

June 4, 2018
Benesse Holdings, Inc.

Notice Regarding Results of the Board of Directors' Effectiveness Evaluation

Benesse Holdings, Inc., announces today that an evaluation of its Board of Directors' effectiveness was recently completed. A summary of the evaluation and results is provided as follows.

1. Evaluation Method

A questionnaire was distributed to all directors and Audit & Supervisory Board members and their responses were collected. Based on those responses, the Board of Directors analyzed and evaluated its effectiveness, and deliberated on the results.

- Respondents: All members (including outside members) of the Board of Directors and the Audit & Supervisory Board (14 in total)
- Period: End of March to mid-April
- Answer format: Five-point scale questions with space for comments (responses were not anonymous)
- Evaluation items:
 - 1) Overall effectiveness of the Board of Directors
 - 2) Appropriateness of the Board of Directors' composition
 - 3) Functioning of the Board of Directors
 - 4) Quality of discussions in Board of Directors meetings
 - 5) Provision of information and training

2. Summary of the Analysis and Evaluation Results

The questionnaire results confirmed that the appropriateness of the Board of Directors' composition and the quality of its discussions in meetings had improved compared with the previous year. Results for the other evaluation items were generally in line with the previous year's results. The Board of Directors concluded that it had more effectively performed its role on the whole and also strengthened corporate governance from the following perspectives.

- The Board of Directors judged that its current composition is appropriate. For example, more than half of the directors are outside directors with a

wide range of experience and expertise, and the Board of Directors meetings are chaired by an outside director.

- The directors and Audit & Supervisory Board members made use of their experience and expertise to conduct free, frank, and constructive discussions. These were facilitated by adequate support for the outside directors and members of the Audit & Supervisory Board, including various briefings and distribution of materials ahead of meetings, as well as assistance from the Executive Research Committee.

In addition, the Board of Directors reaffirmed that it must continue raising the level of its effectiveness in order to successfully diversify the Benesse Group's business portfolio and accomplish the goals of the new medium-term management plan, Transform and Grow Benesse 2022. On that basis, it set the following tasks.

- Examine the diversity of the Board of Directors' composition from a medium-term perspective
- Fully deliberate on policies concerning the Company's capital
- Continue providing outside directors and members of the Audit & Supervisory Board with relevant information and opportunities to conduct inspections of the Group's workplaces and facilities to gain a better understanding of its businesses and operations

3. Initiatives Based on Previous Evaluation Results

After analyzing and discussing evaluation results in fiscal 2016, the Board of Directors carried out the following key initiatives from fiscal 2017, which contributed to raising the quality of discussions in its meetings and improving its overall effectiveness.

- Outside directors and members of Audit & Supervisory Board were invited to take part in discussions concerning management strategies and important business risks, including decision-making sessions on the medium-term management plan.
- The number of projects undertaken by the Executive Research Committee was expanded to 14 annually with a view to deepen understanding of the Group's businesses and enhance discussions regarding important management issues.
- An information session for outside directors and members of Audit &

Supervisory Board was held one week in advance of each Board of Directors meeting for the purpose of explaining the details of important agenda items and sharing information among those participants.

As a result of the above initiatives, discussions in Board of Directors meetings concerning medium-term management strategies and business risks were deemed to have substantially improved according to responses in the most recent effectiveness evaluation. The responses also confirmed that the Group's financial results were fully understood in Board of Directors meetings, and, consequently, the Board appropriately supervised business planning and execution in accordance with management and business strategies. In these regards, the effectiveness of the Board of Directors had improved according to the evaluation. On the other hand, the Board recognizes that there is still need for further improvement since some items in the questionnaire were evaluated relatively poorly for the second consecutive year.

4. Future Measures in Response to the Evaluation Results

After discussing the questionnaire results, the Board of Directors decided that in addition to continuing the previous year's initiatives for improving its functioning, it will also initiate the following measures in fiscal 2018.

- Methods will be considered for increasing the diversity of the Board of Directors and grooming potential director candidates in cooperation with the Nomination and Remuneration Committee.
- Comprehensive deliberations will be carried out concerning medium to long-term policies on the Company's capital, the adoption of key performance indicators, and other related matters.
- Opportunities will be provided for outside directors and members of Audit & Supervisory Board to observe and experience the Group's products and services onsite, and interact with employees at workplaces on a regular basis.

Through the above measures, the Company's management will continue working to enhance the Board of Directors' effectiveness and strengthen corporate governance.