Welcome to your CDP Climate Change Questionnaire 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Benesse is about enjoying the process of moving forward step by step, with "resolve," toward the realization of your dreams and aspirations.

Benesse empowers people to solve issues for themselves and to enjoy life to the full at every stage by offering them the tools and support they need to create "well-being." We aim to be a globally respected corporate group that is supported by and indispensable to customers, communities, and society.

United under our Corporate Philosophy as above, we make strenuous efforts as members of a leading company in the fields of education and nursing care to deliver "services that enrich people's lives" and embody an "indispensable group of companies" that customers, communities, and society as a whole can support.

We support the well-being of everyone through our business domains as below:

i) Pregnancy and child-rearing support business: (a) Magazines "*Tamago Club" "Hiyoko Club",* (b) Portal site related to pregnancy, childbirth and childcare "Tamahiyo net", (c) Online shopping "Tamahiyo SHOP", (d) Photo studio "Tamahiyo Photo Studio", (e) Japan's largest internet forum for women, "WOMEN'S PARK", etc.

ii) Preschool education business: (a)Correspondence courses "Kodomo Challenge", (b) Members-only childcare information site "Shimajiro Club", (c) Child-rearing information site "Kosodate Info", (d) Correspondence courses in English "Kodomo Challenge English", (e) English classes "BE Studio", (f) Educational materials in English "Worldwide Kids", etc.

iii) Elementary school education business: (a) Correspondence courses "Shinken Zemi Elementary School Courses", (b) Classrooms "Shinken Zemi Tutorial Class", (c) Online learning materials in English "Challenge English", (d) English classes "BE Studio", (e) Japanese classes "Benesse Grim School", (f) After school childcare centers "Benesse After School Club", etc.

iv) Junior high school education business: (a) Correspondence courses "Shinken Zemi Junior High School Courses", "Shinken Zemi Top-level Private Integrated Junior and Senior High School Courses", (b) Online learning for top-level high

school entrance exams “EVERES”, (c) Classrooms “Shinken Zemi Tutorial Class”, (d) Online learning materials in English “Challenge English”, etc.

v) High school education business: (a) Correspondence courses “Shinken Zemi High School Courses”, “Shinken Zemi Top-level Private Integrated Junior and Senior High School Courses”, (b) Support for studying abroad “Benesse Study Abroad Center”, (c) Cram school for top-level overseas universities “Route H”, etc.

vi) Education business for working adults and schools: (a) Mock examinations “Shinken Moshi”, (b) English certificate examinations “GTEC for STUDENTS”, “GTEC”, (c) Certificate examinations “Literas Logical Language Proficiency Examination”, “P Plus Digital Information Utilization Examination”, (d) Teaching aids for schools “Study Support”, “Academic and Career Path Map”, “ICT Support”, “Tankyu Nabi”, “AI-based Speaking Skills Assessment Support Software Speaking Quest”, (e) Information site for academic and career path “Benesse Manavision”, (f) ICT-based cloud service to support teachers and schools “Classi”, “Tablet-based Learning Platform Mirai Seed”, etc.

vii) Lifestyle- and pet-related support business: (a) Direct mail magazines “Dog’s Heart”, “Cat’s Heart”, (b) Lifestyle information magazine “THANK YOU!”, (c) Lifestyle information internet forum “Kuchikomi THANK YOU!”, (d) Japan’s largest internet forum for women “WOMEN’S PARK”, etc.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	4/1/2019	3/31/2020	Yes	

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Japan

Taiwan, Greater China

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	Benesse Holdings Representative Director and Chairman, CEO Chairperson of the Sustainability and ESG Promotion Committee which has oversight of environmental and climate change initiatives. Environmental issues are an important global priority. We believe that corporations should fulfill their duty by actively promoting environmental efforts. To achieve its Corporate Philosophy “Benesse = Well-Being,” the Benesse Group has positioned “environment” as a key management priority and works strenuously on environmental initiatives by taking into account its business domains that center around education. The CEO takes responsibility for the advancement of environmental and overall sustainability management and decided to publicly endorse TCFD in July 2019.

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies	【Review and Guide Strategy】Benesse supports TCFD together with the goals of the Paris Agreement. Climate change is positioned as a serious challenge to be addressed and the Sustainability and ESG Promotion Committee was established to oversee environmental and climate change initiatives with the Representative Director and Chairman, CEO bearing the primary responsibility.

	Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Sustainability and ESG Promotion Committee is made up of full-time officers, making the Board Meeting a forum to review the strategy for confronting future environmental challenges. Concrete steps are taken under the direction of the Representative Director and President, COO and based on the review process drafted by the Environment Promotion Secretariat. In line with TCFD recommendations, Benesse established a mechanism to identify environmental changes that surround the organization, followed by climate-related scenario analysis, SWOT analysis, materiality analysis to work out risks and opportunities. Managers will identify risks and opportunities of their respective divisions and those seen as important are reflected in the business strategy. Based on the above mechanism, our GHG emissions reduction targets for each year as well as for 2030 and 2050 were revised in line with the SBT Certification under the direction of the COO. The targets have been certified by SBTi. The progress and results of CO_2 emissions reduction are reviewed each year and reported to the COO who will give guidance on the policy for the following fiscal year (FY). As part of internal communication measures, we conduct an in-house questionnaire regarding the materiality of environmental activities Benesse should undertake to which over 80% of all employees give their feedback. We also carry out a survey among different stakeholders as our external communication measure. The results are analyzed to draw up the materiality, and reported to the COO for review to be reflected in the strategy with revisions, if necessary.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues

Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

i) Environmental issues are an important global priority. We believe that corporations should fulfill their duty by actively promoting environmental efforts. To achieve its Corporate Philosophy "Benesse = Well-Being," the Benesse Group has positioned "environment" as a key management priority and works strenuously on environmental initiatives by taking into account its business domains that center around education. To spearhead sustainability initiatives in the Benesse Group, the Sustainability and ESG Promotion Committee was set up with full-time directors as members to formulate and plan various initiatives to be implemented by organizations in Japan and overseas, with the Representative Director and Chairman, CEO of Benesse Holdings as final arbiter. The Sustainability and ESG Promotion Committee is one of the main internal committees for discussing and making decisions regarding climate-related issues. The Chairperson of the Sustainability and ESG Promotion Committee participates in Board Meetings and Group Management Meetings, in addition to fulfilling its duties as the chair, ensures decision-making and oversight take account of the impact on the environment or society at large. Regular reports on major activities are presented at the Board Meetings.

An "ESG Taskforce Team" was established as a subsidiary body of the Sustainability and ESG Promotion Committee to undertake a variety of initiatives to address challenges in the areas of the environment, society and corporate governance. Benesse is a unique company where the Representative Director and President takes the primary responsibility for ESG issues and works on the solution in a holistic manner.
Under the direct control of the President, the ESG Taskforce Team holds regular meetings and subcommittee meetings several times a year to plan and advance initiatives that focus on solving ESG-related issues, which are disclosed publicly based on the Global Reporting Initiative Guidelines (GRIs).

The ESG Promotion Department is a member of the "ESG Taskforce Team" which plays a pivotal role in monitoring climate-related issues, at least on a quarterly basis, in collaboration with related divisions.
Each division selects and evaluates climate-related and other risks in general, out of the overall risks identified by the company, and takes the results into account in its business planning for the following FY. Risk training is provided to directors and those in managerial positions. In line with ISO 14001, we have identified risks and opportunities in the context of explicit environmental aspects adopted by the entire company, based on our business process and office elements that meet the Fifth Environmental Basic Plan stipulated by the Ministry of the Environment. We have also revised upward our target to limit global warming to *WB2*°C in line with the Paris Agreement and take proactive measures for its achievement, based on concrete plans, and tracked through monitoring.

ii) Benesse Group Environmental Policy clarifies as below:
Environmental issues are an important global priority. We believe that corporations should fulfill their duty by actively promoting environmental efforts. To achieve its Corporate Philosophy "Benesse = Well-Being," the Benesse Group has positioned "environment" as a key management priority and works strenuously on environmental initiatives by taking into account its business domains that center around education and childcare, language/global leadership training, and senior/nursing care.
We will adhere to all environmental laws and regulations in our environmental efforts. We will also have every person involved in our business proactively take part in environmental activities while working to continuously upgrade the environmental systems and our environmental performance. Action Guidelines will be set forth.

iii) As stated above in our Environmental Policy, Benesse Group has positioned "environment" as a key management priority to make sure we can "pass on a rich global environment to children of the future." The Representative Director and Chairman, CEO is to bear responsibility for climate-related initiatives while the "Sustainability and ESG Promotion Committee", with the CEO as its chairperson and full-time officers as members, oversees the evaluation and management.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
All employees	Monetary reward	Behavior change related indicator	We host the "My Environment Contest" for employees and their children and offer monetary reward to the winners as incentives. We have worked on raising awareness of CO_2 emissions reduction by announcing winning posters internally. There were 25 contest entrants through digital application in FY 2019 (fiscal year ending March, 2020). Outstanding works are posted on the intranet for advocacy and to attract interest for the following year.

Chief Executive Officer (CEO)	Monetary reward	Emissions reduction project	We have further revised upward our CO_2 emissions reduction target in line with the Paris Agreement adopted at COP21 to limit global temperature rise to *WB2*°C. Our revised target from the FY 2018 base year is as follows: Scope 1 and 2: 3.02% for every year, 36.2% by 2030, and 100% by 2050 (carbon neutral). Scope 3: 14.8% by 2030 and 39.4% by 2050 (Certified by SBTi). In case of any compliance violation, including environmental pollution, officers' renumeration will be subject to reduction. Evaluation method for superior performance is currently under consideration. The Sustainability and ESG Promotion Committee, comprised of the Representative Director and Chairman, CEO as well as full-time officers, will incorporate ESG elements into the evaluation of officers' renumeration.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	Defined for each year
Medium-term	1	10	Defined as target for 2030
Long-term	11	30	Defined as target for 2050

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Benesse defines substantive financial impact levels classified as Large Impact (100 million JPY or more), Medium Impact (10 million JPY or more to less than 100 million JPY) and Small Impact (less than 10 million JPY). Large impact is defined as 100 million JPY or more.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Climate-related risks, opportunities and scenario analyses follow the TCFD procedures. Therefore potential risks and opportunities have been identified in the context of value chain and the external environment.

There are specific climate-related risks associated with Benesse's wide-ranging businesses resulting from the nature of these businesses that include pregnancy and child-rearing support, preschool education, elementary school education, junior high school education, high school education, and education business for working adults and schools. To ensure regular delivery to its large number of customers, Benesse taps into its sources of carefully selected suppliers for raw materials both in Japan and overseas. Benesse has set its goals, which were certified by SBTi, for 2030 and 2050, through its commitment to reduce Scope 1 and 2 GHG emissions in line with the WB2°C Scenario and Scope 3 emissions in line with the 2°C scenario. Its analyses were based on a target goal of a WB2°C scenario as well as a business-as-usual 4°C scenario. Benesse classifies its substantive financial impact levels as Large Impact (100 million JPY or more), Medium Impact (10 million JPY or more) and Small Impact (less than 10 million JPY).

Climate-related risks should be addressed through three steps: ① Identifying the key business bases that can pose a significant impact to the value chain of our products and services as well as estimated level of potential damage; ② Identifying various factors that affect our external environment ranging from human resources and suppliers, changes in customer behaviour and preferences, reinforcement of laws and regulations, requests from investors, securing alternative goods and routes, to the scope of influence

by new market entrants, ③ Identifying potential risks and opportunities on the basis of their level of impact and probability of occurrence.

More specifically, we have evaluated the level of impact and probability of occurrence in three levels.

● Risks: Level of Impact

・Depth of Impact: Sales decrease/increase rate, cost increase/decrease rate, impact on assets, amount of damage, whether life-threatening or not

・Range of Impact: Percentage of departments affected compared to the whole Group, percentage of sales revenue, and percentage of costs.

・Recoverability: Necessity of transforming the business model in the event of a disaster, time required to repair the infrastructure

● Risks: Probability of Occurrence

・Transition Risks: “3: already present / most likely, 2: partially present / likely, 1:potential / least likely”

・Physical Risks: “3: occur by 2030, 2: occur by 2050, 1: lowest probability”

● Opportunities: Level of Impact

・Estimated market size

・Financial Impact: Sales decrease /increase rate, unit price increase/decrease rate

・Necessity of restructuring the business model and value chain

● Opportunities: Probability of Occurrence

In addition to the strength of probability,

・Technology: Ranging from the practical use stage to probably not put into use

・Can allocate resources (R&D costs, capital investment, human resources) to opportunities or not

・Degree of market receptivity (early adopters or expanding to majority)

Impact level is classified as Large (100 million JPY or more), Medium (10 million JPY or more to less than 100 million JPY) and Small (less than 10 million JPY).

Reference data used in each scenario definition are as below.
Taken from the IEA World Energy Outlook 2020, IPCC Fifth Assessment Report,
Physical risks: Hazard maps issued by areas and local municipalities,
Carbon Tax: World Energy Outlook 2020 (2°C in the 2030 Scenario was set based on prices of the advanced economies in WEO 2020 SDS as well as prices in the High-Level Commission. 4°C in the 2030 Scenario assumes the explicit carbon pricing will be lower than the current implicit carbon pricing of 3,000 JPY. 2°C in the 2050 Scenario was set based on prices of the advanced economies (2040) in WEO 2020 SDS. 4°C in the 2050 Scenario is assumed to be higher than the 4°C in the above 2030 Scenario.

We have set variables (parameters) to measure the level of financial impact generated for each year and each scenario. For example, an increased carbon tax rate for Scope 1 will lead to cost increases for Scope 1 while an increased rate for purchasing electricity will increase power prices for purchased electricity. Carbon pricing fluctuations were calculated based on the World Energy Outlook 2020 carbon tax rates

as parameters: 11000 JPY/t-CO2 for 2030 under a WB2°C scenario, 16500 JPY/t-CO2 for 2030 under a 4°C scenario, 2200 JPY/t-CO2 for 2050 under a WB2°C scenario, and 5500 JPY/t-CO2 for 2050 under a 4°C scenario.

As a result, we identified physical and transition risks, as well as opportunities with large impact and high (including medium) probability of occurrence as follows:
・Physical Risks: Climate change exacerbates extreme weather conditions and increases the frequency and intensity of typhoons and flooding. This can cause changes in shipping methods due to the suspension of logistics networks, the relocation of factories and business sites, the restructuring of supply chains due to environmental changes, and the spread of infectious diseases.
・Transition Risks: Climate change causes changes in precipitation patterns and exacerbates deforestation which in turn leads to sharp increases in paper prices. Shipping costs can also increase sharply due to higher delivery fees following carbon tax and shipping fuel price hikes.

The results of the analysis indicate that physical risks will have the largest impact on the Benesse Group.
When climate change increases the frequency and intensity of typhoons and flooding, there will be an increasing number of customers who will not be able to receive our services. Potential challenges faced by the Benesse Group will be the need to change shipping methods due to the suspension of logistics networks as well as the loss of sales opportunities. Put in more concrete terms, costs borne to change shipping methods in the event of disasters of different levels and scenarios are as follows: (a) Torrential rains equivalent to the 2018 West Japan disaster will cause widespread damage for a few days and require 10 million JPY to manage (probability of occurrence: once under a WB2°C in the 2030 Scenario, once under a 4°C in the 2030 Scenario, once under a WB2°C in the 2050 Scenario, and twice under a 4°C in the 2050 Scenario, (b) A Great East Japan Earthquake level disaster will cause extensive widespread damage for about 3 weeks and require 150 million JPY to manage (probability of occurrence: once under a 4°C in the 2050 Scenario). The SCM Department is in charge of making necessary preparations to secure alternative shipping methods based on the above analysis.

Physical risks are listed below with explanations on how they are managed.
① Acute physical risks related to disaster response caused by exacerbated extreme weather conditions, including massive typhoons and flooding, will require immediate actions to be taken to ensure seamless services to our customers. Benesse has established the “Customer Service Division” dedicated to make decisions promptly to improve customer experience such as securing alternative means of transport to make sure our products and services are delivered smoothly to our customers. When there is a risk of decrease in revenues due to voluntary suspension of sales activities in disaster-affected areas, we work to minimize losses by adjusting the timing of sales and changing sales methods from direct mail to web-marketing activities.

Furthermore, BCP measures are set forth as below, which clarify necessary steps to be

taken to prepare or respond to emergency situations such as torrential rain and large-scale typhoons:
a) Departments in charge of operations will set up and update procedures to prevent or mitigate adverse environmental impacts in times of emergency. In case the company has already issued a specific document and/or procedure, follow them.
b) Respond to actual emergency situations. Review the procedures and documents, as necessary. In the wake of an emergency, make sure to review them and revise as needed.
c) Related departments will periodically test the emergency response procedures through simulations and drills and revise them as needed.
d) The Secretariat will work to mitigate adverse environmental impacts and make contact with stakeholders as appropriate in case an accident or emergency situation breaks out.
e) Provide relevant information and training related to emergency preparedness and response, as appropriate, to relevant interested parties, including persons working under the control of our company.
Major transition risks include increase in energy costs caused by the introduction of the Global Warming Countermeasure Tax to be imposed on fossil fuels (medium- and long-term).

Transition risks are listed below with explanations on how they are managed.
Climate change causes changes in precipitation and exacerbates deforestation which can lead to sharp increase in paper prices. Shipping costs can also increase sharply due to higher delivery fees following carbon tax and shipping fuel price hikes.
Long-term risks caused by environmental changes include increase in paper prices caused by deforestation exacerbated by changes in precipitation and weather patterns. It will have a great impact on our business which depends heavily on paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan). Delivery of paper-based products accounts for the majority of our shipping volume.
We are promoting digital transformation (DX) of our products and services to mitigate such risks.
・Digitalize learning materials and make them paperless to reduce paper consumption, curb cost increases and eventually enhance our competitiveness.
・Benesse offers “Aka Pen (red pen) services” to elementary, junior high and high school students. Our instructors called “Aka Pen Sensei (red pen teacher)” are assigned to each student to provide advice tailored to the academic progress of every student to encourage them in addition to making corrections to the assignments submitted by post or online. We can reduce shipping costs by switching to web-based distribution of assignments and allocate extra resources to provide additional services to our members, leading to improve the learning experience, increase added value and enhance customer loyalty.
・Digitalization of learning materials will enable us to compile large amounts of customer data, including learning records and methods, to improve understanding customers’ needs, seize opportunities by providing suitable products and services, improve the learning experience, increase membership retention rate, and consequently will boost our

sales and profits. Retention rate is one of our major KPIs. Increase of 1% in retention rate (defined as members of the previous month will not leave and continue using the products and services) will lead to annual revenue growth of 5%.
In terms of our operation:
・We manage our monthly paper consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected against the target, we analyze the cause and take due measures.
・We select the paper manufacturer through a bid process conducted concurrently. Paper with lower environmental impact will be selected for annual contract and we engage in price negotiation with the paper manufacturer. We are well-versed in future trends of the paper industry including outlook over the coming few years.
We have already completed transition to ISO14001:2015 and established an environmental management system based on its requirements, implement and maintain it. We make continual improvement under a PDCA cycle which includes review by the management on climate-related risks as well as opportunities.

In addition, there is a risk for a more stringent restrictions imposed on GHG emissions in case GHG emissions that adversely cause climate change fails to be reduced as planned.
When mid- and long-term renovation plans of company owned buildings fail to proceed as planned, it can pose a challenge. Such risks are reviewed and those evaluated to pose more serious impact will be incorporated in the short-, medium- and long-term plans to be further managed and monitored (monthly/yearly) by each division against respective plans.

Energy-related risks and opportunities are managed as below:
We have been examining the introduction of energy-saving equipment utilizing the latest technology in our mid- and long-term renovation plans at our Headquarters building in Minamigata, Okayama City, as well as three company-owned buildings in Takayanagi, Okayama City, our Logistics Center in Setouchi City, Okayama Prefecture, and Tokyo Headquarters building in Tama City, Tokyo. Naoshima Coordination Division, SCM Division and General Affairs Division of Benesse Holdings are in charge of its management.
Additionally, we are promoting “work style reform” and working on the reduction of electricity consumption by 40% as we cut rented office space by nearly 50%, under the supervision of the General Affairs Division. We will get competitive quotes from multiple companies and award the contract after careful consideration. Progress will be monitored by each project to ensure project goals are met.

We also work to reduce environmental impact as well as cut down on utility expenses by installing solar power generation panels to company-owned facilities. At our Logistics Center in Setouchi City, for example, Center No.1 had solar generator installed when it started operation. We have been upgrading our facilities to promote energy efficiency: high-efficiency air-cooled chiller and multi air conditioning unit with motion sensor

installed at Center No. 1 (2018); high-efficiency air-cooled chiller and multi air conditioning unit with motion sensor installed at Center No.2 as well as switching to LEDs throughout the building (2020); renovation work at Minamigata Headquarters including plumbing construction (2018-2019); switching to LEDs (2018). We are working towards making climate-related opportunities feed positively into our business operations. SCM Division supervises the Logistics Center based on its business plan, while our Headquarters building in Minamigata is under the supervision of the Naoshima Coordination Division of Benesse Holdings.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Over 90% of our facilities are located in Japan. If a Global Warming Countermeasures Tax is introduced and imposed on fossil fuels in Japan, it will increase our energy costs and become a transition risk. Therefore, we manage our monthly energy consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected from the previous FY, we take reduction measures. If laws and regulations are tightened to reduce GHG emissions, it will trigger energy cost rise related to our business activities. We have positioned it as a major challenge to be addressed among climate-related risks and opportunities and strive to reduce energy consumption.
Emerging regulation	Relevant, always included	We deliver products and services to a large number of customers through our main business domain that centers around education. There is a risk of delivery cost increases through the supply chain if carbon prices rise or emission regulations are imposed. 90% of our facilities are located in Japan. There is a risk of cost increases if carbon prices rise or emission regulations are imposed in Japan. A large proportion of energy is consumed at our company-owned facilities, including the Headquarters building in Okayama City, the Tokyo Headquarters building in Tama City, and Benesse Logistics Center in Setouchi City, Okayama Prefecture. If carbon prices rise or emission regulations are imposed, it will pose a risk of increased costs. However, the impact will be limited as our Scope 1 and 2 emission is small.
Technology	Relevant, always included	We performed scenario analyses on climate-related risks and identified that climate change causes increased precipitation along with the frequency and intensity of typhoons and flooding. This can

		then exacerbate deforestation and impact our paper procurement costs. We are promoting the digital transformation (DX) of our products and services to mitigate such risk based on robust research and development of tablets and the contents to be provided. We benchmark advanced technologies and know-how, review and seek alternative delivery methods, contents and energy-efficient merchandise while examining the most energy-efficient specifications for products to be delivered to our customers.
Legal	Not relevant, explanation provided	Over 90% of our facilities are in Japan. Majority of them are offices and classrooms that require less electricity with limited GHG emissions, compared with factories. We believe global warming related litigation risk is low.
Market	Relevant, always included	We provide learning materials, tablets and publications through our main business domains “Kodomo Challenge” and “Shinken Zemi.” Global warming can trigger massive typhoons and flooding that can expose potential risks of growing uncertainty over market-related indices and cost increases in paper when global warming causes forest loss being a company heavily reliant on paper.
Reputation	Relevant, always included	Our main business domains “Kodomo Challenge,” “Shinken Zemi,” “Shinken Moshi” as well as magazines “THANK YOU!” “Dog’s Heart” and “Cat’s Heart” consume nearly 40,000 tons (main products) of paper each year. As a company with a large volume of paper consumption, there is a risk of damaging our brand image when we are judged as taking a passive approach to environmental issues, including forest conservation. Companies perceived to have a “negative impact on the environment” will come under criticism, with changes in values and behaviour of customers to avoid our products.
Acute physical	Relevant, always included	In the case major disasters caused by climate-related acute physical risks occur, including massive typhoons and flooding, it will lead to cost increases as we need to change the shipping methods of our products and services due to the suspension of logistics networks. There is the additional risk of a decrease in revenues caused by lost sales opportunities when direct mail services, our primary marketing tool, are interrupted due to the voluntary suspension of sales activities in disaster-affected areas.
Chronic physical	Relevant, always included	Global warming affects the ecosystems, accelerates desertification and intensifies unexpected torrential rain and other climate-related extreme weather conditions. Such physical risks will trigger deforestation and forest degradation, leading to increase in paper costs and makes a significant impact on our business which relies heavily on paper.

		Risks (medium- and long-term) caused by long-term environmental changes include sharp increase in paper prices caused by deforestation exacerbated by changes in precipitation and weather patterns.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased direct costs

Company-specific description

Circumstances surrounding education undergo drastic changes such as declining birth rate and entrance examination reform. The main business of Benesse, “Kodomo Challenge,” “Shinken Zemi” and “Shinken Moshi,” relies on paper as paper-based tests and exams are the mainstream at schools. GHG emissions generated from paper consumption accounts for nearly 30% of our total Scopes 1, 2 and 3 emissions. We recognize increased paper procurement costs will present significant risk, which is caused by deforestation due to extreme changes in precipitation and weather patterns that will trigger torrential rain, drought, massive typhoons and flooding more frequently. It will have a great impact on our business which depends heavily on paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

590,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In case paper procurement costs increase 10% from the reporting year, it will result in about 590 million JPY additional cost per year.

The financial impact figure is based on increased annual procurement costs (assumed to increase 10%).

Annual paper procurement costs of 5.9 billion JPY x 10% cost increase (0.1) = 590 million JPY

※ The basis of a 10% increase in paper procurement costs is as below:

Review based on the Bank of Japan Corporate Goods Price Index “Paper and Paperboard”.

Paper prices are subject to various factors as listed below. Following the price increase of 10% from 2015 to 2020, the calculation is based on the assumption that paper prices will continue to increase at the same rate from 2020 to 2030, thus there will be a “10% price increase up to 2030”.

【Factors affecting paper price volatility】・Advances in digitalization; decrease in paper media due to the impact of the novel coronavirus; crude oil price hikes; sharp rise in pulp prices and tight supply in the global pulp market; increase in logistics costs; deterioration of the supply-demand balance; structural factors that affect demand and supply such as an aging society combined with a declining birth rate

https://www.toshibatec.co.jp/products/office/loopsspecial/blog/20201106-49.html

[Japanese]

Cost of response to risk

85,000,000

Description of response and explanation of cost calculation

As a background, global warming will intensify climate change and can trigger decrease in forests that supply primary raw material for paper. Shortage of raw material can lead to increase in paper procurement costs as our business consumers a large amount of paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).

We take two measures as below against the risk of increased paper procurement costs,

which can pose the biggest challenge for our business.

・We select the paper manufacturer through a bid process conducted concurrently. Paper with lower environmental impact will be selected for annual contract and we engage in price negotiation with the paper manufacturer. We are well-versed in future trends of the paper industry including outlook over the coming few years.

・We try to cut down on paper-based products and gradually switch to digitalized products over the next few years.

Our focus is placed on shifting towards digital products, which also constitutes one of the priority measures in the new Mid-term Management Plan. For example, we have been reducing paper consumption by digitalizing part of our paper-based learning and teaching materials and tapping into AI technology to provide individualized online instructions to achieve usability, profitability and improve the learning experience.

Our learning materials are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials. Of our paper costs that total 5.9 billion JPY, 71% are for costed items and 29% are for non-costed items.

We also accelerate measures to reduce paper consumption by switching to exchanging documents (Quotations, Purchase Orders, Statements of Delivery, Inspection Documents, Mock Exam Reports etc.) and information online among our offices, employees, clients/suppliers, and customers.

・Annual depreciation of system development costs is calculated based on a 5-year period. Administrative cost per year is calculated as 425 million JPY x 20% = 85 million JPY.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

We deliver products and services directly to a large number of customers through our main business domain that centers around education.

It is anticipated that delivery costs will increase reflecting the sharp rise in carbon taxes as well as cost increases associated with the switch to EVs and/or the switch to renewable energy sources when more rigorous policies, laws and regulations are introduced to address climate change. Delivery costs will have a significant impact on our business which depends heavily on paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).

● 2°C in the 2030 Scenario anticipates advances in decarbonization and automation.
① Fuel Cost: Crude oil price will decrease by approx. 10% of the 2019 level (WEO 2020). The EV conversion of trucks and switching to renewable energy sources will push up costs that will be reflected in unit prices.
② Carbon Tax: 2 JPY will be added to learning material shipping fees while 1 JPY will be added to direct mail shipping fees.
⇒ Learning material shipping fee + 20 JPY/ item, direct mail shipping fee +10 JPY / mail

● 4°C in the 2030 Scenario anticipates decarbonization remains as BAU while automation as in the 2°C in the 2030 Scenario.
① Fuel Cost: Crude oil price will increase approx. 163% of the 2018 level (WEO 2019). 2 JPY will be reflected in unit prices.
② Carbon Tax: 1 JPY will be added to the unit price respectively
⇒ Learning material shipping fee + 10 JPY/ item, direct mail shipping fee + 5 JPY / mail

【The above delivery cost increase is based on the following assumptions】
・Shipping companies are unlikely to raise prices unless there is a continuing trend upward in gasoline prices. As for Yamato Holdings Co., Ltd., fuel expenses account for 1.5% of the overall revenues, which makes it unlikely for the company to raise shipping prices significantly on the basis of crude oil prices.
・Japan Post Co., Ltd. has a monopoly on the postal services, which makes it easier for the company to raise prices. When it comes to door-to-door parcel delivery service, however, there are multiple operators with similar price ranges which makes it more difficult to raise prices. (Yamato Holdings revised its prices in 2018 and there is an overall trend of rising unit prices).
・Against such a backdrop, the financial impact of delivery costs is based on the assumption that “fluctuating factors, such as an increase in crude oil prices or labour costs, will be reflected in prices”.
・Labour costs and wages tend to keep rising, so businesses are beginning to promote automation and gig workers. In this situation, ① labours costs can rise in the short term, and ② when automation faces difficulties, the rise in labour costs can be reflected in the prices.
・When carbon taxes are introduced, there is good possibility this will be added to delivery prices.
・Yamato Holdings is committed to net zero carbon emissions by 2050.

・Japan Post is promoting the switch to EVs based on low goals. Costs associated with switching to EVs are identified as a risk factor (based on Article 13 of the Act on Japan Post Holdings Co., Ltd.).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,280,000,000

Potential financial impact figure – maximum (currency)

2,560,000,000

Explanation of financial impact figure

The potential financial impact of learning materials shipped is estimated at between 1.28 billion JPY to 2.56 billion JPY on the basis of the volume remaining the same. (However, we are working on reducing the number of items to be shipped)

MIN: Learning materials shipment 28 million items × 10 JPY / item + direct mail 200 million x 5 JPY / mail = 1.28 billion JPY

MAX：Learning materials shipment 28 million items × 20 JPY / item + direct mail 200 million x 10 JPY / mail = 2.56 billion JPY

【Explanation of the above figures】

● 2°C in the 2030 Scenario anticipates advances in decarbonization and automation.

① Fuel Cost: Crude oil price will decrease by approx. 10% of the 2019 level (WEO 2020). The EV conversion of trucks and switching to renewable energy sources will push up costs that will be reflected in unit prices.

② Carbon Tax: 2 JPY will be added to learning material shipping fees while 1 JPY will be added to direct mail shipping fees.

⇒ Learning material shipping fee + 20 JPY/ item, direct mail shipping fee +10 JPY / mail

● 4°C in the 2030 Scenario anticipates decarbonization remains as BAU while automation as in the 2°C in the 2030 Scenario.

① Fuel Cost: Crude oil price will increase approx. 163% of the 2018 level (WEO 2019). 2 JPY will be reflected in unit prices.
② Carbon Tax: 1 JPY will be added to the unit price respectively
⇒ Learning material shipping fee + 10 JPY/ item, direct mail shipping fee + 5 JPY / mail

【The above delivery cost increase is based on the following assumptions】
・Shipping companies are unlikely to raise prices unless there is a continuing trend upward in gasoline prices. As for Yamato Holdings Co., Ltd., fuel expenses account for 1.5% of the overall revenues, which makes it unlikely for the company to raise shipping prices significantly on the basis of crude oil prices.
・Japan Post Co., Ltd. has a monopoly on the postal services, which makes it easier for the company to raise prices. When it comes to door-to-door parcel delivery service, however, there are multiple operators with similar price ranges which makes it more difficult to raise prices. (Yamato Holdings revised its prices in 2018 and there is an overall trend of rising unit prices).
・Against such a backdrop, the financial impact of delivery costs is based on the assumption that “fluctuating factors, such as an increase in crude oil prices or labour costs, will be reflected in prices”.
・Labour costs and wages tend to keep rising, so businesses are beginning to promote automation and gig workers. In this situation, ① labours costs can rise in the short term, and ② when automation faces difficulties, the rise in labour costs can be reflected in the prices.
・When carbon taxes are introduced, there is good possibility this will be added to delivery prices.
・Yamato Holdings is committed to net zero carbon emissions by 2050.
・Japan Post is promoting the switch to EVs based on low goals. Costs associated with switching to EVs are identified as a risk factor (based on Article 13 of the Act on Japan Post Holdings Co., Ltd.).

Cost of response to risk

85,000,000

Description of response and explanation of cost calculation

It is anticipated that delivery costs will increase reflecting the sharp rise in carbon taxes as well as cost increases associated with the switch to EVs and/or the switch to renewable energy sources when more rigorous policies, laws and regulations are introduced to address climate change. Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan and delivery of paper-based products accounts for majority of its shipping volume.

We are promoting digital transformation (DX) of our products and services to mitigate such risks.
・Digitalize learning materials and make them paperless to reduce paper consumption, curb cost increases and eventually enhance our competitiveness.

・Benesse offers “Aka Pen (red pen) services” to elementary, junior high and high school students. Our instructors called “Aka Pen Sensei (red pen teacher)” are assigned to each student to provide advice tailored to the academic progress of every student to encourage them in addition to making corrections to the assignments submitted by post or online. We can reduce shipping costs by switching to web-based distribution of assignments and allocate extra resources to provide additional services to our members, leading to improve the learning experience, increase added value and enhance customer loyalty.

・Digitalization of learning materials will enable us to compile large amounts of customer data, including learning records and methods, to improve understanding customers’ needs, seize opportunities by providing suitable products and services, improve the learning experience, increase membership retention rate, and consequently will boost our sales and profits. Retention rate is one of our major KPIs. Increase of 1% in retention rate (defined as members of the previous month will not leave and continue using the products and services) will lead to annual revenue growth of 5%.

In terms of our operation:

・We manage our monthly paper consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected against the target, we analyze the cause and take due measures.

・We select the paper manufacturer through a bid process conducted concurrently. Paper with lower environmental impact will be selected for annual contract and we engage in price negotiation with the paper manufacturer. We are well-versed in future trends of the paper industry including outlook over the coming few years.

We have continued to achieve ISO14001 certification since 2004 and established an environmental management system based on its requirements, implement and maintain it. We make continual improvement under a PDCA cycle which includes review by the management on climate-related risks as well as opportunities.

As a result, our learning materials are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials. Of our paper costs that total 5.9 billion JPY, 71% are for costed items and 29% are for non-costed items.

・Annual depreciation of system development costs is calculated based on a 5-year period. Administrative cost per year is calculated as 425 million JPY x 20% = 85 million JPY.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

When climate change increases the frequency and intensity of typhoons and flooding, there will be an increasing number of customers who will not be able to receive our services. Potential challenges faced by the Benesse Group will be the need to change shipping methods due to the suspension of logistics networks as well as the loss of sales opportunities. Put in more concrete terms, costs borne to change shipping methods in the event of disasters of different levels and scenarios are as follows: (a) Torrential rains equivalent to the 2018 West Japan disaster will cause widespread damage for a few days and require 10 million JPY to manage (probability of occurrence: once under a WB2°C in the 2030 Scenario, once under a 4°C in the 2030 Scenario, once under a WB2°C in the 2050 Scenario, and twice under a 4°C in the 2050 Scenario, (b) A Great East Japan Earthquake level disaster will cause extensive widespread damage for about 3 weeks and require 150 million JPY to manage (probability of occurrence: once under a 4°C in the 2050 Scenario). The SCM Department is in charge of making necessary preparations to secure alternative shipping methods based on the above analysis. More specifically, to ensure smooth delivery, we avoid risks by setting the delivery date for our learning materials well in advance, as well as changing the shipping methods and routes.

Physical risks are listed below with explanations on how they are managed.
Acute physical risks related to disaster response caused by exacerbated extreme weather conditions, including massive typhoons and flooding, will require immediate actions to be taken to ensure seamless services to our customers. Benesse has established the “Customer Service Division” dedicated to make decisions promptly to improve customer experience such as securing alternative means of transport to make sure our products and services are delivered smoothly to our customers. When there is a risk of decrease in revenues due to voluntary suspension of sales activities in disaster-affected areas, we work to minimize losses by adjusting the timing of sales and changing sales methods from direct mail to web-marketing activities.

Furthermore, BCP measures are set forth as below, which clarify necessary steps to be taken to prepare or respond to emergency situations such as torrential rain and large-scale typhoons:
a) Departments in charge of operations will set up and update procedures to prevent or mitigate adverse environmental impacts in times of emergency. In case the company has already issued a specific document and/or procedure, follow them.
b) Respond to actual emergency situations. Review the procedures and documents, as

necessary. In the wake of an emergency, make sure to review them and revise as needed.
c) Related departments will periodically test the emergency response procedures through simulations and drills and revise them as needed.
d) The Secretariat will work to mitigate adverse environmental impacts and make contact with stakeholders as appropriate in case an accident or emergency situation breaks out.
e) Provide relevant information and training related to emergency preparedness and response, as appropriate, to relevant interested parties, including persons working under the control of our company.
Major transition risks include increase in energy costs caused by the introduction of the Global Warming Countermeasure Tax to be imposed on fossil fuels (medium- and long-term).
Benesse has been working on such risks as below:
・We manage our monthly energy consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected from the previous FY, we take reduction measures to curb the cost.
・We endorse the COOL CHOICE Campaign initiated by the Ministry of the Environment and the temperature of all the air conditioners throughout the office are set at 28℃ (for cooling) and at 20℃ (for heating).
・We host the “My Environment Contest” for employees and their children and offer monetary reward to the winners as incentives.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

10,000,000

Potential financial impact figure – maximum (currency)

150,000,000

Explanation of financial impact figure

Based on the actual costs incurred in the past, the minimum and maximum cases are assumed as below:
・MIN: Torrential rain equivalent to the 2018 West Japan disaster will cause widespread

damage for a few days and require 10 million JPY to manage x Once

・MAX: A Great East Japan Earthquake level disaster will cause extensive widespread damage for about 3 weeks and require 150 million JPY to manage x Once

Cost of response to risk

0

Description of response and explanation of cost calculation

Climate-related major disasters including massive typhoons and flooding can suspend the logistics networks and require changes in the shipping methods, with an insurance premium of 158,188 JPY. The management of these operations are explained below.

Acute physical risks related to disaster response caused by exacerbated extreme weather conditions, including massive typhoons and flooding, will require immediate actions to be taken to ensure seamless services to our customers. Benesse has established the “Customer Service Division” dedicated to make decisions promptly to improve customer experience such as securing alternative means of transport and avoiding risks by setting the delivery dates well in advance to make sure our products and services are delivered smoothly to our customers. When there is a risk of decrease in revenues due to voluntary suspension of sales activities in disaster-affected areas, we work to minimize losses by adjusting the timing of sales and changing sales methods from direct mail to web-marketing activities.

Furthermore, BCP measures are set forth as below, which clarify necessary steps to be taken to prepare or respond to emergency situations such as torrential rain and large-scale typhoons:
a) Departments in charge of operations will set up and update procedures to prevent or mitigate adverse environmental impacts in times of emergency. In case the company has already issued a specific document and/or procedure, follow them.
b) Respond to actual emergency situations. Review the procedures and documents, as necessary. In the wake of an emergency, make sure to review them and revise as needed.
c) Related departments will periodically test the emergency response procedures through simulations and drills and revise them as needed.
d) The Secretariat will work to mitigate adverse environmental impacts and make contact with stakeholders as appropriate in case an accident or emergency situation breaks out.
e) Provide relevant information and training related to emergency preparedness and response, as appropriate, to relevant interested parties, including persons working under the control of our company.
Major transition risks include increase in energy costs caused by the introduction of the Global Warming Countermeasure Tax to be imposed on fossil fuels (medium- and long-term).

Benesse has been working on such risks as below:

・We manage our monthly energy consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected from the previous FY, we take reduction measures to curb the cost.

・We endorse the COOL CHOICE Campaign initiated by the Ministry of the Environment and the temperature of all the air conditioners throughout the office are set at 28℃ (for cooling) and at 20℃ (for heating).

・We host the “My Environment Contest” for employees and their children and offer monetary reward to the winners as incentives. We have worked on raising awareness of CO_2 emissions reduction by announcing winning posters internally. There were 25 contest entrants in FY 2019 (fiscal year ending March, 2020). Outstanding works are posted on the intranet for advocacy and to attract interest for the following year.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

ID

Opp1

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Reduced direct costs

Company-specific description

As a background, global warming will intensify climate change and can trigger decrease in forests that supply primary raw material for paper. Shortage of raw material can lead to increase in paper procurement costs as our business consumers a large amount of paper

(Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).
We are promoting the digital transformation (DX) of our products and services to mitigate the risk of increased paper procurement costs, which can pose the biggest challenge for our business. There are opportunities to improve the learning experience and enhance customer satisfaction while reducing paper costs.

We try to cut down on paper-based products and gradually switch to digitalized products over the next few years as we promote digital transformation (DX) of our products and services.
Our focus is placed on shifting towards digital products, which also constitutes one of the priority measures in the new Mid-term Management Plan. For example, we have been reducing paper consumption by digitalizing part of our paper-based learning and teaching materials and tapping into AI technology to provide individualized online instructions to achieve usability, profitability and improve the learning experience. We also accelerate measures to reduce paper consumption by switching to exchanging documents (Quotations, Purchase Orders, Statements of Delivery, Inspection Documents, Mock Exam Reports etc.) and information online among our offices, employees, clients/suppliers, and customers.

Our learning materials are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials. Of our paper costs that total 5.9 billion JPY, 71% are for costed items and 29% are for non-costed items.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,357,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

5.9 billion JPY – [5.9 billion JPY x 1.1 (10% increase in paper unit cost) - Paper cost 5.9 billion JPY × 1.1 (10% increase in paper unit cost) x 0.3 (paper consumption reduced to 70%) = 1.357 billion JPY

※ The basis of a 10% increase in paper procurement costs is as below:
Review based on the Bank of Japan Corporate Goods Price Index “Paper and Paperboard”.
Paper prices are subject to various factors as listed below. Following the price increase of 10% from 2015 to 2020, the calculation is based on the assumption that paper prices will continue to increase at the same rate from 2020 to 2030, thus there will be a “10% price increase up to 2030”.

【Factors affecting paper price volatility】・Advances in digitalization; decrease in paper media due to the impact of the novel coronavirus; crude oil price hikes; sharp rise in pulp prices and tight supply in the global pulp market; increase in logistics costs; deterioration of the supply-demand balance; structural factors that affect demand and supply such as an aging society combined with a declining birth rate
https://www.toshibatec.co.jp/products/office/loopsspecial/blog/20201106-49.html
[Japanese]
※ 30% reduction in paper consumption through product and service planning.

Cost to realize opportunity

85,000,000

Strategy to realize opportunity and explanation of cost calculation

As a background, global warming will intensify climate change and can trigger decrease in forests that supply primary raw material for paper. Shortage of raw material can lead to increase in paper procurement costs as our business consumers a large amount of paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).

We take two measures as below against the risk of increased paper procurement costs, which can pose the biggest challenge for our business.
・We select the paper manufacturer through a bid process conducted concurrently.
Paper with lower environmental impact will be selected for annual contract and we engage in price negotiation with the paper manufacturer. We are well-versed in future trends of the paper industry including outlook over the coming few years.

We are promoting digital transformation (DX) of our products and services to address the risk.
We try to cut down on paper-based products and gradually switch to digitalized products over the next few years.
Our focus on promoting the shift towards the digital transformation (DX) of our products and services constitutes one of the priority measures in the new Mid-term Management Plan. For example, we have been reducing paper consumption by digitalizing part of our paper-based learning and teaching materials and tapping into AI technology to

provide individualized online instructions to achieve usability, profitability and improve the learning experience. We also accelerate measures to reduce paper consumption by switching to exchanging documents (Quotations, Purchase Orders, Statements of Delivery, Inspection Documents, Mock Exam Reports etc.) and information online among our offices, employees, clients/suppliers, and customers.

Our learning materials are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials. Of our paper costs that total 5.9 billion JPY, 71% are for costed items and 29% are for non-costed items.

・Annual depreciation of system development costs is calculated based on a 5-year period. Administrative cost per year is calculated as 425 million JPY x 20% = 85 million JPY.

Comment

ID

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Reduced indirect (operating) costs

Company-specific description

We deliver products and services directly to a large number of customers through our main business domain that centers around education.
It is anticipated that delivery costs will increase reflecting the sharp rise in carbon taxes as well as cost increases associated with the switch to EVs and/or the switch to renewable energy sources when more rigorous policies, laws and regulations are introduced to address climate change. Delivery costs will have a significant impact on our business which depends heavily on paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).
While delivery costs may increase, we can significantly reduce paper consumption by promoting a strategic digital transformation (DX) and cut the delivery costs of our products and services.

We are working to reduce delivery costs by digitalizing some of our paper-based learning materials and tapping into AI technology to provide individualized online instructions for ease of use, to improve the learning experience, and to achieve profitability. Our learning materials

are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Through our home study business “Shinken Zemi” offered to elementary to high school students, we create and deliver our unique tablet-based learning materials.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

506,800,000

Potential financial impact figure – maximum (currency)

702,800,000

Explanation of financial impact figure

WB2°C scenario as the minimum
28 million items × 107 JPY – 28 million items x 70% x 127 JPY / item= 506.8 million JPY reduction

4°C scenario as the maximum
28 million items × 107 JPY – 28 million items x 70% x 117 JPY / item= 702.8 million JPY reduction

【Explanation of the above figures】

●30% reduction in delivery volume through strategic digital transformation (DX) of products and services.

● 2°C in the 2030 Scenario anticipates advances in decarbonization and automation.
① Fuel Cost: Crude oil price will decrease by approx. 10% of the 2019 level (WEO 2020). The EV conversion of trucks and switching to renewable energy sources will push up costs that will be reflected in unit prices.
② Carbon Tax: 2 JPY will be added to learning material shipping fees
⇒ Learning material shipping fee + 20 JPY/ item

● 4°C in the 2030 Scenario anticipates decarbonization remains as BAU while automation as in the 2°C by 2030 Scenario.
① Fuel Cost: Crude oil price will increase approx. 163% of the 2018 level (WEO 2019). 2 JPY will be reflected in unit prices.
② Carbon Tax: 1 JPY will be added to the unit price respectively
⇒ Learning material shipping fee + 10 JPY/ item,

【The above delivery cost increase is based on the following assumptions】
・Shipping companies are unlikely to raise prices unless there is a continuing trend upward in gasoline prices. As for Yamato Holdings Co., Ltd., fuel expenses account for 1.5% of the overall revenues, which makes it unlikely for the company to raise shipping prices significantly on the basis of crude oil prices.
・Japan Post Co., Ltd. has a monopoly on the postal services, which makes it easier for the company to raise prices. When it comes to door-to-door parcel delivery service, however, there are multiple operators with similar price ranges which makes it more difficult to raise prices. (Yamato Holdings revised its prices in 2018 and there is an overall trend of rising unit prices).
・Against such a backdrop, the financial impact of delivery costs is based on the assumption that “fluctuating factors, such as an increase in crude oil prices or labour costs, will be reflected in prices”.
・Labour costs and wages tend to keep rising, so businesses are beginning to promote automation and gig workers. In this situation, ① labours costs can rise in the short term, and ② when automation faces difficulties, the rise in labour costs can be reflected in the prices.
・When carbon taxes are introduced, there is good possibility this will be added to delivery prices.
・Yamato Holdings is committed to net zero carbon emissions by 2050.
・Japan Post is promoting the switch to EVs based on low goals. Costs associated with switching to EVs are identified as a risk factor (based on Article 13 of the Act on Japan Post Holdings Co., Ltd.).

Cost to realize opportunity

85,000,000

Strategy to realize opportunity and explanation of cost calculation

It is anticipated that delivery costs will increase reflecting the sharp rise in carbon taxes as well as cost increases associated with the switch to EVs and/or the switch to renewable energy sources when more rigorous policies, laws and regulations are introduced to address climate change. Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan and delivery of paper-based products accounts for majority of its shipping volume.

We are promoting digital transformation (DX) of our products and services to mitigate such risks.

・Digitalize learning materials and make them paperless to reduce paper consumption, curb cost increases and eventually enhance our competitiveness.
・Benesse offers “Aka Pen (red pen) services” to elementary, junior high and high school students. Our instructors called “Aka Pen Sensei (red pen teacher)” are assigned to each student to provide advice tailored to the academic progress of every student to encourage them in addition to making corrections to the assignments submitted by post or online. We can reduce shipping costs by switching to web-based distribution of assignments and allocate extra resources to provide additional services to our members, leading to improve the learning experience, increase added value and enhance customer loyalty.
・Digitalization of learning materials will enable us to compile large amounts of customer data, including learning records and methods, to improve understanding customers’ needs, seize opportunities by providing suitable products and services, improve the learning experience, increase membership retention rate, and consequently will boost our sales and profits. Retention rate is one of our major KPIs. Increase of 1% in retention rate (defined as members of the previous month will not leave and continue using the products and services) will lead to annual revenue growth of 5%.
In terms of our operation:
・We manage our monthly paper consumption expenditure by an in-house system BENKEI and review the results at the Management Meeting on a quarterly basis. In case excessive consumption is detected against the target, we analyze the cause and take due measures.
・We select the paper manufacturer through a bid process conducted concurrently. Paper with lower environmental impact will be selected for annual contract and we engage in price negotiation with the paper manufacturer. We are well-versed in future trends of the paper industry including outlook over the coming few years.
We have continued to achieve certification of ISO14001 since 2004 and established an environmental management system based on its requirements, implement and maintain it. We make continual improvement under a PDCA cycle which includes review by the management on climate-related risks as well as opportunities.

As a result, our learning materials are used on tablets for 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials. Of our paper costs that total 5.9 billion JPY, 71% are for costed items and 29% are for non-costed items.

・Annual depreciation of system development costs is calculated based on a 5-year period. Administrative cost per year is calculated as 425 million JPY x 20% = 85 million JPY.

Comment

ID

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

As a background, global warming will intensify climate change and can trigger a decrease in forests that supply primary raw material for paper. Shortages of raw material can lead to an increase in paper procurement costs as our business consumers a large amount of paper (Benesse consumes over 0.7% of the total printing and information processing paper produced in Japan).
We are promoting the digital transformation (DX) of our products and services to mitigate the risk of increased paper procurement costs, which can pose the biggest challenge for our business. This creates opportunities to improve the learning experience and enhance customer satisfaction while reducing paper costs. Consequently, we can increase membership retention rate and boost our sales. An increase of 1% in the retention rate will lead to 5% sales growth.

We are trying to cut down on paper-based products and gradually switch to digitalized products over the next few years, so we are promoting the digital transformation (DX) of our products and services.
Our focus is placed on shifting towards digital products, which also constitutes one of the priority measures in the new Mid-term Management Plan. For example, we are accelerating measures to reduce paper consumption by switching to exchanging documents (Quotation, Purchase Orders, Statements of Delivery, Inspection Documents, Mock Exam Reports etc.) and information online among our offices, employees, clients/suppliers, and customers. We have been reducing paper consumption by digitalizing part of our paper-based learning and teaching materials and tapping into AI technology to provide individualized online instructions to achieve usability, profitability and improve the learning experience.

Our learning materials are used on tablets by 70% of elementary and junior high school students while nearly 100% of high school students are using smartphones. Consequently, paper consumption has been reduced 60% per elementary and junior high school student who opted for tablet-based learning materials.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,600,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Our business is based on a flat-rate subscription model where customers pay a fixed price every month on a continuous basis.
Our target is to increase the retention rate by 1% which will lead to 5% sales growth, as proved in our past performance.

Sales 112.3 billion JPY x 5% = 5.6 billion JPY

Cost to realize opportunity

100,000,000

Strategy to realize opportunity and explanation of cost calculation

As background, global warming will intensify typhoons, flooding and other climate-related extreme weather conditions, cause changes in vegetation and trigger a decrease in forests that supply the primary raw material for paper. As our business consumers a large amount of paper, it can lead to an increase in paper procurement costs. Circumstances surrounding education also undergo drastic changes.

We need to enhance digitalization, especially the use of tablet-based learning materials, to replace paper consumption while working to improve the learning experience. We are promoting digital transformation (DX) of our products and services.

The measures we are taking are as follows:
We have been advancing the digitalization of learning materials through the introduction of the Learning Management System (LMS) and keeping track of the status of how the tablet-based “Shinken Zemi” is used. We compile and manage learning record, promote good learning habits, while encouraging and supporting the learning experience. We plan to reduce GHG emissions generated from paper consumption, manufacturing, and transport by 50% as we work to shift our customers towards using digitalized learning material.
Direct mail is our major sales method and that consumes as much as 16,000 tons of paper per year, besides generating a large amount of CO_2 from delivery. We have long relied on direct mail as the sole and most effective marketing method. Recently, we managed to get more concrete results through web-based marketing activities including e-mails that have

led to the reduction of paper consumption to a certain level. We plan to halve paper consumption related to direct mail by accelerating our web-marketing activities.

As a result, the use of digitalized learning material increased considerably from 34% in 2018 to 70% in the latest data.

The total expenses estimated at 100 million JPY include research (qualitative and quantitative) costs for members using tablet-based learning materials, LMS depreciation expenses, and web-based marketing activity fees.

Comment

ID

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Ability to diversify business activities

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

As background, global warming will intensify climate-related extreme weather conditions like massive typhoons, while the public and private sectors are accelerating various measures that aim toward carbon neutrality by 2050. Increasing media coverage on environmental issues has enhanced eco-awareness of our customers and consumers. Benesse can have a significant advantage in promoting environmental education and respond to shifting customer awareness through its main business domain that centers around education.

Currently, we are providing environmental education within a framework to fortify science and social studies education, based on the Curriculum Guideline issued by the Ministry of Education, Culture, Sports, Science and Technology. However, there are not yet enough educational opportunities to develop problem-solving skills to address environmental and social issues which leaves enough room to diversify our educational business activities.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

870,000,000

Potential financial impact figure – maximum (currency)

1,740,000,000

Explanation of financial impact figure

MIN is based on the 4°C scenario
Sales per 1% of high school share x Future high school share estimated at 10% will make 870 million JPY
MAX is based on the WB2°C scenario
Sales per 1% of high school share x Future high school share estimated at 20% will make 1.74 billion JPY

Cost to realize opportunity

10,000,000

Strategy to realize opportunity and explanation of cost calculation

As background, global warming will intensify climate-related extreme weather conditions like massive typhoons, while the public and private sectors are accelerating various measures that aim toward carbon neutrality by 2050. Increasing media coverage on environmental issues has enhanced eco-awareness of our customers and consumers. Benesse can have a significant advantage in promoting environmental education and respond to shifting customer awareness through its main business domain that centers around education.

Currently, we are providing environmental education within a framework to fortify science and social studies education, based on the Curriculum Guideline issued by the Ministry of Education, Culture, Sports, Science and Technology. However, there are not yet enough educational opportunities to develop problem-solving skills to address environmental and social issues which leaves enough room to diversify our educational business activities.

More specifically, Benesse offers learning materials “Tankyu Nabi (Inquiry Navigator),” for schools with content for learning about the “inquiry-based learning process” and “necessary approaches”. It supports learners in practicing inquisitive ways of thinking and deepening their understanding of global warming based on actual social issues that include climate change and marine plastic pollution. We also provide a communication forum, “Benesse STEAM Festival,” where junior and

senior high school students from across Japan share inquisitive learning on different issues, including SDGs, which is a popular theme. Cases presented range from surveys to experimental studies on the development of apps (Aoyama Gakuin Senior High School created a tool to visualize the amount of GHG emissions reduced in our daily activities). Benesse developed content on the use of technology in disaster prevention and risk reduction, as part of the STEAM Library in the “Mirai no Kyoshitu (Future Classroom),” a project of the Ministry of Economy, Trade and Industry. As we look ahead into the future, there are opportunities to expand the scope of our educational services in response to the enhanced eco-awareness of our customers.

The “Benesse STEAM Festival” was held online in March 2020 where 60 selected teams from across the country made a presentation. Each year, we are attracting an increasing number of enthusiastic participants.
We evaluate our achievements against whether we have gained more customers from the previous year.

Benesse has launched a system that encourages proposals for new businesses and supports the development of wide-ranging products and services.

The estimated cost to manage this new system totals 40 million JPY that covers fees for training, financial incentives, and outsourcing. It does not include labor costs.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization’s strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Not at this moment and we do not foresee that in the coming 2 years.	It is because our Scope 1 & 2 consumption is limited as we take into account our business domains that center around education.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6 RCP 8.5	We selected the scenario that limits global warming to "well below 2℃ (WB2℃)" and that aligns with the long-term temperature goal stipulated in the Paris Agreement. We also selected a business-as-usual 4℃ scenario, based on its relevance to our business, as well as being consistent and feasible. The scope of these scenarios goes beyond our company and covers the supply chain as Scope 3 emissions account for majority of our GHG emissions. We identified risks and opportunities and chose time horizons of 2030 and 2050 for the scenario analysis. We used the analysis results to conduct a quantitative evaluation and determine the potential impacts on management strategies and financial status, followed by a sensitivity analysis. We then made an evaluation within the framework of transition risks, physical risks and opportunities based on various perspectives of "What are the current and future (2030, 2050) predicted climate-related risks and opportunities?" "Are they important for our business?" "Are they important information to be disclosed to our stakeholders?". The time horizon is in line with the Paris Agreement. We conducted the scenario analysis in the context of intensifying climate change, changes in the market, product development and for the two cases: i) the case where our short-, medium- and long-term adaptation and countermeasures are implemented as planned, ii) the case where they fail to be implemented. Through scenario analysis, the risks identified were: (a) "global warming will intensify natural disasters and impact revenue," (b) "forest loss will increase paper costs," (c) "our reputation will be damaged when we are judged as taking a passive approach to environmental issues," (d) "tightening of laws and regulations," and (e) "technological development." On the other hand, opportunities identified were: (a) "improvements made to products and services," (b) "proactive steps taken to improve energy efficiency will reduce costs," and (c) "our reputation will improve when we are judged as taking a proactive approach to environmental

issues." We integrated them into our climate-related strategies, and they are reflected in our revised emissions reduction goals. They are in line with the time horizon defined in our emissions reduction goals. Based on the scenario analysis results, we plan to promote digitalization to reduce paper consumption, which accounts for over 30% of our GHG emissions, as well as improve the learning experience, the weight reduction of tablets, and the reduction of packaging volume.

The scope of the scenario is defined as transition and physical risks as well as opportunities related to our business domains.

We used the analysis results to conduct a quantitative evaluation and determine potential impacts on management strategies and financial status, followed by sensitivity analysis.

We have drawn four images of a future society as below:

● Image of our society in 2030 under WB2℃ scenario

- It is anticipated that one of the transition risks climate-related "policies, laws and regulations" will be further tightened.
- Growing level of environmental awareness will increase opportunities for environmental education and raise demand for the Domestic Education Business, our core business segment, while a transitional scenario comes with increases in supply chain costs including the introduction of carbon tax etc..

● Image of our society in 2030 under 4℃ scenario

- Warmer temperatures will increase catastrophic disasters which is one of the physical risks.
- Business activities will be exposed to wide-ranging massive impacts that will affect product users or customers, employees and their workstyle, evaluation from investors and disruption in supply chains. It is anticipated that initiatives and opportunities will center around disaster countermeasures.

● Image of our society in 2050 under WB2℃ scenario

- Transition risks will continue to progress after 2030. Sustainability awareness will take root in the society where restrictions will be further tightened to achieve carbon neutrality while brand reputation will be at stake for insufficient measures taken.
- The Domestic Education Business will center around measures taken for a transitional scenario such as increasing power efficiency or contributing to reduce CO2 emissions through strategic promotion of digital transformation (DX) of our products and services.

● Image of our society in 2050 under 4℃ scenario

- Physical risks will continue to be exacerbated after 2030. Temperatures will continue to rise, causing irreversible environmental changes that will create numerous social problems.
- The Domestic Education Business will also center around measures taken against exacerbating disasters, which will undermine the stable supply of products and services on a monthly basis.

We have set variables (parameters) to measure the level of financial impact generated for each year and each scenario.

The results of scenario analysis are as below:

1. Risks

Physical risks will have the largest impact on the business of Benesse Group.

① Acute physical risks caused by exacerbated extreme weather conditions, including massive typhoons and flooding, will require changes in shipping methods due to the suspension of logistics networks. Such disaster response measures will push up costs (short-term risks).
Business will be affected by damage caused by flooding to learning materials and promotional materials stored in third-party warehouses, relocating or resending goods, additional costs borne due to delayed shipping, etc., which can result in an operating income loss of 10 million to 150 million JPY depending on the severity of each physical risk.

② Maximum financial impact is estimated at 3.4 billion JPY in case climate change leads to the relocation of factories and business sites and causes a far-reaching impact across the group businesses (medium- and long-term).

③ Additional costs to be borne can reach as much as 800 million JPY in case climate change leads to the restructuring of supply chains caused by environmental changes and the spread of infectious diseases (medium- and long-term).

There are two transition risks as below:

① The risk of an increase in paper prices caused by deforestation exacerbated by changes in precipitation and weather patterns due to long-term environmental changes (medium- and long-term).
In case paper procurement costs increase 10% from the reporting year, it will result in about 590 million JPY additional cost per year and pose specific risks to the business of Benesse Group.

② Delivery costs may increase sharply reflecting the sharp rise in carbon taxes as well as cost increases associated with the switch to EVs and/or the switch to renewable energy sources when more rigorous policies, laws and regulations are introduced to address climate change (medium-term).

2. Opportunities

There are four opportunities related to our products and services as below.

① Opportunity to reduce paper costs
While Benesse consumes a large amount of paper (over 0.7% of the total printing and information processing paper produced in Japan), there is an opportunity to reduce paper costs significantly as well as improve the learning experience by promoting a strategic digital transformation (DX) of our products and services (medium-term).

	② Opportunity to reduce delivery costs While Benesse consumes a large amount of paper (over 0.7% of the total printing and information processing paper produced in Japan), there is an opportunity to significantly reduce the delivery costs of paper-based learning materials as well as improve the learning experience by promoting the strategic digital transformation (DX) of our products and services (medium-term). ③ Opportunity to boost sales through the digitalization of products and services While Benesse consumes a large amount of paper (over 0.7% of the total printing and information processing paper produced in Japan), there is an opportunity to reduce paper and delivery costs by promoting the strategic digital transformation (DX) of our products and services. At the same time, the digitalization of learning materials will enable us to compile large amounts of customer data, including learning records and methods, to provide suitable products and services based on improved understanding on customers' needs, and consequently boost our sales and profits. Our target is to increase the retention rate by 1% which will lead to 5% sales growth, as proved in our past performance. There are opportunities to boost sales when improved learning experiences enhance customer satisfaction and lead to increased membership retention rates (medium-term). ④ Opportunity to boost sales through new products and services There are opportunities to boost sales as we expand the scope of our environmental educational services like "Tankyu Nabi (Inquiry Navigator)" in response to the enhanced eco-awareness of consumers or the revision of school curriculums. As a result, we drew up a strategy to accelerate the digitalization of our products and services and plan to implement it on a medium- and long-term basis. We have been trying to switch from paper-based products and services to tablet-based learning materials and web-based services through robust system development. We are also making changes over time to provide superior contents. As a result, our learning materials are used on tablets by 70% of elementary and junior high school students. We will take further steps for FY 2022 and plan to introduce tablet-based materials for pre-schoolers as well as provide additional digital-based products and services to improve the learning experience. Benesse has launched a system that encourages proposals for new businesses or business improvement suggestions in addition to the product and service development plans drawn up by each division.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities	Description of influence

	influenced your strategy in this area?	
Products and services	Yes	Changes in precipitation and weather patterns will exacerbate deforestation and lead to increased paper procurement costs, which can pose a significant climate-related risk to our business. "Challenge Touch" is a tablet-based learning material, introduced for "Shinken Zemi" users, based on our strategy to try to cut down on paper-based products and gradually switch to digitalized products on a medium-term basis over the next few years. We also try to optimize the learning experience of our customers. We estimate its financial impact to be about 590 million JPY of cost increase associated with paper procurement costs as we look ahead towards 2030. On the other hand, we continue to work on reducing paper consumption in a strategic manner by digitalizing our products and services which is estimated to result in cost reduction of 1.357 billion JPY on a medium- to long-term basis, regardless of the cost increase as above.
Supply chain and/or value chain	Yes	It is anticipated that climate change will impact the supply chain and/or value chain of learning materials and toys. In case there is suspension of production and logistics from overseas suppliers due to major natural disasters, we need to rely on alternative measures including air freight that is estimated to cost 100 million JPY per disaster. Our countermeasures include reviewing the possibility of relocating our production bases and factories.
Investment in R&D	Yes	Global warming affects the ecosystems, accelerates desertification and intensifies unexpected torrential rain and other climate-related extreme weather conditions. Such physical risks will trigger deforestation and result in increased paper costs. Risks we face include changes in shipping methods due to the suspension of logistics networks caused by extreme weather conditions that will increase the frequency and intensity of typhoons and flooding. Climate change also causes changes in precipitation patterns and exacerbates deforestation which in turn leads to sharp increases in paper prices. Through our main business such as "Shinken Zemi," we have been promoting the digital transformation (DX) of our products and services, achieving reduced paper consumption, and improving the learning experience, while curbing cost increases to enhance our competitiveness by providing superior products and services. We are expanding IT-based learning materials for schools through our R&D programs, ranging from contents to tools development. We have promoted digitalization of our learning

		materials and expanded lineup of tablet-based products and services that enable us to compile large amounts of customer data, to provide products and services that meet customer needs and to boost our sales and profits. More specifically, digital-based materials can build on the strengths of Benesse in supporting students as they deepen their understanding, facilitating correct-incorrect judgements to improve the learning experience, and stimulating children's appetite for learning. Consequently, we can improve the learning experience and enhance customer satisfaction, which will lead to increased membership retention rates and boost our sales and profits. We will push these initiatives forward on a medium-term basis over the next few years. Although we cannot achieve zero paper consumption, we should strike an optimal balance for our customers. Benesse invests 280 million JPY per year in R&D and accelerates the transition to digitalizing our products.
Operations	Yes	Potential challenges faced by Benesse Group will be the need to change shipping methods to deliver its products and services to customers when climate change causes alterations in precipitation and intensifies typhoons and flooding that can suspend the logistics networks. Our past performance estimates the costs borne in changing shipping methods in the event of disasters of different levels are as follows: (a) Torrential rains equivalent to the 2018 West Japan disaster will require 10 million JPY to manage (for a few days); (b) A Great East Japan Earthquake level disaster will require 150 million JPY to manage (for about 3 weeks). The SCM Department is in charge of making the necessary preparations to secure alternative shipping methods. Climate-related risks include deforestation, which is exacerbated by changes in precipitation patterns. It will have a significant impact on our business which depends heavily on paper. To mitigate such risks, we are going paperless across Benesse group companies in the Operations Division and will promote the following initiatives on a medium-term basis over the next few years. ① We are promoting paperless operations among group companies by switching to an electronic invoicing and

		payment system (from November 2015). In addition, electronic quotes and purchase orders have been introduced and are planned to expand throughout our group companies. ② The Operations Division provides services to teachers and schools. We introduced electronic purchase orders and promoted paperless operations. ③ We are promoting the digital transformation (DX) of the editing process and have cut down on printing the first proof as well as delivery. We could reduce costs for paper consumption, delivery and outsourcing (from FY2020). Benesse has invested 60 million JPY to ①, ② and ③ as above. The cost reduction achieved by paperless operations totals 57 million JPY per year.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Direct costs Indirect costs	1) Potential anticipated effect on revenues ・Opportunities associated with products and services We can reduce CO_2 emissions by digitalizing our learning materials of "Shinken Zemi" offered to elementary to high school students. We have reflected the research results in our financial plan that show a correlation between digitalization and an improved learning experience as we can compile large amounts of customer data, including learning records and methods, to provide products and services that meet customer needs. We can expect sales to increase following an increase in "retention rate," one of our major KPIs. Research results on climate change-induced consumer behavioural changes (awareness of reduced paper consumption or an improved learning experience by digitalization) are reflected to our financial plan. Our past performance proves that an increase of 1% in retention rate (defined as members of the previous month will not leave and continue using the products and services) will lead to annual revenue growth of around 5%. 2) Potential anticipated effect on direct spending Climate-related risks and opportunities identified can impact our revenues. Benesse has identified "risks caused by changes in consumer behaviors," "risks caused by unexpected incidents (disasters)" as well as "opportunities associated with products and services" and "opportunities related to resource efficiency." For example, we anticipate changes in shipping methods of "Kodomo Challenge" and "Shinken Zemi" due to the

suspension of logistics networks in the event of a disaster.

① Risks caused by unexpected incidents

We will need to change shipping methods for the delivery of “Kodomo Challenge” and “Shinken Zemi” to disaster-affected areas when the logistics networks are suspended due to a disaster. Based on our past performance, the impact on our business is estimated as follows: (a) widespread damage caused by a disaster (equivalent to the Torrential Rain in Western Japan in 2018) will require 10 million JPY to manage in case the logistics network is suspended (for a few days), and (b) extensive widespread damage caused by a disaster (same level as the Great East Japan Earthquake) will require 150 million JPY to manage in case the logistics network is suspended (for about three weeks).

② Potential opportunities

We are promoting strategic digital transformation (DX) of our products and services like “Challenge Touch” to reduce paper consumption, curb cost increase and eventually enhance our competitiveness.

There are opportunities to reduce paper consumption and save 1.357 billion JPY on a medium- to long-term basis, regardless of the possible paper procurement cost increase due to shortages in paper.

3) Potential anticipated effect on indirect spending

・Risks caused by tightening of laws and regulations

Benesse Group suffered a severe financial impact caused by the loss of existing customers, a significant fall in enrollment, and the cost incurred to rebuild trust following the corporate scandal in 2014. Faced with such severe financial conditions, it makes renewable energy the least chosen. We purchase about 7.16 million kWh fossil fuel-derived electricity a year, which has a relatively low financial impact. Such dependency on fossil fuels has a risk of increased energy costs if a Global Warming Countermeasures tax is introduced in Japan (tax to be imposed on fossil fuels).

In case the power purchase costs increase 5%, it can increase business spending by 10 million JPY per year. Following the approval given by the COO, we have taken measures against the Acts on climate change and fluorocarbons as below:

At our Logistics Center, we installed high-efficiency air-cooled chillers and multi air conditioning units with motion sensors during FY 2020 and reduced the energy equivalent to 67 kiloliters of crude oil per year.

At Minamigata Headquarters Building, we reduced water consumption by 240㎥/year (0.6tCO2/year) in 2020 by implementing plumbing construction work and cutting down on the water usage in toilet flushing. We also switched to LEDs and reduced electricity consumption for lighting and the HVAC system by 12,696kWh (3.3 kl/year).

At the Tama Office Building in Tokyo, we estimate a reduction of 82.82kl for FY 2020 from upgrading the lighting system and installing heat insulation film to offices and windows. We also plan to reduce water consumption by

		15000㎥/year (7tCO2/year) from 2020 to 2023 by plumbing construction and renovating bathrooms to cut down on water usage in toilet flushing.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

7,597

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2050

Targeted reduction from base year (%)

100

Covered emissions in target year (metric tons CO2e) [auto-calculated]

0

Covered emissions in reporting year (metric tons CO2e)

6,017

% of target achieved [auto-calculated]

20.797683296

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

The target is set for an emissions reduction of 3.02% per year against a Scope 1 and Scope 2 total, with 2018 as the base year.

The target for 2050 is a reduction of 100%.

Emissions for the reporting year (2020) was 6017t-CO_2, which marked a 20.8% achievement against the 2050 target and a significant advance reduction rate of 20.8% against the base year.

Target reference number

Abs 2

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

7,597

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

36.2

Covered emissions in target year (metric tons CO2e) [auto-calculated]

4,846.886

Covered emissions in reporting year (metric tons CO2e)

6,017

% of target achieved [auto-calculated]

57.4521638012

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

The target for FY2030 is set for an emissions reduction of 36.2% against a Scope 1 and Scope 2 total, with 2018 as the base year.
Emissions for the reporting year (2020) was 6017t-CO_2, which marked a significant advance reduction rate of 57.5% against the 2030 target.

Target reference number

Abs 3

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2018

Covered emissions in base year (metric tons CO2e)

7,597

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

6.04

Covered emissions in target year (metric tons CO2e) [auto-calculated]

7,138.1412

Covered emissions in reporting year (metric tons CO2e)

6,017

% of target achieved [auto-calculated]

344.3325049013

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

The target is set for an emissions reduction of 3.02% every year against a Scope 1 and Scope 2 total, with 2018 as the base year. The target for the reporting year (2020) is a reduction of 6.04%.

Emissions for the reporting year (2020) was 6017t-CO_2, which marked a significant achievement of 344.3%.

Target reference number

Abs 4

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream & downstream)

Base year

2018

Covered emissions in base year (metric tons CO2e)

400,988

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2050

Targeted reduction from base year (%)

39.4

Covered emissions in target year (metric tons C7.8429375888

O2e) [auto-calculated]

242,998.728

Covered emissions in reporting year (metric tons CO2e)

388,597

% of target achieved [auto-calculated]

7.8429375888

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

The target is set for an emissions reduction of 1.23% per year against Scope 3, with 2018 as the base year.

The target for 2050 is a reduction of 39.4%.

Emissions for the reporting year (2020) was 388,597 t -CO_2, which marked 7.8% achievement against the 2050 target and a reduction rate of 3.1% against the base year.

Scope 3 categories include:
Category 1 (purchased products and services), Category 2 (capital goods), Category 3 (fuel- and energy-related activities which are not included in Scope 1 and 2), Category 4 · 9 (upstream · downstream transportation and distribution), Category 5 (waste generated from operations), Category 6 (business travel), Category 7 (employee commuting), Category 11 (use of sold products), and Category 12 (end-of-life treatment of sold products)

Target reference number

Abs 5

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream & downstream)

Base year

2018

Covered emissions in base year (metric tons CO2e)

400,988

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

14.8

Covered emissions in target year (metric tons CO2e) [auto-calculated]

341,641.776

Covered emissions in reporting year (metric tons CO2e)

388,597

% of target achieved [auto-calculated]

20.8791716892

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

The target for 2030 is set for an emissions reduction of 14.8% against Scope 3, with 2018 as the base year.

Emissions for the reporting year (2020) was 388,597t -CO_2, which marked a 20.9% achievement against the 2030 target.

Scope 3 categories include:
Category 1 (purchased products and services), Category 2 (capital goods), Category 3 (fuel- and energy-related activities which are not included in Scope 1 and 2), Category 4 · 9 (upstream · downstream transportation and distribution), Category 5 (waste generated from operations), Category 6 (business travel), Category 7 (employee commuting), Category 11 (use of sold products), and Category 12 (end-of-life treatment of sold products)

Target reference number

Abs 6

Year target was set

2020

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 3 (upstream & downstream)

Base year

2018

Covered emissions in base year (metric tons CO2e)

400,988

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2020

Targeted reduction from base year (%)

2.46

Covered emissions in target year (metric tons CO2e) [auto-calculated]

391,123.6952

Covered emissions in reporting year (metric tons CO2e)

388,597

% of target achieved [auto-calculated]

125.6145288617

Target status in reporting year

Achieved

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition

2°C aligned

Please explain (including target coverage)

The target is set for an emissions reduction of 1.23% every year against Scope 3, with 2018 as the base year. The target for the reporting year (FY 2020) is a reduction of 2.46%.

Emissions for the reporting year (2020) was 388,597 t -CO_2, which marked a 125.6% achievement.

Scope 3 categories include:
Category 1 (purchased products and services), Category 2 (capital goods), Category 3 (fuel- and energy-related activities which are not included in Scope 1 and 2), Category 4 · 9 (upstream · downstream transportation and distribution), Category 5 (waste generated from operations), Category 6 (business travel), Category 7 (employee commuting), Category 11 (use of sold products), and Category 12 (end-of-life treatment of sold products)

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Net-zero target(s)

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ50

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Target year for achieving net zero

2050

Is this a science-based target?

Yes, and this target has been approved by the Science-Based Targets initiative

Please explain (including target coverage)

The target is set for a reduction total of 100% in the target year 2050 for Scope 1 and Scope 2, with 2018 as the base year.

The target has been certified by SBT.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	1	7
To be implemented*	0	0
Implementation commenced*	0	0
Implemented*	2	666
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Estimated annual CO2e savings (metric tonnes CO2e)

666

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

9,000,000

Investment required (unit currency – as specified in C0.4)

144,016,574

Payback period

>25 years

Estimated lifetime of the initiative

21-30 years

Comment

At Benesse Logistics Center No. 2 located in Setouchi City, we installed high-efficiency air-cooled chiller and multi air conditioning unit with motion sensor as well as switched to LEDs throughout the building.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	Decisions are taken based on the priorities between investments in emissions reduction activities and other investment projects in the context of our investment and recovery plans.
Employee engagement	We engage with our employees as we review and improve our non-investment related processes and project plans, based on the Environmental Promotion Activities Plan of each division.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Product

Description of product/Group of products

We classify our tablet-based “Shinken Zemi” learning materials as low-carbon products because they reduce paper consumption by nearly 60% compared with our regular learning materials used during any given year.

Are these low-carbon product(s) or do they enable avoided emissions?

Low-carbon product

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Low-Carbon Investment (LCI) Registry Taxonomy

% revenue from low carbon product(s) in the reporting year

70

Comment

We classify our tablet-based “Shinken Zemi” learning materials as low-carbon products because they reduce paper consumption by nearly 60% compared with our regular learning materials used during any given year.

We used to offer different models of tablets depending on our customer age groups (elementary, junior high and high school students), but have been switching to a unified device for the convenience of users. Digitalized products are attracting more users each year thanks to the meticulous services offered tailored to the academic progress of each student, leading to an improved learning experience. Currently, 70% of the elementary and junior high school students use learning materials on tablets.
Reduced paper consumption also leads to reduce the delivery costs of learning materials.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

4/1/2017

Base year end

3//31/2018

Base year emissions (metric tons CO2e)

120

Comment

Direct GHG emissions generated by Benesse

Scope 2 (location-based)

Base year start

4/1/2017

Base year end

3//31/ 2018

Base year emissions (metric tons CO2e)

7,105

Comment

Scope 2 emissions in Japan and in Taiwan.

Scope 2 (market-based)

Base year start

4/1/2017

Base year end

3//31/ 2018

Base year emissions (metric tons CO2e)

7,477

Comment

Indirect GHG emissions generated in Japan and in Taiwan from the consumption of electricity and heat/steam from other companies

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Act on the Rational Use of Energy
Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, superceded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

88

Start date

4/1/ 2019

End date
3/31/2020

Comment
Direct GHG emissions generated by Benesse

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment

① Location-based: **5,204tCO2**（electricity and heat consumption in Japan and at Taipei Branch Office）

② Market-based: **5,929tCO2**（electricity and heat consumption in Japan and at Taipei Branch Office）

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
5,204

Scope 2, market-based (if applicable)
5,929

Start date
4/1/2019

End date
3/31/2020

Comment
Indirect GHG emissions generated in Japan and in Taiwan from the consumption of electricity and heat/steam supplied from other companies

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

349,544

Emissions calculation methodology

Energy consumption volume x Emission coefficient　Fuel Consumption Method and revised Ton-Kilometer Method　Weight of waste x Emissions unit value　Goods purchasing cost x Emissions unit value.

【Sources】

① Energy

・Emission Coefficient for Each Electric Power Provider (to be used to calculate GHG emissions of specific entities) - FY 2018 Actual - Released on 07 Jan. 2020 by the Ministry of the Environment and the Ministry of Economy, Trade and Industry （https://www.env.go.jp/press/files/jp/107786.pdf）[Japanese]

・List of Coefficients for Global Warming Countermeasure Reporting "Municipal and industrial water consumption"
（https://www8.kankyo.metro.tokyo.lg.jp/ondanka/report/pdf/keisuuitiran.pdf）[Japanese]

② Fuels

Calculation methods and list of coefficients for calculation, reporting and announcement (Ref. 1) Emission coefficient for fuel consumption

https://ghg-santeikohyo.env.go.jp/files/calc/itiran_2020_rev.pdf [Japanese]

③ Waste

Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5）

Ministry of the Environment [8] List of emissions unit value by categories of waste and disposal methods

List 8. Emissions unit value by categories of waste and disposal methods
Unidentified disposal is in List 9. Emissions unit value by categories of waste

https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5) [5] Emissions unit value based on industry categories
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf

Paper and printing were calculated based on the data provided by suppliers Emissions unit value for office supplies were based on P/L data and applied the Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables issued by the Center for Global Environmental Research of the National Institute for Environmental Studies
http://www.cger.nies.go.jp/publications/report/d031/jpn/datafile/embodied/2005/403.htm [Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

99.2

Please explain

Calculated emissions relating to raw material procurement for printed items, water consumption for printing and tablet manufacturing, purchase of teaching materials, toys and mail-order goods, commercial vehicles repair and insurance, water consumption at offices and purchase of office supplies.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

10,774

Emissions calculation methodology

Emissions unit value per capital goods price applied to the acquisition cost of tangible fixed assets in the cash flow statement.

Emissions unit value is based on the Green Value Chain Platform calculation tool released by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Tangible fixed assets in the cash flow statement.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,041

Emissions calculation methodology

(Input data of electricity for the reporting company) x (average emissions unit value of all power sources)

(Input data of heat for the reporting company) x (emissions unit value) }

【Sources】

① Energy

・Emission Coefficient for Each Electric Power Provider (to be used to calculate GHG emissions of specific entities) - FY 2018 Actual - Released on 07 Jan. 2020 by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

https://www.env.go.jp/press/files/jp/107786.pdf ［Japanese］

・List of Coefficients for Global Warming Countermeasure Reporting “Municipal and industrial water consumption”

（https://www8.kankyo.metro.tokyo.lg.jp/ondanka/report/pdf/keisuuitiran.pdf）

[Japanese]

② Fuels

Calculation methods and list of coefficients for calculation, reporting and announcement (Ref. 1) Emission coefficient for fuel consumption

https://ghg-santeikohyo.env.go.jp/files/calc/itiran_2020_rev.pdf [Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Emissions generated from fuels purchased from other companies, purchased fuels for power and heat generation.

Emissions unit value based on IDEA

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5,930

Emissions calculation methodology

Fuel Consumption Method and revised Ton-Kilometer Method

Emissions unit value based on:
Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5) Ministry of the Environment
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Calculated emissions relating to transportation (both upstream and downstream) associated with printing and tablet manufacturing.

Emissions unit value based on reporting rules of the specified consigners

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

905

Emissions calculation methodology

The weight of waste generated from company-owned buildings was multiplied by each emission coefficient to calculate the total.

Emissions unit value: Manifest data was used for industrial waste (Ministry of the Environment database was used for unit value)

【Sources】

Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5)

Ministry of the Environment [8] List of emissions unit value by categories of waste and disposal methods

List 8. Emissions unit value by categories of waste and disposal methods
Unidentified disposal is in List 9. Emissions unit value by categories of waste
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]
Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5) [5] Emissions unit value based on industry categories
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Waste generated from company-owned buildings (paper, plastic, combustible waste, bottles, cans, pet bottles, etc.)

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

3,756

Emissions calculation methodology

Travel expenses x emissions unit value + number of nights stayed X emissions unit value

Emissions unit value based on:

・Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

・[11] Emissions unit value per travel allowance provided
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Domestic and overseas business trips expenses (actual) and accommodation expenses (actual) are managed monthly by the in-house system BENKEI. Calculation based on the annual total.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,011

Emissions calculation methodology

・Travel expenses

Travel allowance provided x emissions unit value

Emissions unit value based on:

・Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

・[11] Emissions unit value per travel allowance provided
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf
[Japanese]

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Managed by the HR management system and the in-house system BENKEI.
Calculation based on the annual total.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Included in Scope 1 and 2

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9,659

Emissions calculation methodology

Fuel Consumption Method and revised Ton-Kilometer Method
■ Ton-Kilometer Method: Transportation ton-kilo (cargo weight t x distance km) x Emissions unit value for ton-kilo method fuel consumption [D] x Unit value (Unit calorific value[A] x Emission coefficient[B] x 44/12)
Emissions unit value based on:
Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5) Ministry of the Environment
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Shipping transport (after transport is done with the reporting company as a consigner), store in a warehouse.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

No emissions generated in this category as the reporting company sells fished products.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

351

Emissions calculation methodology

Power consumption from use x Sales quantity x Emission coefficient

Emissions unit value is based on the Emission Coefficient for Each Electric Power Provider (to be used to calculate GHG emissions of specific entities) - FY 2018 Actual - Released on 07 Jan. 2020 by the Ministry of the Environment and the Ministry of Economy, Trade and Industry

https://www.env.go.jp/press/files/jp/107786.pdf ［Japanese］

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculated emissions relating to power consumption of the tablets sold.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

7,528

Emissions calculation methodology

Weight of waste x Emissions unit value

Emissions unit value based on:

・Database of emissions unit value for calculating GHG emissions of the organization throughout its supply chain (Ver.2.5)

・Ministry of the Environment [8] List of emissions unit value by categories of waste and disposal methods

List 8. Emissions unit value by categories of waste and disposal methods

・Unidentified disposal is in List 9. Emissions unit value by categories of waste
https://www.env.go.jp/earth/ondanka/supply_chain/gvc/files/tools/DB_V2-5.pdf

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculated emissions relating to waste disposal of printed items, educational toys, and mail-order goods sold in Japan.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

No leased assets owned.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Not calculated because there is no relevance.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Since the reporting company is not in the financial services sector, it was judged that this category has no relevance and was excluded.

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not calculated because there is no relevance.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Not calculated because there is no relevance.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00003296

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

6,016

Metric denominator

unit total revenue

Metric denominator: Unit total

182,518,551,016

Scope 2 figure used

Market-based

% change from previous year

23.5

Direction of change

Decreased

Reason for change

The reporting company replaced the air conditioning system of Benesse Logistics Center located in Setouchi City and reduced Scope 1 and 2 emissions while increased its sales.

The company also endorses TCFD and makes continuous efforts to reduce its emissions.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Japan	88
Taiwan, Greater China	0

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Fuel consumption	79
Gasoline consumption by commercial vehicles	9

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Japan	4,783	5,508	202,892	0

Taiwan, Greater China	421	421	639	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Offices	3,746	4,269
Logistics Centers	1,457	1,660

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change		
Other emissions reduction activities	665.6	Decreased	8.7	Achieved reduction of 665.6 t from emissions reduction efforts made other than renewable energy. Since scope 1 and 2 emissions of the previous year was 7620 t, it makes the emissions value of 8.7% (=665.6/7620×100)

Divestment	0	No change		
Acquisitions	0	No change		
Mergers	0	No change		
Change in output	0.4	Decreased	0.005	Gasoline consumption by commercial vehicles decreased 0.4t. Since consumption of the previous year was 9.3t, it marked decrease of 0.4t, making the emissions value of 0.005% (=0.4/7620×100)
Change in methodology	0	No change		
Change in boundary	0	No change		
Change in physical operating conditions	0	No change		
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year

Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstocks)	LHV (lower heating value)	0	3,908	3,908
Consumption of purchased or acquired electricity		0	8,394	8,394
Consumption of purchased or acquired heat		0	1,399	1,399
Consumption of purchased or acquired steam		0	1,556	1,556
Consumption of purchased or acquired cooling		628		628
Generation of electricity, heat, steam, or cooling		628	15,257	15,885

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

396

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Emission factor

0.0183

Unit

metric tons CO2e per liter

Emissions factor source

Act on the Rational Use of Energy, Ministry of the Environment

Comment

Fuels (excluding feedstocks)

Town Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

3,512

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

Emission factor

0.0136

Unit

metric tons CO2 per m3

Emissions factor source

Not applicable as the emission volume is monitored.

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	819	628	819	628
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

None (no purchases of low-carbon electricity, heat, steam or cooling)

Low-carbon technology type

Country/area of consumption of low-carbon electricity, heat, steam or cooling

MWh consumed accounted for at a zero emission factor

Comment

We have achieved significant reductions for Scope 2 in recent years as we installed solar power generation panels to the Logistics Center in Okayama Prefecture and consume electricity generated internally while we work to reduce energy consumption systematically. Plans are underway to take additional measures including on-site power purchase agreement (PPA).

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/ section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/ section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

Scope 3 category

Scope 3: Capital goods

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

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Benesse “Our Response to Climate Change” > Third-Party Verification (Website)

https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

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Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

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Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Upstream leased assets

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream transportation and distribution

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference

Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/en/themes/148

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: Use of sold products

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

Page/section reference
Japan Quality Assurance Organization “Greenhouse Gas Emissions Verification Report” (1 page)
Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/ja/themes/148

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope 3 category
Scope 3: End-of-life treatment of sold products

Verification or assurance cycle in place
Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/data/download/independent-verification-report_2019_en.pdf

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Benesse “Our Response to Climate Change” > Third-Party Verification (Website)
https://benesse-hd.disclosure.site/ja/themes/148

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated within the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Based on Article 8 of the Central Environment Council Rules of Procedures, the “Sub-Committee on Carbon Pricing” was established under the Global Environment Committee, Ministry of the Environment, where extensive discussions have been undertaken. It is in line with the “Green Growth Strategy” announced by the Japanese government in December 2020

which examines climate change countermeasures in the context of their positive impact on economic growth. We anticipate that new laws and regulations will be introduced over time.

Benesse endorses the “COOL CHOICE” national movement promoted by the Ministry of the Environment which encourages "wise choices” that contribute to the carbon-free society. We have been working to reduce our energy consumption through continuous energy-saving actions which include optimizing room temperature when using air conditioners or adjusting our clothing behavior to reflect the seasonal temperatures (cool biz / warm biz).
Benesse endorses TCFD and has been certified by SBT. We have revised upward our medium- and long-term target in line with *WB2*°C for Scope 1 and 2 and set reductions of 36.2% in 2030 (2018 as the base year) and 100% in 2050 (2018 as the base year). Reduction plans have been developed for Scope 1 and 2 based on the target, while we are currently working on the plan for Scope 3.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

Yes

C11.2a

(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.

Credit origination or credit purchase

Credit purchase

Project type

CO2 usage

Project identification

In cooperation with the Okayama City “Local Recycling Carbon Offset Scheme”, we have been organizing environmentally friendly general stockholder meetings since FY 2014.
33t of CO_2 has been offset at 1,500 JPY/t during the years covered.

What have been the offset targets?

- Lighting and air conditioning during the stockholder meetings, including rehearsals
- Creating and sending invitations to stockholders
- Transportation of stockholders and staff to the meetings

Details and Certificate of Okayama City Carbon Offset Scheme
https://benesse.co.jp/kankyo/office/own_building.html#anc03 [Japanese]

Verified to which standard

Other, please specify
Credits issued by Okayama City

Number of credits (metric tonnes CO2e)
33

Number of credits (metric tonnes CO2e): Risk adjusted volume
33

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit purchase

Project type
sunlight

Project identification
Participated in the Ministry of the Environment's "Carbon Offset Demonstration Program"
With the assistance of 50,000 JPY, Benesse purchased J-Credits for solar power generation at 2,000 JPY/t of CO_2.
We offset 25t of CO_2.

Verified to which standard
Other, please specify
The Ministry of the Environment's "Carbon Offset Demonstration Program"

Number of credits (metric tonnes CO2e)
25

Number of credits (metric tonnes CO2e): Risk adjusted volume
25

Credits cancelled
Yes

Purpose, e.g. compliance
Voluntary Offsetting

Credit origination or credit purchase
Credit origination

Project type

Other, please specify

Benesse achieved a greenhouse gas emissions reduction that exceeded the targets set in the framework of the Cap-and-Trade Scheme of the Tokyo Metropolitan Government. We donated this surplus of credits.

Project identification

Before the opening of the 32nd Olympics Games (Tokyo, 2020) and the Tokyo 2020 Paralympic Games, Benesse donated credits to the Tokyo Metropolitan Government to offset the greenhouse gas emissions expected to be generated from hosting the Opening and Closing Ceremonies.

We participated in the “Tokyo Zero Carbon 4 Days in 2020” and played an active role in collaborating on the “Carbon Offset Programme for the Tokyo 2020 Games”.

Benesse donated 719t of CO_2 credits.

Please find details in the website as below:
https://www.kankyo.metro.tokyo.lg.jp/climate/large_scale/zc4d2020/index.html
[Japanese]

Please find details on the Cap-and-Trade Scheme in the website as below:
https://www.kankyo.metro.tokyo.lg.jp/climate/large_scale/overview/index.html
[Japanese]

Verified to which standard

Other, please specify

Participation in the “Tokyo Zero Carbon 4 Days in 2020” and collaboration on the “Carbon Offset Programme for the Tokyo 2020 Games”.

Number of credits (metric tonnes CO2e)

719

Number of credits (metric tonnes CO2e): Risk adjusted volume

719

Credits cancelled

Yes

Purpose, e.g. compliance

Voluntary Offsetting

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, with our suppliers, and our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behaviour)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

100

Rationale for the coverage of your engagement

Benesse has a mechanism where suppliers of paper and raw materials, as well as manufacturers of learning materials and toys, are audited against the stipulated in-house Safety Standard. A stringent in-house checking system has set strict rules forbidding use of materials with an adverse environmental impact. As paper constitutes the largest part of our resource consumption, any paper that does not fit our Procurement Standard will go through strict screening on the basis of its quality and purpose of use. (※The Paper Procurement Standard is disclosed to the suppliers)

We have our primary and secondary agencies as well as manufacturers give confirmation in writing.

To ensure tight control on a regular basis, the scope of our engagement covers all the suppliers.

Impact of engagement, including measures of success

Benesse offers learning materials and tablets through its main business “Kodomo Challenge” and “Shinken Zemi.” We engage with our suppliers to evaluate the environmental impact at each manufacturing phase, including audits conducted at manufacturing sites and a review of the shipping methods. We also support stable

management of suppliers that meet our standards by awarding continuous contract for a few years. Close collaboration with our suppliers will lead to reducing our impact on climate change and other environmental challenges as well as to provide safe products. Benesse is a unique company where we take both the environmental and safety aspects into consideration. As we outsource the manufacturing of our learning materials and tablets, we place priority on responsible supply chain management. We conduct evaluations and audits on environmental initiatives to ensure the products we offer meet our rigorous standards, which is an essential element to the benchmark of our success.
Almost 100% of the paper procured is in compliance with the Environmental Standards.

We have set the KPI to measure the ratio of how far the suppliers meet our Environmental Standards. Our target is set at 100% and the results achieved have been 100%. This is because we abide by our principles not to have business with any suppliers that fail to meet our Standards and we make sure none of their products are shipped.

Comment

Our business operation can be classified into three processes, starting from “purchasing & manufacturing” to “packaging” and “shipment.”

Our SCM Division takes an active part throughout the processes to ensure environmental initiatives are implemented in a coherent manner. It engages with the suppliers to collect and exchange information and to verify the status of compliance in collaboration with the Operations Division and our affiliated companies.

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change performance and strategy of Benesse

% of customers by number

70

% of customer - related Scope 3 emissions as reported in C6.5

42.3

Please explain the rationale for selecting this group of customers and scope of engagement

We aim to engage with a target group consisting of elementary, junior high and high school students. This is the generation who will play an instrumental role in protecting the global environment in the future. We believe continuous environmental education tailored to children's development stages will move the needle on addressing climate change challenges.

We place children as "the exchange students from the future." We define our environmental activities as working towards making the earth sustainable so that children can achieve "well-being" for a better life, apropos of our Corporate Philosophy "Benesse = Well-Being."
Our environmental initiatives center around the following two principles:

① Increase the number of personnel capable of promoting environmental education, understanding environmental issues, and engaging in environmentally-conscious actions.
② Reduce our environmental burden.

We collaborate with our customers and other related parties based on principle ① as above.

Impact of engagement, including measures of success

We have made a significant achievement by introducing the tablet-based courses and learning materials through our main business domain "Shinken Zemi" for elementary and junior high school students. Tablet-based course attendance rates, one of our KPIs, reached 70% for elementary and junior high school courses and nearly 100% for high school courses. This increase shows a markedly successful achievement from the previous year.

Furthermore, we follow the Curriculum Guideline issued by the Ministry of Education, Culture, Sports, Science and Technology and provide "environmental education", including our own original contents and events tailored to children's development stages, to 100% of our customers. We have been working on raising awareness through these events. We ask participants to make an "eco-friendly declaration" and play an instrumental role in mitigating climate change through behavioral changes in their daily life. The positive feedback we received included such ideas as "reduce energy consumption at home," "switch from gas to electric vehicles," and "try more eco-friendly driving". The Minister of the Environment also gave a motivating declaration of "realizing a carbon-free society!" We have shared these declarations with all who join our events and try to make environmental concerns a central part of their life.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change performance and strategy of Benesse

% of customers by number

19.8

% of customer - related Scope 3 emissions as reported in C6.5

0.01

Please explain the rationale for selecting this group of customers and scope of engagement

Our aim is to engage with early childhood customers. This is the generation who will play an instrumental role in protecting the global environment in the future. We believe continuous environmental education offered from an early age will move the needle on addressing climate change challenges.

We place children as “the exchange students from the future.” We define our environmental activities working towards making the earth sustainable so that children can achieve “well-being” for a better life, apropos of our Corporate Philosophy “Benesse = Well-Being.”
Our environmental initiatives center around the following two principles:

① Increase the number of personnel capable of promoting environmental education, understanding environmental issues, and engaging in environmentally-conscious actions.

② Reduce our environmental burden.

We collaborate with our customers and other related parties based on principle ① as above.

Listed below are collaborative activities with our customers and related parties:

i) How we collaborate: We gain strong support for recycling the products we deliver. Details are announced through our website as below, learning material content, as well as flyers handed out at concert halls.

https://kodomo.benesse.ne.jp/open/project/recycle/ [Japanese]

ii) How we strategically prioritize collaborative activities:

a) Members of Kodomo Challenge receive educational toys (made of plastic, wood, cloth), DVDs and CDs every month. These toys use more recyclable materials compared with Shinken Zemi.

b) We place priority on collaboration with Kodomo Challenge members as there are more chances and venues, such as concerts and events, to get in contact with them.

iii) Toys collected will be decomposed to oil to be used as material for eco bags along with eco pallets in logistics.

Impact of engagement, including measures of success

Through the “Kodomo Challenge” recycling activities, we collected 730.6kg during FY2019 (the year ended March 31, 2020), making the cumulative total of 15.5 tons since the activities were launched in FY 2010. The cumulative amount collected continues to grow each year and shows a markedly successful achievement.

Since educational toys are made of a variety of materials including plastic, wood and cloth, in addition to DVDs, there are practical difficulties to convert the amount collected in terms of CO2 emissions.

③ Recycling the collected toys

Toys and learning materials collected are reprocessed into oil to be reused as energy sources.
Reprocessed oil is used as material for eco bags along with eco pallets in logistics.

④ Feedback from our customers

We created an educational DVD themed “Let’s find Mottainai (waste)!” offered to Kodomo Challenge members. Our goal is to make children who watch the program take concrete actions to “reduce” waste, by following the behavior of the main character Shimajiro and the child actors. We have received much positive feedback thanks to an effective collaborative effort.

■ Customer Questionnaire Feedback

・I am happy to see my child is becoming more conscious of waste and speaks about not wasting water and electricity.

・My child talks about the importance of caring for water and rice.

・My child sings the “Mottainai Song” when eating or washing hands.

・My child asked me if we should turn off the lights. (It was a dark rainy day so we didn’t actually turn off the lights)

・My child realized the importance of food and the reason why parents keep nagging about not wasting it.

・My child makes sure to finish all his rice.

・My child now turns off the light in a bright sunny day.

・My child now says “mottainai” when the shower is running.

・I am happy because my daughter speaks to me whenever she sees water or electric light.

・My child asked me what can be wasteful.

・My child now says “running water is a waste” and tries to save water when taking a bath. I see how he has changed from before.

・My child now eats all the food on the plate.

・I thought “mottainai” was a difficult concept to get across but Shimajiro gave us a good opportunity to think about it together.

・The concept of “mottainai” seemed difficult to teach but I found the explanation easy to follow.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution

Energy efficiency	Support	As a direct engagement with climate-related public policy making process, the Editor-in-Chief of “THANK YOU!”, a lifestyle information magazine for housewives, joined the “COOL CHOICE Promotion Team” as a member and makes suggestions. Led by the Minister of the Environment, this cross-ministry Team promotes a national movement under the slogan “COOL CHOICE” to encourage low-carbon products, services, and lifestyles in collaboration with the private sectors and local municipalities. Benesse also plays an active role in this working group. Activities continue throughout FY 2019.	【Suggestions】There is much more to do than simply promoting energy-saving home appliances. Each one of us should place ecology at the heart of our life and develop a positive image of our life getting better. Eco-awareness should take root in our life as a core value and not as a one-time trend. 【Measures Taken】The Five-Star Home Appliance Replacement Campaign was initiated in collaboration with manufacturers and retail stores. It aims to make energy-saving practices become the norm as a new value by disseminating messages on the cost-savings achieved by choosing energy-efficient appliances. These appliances are indicated by the universal energy-saving label of 5 stars. The campaign focuses on replacing refrigerators and air conditioners with five-star products and replacing lighting with LEDs. By fostering environmental awareness in each family, we can take more eco-friendly actions in our daily life while reducing harmful practices. Such a positive impact on children is what we aim for through our "environmental education" that constitutes the main pillar of Benesse’s environmental activities.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

The Association for the Promotion of Electric Vehicles (APEV) is a general incorporated association which aims to address climate change by promoting the use of electric vehicles (EV/FCV/PHV) with a strong desire to “leave a beautiful Earth for future generations.”
Since its foundation, Benesse has been an active member and continues to support APEV through different channels including donations, sponsoring various events (annual sponsorship totals 5 million JPY) as well as dispatching our employees to the organization. Since FY 2019 (year ending March, 2020), we have been serving as an executive board member.
https://www.apev.jp/en/aboutus/profile.html

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

Benesse joins the Association for the Promotion of Electric Vehicles (APEV) and works to address climate change by promoting the use of electric vehicles (EV/FCV/PHV) with a strong desire to “leave a beautiful Earth for future generations.” Through workshops and other educational activities, we have been focusing on the younger generation who will play an instrumental role in addressing climate change and protecting the global environment in the future.

The main activities for FY 2019 (year ending March, 2020) were as follows:

- Collaborated with APEV President Tajima (nicknamed Monster Tajima) in giving lectures, TV appearances and media interviews to promote EV/PHV/FCV as a measure addressing climate change.
- Organized a “Local e-mobility promotion committee” four times to discuss the promotion of EV/PHV/FCV as a measure addressing climate change.
- International Student EV Design Contest (ages 18 and above): organized 2 workshops, final judging, award ceremony and symposium given at the contest.
- EV x Future Society Creation Workshop (for high school students)
- Participation in exhibitions: Ministry of the Environment “Eco Life Fair”, Technology Exhibition for People and Cars
- Supported Directors in giving lectures and visiting high schools to talk about climate change and the promotion of EVs.
- Supported EV/PHV/FCV promotion activities of member companies.
- Collaborated with the Ministry of Economy, Trade and Industry, the Ministry of Land, Infrastructure, Transport and Tourism, the Ministry of the Environment, and the Tokyo Metropolitan Government.

How have you influenced, or are you attempting to influence their position?

Benesse’s main business is education. So as an active member of the Association for the Promotion of Electric Vehicles (APEV) with the aim of addressing climate change by promoting the use of electric vehicles, Benesse supports the International Student

EV Design Contest (ages 18 and above) and the EV x Future Society Creation Workshop (for high school students).
The EV x Future Society Creation Workshop is a new activity which started this year and aims to engage with the younger generation of high school students. We have developed a plan to engage a larger number of high school students with this initiative. We have compiled the achievements and experience gained through this workshop and submitted a report to the Society of Automotive Engineers of Japan, Inc.
Benesse is accelerating its measures against climate change through these activities and education to gain a wider acceptance and understanding of EV/PHV/FCV.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Benesse implements its environmental education programs in collaboration with various organizations. During FY 2019, we held workshops in Tama City and in Minato Ward in Tokyo. Over 10,000 participants joined the environmental workshop hosted by Tama City and organized in collaboration with a number of universities. Another workshop (2 sessions) was offered to elementary school children jointly with the University of Tokyo Science Communication/Circle CAST during the “Companies and the Environment Exhibit” hosted by Minato Ward Office. We also gave lectures on environmental issues at Tama University up to FY2018. In addition, we offer environmental education to junior high school and high school students who visit our company.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

In line with ISO14001 requirements, we assign staff members to be in charge of the environmental management of each division every year. They are informed about Benesse’s Environmental Policy and the focus of its activities together with basic knowledge and trends in environment. Based on a clear understanding, each division conducts an environmental impact assessment and draws up an environmental plan. This plan is reviewed by the Environment Promotion Secretariat for any inconsistencies with Benesse’s Environmental Policy.
We have formulated a system to verify that the activities across all divisions and regions are consistent through a quarterly report on the progress of activities. Environmental plans are revised where necessary and undergo an internal audit with the result reported to the COO.

① As an indirect engagement with the climate-related public policy making process, Benesse has joined the Japan Climate Initiative (JCI) endorsing its call for an “Ambitious 2030 Target for Japan to Realize the Paris Agreement Goal” by “going beyond 45% and aiming for an emission reduction of 50%.”
It is in line with the activities implemented by Benesse based on the plan, certified by SBT, towards achieving *WB2*°C targets for Scope 1 and 2 (reduction of 36.2% in 2030, 100% reduction in 2050). Benesse also endorses TCFD.
https://japanclimate.org/english/news-topics/comment-on-japans-new-2030-target/

② As an indirect engagement with the climate-related public policy making process, Benesse has joined the Association for the Promotion of Electric Vehicles (APEV) and works to address climate change by promoting the use of electric vehicles (EV/FCV/PHV) with a strong desire to “leave a beautiful Earth for future generations.
Since its foundation, Benesse has been an active member and continues to support APEV through different channels including donations, sponsoring various events (annual sponsorship totals 5 million JPY) as well as dispatching our employees to the organization. Since FY 2019 (year ending March, 2020), we have been serving as an executive board member.
https://www.apev.jp/en/aboutus/profile.html

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
https://pdf.irpocket.com/C9783/ZJpV/O24J/LUcX.pdf#page=60

Page/Section reference
P.1-3

Benesse “Our Response to Climate Change” > “Indicators, Targets, and Results of Initiatives" (Benesse website)
https://benesse-hd.disclosure.site/en/themes/148

TCFD scenario analysis as below:
https://sustainability-cms-benesse-hd-s3.s3-ap-northeast-1.amazonaws.com/en/pdf/tcfd_disclosure.pdf

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emissions targets

More specifically, we have disclosed information in line with TCFD as well as published information including third-party verification, participation in initiatives, and various activities with details.

Comment

The Benesse website includes information regarding our measures against climate change and its policy (Environmental Policy), governance, climate-related risks and opportunities and their impact on business, future strategies and measures, indicators, targets and results of initiatives, third-party verification, participation in initiatives to address climate change, and results of specific activities.

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job Title	Corresponding job category
Row1	Benesse Holdings Representative Director and Chairman, CEO of the Company	Chief Executive Officer

Submit your response

In which language are you submitting your response?

Japanese

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response		Public

Please confirm below

I have read and agree to the terms and conditions