

## **Summary of Results of Evaluation of the Effectiveness of the Board of Directors**

We recently conducted an evaluation of the effectiveness of our Board of Directors. A summary of the results of this evaluation is provided below.

### **1. Evaluation method**

A questionnaire on the effectiveness of the Board of Directors was distributed to all directors and all members of the Audit & Supervisory Board. In addition, all of the directors and members of the Audit & Supervisory Board were interviewed by outside experts. Based on these responses, the Board of Directors analyzed and self-evaluated its effectiveness, and then discussed the results.

(1) Survey participants: A total of 14 Directors and members of the Audit & Supervisory Board

(2) Method and content

1) Questionnaire survey

Survey Period: March 2021

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

Evaluation items:

- ① Overall evaluation of the Board of Directors
- ② The composition of the Board of Directors
- ③ The operations of the Board of Directors
- ④ The quality of Board discussions
- ⑤ Information provision and training
- ⑥ Dialogue with shareholders and investors

2) Individual interviews

Survey Period: March to April 2021

Method:

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

## **2. Summary of analysis and evaluation of results**

The results of the questionnaire and the interviews confirm that the effectiveness of the Board of Directors remains at a high level and that substantial discussions are held. With regard to the role of the company's Board of Directors, it has been determined that the overall effectiveness of the Board remains at a high level, based on the following points.

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

At the same time, as it is essential to continue working to raise the effectiveness of the Board of Directors and corporate value, it was confirmed that the following measures should be implemented:

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

## **3. Future action in response to the results of the survey**

In light of the results of the questionnaire and the interviews, it was determined from discussions among all the directors and members of the Audit & Supervisory Board that the following important initiatives regarding the Group's optimal governance should be implemented in FY2021.

### ① Monitoring of the medium-term management plan

- Ongoing discussion regarding review of the business portfolio and the allocation of management resources

- ② Discussion regarding nominations and compensation
  - Criteria for the appointment and dismissal of representative directors and evaluation methods (short-term objectives, medium-term objectives)
  - Succession planning for representative directors, executive training and compensation
- ③ Discussion regarding ESG and sustainability initiatives
- ④ Discussion regarding improving diversity and inclusion
- ⑤ Enhanced dialogue with shareholders and investors and improved feedback to management
- ⑥ Increase discussion time in order to facilitate the above-mentioned discussions by carefully selecting board meeting proposals.  
Promote free and open discussion by increasing opportunities for dialogue among members of the Board of Directors through participation in various events including preliminary briefings and executive study sessions.

Through the aforementioned measures, Benesse Holdings Inc. will continue working to improve the effectiveness of its Board of Directors and strengthen corporate governance.

**<Reference> Action taken in response to the results of the previous survey**

After analysis and discussion by the Board of Directors of the results of the FY2020 survey, the following points were identified as important measures to enable an increase in the quality of Board discussions and a rise in its effectiveness.

In the process of preparing the medium-term management plan, in addition to the Board of Directors meetings, members of the Board held three offsite meetings for intensive discussions where there was a lively exchange of opinions.

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

As a result of these efforts, the Board of Directors achieved high-quality discussions. It will continue to conduct such discussions in order to further increase corporate value.