

Corporate Governance

Corporate governance

The Company continuously appoints both directors in charge of business execution and multiple, highly independent outside directors. This ensures that meetings of the Board of Directors consist of lively, multifaceted discussions that go beyond internal circumstances and that the supervisory function of the Board of Directors is maintained and improved. It also ensures that the Company conducts effective audits by standing Audit & Supervisory Board Members who are knowledgeable about the Company and by outside Audit & Supervisory Board Members who are attorneys or certified public accountants.

Board of Directors

In principle, the Board of Directors, led by an outside director, meets monthly to deliberate on matters important for the management of the Company and the Benesse Group, make key management decisions, and supervise the business execution of the operating companies. Since 2003, the Company has appointed multiple outside directors. Four of the Board's eight directors are outside directors (all of whom are independent outside directors). By appointing multiple directors and multiple highly independent outside directors, the Company assures the Board's supervisory function and executes business appropriately.

Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee as an advisory committee to the Board of Directors. The chairman is an outside director and the majority of the Committee's members are outside directors. In the appointment and dismissal of directors and of the director and president/CEO, the Committee deliberates and submits its opinion to the Board of Directors, which makes the final decision.

The Committee also deliberates on the compensation system for directors and submits its opinions to the Board of Directors. It is delegated by the Board of Directors to decide the compensation of individual directors.

Management Council

The Management Council is chaired by the COO and attended by heads of companies, those responsible for administrative divisions, and individuals designated by the CEO or the COO. Group management leaders share important issues and information and deliberate on important matters for the Group.

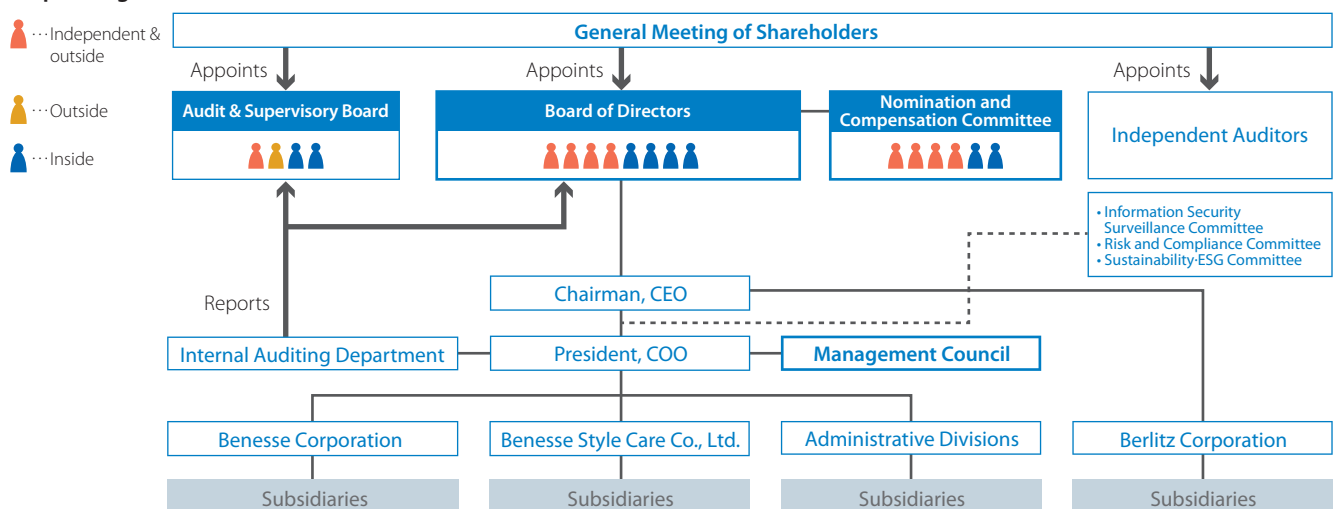
Audit & Supervisory Board

In accordance with the Audit and Supervisory Board Member Auditing Standards, the policy of the Audit & Supervisory Board is to assume responsibility for establishing a good corporate governance structure worthy of the trust that society places in the Company, with emphasis on preventive auditing. The Company also conducts effective audits via standing members of the Board who are knowledgeable about the Company, and via outside Board members who are attorneys or certified public accountants.

The Board meets once a month, in principle, and individual Board members share their awareness of key management issues by attending important management meetings such as Board of Directors, Nomination and Compensation Committee, and Management Council meetings, and by exchanging opinions with senior management. Two standing members of the Board and one part-time member also serve as auditors for major subsidiaries while actively receiving verbal business reports and the results of investigations of business conditions by operating companies.

In addition to appointing two dedicated audit staff members to enhance its audit system, the Company has established the Benesse Group Audit Committee (which also includes standing members of audit & supervisory boards at subsidiaries) to strengthen cooperation among the Group's audit systems.

Corporate governance structure



Improving the effectiveness of the Board of Directors

In fiscal 2015, the Company began carrying out an annual assessment of the Board of Directors. Since fiscal 2016, the findings of these assessments have been used to make improvements to the Board of Directors.

In fiscal 2020, as well, a questionnaire was administered to all 14 directors and members of the Audit & Supervisory Board. Outside experts also interviewed all of the directors and members of the Audit & Supervisory Board. Based on the results, the Board's effectiveness was analyzed and the Board evaluated itself and deliberated concerning the results. The questionnaires and interviews found the Board of Directors to have maintained a high level of effectiveness and confirmed that the Board engages in substantive discussions. However, they also confirmed further issues to be tackled in order to raise the effectiveness of the Board of Directors and continue increasing the Company's value. These issues will be resolved through further deliberation by the Board of Directors.

1) Questionnaire evaluation

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

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

FY2020 initiatives and future actions

FY2020 initiatives

Efforts were focused on the following items based on the results of the previous questionnaire. 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

Overview of the FY2020 assessment

High level maintained

- Thorough support is given to outside directors and to members of the Audit & Supervisory Board by means of practices such as various types of briefings and the holding of officer study sessions. 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.

Issues to be further addressed

- Ongoing review of the business portfolio and discussion regarding 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

FY2021 initiatives based on the results of the evaluation

It was confirmed that focused efforts would be made to address the following issues.

- (1) Monitor the medium-term management plan
- (2) Discuss nominations and compensation
- (3) Discuss ESG and sustainability initiatives
- (4) Discuss improving diversity and inclusion
- (5) Enhance 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

Corporate Governance

Composition of directors and how they are appointed

The Company employs the following method of appointing directors in order to ensure proper supervision over management from the standpoint of achieving sustained growth for the Benesse Group.

- **Number of Board members**

No more than 10 directors.

- **Diversity**

The Board seeks to maintain a good balance among its directors, appointing directors with diverse types of expertise and experience without being too heavily weighted in any specific field. The Company is appointing female directors and ensuring diversity in terms of gender. The Board is also improving the effectiveness of its supervision by appointing multiple outside directors who have experience in managing companies or who have high levels of insight and expert knowledge in sectors such as global business and IT/digital technology, in which the Company aims to grow in the future.

- **Outside directors/independence**

In order to ensure proper supervision over management, at least half of the Board is composed of outside directors, and at least one-third is composed of independent outside directors.

- **Requirements of directors**

Directors, who possess the expertise and knowledge necessary to address medium- and long-term management issues and social issues (see the skill matrix on p. 44), must also satisfy the following requirements, which have been established to ensure that they can properly handle their roles

1. Deep understanding and empathy for the corporate philosophy of the Benesse Group
2. Outstanding leadership befitting of a manager
3. Outstanding character and insight, as well as mental and physical health
4. Meets legal requirements for eligibility as a director

- **Appointment process**

The Nomination and Compensation Committee, which is chaired by an outside director and the majority of whose members are outside directors, deliberates on the nomination of directors and submits its opinion to the Board of Directors, which then makes a final decision. This format ensures transparency, fairness, and objectivity in the appointment of directors.

Reasons for the appointment of outside directors and Audit & Supervisory Board Members

Directors of the Board

Katsumi Ihara	Mr. Ihara has acquired extensive company management experience and knowledge at global companies and as an outside director at other companies. As chair of the Board of Directors and the Nomination and Compensation Committee, he is drawing on this experience and knowledge to contribute to the improvement of the transparency of the decision-making processes used in managing the Company.
Mutsuo Iwai	Mr. Iwai has acquired extensive company management experience and knowledge at global corporations. He is drawing on this experience and knowledge as a member of the Board and the Nomination and Compensation Committee to contribute to the improvement of the transparency of the decision-making processes used in managing the Company.
Yumiko Noda	Ms. Noda has extensive management experience and expert knowledge in finance. The Company believes she will be able to draw on this experience and knowledge in her role as outside director to contribute to the Company's sustainable growth and enhance its medium-to-long term corporate value.
Kohey Takashima	Mr. Takashima has extensive company management experience and expert knowledge in e-commerce. The Company believes he will be able to draw on this experience and knowledge in his role as outside director to contribute to the Company's sustainable growth and enhance its medium-to-long term corporate value.

Audit & Supervisory Board Members

Eiichi Izumo	Mr. Izumo, formerly a partner at Deloitte Touche Tohmatsu LLC, possesses the professional knowledge of a certified public accountant and experience acquired by working with many different companies in various roles as an auditor and consultant. Utilizing this knowledge and experience, he actively provides opinions and recommendations on important matters for the management of the Company in the Board of Directors and the Audit & Supervisory Board.
Miyuki Ishiguro	Ms. Ishiguro has considerable practical experience and advanced insight into corporate affairs law as a partner in a major law firm, as well as experience as an outside officer in other companies. In the Board of Directors and the Audit & Supervisory Board, she draws on this experience and expertise to actively offer opinions and recommendations regarding important matters associated with the management of the Company. The Company therefore judges that she is capable of continuing to appropriately perform her duties as an outside audit & supervisory board member.

* Please see our website for the Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members.
https://www.benesse-hd.co.jp/en/about/management/corp_governance.html

Officer compensation

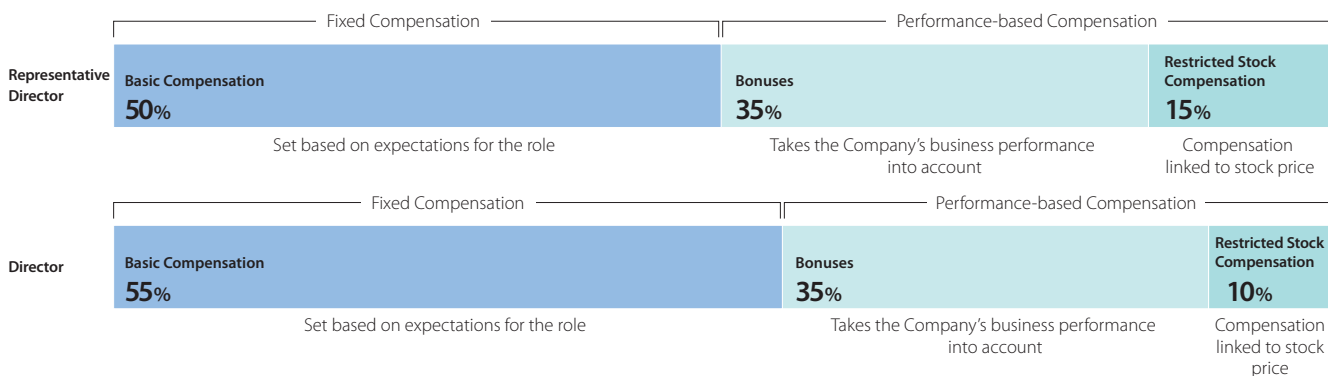
The Benesse Group aims to achieve sustained medium- to long-term growth for the entire Group. We have designed a system of compensation for executive directors that provides incentive for the sustained improvement of corporate value by focusing not only on short-term business results, but also on contributing to the improvement of employee satisfaction and the organizational culture, and on medium- and long-term business results. At the same time, compensation for non-executive directors, including outside directors, is composed of only basic compensation, so as

not to obstruct outside directors' supervision of management.

Compensation for directors is set to competitive levels commensurate with the roles, skills, and responsibilities expected of directors who manage the Group, based on median levels found for Japanese companies of similar size using externally-conducted compensation surveys as a reference. Furthermore, compensation for directors is evaluated by the Nomination and Compensation Committee, which deliberates regarding the amount of compensation.

At the same time, compensation for Audit & Supervisory Board Members is decided through consultation with those members, and is composed of only basic compensation.

Compensation system for directors (excluding outside directors)



Total compensation by officer category (FY2020)

Officer Category	Directors (excluding Outside Directors)	Outside Directors	Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	Outside Audit & Supervisory Board Members
Amount of Compensation (millions of yen)	204	63	64	20
Amount of Compensation by Type (millions of yen)	Basic Compensation	97	63	20
	Bonuses	61	—	—
	Restricted Stock Compensation	44	—	—
Number of Eligible Officers	5	7	2	2

Activities of the Nomination and Compensation Committee

Activities in 2020 and 2021 (August 2020 to April 2021)

	Date	Agenda Theme
1st meeting	August 7, 2020	1. Appointment of outside directors for the upcoming fiscal year
2nd meeting	September 4, 2020	1. Discussion regarding the organization of Benesse HD 2. Selection of outside directors for the upcoming fiscal year
3rd meeting	November 6, 2020	1. Selection of outside directors for the upcoming fiscal year 2. CEO succession plan
4th meeting	December 4, 2020	1. Selection of outside directors for the upcoming fiscal year 2. CEO succession plan

	Date	Agenda Theme
5th meeting	January 15, 2021	1. Selection of outside directors for the upcoming fiscal year 2. Deliberation regarding the organization (roles) of inside directors in the upcoming fiscal year 3. Disclosure of the policy used to decide on directors' compensation
6th meeting	March 5, 2021	1. Management structure for FY2021 2. Organization of executive officers in Benesse HD in FY2021
7th meeting	March 24, 2021	1. Organization of directors following the next General Meeting of Shareholders 2. CEO succession plan
8th meeting	March 30, 2021	1. Organization of directors following the next General Meeting of Shareholders 2. CEO succession plan
9th meeting	April 27, 2021	1. Payment of bonuses to Benesse HD inside directors

Corporate Governance

Enhancing internal control

At a meeting of the Board of Directors held in May 2006, the Company passed a resolution establishing a system (internal control system) to ensure compliance with the stipulations of the Companies Act and the Ordinance for Enforcement of the Companies Act. The latest revision of said resolution was passed at a meeting of the Board held on April 1, 2021.

In addition, the Company's Internal Auditing Division centrally manages the entire Group's activities involved in the creation and operation of internal controls relating to financial reporting under the Financial Instruments and Exchange Act.

Ensuring compliance

The Company has established the Benesse Group Principles, which are rooted in the Group's corporate philosophy. The principles indicate how all the Group's executive officers and employees should behave, for the purpose of ensuring that the operations of the Group be performed in an appropriate and ethical manner that goes beyond just legal compliance. The Company has established the Benesse Group Risk Management and Compliance Rules to further our efforts in risk management and compliance. In order to act in accordance with the Group's Principles, individual companies comply with laws and regulations and establish standards of conduct or internal rules of their own that have more specific content suited to the conditions, nature, and size of their businesses, ensuring that their operations are carried out in an appropriate manner and thereby ensuring compliance.

Compliance administrators are appointed at each company and in each important business department to identify the risks within their respective businesses and implement measures to counteract them. In these activities, they work closely with the administrative office in charge of compliance for the Company (Compliance Division) to devise ways to fortify the systems on-site, such as sending staff on assignment to take charge as dictated by the circumstances. Various types of training are also provided for the purpose of raising employee awareness, and the Internal Auditing Division monitors how thoroughly compliance is implemented at our business sites.

In addition, the Group set up the Benesse Group Speak-Up Line as an internal reporting mechanism to be used whenever illegal

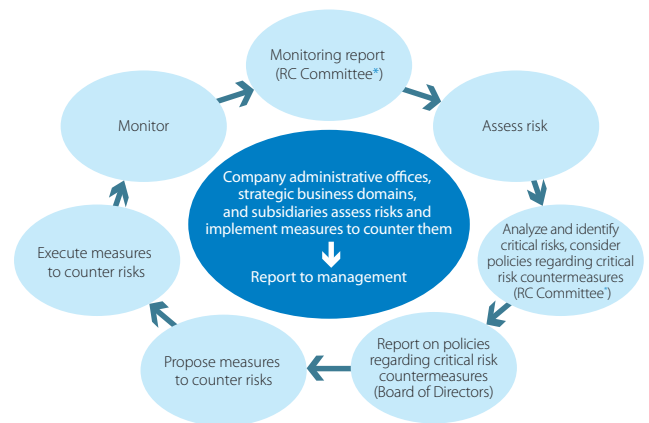
conduct, improper conduct, or conduct that violates the Group's articles of incorporation or internal rules may be discovered. The Audit & Supervisory Board Member Hotline has also been set up for cases in which someone in the Company's management may be involved in the conduct being reported. These mechanisms are operated outside the Group and managed in such a way that they can be used without worry, such as by allowing anonymous reporting, thus ensuring the effectiveness of the Group's compliance monitoring.

Risk management

The Risk and Compliance (RC) Committee handles day-to-day risk management. Attended by executive directors, general managers, and management personnel responsible for strategic business domains, the RC Committee analyzes key risks within the Group and considers policies in response based on the assessments by Company administrative divisions in charge of each type of risk and by each subsidiary. The RC Committee then reports to the Board of Directors on the key risks they identified and policies for dealing with them, and risk-related measures are then implemented in Company administrative divisions, strategic business domains, and subsidiaries while the Compliance Division provides support and monitors their progress.

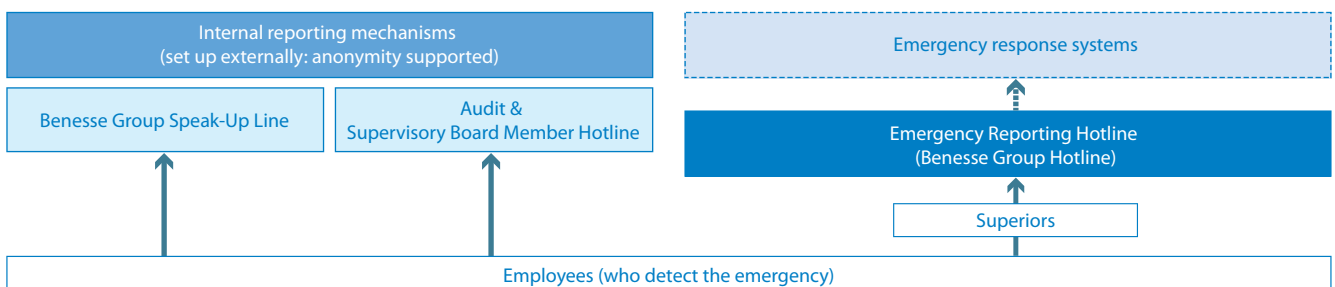
When emergencies occur, we set up the Emergency Reporting Hotline for reporting situations to management immediately. In more urgent situations, we convene an Emergency Task Force and put systems in place for dealing with the emergencies.

Day-to-day risk management



* Risk and Compliance Committee

Internal reporting mechanisms and response in the event of an emergency



Information security

To earn our customers’ trust, we have formulated the Benesse Group’s Policy on Information Security and Personal Information and are working to maintain and improve our information security and the management and protection of personal information.

Specifically, we assign a Chief Risk Officer (CRO), who also serves as the Managing Director of Compliance and Information Security, to lead the Compliance Security Headquarters. The Headquarters manages the plans and status of enforcement of information security and protection of personal information through management personnel in each operating company. An information security chief is appointed in each operating company, and we have created a system to promote information security, formulate emergency response plans, and define procedures for dealing with incidents. We have also established an information security surveillance committee composed of outside experts. It regularly checks the management, maintenance, and operation of data and systems within the Group and aims to create a world-class information security organization.

Information Security Surveillance Committee members

Committee Chair Ryoichi Sasaki	Advisor and visiting professor at Tokyo Denki University’s Center for Research Collaboration/Honorary president of the Japan Society of Security Management/Director and advisor at the Institute of Digital Forensics/Fellow at the Information Processing Society of Japan/Chief information security advisor at the Board of Audit of Japan
Committee Member Atsuo Inomata	Professor, Osaka University of Office for Information Security
Committee Member Tetsutaro Uehara	Professor, Ritsumeikan University College of Information Science and Engineering
Committee Member Harumichi Yuasa	Professor, Meiji University of Governance Studies, Graduate School

• Security measures in system operations / Strengthening our security environment

We are strengthening the operation and monitoring of our systems and strengthening our system security with technological measures based on the latest information so that our customers will feel secure and trust Benesse with their personal information. We are also advised and audited by outside experts and LAC Co., Ltd, the most trusted information security company in Japan. We are constantly working to maintain and improve our level of information security.

• Employee awareness and training

Benesse Corporation and Benesse InfoShell have designated July 7, the day of the discovery of the personal information breach in 2014, as Security Day. They carry out activities on and around Security

Day each year in which all executives and employees reaffirm the importance of information security. These activities include morning meetings, presentations on internal initiatives, and lectures by outside specialists.

Benesse Holdings and Benesse Corporation implement web-based training where attendance is required of all employees working at Benesse, including part-time staff, and work to reconfirm the skills, actions, and basic knowledge that must be followed for information security, focusing on personal information protection.

At Benesse InfoShell, which is responsible for the development, management, maintenance, and operation of the Group’s systems, more stringent training is offered through a special program. We check on attendance until all target employees have completed the training, and our attendance rate is always 100%.

Please see our website for detailed information regarding information security. Information Security <https://benesse-hd.disclosure.site/en/themes/160>

• Third-party certification

We obtain third-party certification with the aim of maintaining and improving our information security and our management and protection of personal information.

Registration as a Business Approved to Display the PrivacyMark Symbol (November 2016) and Continuation of Actions to Protect Personal Information

After being assessed by JIPDEC, the Benesse Corporation was registered as a business approved to display the PrivacyMark symbol in November 2016. We will continue to work to maintain and improve our information security and the management and protection of personal information and to further increase our customers’ trust.
November 2, 2016: Initial registration
November 1, 2022: Expiry date



ISMS Certification (March 2016) and Continuation of ISMS Action

Following the acquisition of ISO27001 (ISMS) certification by Benesse Corporation School Headquarters and Benesse BASE COM in May 2015, Benesse Holdings, Benesse Corporation (excluding some offices), and Benesse InfoShell also acquired ISO27001 (ISMS) certification in March 2016.
May 25, 2015: Initial registration
May 24, 2024: Expiry date



Directors and Audit & Supervisory Board Members (As of June 26, 2021) ■ Outside ■ Independent ■ Newly Appointed



1 Tamotsu Adachi



2 Hitoshi Kobayashi



3 Shinya Takiyama



4 Hideaki Fukutake



5 Katsumi Ihara



6 Mutsuo Iwai



7 Yumiko Noda



8 Kohey Takashima



9 Yoshinori Matsumoto



10 Naoto Saito



11 Eiichi Izumo



12 Miyuki Ishiguro

Name/Affiliation	Other current positions	State of attendance for FY2020	
		Board of Directors meetings	Audit & Supervisory Board

Directors of the Board

1 Tamotsu Adachi Representative Director and Chairman, CEO • Member of the Nomination and Compensation Committee	Berlitz Corporation Chairman of the Board	13/13		
2 Hitoshi Kobayashi Representative Director and President, COO	Representative Director and President of Benesse Corporation	13/13		
3 Shinya Takiyama Director	Representative Director and President of Benesse Style Care Co., Ltd.	13/13		
4 Hideaki Fukutake Director ■ ■ Non-executive Director • Member of the Nomination and Compensation Committee	Representative Director (Vice Chairman of the Board), Fukutake Foundation Director of efu Investment Limited Representative Director of Minamigata Holdings Ltd.	13/13		
5 Katsumi Ihara Director ■ ■ • Chairman of the Board of Directors • Chairman of the Nomination and Compensation Committee	Outside Director of Hitachi, Ltd.	13/13		
6 Mutsuo Iwai Director ■ ■ • Member of the Nomination and Compensation Committee	Deputy Chairman of the Board at Japan Tobacco Inc. Outside Director of TDK Corporation	11/11		
7 Yumiko Noda Director ■ ■ ■ • Member of the Nomination and Compensation Committee	Representative Director and Chairman of Veolia Japan K.K. Outside Director of Idemitsu Kosan Co., Ltd.	-		
8 Kohey Takashima Director ■ ■ ■ • Member of the Nomination and Compensation Committee	Representative Director and President of Oisix ra daichi Inc. Outside Director of CARTA Holdings, Inc.	-		

Audit & Supervisory Board Members

9 Yoshinori Matsumoto Standing Audit & Supervisory Board Member		13/13	17/17	
10 Naoto Saito Standing Audit & Supervisory Board Member	Audit & Supervisory Board Member of Tokyo Individualized Educational Institute, Inc.	13/13	17/17	
11 Eiichi Izumo Audit & Supervisory Board Member ■ ■	Representative of Izumo CPA Office Outside Audit & Supervisory Board Member at Torii Pharmaceutical Co., Ltd. Outside Audit & Supervisory Board Member of Lasertec Corporation	13/13	17/17	
12 Miyuki Ishiguro Audit & Supervisory Board Member ■	Partner at the law firm of Nagashima Ohno & Tsunematsu Outside Audit & Supervisory Board Member of Lasertec Corporation	12/13	16/17	

Career	Necessary expertise and experience					
	Leadership	Industry expertise			Strategy	
	Management	Education	Nursing care	Digital	Global	Finance
In 1977, joined Mitsubishi Corporation. Went on to serve as a Partner at McKinsey & Company, Inc. Japan, President and CEO of Japan Lease Auto Co., President and CEO of GE Fleet Services Co., Managing Director and Japan Representative of Carlyle Japan LLC, and in other positions. Since 2003 he has been an Outside Director of the Company, a position which he has held intermittently for a total of 11 years. Since 2016 he has been the Company's Representative Director and President, CEO. He has served in his current role since April 2021.	✓				✓	✓
Joined the Company in 1985. After having served as Representative Director and President of Benesse Style Care Co., Ltd., in 2012 became a Director of the Company, a position that he continues to serve in. Went on to lead the Company's Corporate Planning Division, Overseas Business Development Company, Zemi Business Company, etc. Currently serves as Representative Director and President, COO of the Company, and as Representative Director and President of Benesse Corporation.	✓	✓	✓		✓	
Joined the Company in 1996. Has been Representative Director and President of Benesse Style Care Co., Ltd. (incumbent) since 2013, and a Director of the Company since 2016. Currently a Group Executive Officer.	✓		✓			
In 2000 joined KEYENCE CORPORATION. In 2006 joined SMS CO., LTD., and subsequently became Division President of Nursing Care and Medical Care, and Media at that company. Since 2009, has been Director of efu Investment Limited. After having served as an Outside Director of Benesse Corporation, he has been a Director of the Company since 2014. In 2018, he became Director of Kings Plant Barn Ltd., a position he currently serves in. At present, he is a Non-executive Director for the Company.	✓				✓	
In 1973 joined Mitsui Knowledge Industry Co., Ltd. After joining Sony Corporation in 1981 he has served as Group Chief Strategy Officer (CSO), Chief Financial Officer (CFO), and Executive Deputy President, then as Representative Director and President of Sony Financial Holdings Inc., and later also as Director and Chairman of the same company. Starting in 2018 he has been an outside director at Hitachi, Ltd., and in 2019, he became a Director of the Company.	✓			✓	✓	✓
Joined the Japan Tobacco and Salt Public Corporation in 1983. Served as Director and Managing Executive Officer at Japan Tobacco Inc., Executive Vice-President at JT International S.A., and Representative Director and Executive Vice-President at Japan Tobacco Inc. In 2020, he took up the post of Deputy Chairman of the Board at Japan Tobacco Inc. and Director at the Company.	✓				✓	
Joined Bank of America Corporation, Tokyo Branch, in 1982. After serving in positions such as Deputy General Manager of London branch of the Long-Term Credit Bank of Japan, an advisory partner with PwC Financial Advisory Services, Deputy Mayor of Yokohama City, and a senior fellow at the Tsinghua University Research Center for Japanese Studies, she became Representative Director and President at Veolia Japan K.K. in 2017, then Chairman and Representative Director in 2020. She became a Director of the Company in 2021.	✓				✓	✓
Joined McKinsey & Company Inc. Japan in 1998. Became Representative Director and President of Oisix Inc. (now Oisix ra daichi Inc.) in 2000. Became the Director of the Japan Wheelchair Rugby Federation in 2018. Became Outside Director of CARTA Holdings, Inc. in 2020. Took up the posts of Vice Chairman of Keizai Doyukai (Japan Association of Corporate Executives) and Director of the Company in 2021.	✓			✓	✓	
		Accounting	Legal			
In 1977, joined Daio Paper Corporation. In 1991, joined the Company, and went on to serve as Manager of the General Affairs Department, as Manager of the Human Resources Department, and in other positions before becoming a Corporate Executive Vice President in 2003. Since 2008, has been a Standing Member of the Audit & Supervisory Board.			✓			
Joined the Company in 1986. After working in the Finance & Accounting and Auditing & Business Administration Departments in the Group, he later became General Manager of the Finance & Accounting Division, General Manager of the Internal Auditing Division, and then General Manager of the Business Administration Division. In 2015, he became an Audit & Supervisory Board Member at Tokyo Individualized Educational Institute, Inc., and in 2017, he became a Senior Executive Officer of the Company, before also being appointed as a Standing Audit & Supervisory Board Member starting in 2019.	✓					
In 1995 joined Tohmatsu & Co. (now Deloitte Touche Tohmatsu LLC). Since 1998, has been registered as a certified public accountant. In 2010, became a Partner at Deloitte Touche Tohmatsu LLC, and after leaving that position, became Representative of Izumo CPA Office in 2015, a position he currently holds. Since 2015, has been a Member of the Company's Audit & Supervisory Board.	✓					
In 1991, registered as a lawyer and joined the firm Tsunematsu Yanase & Sekine (now Nagashima Ohno & Tsunematsu). Since 1999, has been a partner at that firm. Since 2017, has been a Member of the Company's Audit & Supervisory Board.			✓			

Messages from the Outside Directors

We will further enhance the effectiveness of the Board of Directors and support the growth of the Group



Katsumi Ihara

Outside Director
Chairman of the Board of Directors

Leveraging the Board of Directors' diverse experience and knowledge to ensure we fulfill the Medium-Term Management Plan

During my career at the Sony Group, I supervised various business operations and gained extensive experience working with overseas joint venture firms as well as with M&A and post-merger integration. I also served as the president and chairman of a listed company. Myself and all of the outside directors at Benesse bring an extremely wide range of experience. The role of the outside directors is to provide advice to executives from various perspectives that are not framed by the organization's internal logic. Our input helps ensure the business plans and medium-term management plans are fulfilled and speeds up the progress toward attaining the Company's objectives. As Chairman of the Board of Directors, I believe it is my duty to bring out each Board member's full experience and knowledge.

Prior to each Board meeting, Benesse's directors participate in a Preliminary Briefing Session to understand the background of the items to be discussed and join in an Executive Study Group to discuss important business themes. Through these meetings and other activities, the directors are able to engage in fully informed business discussions. Although the pandemic conditions by necessity led to the Board meetings being conducted remotely and prevented us from directly visiting business sites in fiscal 2020, we were still able to effectively address important topics, including formulating the medium-term management plan and revising the management structure.

The Board members also convened three times for intensive in-person discussions about the medium-term management plan. In fiscal 2021, we will be monitoring the plan's progress and plan to discuss any issues that come up during the discussion process, such as optimizing the business portfolio, measures to improve capital efficiency, and branding.

Clarifying issues and further improving Board effectiveness

The fiscal 2020 survey on the Board of Directors effectiveness showed a high evaluation overall, but some areas had mixed results. We engaged a special external agency to discuss various issues with each of the directors, and the Board members then held several in-depth meetings to deliberate the agency's findings.

Issues identified in the effectiveness evaluations included the need to discuss representative director evaluations, remuneration, and the development of successors as well as ESG and sustainability initiatives, diversity and inclusion, and the thoroughness of dialogue with shareholders and feedback to management. We also understood that we need to create more opportunities for Board members to communicate with one another. These items will be priority topics for the Board of Directors and the Nomination and Compensation Committee.

Cultivating next-generation management human resources and visualizing the HR pipeline

Fiscal 2021 is the first year of the Benesse Group medium-term management plan. To ensure the most effective management structure to enable quick responses to changes in the business environment and to generate a V-shaped earnings recovery, we decided to give President Kobayashi broader authority, based on his direct leadership at our business sites, and to have Chairman Adachi focus on leading the Group's medium- and long-term strategies.

As chairman of the Nomination and Compensation Committee, in fiscal 2021, I intend to examine succession plans to develop the next generation of managers. I will also be focusing on creating a visualization scheme for the human resources pipeline for top management.

Benesse has a wonderful corporate culture that strongly adheres to its corporate philosophy. I will work to continue improving the effectiveness of the Board of Directors and the Nomination and Compensation Committee so this culture will continue to flourish as the Company grows and expands into new business realms.

Forming a strong business foundation for contributing to a sustainable society



Mutsuo Iwai

Outside Director

The Board functions effectively as a place for democratic dialogue

The dialogue that we have between management and human resources is one of aspects that I particularly cherish. A core chain of command is essential for an organization, but dialogue that is solely top-down limits the company to the abilities of the top management. I firmly believe that democratic dialogue is what creates the most value. From this perspective, I believe Benesse's Board of Directors is a place where real dialogue takes place.

When we were formulating the medium-term management plan, our approach and review process was to make decisions based on the input from everyone on all of the elements. Points that I think need particular attention include the global strategy going forward and the Group's ability to advance that strategy as well as the status of both the corporate brand and the product and service brands.

Our focus in the area of ESG is on our human resources, which are critical to our business. To strengthen our human resources, we are enhancing the education and training programs, and we are using the Group's area of specialty in fostering a learning culture that encourages each person to build their skills in their daily activities to become the best version of themselves.

Expanding possibilities by incorporating an artistic sensibility

As someone from outside the company, one piece of advice I can give is that sometimes when major changes occur it's important to step back to take a wider view and look at the bigger picture. Be curious even about things that don't seem to have any connection to yourself, and ask "why is that?" Seek out new experiences, and try to unlearn things that you have learned previously. Sometimes you can find new solutions that you couldn't see before.

In that sense, I think the Group's active development of art-related activities has huge potential. I also think that management could be even more creative if, rather than following just the numbers and data, it could incorporate an element of artistic sensibility into its thinking.

Sustainable growth from a balance of strength and kindness

In the year since I was appointed director, I have seen how all of the Company's employees in their explanations and reports on various projects earnestly put into practice the corporate philosophy of "well-being." My impression is that at Benesse the philosophy is not just a slogan, it's deeply embedded into the daily activities of all employees.

Increasing interest in sustainability and social issues around the world is leading to a reconsideration of the idea of shareholder supremacy and new perspectives on the reasons companies exist and the value they create. In this way, it seems as if society is now catching up with the Group and its practice of "well-being."

Raymond Chandler's great fictional detective Philip Marlowe once said, "If I wasn't hard, I wouldn't be alive. If I couldn't ever be gentle, I wouldn't deserve to be alive." I believe that sentiment is reflected in the Group's management. Commanding market share and earning power allows the Company to survive fierce competition. Underlying that strength is the feeling of gently supporting each customer's growth and security. In my role as outside director, I will continue to support management efforts to achieve sustainable growth through a balance of strength and kindness.