)
Working Style Reforms / Productivity Improvements	Promotion of a hybrid working style (Benesse Corporation) <ul style="list-style-type: none"> Office work combined with remote work <ul style="list-style-type: none"> Renovations to shift offices to an ABW* style (Tokyo area/Osaka/Nagoya) ABW (Activity-Based Working): A working style where employees can freely choose where and when they work in accordance with their respective jobs 	<ul style="list-style-type: none"> Satisfaction with office environment up 10.6% over the previous year Maintained an office attendance rate of below 50% Communication space on office floors increased by 2.45 times Communication space on common-use floors increased by 1.87 times Fixed costs reduced by 35.6%
	Support for balancing work with nursing care and childcare (continually implemented since the 1990s) <ul style="list-style-type: none"> Encouraging male employees to take childcare leave Enhancing support systems Introducing a dual-employment system (with permission) for networking, career development, and skill enhancement purposes 	<ul style="list-style-type: none"> Reduction in turnover rate due to childcare and nursing care reasons Results of introducing the dual-employment system: 72 employees (fiscal 2021)
Improving Awareness of Management Participation	<ul style="list-style-type: none"> Holding all-employee meetings to explain financial results and share business plans Promoting membership in the employee stock ownership group (incentive payment*) <ul style="list-style-type: none"> Approximately 10% of accumulated amount 	<ul style="list-style-type: none"> Improvement of each employee’s awareness of management participation Increased interest in stock price and dividends
Improving Health	Promotion of Benesse health management <ul style="list-style-type: none"> Health management promotion activities for fiscal 2021: <ol style="list-style-type: none"> Online exercise program, nursing care seminars, women’s health online seminars, mindfulness experiences, a quitting smoking program 	<ul style="list-style-type: none"> Better health for each employee Six certified 2022 Health and Productivity Management Organizations from the Benesse Group (Benesse Holdings, Benesse Corporation, Tokyo Individualized Educational Institute, Benesse Business-mate, Benesse BE studio, Benesse Senior Support)
COVID-19 Countermeasures	<ul style="list-style-type: none"> Conducting vaccinations at workplaces Promotion of hybrid working styles 	<ul style="list-style-type: none"> Creating an environment in which employees can work without anxiety even in the face of the COVID-19 pandemic (vaccinations were conducted a total of 12 times in Okayama, Osaka, Shinjuku, and Tama) Average office attendance rate of under 30% (Benesse Corporation)

Creation of *BATON*, a pamphlet on our philosophy

Amidst the rapid changes occurring to the business environment, our Group is working to make “reform and growth” a reality. In order to continue promoting reform and growth across the entire Group, “Benesse,” our unchanging corporate philosophy, serves as the focal point. How was Benesse born about 30 years ago, and how has it been passed down through our businesses? We produced and distributed approximately 10,000 copies of the *BATON* pamphlet on our philosophy, which incorporates the voices of Group employees, with the aim of helping each individual to understand the philosophy and create a future with Benesse as the starting point.

Furthermore, we held online Benesse Meetups for philosophy-related activities and study sessions, where participants could listen to the actual words of people who appeared in the pamphlet about topics such as their actual feelings in the course of creating businesses, as well as their concerns. We have invited Yumi Narushima (Deputy Head of the Out-of-School Learning Business Company of Benesse Corporation), who has attempted to reform Shinkenzemi’s elementary school courses and Challenge Touch up to this point, Tomonori Iida (General Manager of the Working Adult Education Business Unit of the University and Working Adult Business Company), who was involved with the Japanese business expansion of UdeMY, and Gen Yamaguchi (Representative Director of Benesse Socius Co., Ltd.), who has made great efforts to launch a new company for the employment of people with disabilities, as guests. Approximately 1,000 Group employees participated in each Meetup.

These Meetups are a valuable opportunity to have employees actively listen to the guests’ talks, think about how to make the philosophy of “Benesse” a reality in business, and take ownership.



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.

In 2021, the first fiscal year of the system’s operation, there were 1,782 proposals submitted. In the final round of judging, final presentations were made by employees on the submitted six business reform proposals and seven new business proposals that had been chosen through two rounds of selection. The judging panel of 23 people, which included executives from Benesse Holdings and Benesse Corporation as well as outside experts, made incisive points, asking “What is the significance of Benesse doing this?” and “What is your business model?” and making rapid-fire comments with expectant voices.

After discussions and deliberations by the judges, one Grand Prize winner and two Excellence Award winners were selected from the new business proposal category, while one Grand Prize winner and two Excellence Award winners were selected from the business reform proposal category. The six award-winning projects are currently making progress towards commercialization and making the business reforms a reality.



The scene at the final judging

Introducing a new organizational assessment tool for people-centered management, with the aim of improving employee engagement

The Benesse Group has been conducting organizational assessments for more than 20 years to realize “people-centered” management. Based on the results of organizational “health checkups,” we have incorporated the PDCA cycle into the management structures of the Group and each company in order to improve issues, such as sharing and reporting the current status at Board of Directors meetings and reflecting the results in business plans.

Starting in fiscal 2021, we switched from our original in-house organizational health checkup tool, GAMBAs, which we had previously used up to this point (annual checkups) to Motivation Cloud (Link and Motivation Inc.), one of the biggest organizational assessment tools in Japan (biannual checkups). Results and issues can now be immediately understood, with the most recent results being an A-rating for the entire company. We will boost employee engagement by speedily making the state of the organization visible, comprehending organizational issues, and making improvements.

B-Stage, an internal proposal system to convey the voices of frontline workers to management, with 1,782 proposals submitted in the first fiscal year

Benesse’s organizational culture and DNA of attempting to achieve solutions to customer issues and business problems through ideas developed in the field has been continuously 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

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.

Promotion systems

The Sustainability and ESG Promotion Committee, with the Managing Executive Officer for Sustainability and ESG as its chair, and whose membership includes full-time directors including the Representative Director and President and the Heads of Business Divisions, meets regularly to make decisions about policies and initiatives concerning ESG issues, including environmental ones, and to monitor the status of activities. The Committee's activities are reported to the Board of Directors.

Climate control measures

Benesse Corporation had previously set medium- to long-term reduction targets for greenhouse gas emissions, but we have further revised our Scope 1 and 2 targets upward from the WB 2°C level to reduction targets in accordance with the 1.5°C level. In order to meet these targets, in fiscal 2021, we moved forward with measures such as reducing paper consumption by promoting the digitization of products and services, reducing office space by adopting a hybrid working style of office attendance/working at home, and implementing a medium- to long-term repair plan for our own buildings.

Medium- to long-term reduction targets for greenhouse gas emissions

(Years ended March 31)

		Every year	2030	2041	2050
Reduction rate, based on 2018	Scope 1 and 2 (1.5°C targets)	4.4% ^{*1}	52.8% ^{*1}	100%	100% ^{*2}
	Scope 3 ^{*3} (2°C targets)	1.23%	14.8%	—	39.4%

^{*1} Updated application pending for SBTi 1.5°C targets (as of July 31)

^{*2} Reduction targets have been certified by SBTi

^{*3} Scope 3 targets have been certified by SBTi as 2°C targets

Reduction rate for greenhouse gas emissions

(Years ended March 31)

		2019	2020	2021	2022
Reduction rate, based on 2018	Scope 1 and 2	12.0%	20.8%	30.5%	39.8%
	Scope 3	(2.7%)	(3.9%)	5.4%	13.8%

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 in May 2021. Furthermore, with regard to Scope 1 and 2 emissions, we raised our targets to 1.5°C targets and resubmitted our application in December 2021.



Evaluation by the CDP

In the CDP's 2021 climate change survey, we were chosen as a company with a leadership level of A-, a grade for companies that conduct excellent activities in areas such as reducing greenhouse gas emissions and implementing measures to mitigate and adapt to climate change. In addition, in the CDP's Suppliers Engagement Valuation, we were chosen as a CDP 2021 Supply Engagement Leader—the highest evaluation—for the third straight year, continuing from last year. Our previous CDP climate change evaluations are as follows.



CDP climate change evaluations

2017	2018	2019	2020	2021
A-	A	A	A	A-

Conducted a scenario analysis in accordance with TCFD recommendations

In 2019, the Benesse Group expressed its agreement with the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD), the first education business operator in Japan to do so. With regard to the education business in Japan, we are analyzing scenarios in accordance with TCFD recommendations, and conducting deeper analyses of the risks and opportunities to our business due to 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.

Transitional Risks	<ul style="list-style-type: none"> Switch to alternative materials (recycled plastics, etc.) Increase in energy costs Increase in shipping costs (by truck) 	<ul style="list-style-type: none"> Risk to Benesse's reputation if we cannot meet consumers' expectations with regard to environmental awareness
Physical Risks	<ul style="list-style-type: none"> Procurement failures from suppliers Major damage at logistics hubs Changes in shipping methods due to suspension of the logistics network 	<ul style="list-style-type: none"> Restructuring of the logistics network due to environmental changes and the spreading of infectious diseases
Opportunities	<ul style="list-style-type: none"> Changes in the environmental awareness of consumers Competitive advantages through innovations in environmental technology 	<ul style="list-style-type: none"> Initiatives towards global environmental preservation Highly resilient logistics base

Future strategies and initiatives

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

Transitional Risks	Research into alternative materials that take reductions in CO ₂ into account, resource circulation initiatives (recycling), reductions in shipping fees through the adoption of digital educational materials, reductions in GHG emissions due to office activities such as energy saving and other initiatives, establishment of targets and promotion of initiatives for the introduction of renewable energy, consideration of a Bring Your Own Device (BYOD) policy for tablets, etc.
Physical Risks	Reduction in risks through the decentralization of production bases, securement of alternate means of transport, strengthening of flood control measures at logistics hubs, etc.
Opportunities	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 fiscal 2021, in addition to holding the Benesse STEAM Festival, an online event where junior high and high school students present research and initiatives that will lead to solving problems in the real world, we also conducted the 2021 National Research Contest for junior high and high school students. There was a diverse array of research report applications from about 1,700 applicants around the country, touching on topics including the SDGs. We have made entries available to the public on our "Research Library for All" (Manavision).



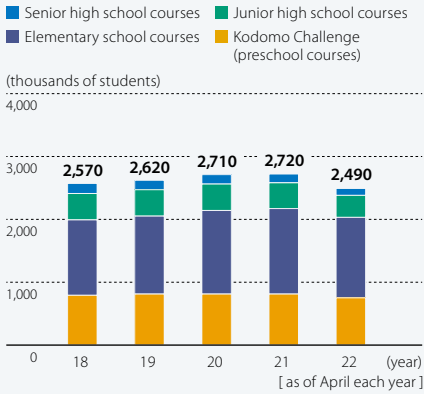
Benesse STEAM Festival

Visit the following website for information on our response to climate change. <https://benesse-hd.disclosure.site/en/themes/148#1002>

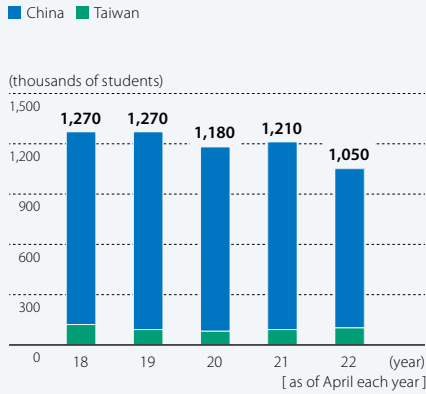
Non-Financial Information

Business-Related

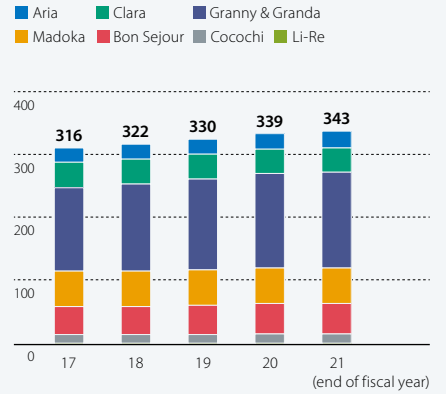
Shinkenzemi and Kodomo Challenge enrollments in April (Japan)



Kodomo Challenge enrollments in April (Overseas)

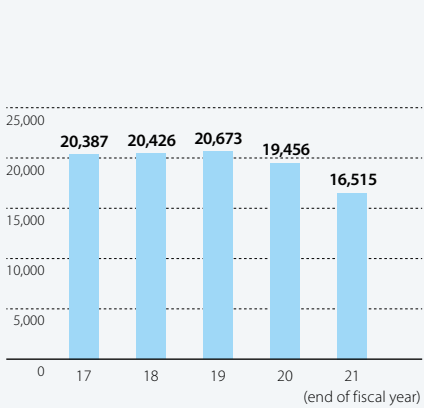


Nursing homes & elderly homes by brand



Human Resources

Employees on consolidated basis



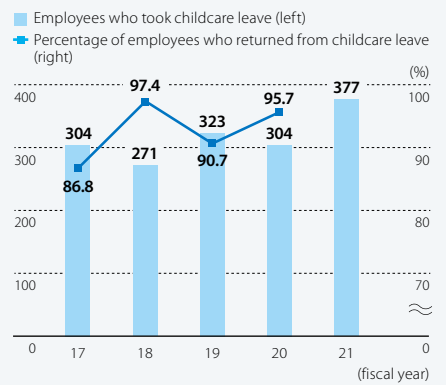
Note: Berlitz Corporation was sold during fiscal 2021.

Ratio of female employees/managers



Note: Percentages are for Benesse Corporation.

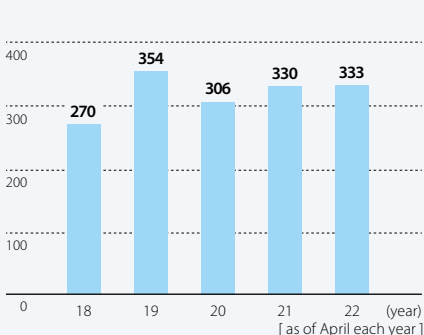
Employees who took childcare leave / Returned from leave



Note: Figures are for Benesse Corporation and Benesse Style Care combined.

Human Resources

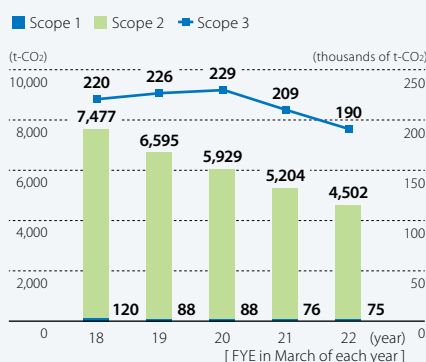
Employees taking shorter hours for child-rearing



Notes: 1. Figures are for Benesse Corporation and Benesse Style Care combined.
2. Benesse Style Care employees returned to work later than usual in fiscal 2020, due to the impact of the spread of COVID-19.

Environment

Amount of GHG emissions



Notes: 1. GHG emissions are those of Benesse Corporation.
2. Emissions were independently verified. However, the figures for Scope 3 emissions from 2019 to 2021 have been revised as a result of reviewing the calculation methods after verification.

Paper consumption



Note: Paper consumption excludes printing paper for use in offices.

Visit the following website for the latest ESG-related information.
<https://benesse-hd.disclosure.site/en/themes/168>