Leveraging investment models to settle social issues.

Since 2013, at a time when the practice of social impact investment had yet to take hold in Japan, JVPF has opened up new unprecedented areas in the field through much trial and error. 10 years have passed since then. We would like to thank all of our many donors and pro bono partners who have shared JVPF’s ideals and supported us until now, and above all, the grant recipients who have trusted JVPF and worked together with us to expand our impact. We will continue to strive to achieve an even deeper and broader social impact in the coming years.

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Taking on the next challenge based on 10 years of achievements

10 years have passed since we were established in 2013. How was the journey to establishing venture philanthropy in Japan? And what direction are we headed in now? Members of the management team discussed these questions in a conversation with each other.

Outlook of future activities and expected expansion

Suzuki

It has been 10 years since Ms. Suzuki joined the Nippon Foundation and the Japan Venture Philanthropy Fund. How does it feel to look back on the past? How do you see the prospects of venture philanthropy going forward?

Kudo

I have always been interested in venture philanthropy. In my previous job at a trading company, I studied abroad in the U.S. for two years. I learned about venture philanthropy, so I had prepared a written proposal on the subject for internal purposes. That’s why we held the gathering with the Nippon Foundation and people from the private equity industry (SIP founding members), and I remember worrying about whether they would have anything in common to talk about. Fortunately, the event was a huge and lively success. The blend of business and philanthropy contained many points of mutual understanding, and the impression that even though we did not yet share a mutual jargon, we did share a vision.

Suzuki

I see, so that is how we ended up here. But what made you interested in venture philanthropy in the first place?

Kudo

I’m not sure if there is a direct correlation, but I had been thinking about investment in social enterprises for quite some time. I had always planned to start my own for-profit business, so I felt that there was something to learn from the social sector. I was sure I would contribute more in the social sector than in the for-profit sector. At JVPF, we spend the first three months focusing on the organization’s vision and mission, and I think that method would be useful to a lot of people, including in the for-profit sector.

Priorities for funding and management support

Kudo

Please tell us about your experience with your first project.

Suzuki

The first project I was involved in was Teachers Initiative (TI), where Mr. Shiraishi Shirota taught me the ropes about JVPF’s method of performing due diligence. However, when I went to observe a TI training camp, I saw for myself how dramatically the teachers attending were changing, and I recall feeling the significance of supporting an activity with this much of an impact.

Kudo

Venture philanthropy is generally said to involve three points: funding on long-term axis, being hands-on in addition to providing money, and focusing on supporting an organization rather than a project. How does that compare to the investments at your previous job at a for-profit business?

Suzuki

Actually I had always planned to start my own for-profit business, so I felt that there was something to learn from the social sector. I was sure I would contribute more in the social sector than in the for-profit sector.

Kudo

How do you see the prospects of venture philanthropy going forward?

Suzuki

I think the impact investment is growing right now, including from major financial institutions. The total number of people thinking seriously about the sustainability of the earth and society is on the rise. However, it is difficult to approach the root causes behind negative impacts with general finance alone, and that’s where “catalytic funds” come in. Those are funds that function as a bridge to sustain the activities. As I have told managers a number of times, “Even Tiger Woods needs a coach.” There is no way the coach is as good as Tiger Woods at golf, but as a third party with a different viewpoint, he can provide support from angles that Tiger Woods himself is not aware of.

Kudo

Indeed, that is the value that comes from third parties being involved in ways other than funding.

Suzuki

At the same time, the most time-consuming part of due diligence is defining impact. You could call it a definition of the organization’s reason for existence. Understanding fully how to relate to them afterwards and how to connect them to the social sector is on the rise. The connections between cause and effect become more evident, as we see how certain decisions taken in the past will have particular consequences in the present. Venture philanthropy is generally said to involve three points: funding on long-term axis, being hands-on in addition to providing money, and focusing on supporting an organization rather than a project.

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RENNOVATER

Renovater Co., Ltd.

Using old vacant houses to provide good-quality, low-cost residences for hard-to-house people, offering lifestyle and employment assistance, helping them build positive communication patterns with neighboring residents, and creating an environment where they can live socially and economically stable lives.

People who are hard to house because of prejudice, and the problem of vacant houses

People under certain attributes such as single elderly or foreigners often face difficulties to rent a house in ordinary market due to prejudice. In many cases, these people are also socially vulnerable, requiring care and support in order to live independently, find work and adjust to the neighboring community. There are 1,136,000 households consisting of people over 65 years old living alone. Both numbers are only expected to increase in future. Meanwhile the growing number of vacant houses is becoming a serious social problem in many areas.

Rennovater Co., Ltd. operates a rental business where it supplies residences to hard-to-house people, offering lifestyle and employment assistance, helping them build positive communication patterns with neighboring residents, and creating an environment where they can live socially and economically stable lives.

Social Issues to be Addressed

People who are hard to house because of prejudice, and the problem of vacant houses

Business Activities

Providing residences to the hard-to-house

Rennovater Co., Ltd. operates a rental business where it supplies residences to people who tend to be rejected for housing by most ordinary landlords with residences which have low rent, do not require an initial deposit, have no moving in conditions (no guarantor needed), or where tenants can move in on the same day if properties are available. In addition to supplying housing, they also offer lifestyle support by helping with concerns about living there and assisting with building relationships with those in the community.

Example of a renovation

By carrying out the minimum amount of renovation for living a comfortable life, they are able to control costs and keep rents low.
Kizuki Corporation

Under their vision of creating “a society where one can always start afresh,” Kizuki Corporation runs businesses aimed at people facing various difficulties such as dropping out or chronic absenteeism, being hikikomori (shut-ins), living in poverty, or living with depression or developmental disorders.

There are many children and youths in Japan facing issues such as dropping out or chronic absenteeism, or becoming hikikomori. However, since there are few chances to start anew, they end up giving up on what they want to do. In specific terms, there are 239,000 elementary, junior high, and high school students who are chronically absent (note 1), 541,000 hikikomori aged 39 and under (note 2), and 1,276,000 persons suffering from depression (note 3) in Japan. Thus there is a growing number of people who are forced to give up on what they wish to do and therefore cannot contribute to society due to worsening issues like chronic absenteeism, poverty, and mental health.

There are around 4.9 million people living in poverty, depression, and other issues in Japan. Thus there is a growing number of people who are forced to give up on what they wish to do and therefore cannot contribute to society due to worsening issues like chronic absenteeism, poverty, and mental health.

The lack of opportunities to recover from dropping out, chronic absenteeism, living in poverty, depression, and other issues

The College

The College provides opportunities to earn a variety of business skills. Until now, employment transition assistance offices have only provided relatively simple technical training such as light work or clerical assistance. In the rare cases when advanced skills were available, there were few types with limited options. The aim of Kizuki Business College is converting the resume gap that results from quitting work into a time of career boosting by acquiring business skills.

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Individual tutoring schools / private tutors

Operation of individual tutoring schools and private tutoring services to help chronic absentees and dropouts study and take exams.

Provides attentive support tailored to each student’s characteristics and circumstances. Their study assistance is unique because in addition to giving students a place to belong, they help them with career decisions, including entering selective universities. Many of the tutors and employees have experienced starting anew after setbacks in the past, so they serve as role models for the students.

Employment assistance

Operation of Kizuki Business College where people who have quit jobs due to depression or developmental disorders can acquire specialized business skills.

The college provides opportunities to earn a variety of business skills. Until now, employment transition assistance offices have only provided relatively simple technical training such as light work or clerical assistance. In the rare cases when advanced skills were available, there were few types with limited options. The aim of Kizuki Business College is converting the resume gap that results from quitting work into a time of career boosting by acquiring business skills.

Public-private partnerships

Cooperation with municipalities across Japan on projects such as supporting children from underprivileged households.

By partnering with authorities and municipalities all over Japan, they aim to deliver Kizuki’s support, such as projects supporting children from underprivileged households, even more widely while tackling region-specific welfare and educational issues facing children and the youth.

The Social Issues to be Addressed

- The lack of opportunities to recover from dropping out, chronic absenteeism, living in poverty, depression, and other issues

Business Activities

- Individual tutoring schools / private tutors
- Employment assistance
- Public-private partnerships

Social Impact KPI

The indicators are the number of people beginning lessons or employment preparations

Kizuki’s impact indicators will be 1) the total number of students in the private tutoring schools, 2) the total number of people enrolled in employment assistance, and 3) the (undisclosed) sales of public-private partnership businesses. For their main business of private tutoring schools and employment assistance, since users will receive the push towards a fresh start, which is the impact Kizuki aims for through the use of its services, the number of service users, i.e. the number of students and enrolled users, which is an effect that is easy to measure quantitatively, will be the indicator. For public-private partnership businesses, sales are used as the indicator because businesses are carried out in a variety of areas, making it difficult to measure effects using a uniform number of people as an indicator.

Goals

- Formulate capital strategy
- Improve and optimize existing business operations
- The aim of Kizuki Business College is converting the resume gap that results from quitting work into a time of career boosting by acquiring business skills.

Notes

[Note 1] FY 2020 Survey on Postsecondary Education, Chronic School Absence, and Other Issues Related to Student Education and Development, Ministry of Education, Culture, Sports, Science and Technology
[Note 3] Cabinet Office Survey of 540,000 hikikomori aged 15-39: they are getting older and the situation is growing more serious.
Children put in difficult situations tend to suffer from three environmental losses: loss of a learning environment, which is the loss of opportunity to learn and failure to develop study habits; loss of a safe and secure family situation; and a loss of human relationships, including a lack of a mentor and trust. Public and private entities in education and welfare actively address these kinds of issues and offer support, but society as a whole still lacks enough support, and cooperation between existing services is also insufficient.

**Economic hardship causes environmental losses for children**

**Learning Activities**

**Learning support in cooperation with local schools and communities**

Learning for All operates free learning support centers for children in 4th grade in elementary school to high school (nearly 9 to 18 years old) in cooperation with schools and local communities. We offer one-on-one and one-on-three homeroom-based guidance at schools, and also provide one-on-one guidance twice a week at community centers for children whose needs are difficult to meet individually at school, such as those who do not attend school or those not used to the Japanese language.

**Living and learning support for children with no place to go**

They give children from the first grade of elementary school to the third year of high school a stable place to belong. For children who do not know how to interact with others due to difficult home environments, children with developmental disorders, those who are addicted to the internet or chronically absent from school, and other struggling children, they draw up individual support plans tailored to each child’s needs and strengths and guardian’s circumstances, and provide close and attentive support to each one.

**Sharing knowledge about supporting children**

They have set up “Child Support Navi,” a platform where people can read and share knowledge in a wide variety of areas such as on-site management for organizations that support children, finding procurement for NPOs, and organization development. They also run a grant program that provides both financial and non-financial support in the form of training and comprehensive, side-by-side support from Learning for All for organizations that support children around Japan.

**Advocacy and rising public awareness of child poverty-related issues**

As a business that participates in government expert panels and support group conferences, and as an organization that is entrusted with child support projects in municipalities, Learning for All is actively involved in providing information, increasing public awareness, developing human resources and proposing policies concerning the still-unknown problem of child poverty from a variety of standpoints and in all types of media.

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**Goals**

**Design and development of children support collaboration system in the areas with existing sites**

- Customize collective impact models to suit local characteristics.
- Develop local collaboration systems.

**Strengthen collaboration with local residents and businesses at existing sites**

- Encourage local residents and businesses to participate in supporting children.

**Development of program for implementing comprehensive support for children in other communities**

- Increase support by cooperating with local residents and businesses in the cities of Toda and Tsukuba.
JOINS, Inc.

JOINS, Inc. offers a human resource sharing service, mainly online and remote, that enables people to have side-jobs or hold concurrent jobs in regional companies, so that the next generation living in a rural area can continue to live in a familiar place while people who live in urban areas can connect with new places to enrich their lives.

At present, funding for the revitalization of regional economies and the effective use of dormant assets is starting to come in, but this will not lead to a virtuous cycle unless there are human resources and organizations working on their utilization. While there are a number of businesses with high aspirations rooted in various regions, the human resources with expertise available for innovation are limited, making it difficult to implement concrete initiatives. Although the government of Japan endeavors to encourage migration and relocation, because of the situation, many migrants return to the city in a relatively short amount of time, which does not solve the problem.

Social Issues to be Addressed

Lack of professional human resources and organizations needed to revitalize regional economies

Business Activities

Match regional businesses with human resources living in urban areas having a side-job or holding concurrent jobs

JOINS enables skilled human resources in urban areas to contribute to the revitalization of regional economies without moving to the region through online or remote side-job matching. In addition, we offer unique programs to generate continued collaboration between such human resources and regional businesses to contribute to the increase in the related population of those who have a strong attachment to the region and to achieve regional revitalization as well as enriched lifestyles and workstyles.

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Increased matching between communities and human resources

Through side-jobs and concurrent jobs in companies in communities outside large cities, JOINS aims to impact society by helping people understand the company’s principles and build personal relationships in order to increase the number of people emotionally attached to those communities.

Social Impact KPI

Number of companies under contract

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
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<tbody>
<tr>
<td>2023</td>
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<tr>
<td>2024</td>
<td>588</td>
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<tr>
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<td>497</td>
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</table>

Number of registered human resource partners

<table>
<thead>
<tr>
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<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>10,233</td>
</tr>
<tr>
<td>2024</td>
<td>9,851</td>
</tr>
</tbody>
</table>

Goals

- Build operations for expanding business in tune with social cause
- Formulate impact-oriented industry rules for market formation

Social Issues to be Addressed

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Most of the many social issues around us were originally someone’s troubles, and they are stories happening to you or someone around you. In spite of this, many people consider these to be issues that do not concern them. This only results in a heap of social issues left behind that cannot be settled by the parties concerned alone. We need to change this structure of indifference and build a network of interest, in which each one of us uses considerate imagination, so as to create a society where it is possible to settle more issues.

### Social Issues to be Addressed

**Indifference of individuals in society towards social problems**

Ridilover Inc.

Ridilover Inc. is engaged in a business to discover problems from the troubles faced by someone, a business to turn them into social problems, and a business to invest resources in the social issues elevated from social problems that need to be solved together by everyone and take on the challenge of solving social issues as early as possible. It aims to break down social indifference by offering people opportunities to learn about and understand social problems so that they become solution providers.

**Social issues to be addressed**

- Indifference of individuals in society towards social problems
- **Review growth strategies and business strategies of existing businesses**
- **Increase in demands to have a sense of ownership of social issues and aim for solutions**
- **Strengthen governance of the organization**
- **Formulate human resource strategies**

#### Business Activities

**Operation of web media for registered members**

Manages the Ridilover Journal web media which disseminates articles that explain the social structures behind problems. Their structured reports cover topics such as lacking a family register, radicalized senior citizens, and regional healthcare.

**Conduct SDGs / social issue study tours**

Runs a program that takes junior high and high school students to visit approximately 100 sites in Japan where social issues are being resolved so they can interact with the people facing the issues and the top runners in solving them.

**Holding Field Academy training for companies**

Ridilover’s Field Academy program is aimed for future business leaders who will confront a considerable social and market uncertainties. It is designed to question “what fundamental social issues should we confront?” and foster strong sense of ownership, the ability to drive for solution, and influence others.

**Business development support and policy drafting with ministries and agencies and municipalities**

Supports companies starting new businesses focused on social issues with area research, organizing issues and business plans. We also engage in activities such as surveys, verification, PR and public awareness in collaboration with central government ministries and agencies and local municipalities, aiming for the early resolution of social issues. We will continue to work towards solutions for social issues in collaboration with various ministries and government agencies and municipalities.

### Social Impact KPI

**Increase in demands to have a sense of ownership of social issues and aim for solutions**

Since JVPF began to support Ridilover in June 2021, SKPIs such as sales (undisclosed) of Ridilover’s business development business, and the number of people participating in related programs increased both before and after the start of support. The increase occurred because the business development business provides services that meet the expanding needs of its customers, and because the number of events such as study tours has been steadily growing. During the period under review, although some orders were canceled due to the COVID-19 pandemic, SKPIs still increased due to Ridilover accurately meeting the needs of customers with its services and also as a result of its corporate sales efforts.

### JVPF Support Information

**Goals**

- **Strengthen governance of the organization**
  - Use the PDCA cycle to grow each business and expand their impact in order to fulfill Ridilover’s mission.
  - **This fiscal year’s initiatives**
    - Formulate and monitor business strategies and plans through the Board of Directors and Management Committee
    - **This fiscal year’s initiatives**
      - The growth strategy from the previous fiscal year has been updated and the business is being developed according to the updated strategy.

- **Review growth strategies and business strategies of existing businesses**
  - **This fiscal year’s initiatives**
    - The requirements for human resources that will handle business development and the factors that will attract recruits have been defined, and the necessary human resources are being secured.
    - **This fiscal year’s initiatives**
      - Establish evaluation, compensation and ranking systems based on the definition of requirements that was completed in the previous fiscal year.

- **Formulate human resource strategies**
  - **This fiscal year’s initiatives**
    - Experts in the respective fields are being recruited, and the necessary human resources are being secured.
    - **This fiscal year’s initiatives**
      - Establish evaluation, compensation and ranking systems based on the definition of requirements that was completed in the previous fiscal year.

**Social Impact KPI**

**Increase in demands to have a sense of ownership of social issues and aim for solutions**

**Number of employees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employees</th>
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<tbody>
<tr>
<td>2021</td>
<td>10</td>
</tr>
<tr>
<td>2022</td>
<td>20</td>
</tr>
<tr>
<td>2023</td>
<td>30</td>
</tr>
</tbody>
</table>

**Number of people participating in related programs**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people participating in related programs</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1,000</td>
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<tr>
<td>2022</td>
<td>2,000</td>
</tr>
<tr>
<td>2023</td>
<td>3,000</td>
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</tbody>
</table>

**Total funding and method**

- **Equity**
  - 30 million yen
- **Primary use**
  - Marketing expenses

**ANNUAL REPORT**
STANDBY Co., Ltd.

With the goal of realizing a society where people can help those they want to help, STANDBY holds practical lessons on various topics related to bullying and provides apps for building an environment where people can easily report to and consult someone they can trust, and where victims can send out an SOS without too much effort to alert those around them.

Bullying is a serious issue that affects children. According to the Ministry of Education, Culture, Sports, Science and Technology’s FY 2020 Survey on Problematic Behavior, Chronic School Absences, and Other Issues Relating to Student Guidance and Counseling, the number of recognized cases of bullying tripled between FY2014 and FY2020, and the number of child suicides reached a record high of 415. Moreover, 1 out of 3 students is unable to ask for help or consult anyone when bullied. It is also becoming clear that being bullied is linked to an increase in absences among school-aged children and a decline in academic results, and it also increases the risk of depression, anxiety disorders and likelihood of suicide across a lifetime.

We developed an app called STANDBY and provides apps for building an environment where people can easily report to and consult someone they can trust, and where victims can send out an SOS without too much effort to alert those around them.

STANDBY bullying consultation and reporting app

We developed an app called STANDBY where victims and witnesses of bullying can report or consult a dedicated counselor provided by their municipality or school anonymously via chat. Making anonymous consultations possible makes it easier to report issues, allowing bullying to be discovered and responded to at an early stage.

Shaboten (cactus) Log, an app for noticing physical and mental changes

We developed Shaboten Log, a web app aimed at helping children to notice disorders in themselves by having them intuitively select and record their mental and physical conditions. Through the health observation and bullying survey, teachers can discover and respond to child bullying early.

Social Issues to be Addressed

Increase in cases of bullying and the negative chain effect resulting on the victims

Business Activities

Providing education for observers on ceasing to be bystanders to bullying

We provide lessons and teaching materials aimed at preventing and stopping bullying before it happens by thinking and talking about bullying. They aim to create classroom surveys matched to the needs of Japanese schools through more precise data analysis.

STANDBY Support Information

Goals

- Support negotiations with U.S.-based licensor (Note 1) for development and migration to Japan-specific applications to provide services matched to the needs of Japanese schools through more precise data analysis.
- Establish a board of directors and operate it effectively to achieve business goals and expand business.
- Update financial monitoring system, promote financial measures.
- Recruit and strengthen salespersons and COO, formulate and execute municipality sales strategy.
- Plan, execute and correct the course of the new sales plan involving bottom up sales with sales priorities, top down sales, and sales through experts and other key persons.

Social Impact KPI

Increase in the number of municipalities where it is available in order to expand the business

The KPI, "number of yearly consultations" is a direct indicator of the fulfillment of the company’s goal of building an environment where people can easily report to and consult someone they can trust, and where victims can send out an SOS without too much effort to alert those around them. This number has increased because of new installations, a broadening in the targeted school years, and greater use of one-per-person devices. Switching from the STOPit American app to the Japan-specific STANDBY app in April 2022 has made it possible to collect and analyze more relevant data (new 3).

<table>
<thead>
<tr>
<th>Number of municipalities introduced with the app</th>
<th>2022.3</th>
<th>2023.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2022</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>FY 2023</td>
<td>27</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of children and students with the app installed</th>
<th>2022.3</th>
<th>2023.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>300,000</td>
<td>180,623</td>
<td></td>
</tr>
<tr>
<td>200,000</td>
<td>140,023</td>
<td></td>
</tr>
<tr>
<td>100,000</td>
<td>51,523</td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of yearly consultations</th>
<th>2022.3</th>
<th>2023.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,506</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

(Note 1) When JVPF support started, STANDBY was named STOPit Japan and was providing service using an app licensed from STOPit Solutions in the USA. After peacefully dissolving the contract with STOPit Solutions in the USA and transitioning to an in-house app, they changed their name to STANDBY in April 2022.
放課後NPO

Found many opportunities for communication and increased awareness of after-school hours

In FY2022, After School used many opportunities for communication in order to increase awareness of the values and importance of after-school hours. We had many opportunities to consider the future of after-school hours together with the participants of various events and platforms such as forums for municipalities and companies, study meetings for managers of after-school programs all over Japan, and “Super After School” events organized by After School where elementary school children could experience the joys of after-school hours. Apart from creating ideas and activities according to children’s wishes, we also searched for and supported the best ways for adults to be involved after school. And, as municipality-supported activities tailored to the issues and needs of the community increase and issue of where children go after school gains more attention, we will continue to work with diverse stakeholders to create a child-centered society this fiscal year as well.

After Support

JVPF

mutual assistance

awareness of after-school hours

Found many opportunities for recycling-oriented society.

both build connections within communities and establish a

enjoy lending and borrowing things in person. The app aims to

business in November: an app called “Locapi” where people can

Minami-ku) simultaneously. AsMama also launched another new

“Marimo Connect” in two areas of Hiroshima City (Nishi-ku and

the business of condominium sales all over Japan, to start

with Marimo Holdings, Inc., a Hiroshima City-based company in

Club,”

we launched “Hakone Child Raising Share Town” based in Yumoto

of where children go after school gains more attention, we will continue

tailored to the issues and needs of the community increase and issue

to be involved after school. And, as municipality-supported activities

tailored to the issues and needs of the community increase and issue

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hours. Apart from creating ideas and activities according to children’s

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to be involved after school. And, as municipality-supported activities

tailored to the issues and needs of the community increase and issue

of where children go after school gains more attention, we will continue

to work with diverse stakeholders to create a child-centered society this

fiscal year as well.

Social Impact KPI

<table>
<thead>
<tr>
<th>Key indicator</th>
<th>Start of support (2014)</th>
<th>End of support (2013)</th>
<th>Latest (2022/3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of schools</td>
<td>3</td>
<td>17</td>
<td>21</td>
</tr>
</tbody>
</table>

AsMama, Inc.

Enhanced activities aimed at creating a local community of mutual assistance

We started a number of new community creation businesses in FY2022. As a cooperative project with the municipal authorities, we launched “Hakone Child Raising Share Town” based in Yumoto and Sonogahara in Hakone town in Kanagawa Prefecture. We also cooperated with a company to start the “Yokohama Style Club,” located at the head office of Nissan Holdings Inc., a company that specializes in Yokohama City real estate. Thirdly we worked with Marine Holdings, Inc., a Shimizu City-based company in the business of condominium sales all over Japan, to start “Marino Connect!” in two areas of Shimizu City (Nishi-ku and Minami-ku) simultaneously. AsMama also launched another new business in November: an app called “Locapi” where people can enjoy lending and borrowing things in person. The app aims to both build connections within communities and establish a recycling-oriented society.

Social Impact KPI

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative number of registered members</td>
<td>31,658</td>
<td>69,946</td>
<td>84,135</td>
</tr>
<tr>
<td>Cumulative number of people receiving support</td>
<td>2,366</td>
<td>6,504</td>
<td>8,695</td>
</tr>
<tr>
<td>Number of share concierges</td>
<td>423</td>
<td>906</td>
<td>1,031</td>
</tr>
</tbody>
</table>

Authorized Non-Profit Organization Teach for Japan

Produced many fellows who had completed the training program

The total number of participants in the program as of April 2023 exceeds 250. They have been appointed in 67 municipalities in 26 prefectures in Japan, and they have been involved with approximately 30,000 children. Some past participants have also been appointed to important posts in school and educational administration such as assistant superintendent of education and school management roles.

We are also accelerating initiatives that leverage Teach for Japan’s networks, such as cooperation with municipalities that goes beyond accepting the fellowship program, a partnership with Tokyo Gakugei University in our recurrent business, and corporate tie-ups through our learning support business. In FY2023, we will continue to work as a team with our fellows, alumni, and employees to achieve our vision.

Social Impact KPI

<table>
<thead>
<tr>
<th>Key indicator</th>
<th>Start of support (2014/2)</th>
<th>End of support (2018/2)</th>
<th>Latest (2022/2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (thousands of yen)</td>
<td>112,756</td>
<td>73,080</td>
<td>91,258</td>
</tr>
<tr>
<td>Number of students taught by the fellows (thousands)</td>
<td>2,391</td>
<td>510</td>
<td>10,598</td>
</tr>
<tr>
<td>Number of fellows allocated</td>
<td>25</td>
<td>9</td>
<td>95</td>
</tr>
<tr>
<td>Number of schools where fellows teach</td>
<td>21</td>
<td>8</td>
<td>90</td>
</tr>
</tbody>
</table>

Authorized Non-Profit Organization Hattatsu Wanpaku Kai

Provided online support and human resource development know-how

Our theme for 2022 was “Even closer.” In our child development support business (Kai), we were able to support even more people by switching to flexible operations that allow us to provide guardian support remotely so that people can receive it in their family’s spare time. For new business, we organized “DOKYO BASE,” where development experts spent time with young children and their parents, at community centers and other places, thereby delivering an “even closer” Wanpaku Kai service to people in the community. We also got the opportunity to work with companies to develop a home visit-based education and support program for children with disabilities. You can look forward to seeing the seeds Wanpaku Kai sowed in 2022 sprouting “even closer” to everyone in the near future.

Social Impact KPI

<table>
<thead>
<tr>
<th>Key indicator</th>
<th>Start of support (2018/3)</th>
<th>End of support (2019/8)</th>
<th>Latest (2022/8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (thousands of yen)</td>
<td>174,000</td>
<td>226,610</td>
<td>202,075</td>
</tr>
<tr>
<td>Number of children participating in rehabilitation program</td>
<td>1,010</td>
<td>1,875</td>
<td>2,438</td>
</tr>
<tr>
<td>Number of consultations offered</td>
<td>33</td>
<td>33</td>
<td>25</td>
</tr>
</tbody>
</table>
Enriched teachers’ learning and expanded the ripple effect on students

Operating amidst the ongoing effects of the coronavirus pandemic, we made effective use of online means as well as customized the program according to the targets and their objectives in order to educate a diverse body of teachers such as young public school teachers, head teachers and deputy head teachers, teacher supervisors, and private school teachers. They all had different goals for participating. Teachers teaching lessons wanted to know what kind of teacher training they needed to make their local teachers capable of practicing independent and interactive learning. With the start of "Inquire" as an official subject, we are confident that demand for TI’s education will only increase.

<table>
<thead>
<tr>
<th>Teachers Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Incorporated Association Teachers Initiative</td>
</tr>
<tr>
<td>“It is teachers who can truly create the future.” With that hope, Teachers Initiative (TI) develops and delivers training programs for school teachers, boards of education and private schools. It also supports teachers taking the initiative in learning on their own by managing communities for continued learning and encouraging creative and proactive learning in Japan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Impact KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of support</td>
</tr>
<tr>
<td>August 2019 to March 2022</td>
</tr>
<tr>
<td>Total revenue (thousands of yen)</td>
</tr>
<tr>
<td>Total number of partners given vouchers</td>
</tr>
<tr>
<td>Number of partners educational/business operators</td>
</tr>
<tr>
<td>Number of municipalities commissioning business</td>
</tr>
</tbody>
</table>

Expand opportunities for learning and extra-curricular activities by providing study vouchers

In FY2023, we distributed study vouchers to 668 children. The total value of issued coupons was 1 billion yen, and the total number of supported children exceeded 5,000. Furthermore, in December, we published the interim report of the “trust-finding survey into ‘experiences disparity’ among children” carried out in 2,037 guardians of elementary school children around Japan. One of the findings was that one out of three children from economically disfavored households had zero opportunities for experiences outside school in a year. This means that solving the experience disparity has become an urgent issue. In response, CFC has established a new business, the “Heiwa Culture & Local: Children’s Experience Scholarship,” on a trial basis to give scholarship grants to children from economically disfavored households for the express purpose of experiential activities like sports and cultural activities. We are currently preparing for a full-scale launch in FY2023.

<table>
<thead>
<tr>
<th>Chance for Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Interest Incorporated Association Chance for Children</td>
</tr>
<tr>
<td>Chance for Children provides study vouchers that can be used for cram schools and extra-curricular lessons to children from low income households in an effort to resolve disparities in access to education caused by economic disparities and break the cycle of intergenerational poverty.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social Impact KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start of support</td>
</tr>
<tr>
<td>September 2016 to September 2021</td>
</tr>
<tr>
<td>Revenue (thousands of yen)</td>
</tr>
<tr>
<td>Cumulative number of students influenced by teachers participating in TI (estimated)</td>
</tr>
<tr>
<td>Total number of participants</td>
</tr>
</tbody>
</table>

Review of FY2022

This year, we successfully opened up new possibilities through projects uniting the public and private sectors. We ran a comprehensive, side-by-side rebranding business (https://cr-aeru.co.jp/projects/re-branding) for the small and medium-sized enterprises that carry on local traditions. In 2022, we were involved in a government-led project (from Nara City in Nara Prefecture) where we spent six months accompanying Nara’s traditional craft artisans. We hope to partner with municipal governments across Japan so that together we can pass on the Japanese traditions in each region to the next generation. If you know any municipal authorities interested in making their local culture exciting through public-private partnership, or any small-and medium-sized enterprises that need our side-by-side services, we would love to meet them.

<table>
<thead>
<tr>
<th>aera</th>
</tr>
</thead>
<tbody>
<tr>
<td>New initiative</td>
</tr>
<tr>
<td>To pass Japan’s traditions on to the next generation, we are starting a new initiative in 2024 called aeru time stay. It is a lodging facility where visitors can experience Japanese traditions, and we intend to open it in Nohara town, Kyoto Prefecture. This move is similar to the concepts of transformational tourism and regenerative tourism. We have settled on the over 100-year old building that will be the base of activities, and we are now making preparations for opening such as repair work and building a relationship with the people of Nohara, a very important step. Furthermore, for the “Condition your heart and mind with Japanese acupuncture and moxibustion” option we plan to introduce at the lodging facility, we plan to hold an “acupuncture and moxibustion rebranding course” with famous Japanese acupuncture and moxibustion doctors so that we can better convey Japan’s culture and spirituality. Please reach out to us if you are an acupuncturist and practitioner of moxibustion who might be interested.</td>
</tr>
</tbody>
</table>

| DONORS LIST |
| In order of Japanese syllabary |

<table>
<thead>
<tr>
<th>INDIVIDUAL DONORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual donors 45 people</td>
</tr>
<tr>
<td>Doug Miller</td>
</tr>
<tr>
<td>Hanyaya Akane</td>
</tr>
<tr>
<td>Tatsuro Adachi</td>
</tr>
<tr>
<td>Ken Bo</td>
</tr>
<tr>
<td>Raymond Wong</td>
</tr>
<tr>
<td>Hiyuki Usuka</td>
</tr>
<tr>
<td>Shinjiro Shikoku</td>
</tr>
<tr>
<td>the late Nakanouchi Family</td>
</tr>
<tr>
<td>Ryo Kanaya</td>
</tr>
<tr>
<td>Yukiya Kataoka</td>
</tr>
<tr>
<td>Megumi Kiyozuka</td>
</tr>
<tr>
<td>Takashi Kobanawa</td>
</tr>
<tr>
<td>Kazunori Kiyosawa</td>
</tr>
<tr>
<td>Masato Ishida</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CORPORATE DONORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 companies</td>
</tr>
<tr>
<td>I-NET CORP</td>
</tr>
<tr>
<td>Enfish Asset Management, Ltd.</td>
</tr>
<tr>
<td>Carly-Japan LLC.</td>
</tr>
<tr>
<td>Career Insurance Corp., Ltd.</td>
</tr>
<tr>
<td>Goldman Sachs Asset Management Co., Ltd.</td>
</tr>
<tr>
<td>Sony Network Communications Inc.</td>
</tr>
<tr>
<td>Benesse Holdings, Inc.</td>
</tr>
<tr>
<td>MIZUHO BLD., Co., Ltd.</td>
</tr>
<tr>
<td>AsahiKasei Co., Ltd.</td>
</tr>
<tr>
<td>CVC Foundation</td>
</tr>
<tr>
<td>GPSS Holdings Inc.</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>

Thank You

Thanks to the great number of donations over the past years, JVPF has been able to hold up a solid track record in Japan’s front-runner in our donors.

We greatly appreciate the support of our donors.

Inquiries JVPF Executive Office : jvpf@sil.or.jp
about JVPF

Japan Venture Philanthropy Fund (JVPF) is Japan’s first full-scale venture philanthropy fund, established to increase the social impact of social purpose organizations by encouraging their growth through financial and managerial support. From short-term support to long-term investment, from monetary support to networking support, from supporting a project to strengthening an organization – our mission is to bring about a paradigm shift in charity activities.

The Organizations We Support

JVPF supports organizations that have the potential to achieve social responsibility by seeking to solve social issues, innovation in devising solutions to increasingly complex issues, and profitability to ensure operational sustainability.

We tackle educational issues that will affect Japan’s future, such as inequalities in access to education resulting from increasing economic disparities, and poverty and reduced self-esteem among children. In addition, we support problem-solving that addresses the declining birthrate, which is Japanese society’s greatest challenge, by supporting enterprises that seek to create a society where it is easy to give birth and raise children. We also implement initiatives to support women’s participation in the workforce.

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We support enterprises that aim to create and strengthen communities, which are key to solving social issues of all kinds. The enterprises we seek out and cultivate are not only those that revitalize existing communities, but also those that generate new communal ties and social capital.

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We provide funding of tens of millions of yen per enterprise, combining grants, loans, and investments in the most effective ways.

We support entire operations rather than individual projects. We not only support funding but also take part in strategic planning to promote the development of organizations.

Choosing from combinations of funding methods including grants, investments, and loans gives us the flexibility to meet the needs of organizations.

Our support involves a medium-to-long-term timeframe of three to five years, during which we evaluate and monitor the project’s progress and social impact. By emphasizing concrete results produced by the organization, we promote substantive solutions to social issues.

The Support We Offer

- **Provision of funding**: We provide funding of tens of millions of yen per enterprise, combining grants, loans, and investments in the most effective ways.
- **Devising operating strategies**: We define the business domain according to the social issues to be addressed, identify the business resources that are lacking, and work with grant recipients to devise a medium- to long-term operating plan.
- **Devising financial strategies**: We help grant recipients to develop mechanisms and methods that ensure sustainable procurement of funds to enable them to conduct their operations.
- **Involvement in management**: We collaborate closely with grant recipients by, for example, participating in their management as board members / outside directors. We monitor their operational execution as we support them over a number of years.
- **Other support**: We also strengthen organizations’ capabilities in terms of marketing, PR strategy, human resources, operational management framework, coaching of the senior management team, coordination with associated business operators, and the framework for reporting to stakeholders.

Characteristics

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JVPF Selection Committee Members (As of March 2023)

- **Chair**: Mitsuki Aoyagi (Vice-chair of Executive Committee, Social Innovation and Investment Foundation (SIIF))
- **Member**: Namako Kudo (Member of Executive Committee, Social Innovation and Investment Foundation (SIIF))
- **Member**: Sakae Suzuki (Representative Director & CEO, Social Investment Partners)
- **Member**: Daishiki Takahashi (Representative Director, Social Investment Partners / Principal, CVC Asia Pacific Japan K.K.)
- **Member**: Hironobu Nomiyama (Managing Director, Social Investment Partners / Representative Director, Crosspoint Advisors)
- **Advisor**: Ernie Yasa (General Partner, Globis Capital Partners)

Overview of Fund (As of March 2023)

Japan Venture Philanthropy Fund

Working Group

Investment Committee

Board

Partnership

Pro bono Partners

Strategy. Legal. Accounting

Sourcing

Donor

Fund

Grant

JVPF
**JVPF ACTIVITIES BY DATA**

### Number of pro bono partners supporting JVPF

- 2018: 32
- 2019: 45
- 2020: 42
- 2021: 73

### Time dedicated to JVPF by pro bono partners

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,597h</td>
</tr>
<tr>
<td>2019</td>
<td>1,465h</td>
</tr>
<tr>
<td>2020</td>
<td>2,429h</td>
</tr>
<tr>
<td>2021</td>
<td>3,966h</td>
</tr>
<tr>
<td>2022</td>
<td>1,319h</td>
</tr>
</tbody>
</table>

**FINANCIAL POSITION**

### Number of beneficiaries

<table>
<thead>
<tr>
<th>Type</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Number of children who have participated in programs offered by JVPF After School</td>
<td>200,000</td>
<td>160,000</td>
<td>150,000</td>
<td>207,000</td>
<td>291,000</td>
</tr>
<tr>
<td>2. Number of children participating in JVPF’s 1:3 matching fund program sponsored by Nippon Foundation</td>
<td>1,344</td>
<td>1,675</td>
<td>2,694</td>
<td>2,072</td>
<td>2,438</td>
</tr>
<tr>
<td>3. Cumulative number of those who have obtained “Child-Raising Shares” in AsMama</td>
<td>59,057</td>
<td>69,946</td>
<td>76,826</td>
<td>80,267</td>
<td>84,135</td>
</tr>
<tr>
<td>4. Number of students taught by Teach for Japan fellows</td>
<td>964</td>
<td>510</td>
<td>3,771</td>
<td>10,005</td>
<td>10,598</td>
</tr>
<tr>
<td>5. Gross number of Aeru customers per year (goods sales alone)</td>
<td>4,700</td>
<td>3,810</td>
<td>2,764</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Cumulative number of students of teachers participating in Teachers Initiative programs</td>
<td>17,430</td>
<td>29,810</td>
<td>52,500</td>
<td>79,555</td>
<td></td>
</tr>
<tr>
<td>7. Number of children receiving “1:3 Matching Shares” in AsMama</td>
<td>114,301</td>
<td>135,348</td>
<td>157,586</td>
<td>207,000</td>
<td>291,000</td>
</tr>
<tr>
<td>8. Number of children supported by locations under Learning for All’s direct management</td>
<td>971</td>
<td>1,228</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Number of people providing jobs for 6 months or more through JVPF</td>
<td>275</td>
<td>497</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Number of people participating in Ridilover-related programs</td>
<td>3,033</td>
<td>8,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Number of yearly consultations on the STANDY anonymous reporting app</td>
<td>1,708</td>
<td>10,598</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Number of residences provided by Rennovater</td>
<td>137</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Total number of students at Kizuki’s tutoring schools</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of existing grant recipients (2-13)</td>
<td>66,065</td>
<td>91,696</td>
<td>165,158</td>
<td>216,073</td>
<td>286,522</td>
</tr>
<tr>
<td>Total number of new grant recipients (1-13)</td>
<td>266,965</td>
<td>253,571</td>
<td>401,213</td>
<td>515,417</td>
<td>674,693</td>
</tr>
</tbody>
</table>

### Number of donors


### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation</td>
<td>7,729</td>
<td>26,881</td>
<td>13,390</td>
<td>58,367</td>
<td>528,746</td>
</tr>
<tr>
<td>Commitment from Nippon Foundation</td>
<td>7,729</td>
<td>26,881</td>
<td>13,390</td>
<td>58,367</td>
<td>528,746</td>
</tr>
<tr>
<td>Others</td>
<td>30,000</td>
<td></td>
<td></td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>Total</td>
<td>45,458</td>
<td>53,762</td>
<td>26,780</td>
<td>116,735</td>
<td>1,087,492</td>
</tr>
</tbody>
</table>

### Expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant / Investment</td>
<td>50,000</td>
<td>20,000</td>
<td>74,555</td>
<td>74,090</td>
<td>345,645</td>
</tr>
<tr>
<td>Operating expenses &amp; fees</td>
<td>28,379</td>
<td>46,613</td>
<td>42,408</td>
<td>48,050</td>
<td>196,481</td>
</tr>
<tr>
<td>Expenditure total</td>
<td>78,379</td>
<td>66,613</td>
<td>116,963</td>
<td>122,140</td>
<td>542,126</td>
</tr>
</tbody>
</table>

In accordance with the JVPF’s “Terms and Conditions for the Acceptance and Use of Donations,” up to 25% of the total amount contributed to the fund may be used for operating expenses. Any unused portion of the operating expenses may be reclassified to the fund.

### Fund balance

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>653,804</td>
<td>640,953</td>
<td>550,770</td>
<td>545,365</td>
</tr>
</tbody>
</table>

### Asset under management


<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>844,756</td>
<td>890,214</td>
<td>943,977</td>
<td>970,757</td>
<td>1,087,492</td>
</tr>
</tbody>
</table>
APPENDIX

WHAT

Management support: What does management support involve?

Support from JVPF has two parts: financial support, and the equally important management support. Management support is the core of the venture philanthropy method, and it is an important element for ensuring that the grant recipient organization continues to grow even after the support period (usually about three years) and that their impact continues to increase.

To explain what this involves in concrete terms, the Investment/Support Managers responsible introduce specific case studies of universal topics such as personnel systems and management accounting.

Support for personnel system of Ridilover Inc. ("Ridilover")

WHY

Why did Ridilover need support to build its personnel system?

The organization’s atmosphere and culture get richer as the number of people increases and the organization grows. The accumulation of interactions through communications between members (conversations and evaluations) is what creates the culture. The culture of the culture progresses with the number of edges (lines). Ridilover developed from a platform (also called “Ridilover”) that now-representative Abe started as a student at the University of Tokyo in 2009 to communicate and share social problems through tours. It was established as a company in 2013. By 2022, with the kind support of the organization, the culture get richer as the number of interactions increases and the organization grows.

Officer’s impressions

The process of creating a personnel system was complex. A personnel system is something extremely unique to Ridilover. In this case, the evaluation system, compensation system and ranking system formed one unit, so we organized them comprehensively as the three pillars of this personnel system.

The actual process of creating the personnel system was conducted in collaboration with EY Japan (EY), one of our pro bono partners. Specifically, EY formed a team of five members for us, and they helped us to organize the “Why”, “How”, “What” sections above and design the evaluation, compensation and ranking systems while holding discussions every other week for about six months. The representative and the hiring and human resource manager participated from the Ridilover side as they carefully deliberated how to create the optimal personnel system for the organization.

Officer's impressions

Senior Associate
Investment/Support Officer
Yusuke Yokoyama

(holding regular meetings with the representatives and his management team on a monthly basis as necessary.

Evaluation system

Set evaluation criteria (e.g. skills, competencies, OKR)

Compensation system

Position salaries and bonuses

Ranking system

Hierarchy and roles, approach to promotions (admission, graduation)

Note 1) We hold regular meetings with the representative and his management team on a weekly or monthly basis as necessary.

Find out why

Design system’s general framework

Detailed system design

Share it within the company

What support did we provide?

Training for evaluators

Explanations of the system for those evaluated

Document operating rules and guidelines

Find out why

Why are we introducing a personnel system?

And why now?

The actual process of creating the personnel system was carried out with the kind support of a personnel team from EY Japan (“EY”), one of our pro bono partners. Specifically, EY formed a team of five members for us, and they helped us to organize the “Why”, “How”, “What” sections above and design the evaluation, compensation and ranking systems while holding discussions every other week for about six months. The representative and the hiring and human resource manager participated from the Ridilover side as they carefully deliberated how to create the optimal personnel system for the organization. The specific contents of the discussions were varied, but the major topics included documenting Ridilover’s unique “Whys” stated above, writing down skills and competencies intended to encourage deeper introspection, what specific results to evaluate, the ranks that should be in the organization and their relation to skill and competency levels, how to provide feedback outside of evaluation times, and how to carry out evaluation training. At the time of writing this column, the general framework of the personnel system was complete, and detailed final adjustments were being made in order to introduce the system. However, we had already seen results in the form of the evaluation system (what to evaluate and how) and ranking and compensation systems (the organization’s hierarchy and the compensation range linked to it) being formulated. And above all, through the process of leadership discussing the personnel system, we had found a deeper understanding of what Ridilover valued and how to develop people, which was a major achievement. Incidentally, although I was not involved in that project, Chance for Children (P.19) also created a personnel system with EY’s support. There’s is already in the operating phase, and it is having a direct effect on improving employee skills and strengthening the organization’s foundations.

Support for personnel system of Ridilover Inc. ("Ridilover")
JOVF’s support is directed at organizations that have entered the second phase of growth after the end of their business launch phase. “Establishing management accounting” is a management support measure we almost always implement for organizations in this second phase of growth. We do this because the importance of more precise financial monitoring grows along with the growth and expansion of a business. When JOVF sets out to provide support, we mainly consider:

1. The effects of prior growth-focused investments,
2. The organization’s revenue model, and
3. The financial structure at the start of support, and based on that we design and introduce tailor-made management decision indicators that benefit the organization’s business operations. The following are specific examples from two companies we are currently supporting.

STANDBY’s case: Addressing the risk of insufficient cash

Practical effect of prior investments: Using prior investments, including JOVF funds, they switched from the model of being a sales agency for a foreign system to an in-house system sales model in 1, and changed their business model from one used only pull sales to one that incorporated push sales as well. Their cost structure changed dramatically as a result, and therefore their original sense of costs no longer applied.

Revenue model: STANDBY’s business is receiving contracts from individual municipalities to install an app for reporting bullying, and their main customers are municipal authorities. They generally receive payments from the municipality several months to twelve months after service provision starts. Hence, they incur expenses first, which makes insufficient cash a management risk factor.

Financial structure: Making prior investments or expanding the business without a sufficient cushion in the account balance increases the risk to business continuity. To prevent this risk from becoming a real estate business, they have a general level of long-term borrowings, which makes monitoring of their financing extremely vital.

Renovater’s case: Setting appropriate prior investment levels

Effect of prior investment: They practiced strict cost control from the start, but with the expansion of the business, it became highly necessary for investors (fund providers) and the business operator (Renovater) to align their views on decision-making when it came to what level to accelerate to. Management accounting information is therefore an important indicator.

Revenue model: Renovater, which operates a real estate business, is characterized by the fact that its stability cannot be understood with general PL indicators alone. It was important to strike a balance between accelerating and slowing down in terms of how much cash to secure at hand and how to control cash flow, including principal and interest repayments.

Financial structure: Although they had a cash cushion of a certain size, as a real estate business, they have a general level of long-term borrowings, which makes monitoring of their financing extremely vital.

We built a structure where budget control for profit and loss changes (sales, cost price, selling, general, and administrative expenses, operating profit) cash flow (simple sales/investment/financing CF and net CF), balance sheet (especially debt) could be performed on a single sheet.

STANDBY’s case

We established an operating structure that can make the necessary predictions according to the timeline and monitor the timing of expenses and fund procurement.

- Monthly: Monthly cash income and expenditure, monitoring predicted cash and deposit balance for several months ahead.
- Every quarter: Monitoring cash prediction for the fiscal year.
- Yearly: Formulate cash plans (two or more, for standard and conservative cases) for the next three years.

Example of “signal system”

<table>
<thead>
<tr>
<th>Month</th>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>110</td>
<td>100</td>
<td>90</td>
</tr>
<tr>
<td>Plan</td>
<td>100</td>
<td>90</td>
<td>80</td>
</tr>
<tr>
<td>Previous</td>
<td>100</td>
<td>90</td>
<td>80</td>
</tr>
<tr>
<td>% plan</td>
<td>100%</td>
<td>90%</td>
<td>80%</td>
</tr>
<tr>
<td>% vs plan</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Revenue

We built a structure to create and operate financial indicators that show the inherent prior investment levels, which are not generally represented on financial statements.

- IS is set based on the founder’s experience level, each perspective of financial institutions, and industry-specific financial indicators.

For example, we also used DSCR (an indicator that measures how much cash flow is available for making principal and interest repayments on debt) or financial indicators often used in the real estate industry, to set the financial indicators.

Officer’s impressions

Reading the article above may give reader the impression that we provided support with the ideal objectives and future in mind. In actual fact, however, especially when customizing support for each organization, the structures were established as a result of thinking of, designing and executing the measures necessary to deal with issues at the time when the issue was actually identified, as the occasion called for. We use trial and error to understand the situation the organization is in and their own sense of risk and awareness of their circumstances as a presupposition to figure out how to share an awareness of risk and how to find and allocate the necessary man hours in order to build and efficiently operate management accounting. In the course of organizing my thoughts on this project, I became aware once again of the impact we are having on society by donating funds and providing support and investment. And I was once again filled with appreciation for the heartfelt donations that donors have entrusted to us and the organizations, which forms the capital that makes our support possible. We are truly grateful.

President

Takuma Nara