

# Corporate Governance

## Corporate governance

The Company continuously appoints directors in charge of business execution, multiple highly independent outside directors, and non-executive directors who disseminate our founding spirit in addition to leveraging stockholder viewpoints to supervise management. 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 a non-executive 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 in charge of business execution, non-executive directors and 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 chair 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 CEO and attended by heads of companies, those responsible for administrative divisions, and individuals designated by the CEO. Group management leaders share important issues and information and deliberate on important matters for the Group.

### Audit & Supervisory Board

In accordance with the Audit & 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.

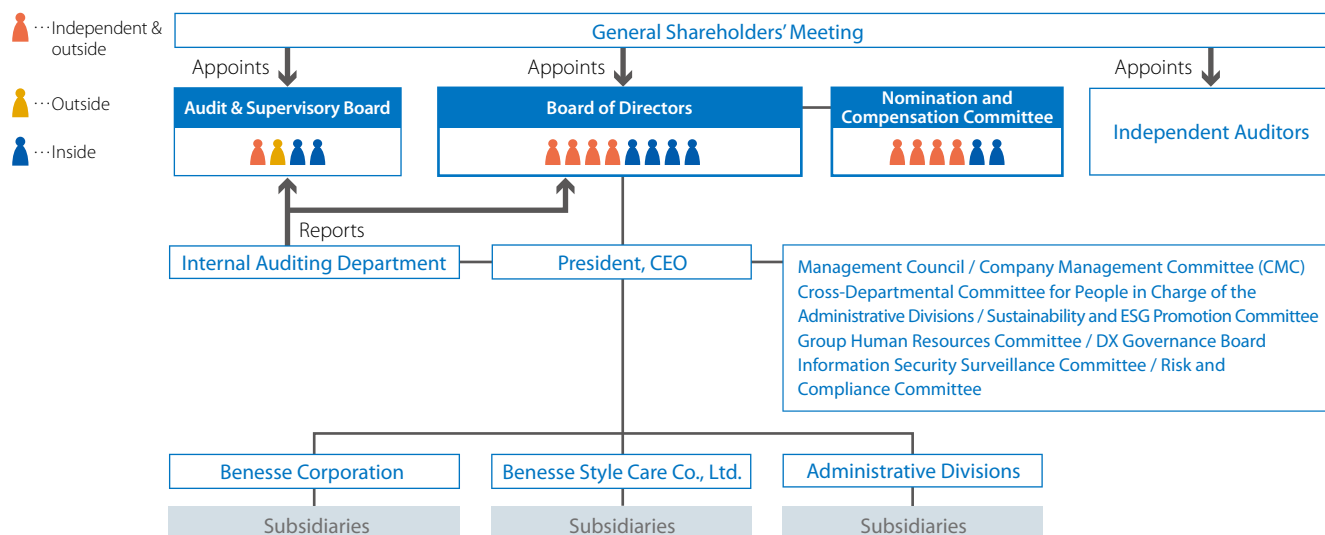
The Board meets once a month, in principle, and individual Board members share their awareness of key management issues by attending important management meetings such as Board of Directors, Nomination and Compensation Committee, and Management Council meetings, and by exchanging opinions with senior 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.

### Other optional committees

The Company has established the Sustainability and ESG Promotion Committee, Information Security Surveillance Committee, and Risk and Compliance Committee as optional committees.

### Corporate governance structure



## Corporate Governance

### 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 2021, as well, a questionnaire was administered to all 12

directors and Audit & Supervisory Board Members. Based on these results, the Board's effectiveness was analyzed, and the Board evaluated itself and deliberated concerning the results. The questionnaires 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.

#### Fiscal 2021 initiatives and how to respond going forward, with the aim of improving effectiveness

<b>Fiscal 2021 initiatives for addressing major fiscal 2020 issues</b>	<p><b>Initiatives targeted at challenges</b></p> <ol style="list-style-type: none"> <li>(1) Monitor the medium-term management plan                             <ul style="list-style-type: none"> <li>• Ongoing discussions regarding what the Company's business portfolio should be, and the allocation of management resources</li> </ul> </li> <li>(2) Discuss nominations and compensation                             <ul style="list-style-type: none"> <li>• Criteria for appointment and dismissal of representative directors, as well as assessment methods (short- and medium-term objectives)</li> <li>• Plans for training successors to representative directors, executive human resources training and compensation design</li> </ul> </li> <li>(3) Discuss ESG/sustainability initiatives</li> <li>(4) Discuss improving diversity and inclusion</li> <li>(5) Enhance dialogue with shareholders and investors and improved feedback to management</li> <li>(6) Increase discussion time in order to facilitate the above-mentioned discussions by carefully selecting board meeting proposals.</li> </ol> <p>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.</p> <p><b>Major progress on initiatives</b></p> <ul style="list-style-type: none"> <li>• Through ongoing discussions regarding what the Company's business portfolio should be, as well as the allocation of management resources, the Company transferred all shares of Berlitz Corporation.</li> <li>• In order to move forward with improving ESG/sustainability and diversity and inclusion Company-wide, ESG and Sustainability Division was established in April 2022.</li> <li>• In addition to holding small-group meetings for shareholders and investors, the Company expanded dialogues with the market through measures such as increasing the number of one-on-one meetings with shareholders and investors, as well as strengthening internal feedback, which includes reporting to management on shareholder and investor reactions as needed.</li> </ul>
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<b>Fiscal 2021 assessment</b>	<p><b>High level maintained</b></p> <ul style="list-style-type: none"> <li>• Thorough support is given to outside directors and to Audit &amp; Supervisory Board Members by means of practices such as various types of briefings and the holding of officer study sessions. As a result, directors and Audit &amp; 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.</li> <li>• Group strategy and group performance are actively discussed for the purpose of increasing corporate value.</li> </ul> <p><b>Issues to be further addressed</b></p> <ul style="list-style-type: none"> <li>• Ongoing discussions regarding what the Company's business portfolio should be and the allocation of management resources</li> <li>• Discussions regarding ESG/sustainability initiatives</li> <li>• Discussions improving diversity and inclusion</li> <li>• Providing opportunities to understand each project in order to hold discussions, which take the specific actual situations on the ground into account</li> </ul>
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<b>Fiscal 2022 initiatives going forward, based on assessment results</b>	<p><b>It was confirmed that focused efforts would be made to address the following issues:</b></p> <ol style="list-style-type: none"> <li>(1) Through utilizing executive workshops and holding executive camps, depending on the circumstances, continue to have more in-depth discussions regarding what the Company's business portfolio should be Group-wide and the allocation of management resources, after organizing the necessary information</li> <li>(2) Have more in-depth discussions regarding ESG and sustainability at the Board of Directors, taking the results of deliberations by the Sustainability and ESG Promotion Committee into account</li> <li>(3) Make reports and have discussions at the Board of Directors regarding the content of discussions on diversity and inclusion at the Nomination and Compensation Committee</li> <li>(4) Promote business understanding through measures such as online participation in various internal events, resumption of site visits, and networking events with relevant parties at business sites</li> </ol>
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### Training for directors and Audit & Supervisory Board Members

Upon their appointments, new outside directors and outside Audit & Supervisory Board Members are briefed on various matters and regulations such as company profile, corporate philosophy, management situation, and corporate governance. Furthermore, after they have assumed their roles, the Company explains business activities, industry characteristics and trends, and management environment to deepen their understanding of the Company, and regularly invites them to presentations of best practices at each business site, as well as other internal events. The Company conducted the following activities in 2021.

Format	Theme, etc.	Date of session	Time required
Preliminary briefings on the Board of Directors	Preliminary briefings on the content of Board of Directors proposals to directors and Audit & Supervisory Board Members who are not in charge of business execution	In principle, to be held one week before Board of Directors meetings	Approximately 90 minutes
Executive study sessions	Discussions about topics such as business portfolio, sustainability, and corporate governance, targeted at all directors and Audit & Supervisory Board Members	Conducted after Board of Directors meetings (6 times)	Approximately 60 to 90 minutes

### Composition of directors, method and process for appointment and dismissal of directors

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 pp. 59–60), 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

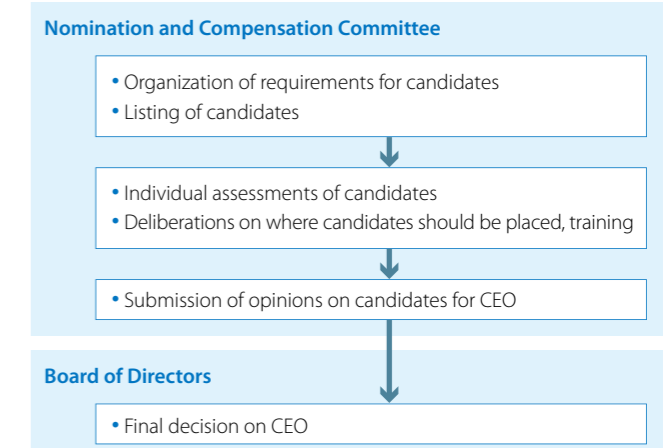
• **Appointment and dismissal process**

Concerning the appointment and dismissal of senior management and nomination of director candidates by the Board of Directors, the Company will ensure transparency, fairness, and objectivity in the process by having the Nomination and Compensation Committee—where outside directors constitute the majority, and which is chaired by an outside director—hold discussions based on policies regarding requirements for directors, composition of directors, and other matters and submits its opinion to the Board of Directors, which then passes resolutions.

### Succession plan

The Company, situating the matter of planning for and training successors to the position of Representative Director and President as a vital issue, has formulated a succession plan for the Representative Director and President and works to implement it. Specifically, the Company works to organize candidate requirements, list candidates and evaluate them on an individual basis, consider where they should be placed, and provide training. In formulating and implementing the succession plan for the Representative Director and President, the Nomination and Compensation Committee—where outside directors constitute the majority, and which is chaired by an outside director—deliberates to ensure transparency and objectivity in the formulation and implementation of the succession plan.

**Process for selection of Chief Executive Officer**



## Corporate Governance

### Activities of the Nomination and Compensation Committee

Activities in 2021 and 2022 (April 2021 to March 2022)

<b>Date</b>	2021: June 4, June 26, July 9, August 6, September 3, October 1, November 5, December 3 2022: January 14, February 7, March 30
<b>Agenda Theme</b>	<ul style="list-style-type: none"> <li>• Nomination:                     <ul style="list-style-type: none"> <li>• Review of Director structure (nine times)</li> </ul> </li> <li>• Compensation:                     <ul style="list-style-type: none"> <li>• Review of and decisions on compensation for directors in charge of business execution (three times)</li> <li>• Evaluations and decisions on bonuses for directors in charge of business execution (six times)</li> </ul> </li> <li>• Succession plan:                     <ul style="list-style-type: none"> <li>• CEO succession plan (six times)</li> </ul> </li> <li>• Other:                     <ul style="list-style-type: none"> <li>• Reviews of Benesse HD organizational structure (four times)</li> <li>• About signing contracts with advisors who are former representative directors</li> </ul> </li> </ul>

### Officer compensation

The Company has established the Nomination and Compensation Committee—which is chaired by an outside director—to ensure transparency, fairness, and objectivity in the process of making decisions on director compensation. The Benesse Group aims to achieve improved corporate value on a sustained basis over the medium- to long-term. For that reason, the Group has designed a

system of compensation for directors that provides incentives for the sustained improvement of corporate value by focusing not only on short-term performance, but also on medium- and long-term results.

Bonuses comprise three sections and are weighted for each director individually, based on his or her area of responsibility, as follows: (1) the section on company-wide performance, which is the percentage of actual results achieved relative to the consolidated performance forecast; (2) the section on performance in supervised areas, which is the percentage of performance targets achieved in each director's area of responsibility; and (3) the section on qualitative assessment, which is the degree to which qualitative goals—organizational contributions such as training successors and working to reform organizational culture, as well as contributions to brand enhancement—were achieved. As for restricted stock compensation, this was introduced in fiscal 2017 to link director compensation to medium- and long-term business performance to a greater extent, in order to provide directors with incentives to further engage in sustained efforts to improve corporate value, and to promote further value sharing with shareholders. Compensation for directors in charge of business execution 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. Compensation for non-executive directors, including outside directors, is composed of only basic compensation, so as not to obstruct outside directors' supervision of management. 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)

	Fixed Compensation	Performance-based Compensation
<b>Representative Director</b>	<b>Basic Compensation 50%</b> Set based on expectations for the role	<b>Bonuses 35%</b> (1) Company-wide performance, (2) performance in supervised areas, and (3) assessment of qualitative goals that were established at the start of the fiscal year are taken into account to issue bonuses
		<b>Restricted Stock Compensation 15%</b> Compensation linked to stock price
<b>Director</b>	<b>Basic Compensation 55%</b> Set based on expectations for the role	<b>Bonuses 35%</b> (1) Company-wide performance, (2) performance in supervised areas, and (3) assessment of qualitative goals that were established at the start of the fiscal year are taken into account to issue bonuses
		<b>Restricted Stock Compensation 10%</b> Compensation linked to stock price

For more information about each element of Benesse's compensation structure, visit the following website for the Corporate Governance page.  
[https://www.benesse-hd.co.jp/en/about/management/corp\\_governance.html](https://www.benesse-hd.co.jp/en/about/management/corp_governance.html)

#### Total compensation by officer category (FY2021)

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)	193	54	64	20
Amount of Compensation by Type (millions of yen)	Basic Compensation	93	54	20
	Bonuses	64	—	—
	Restricted Stock Compensation	36	—	—
Number of Eligible Officers	6	7	2	2

### Enhancing internal control

With regard to the establishment of 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 Company passed a resolution at a meeting of the Board of Directors held in May 2006, and the latest revision of said resolution is dated April 1, 2022. 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

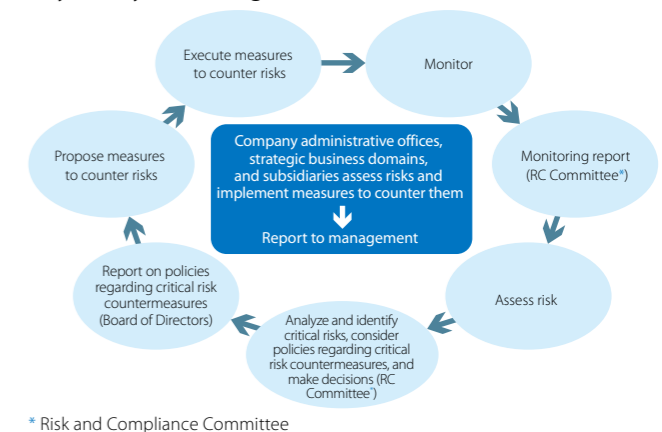
discovered. The Audit & Supervisory Board Member Hotline also has been set up for cases in which someone in the Company's management may be involved in the conduct being reported. These mechanisms are operated outside the Group and managed in such a way that they can be used without worry, such as by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

### Risk management

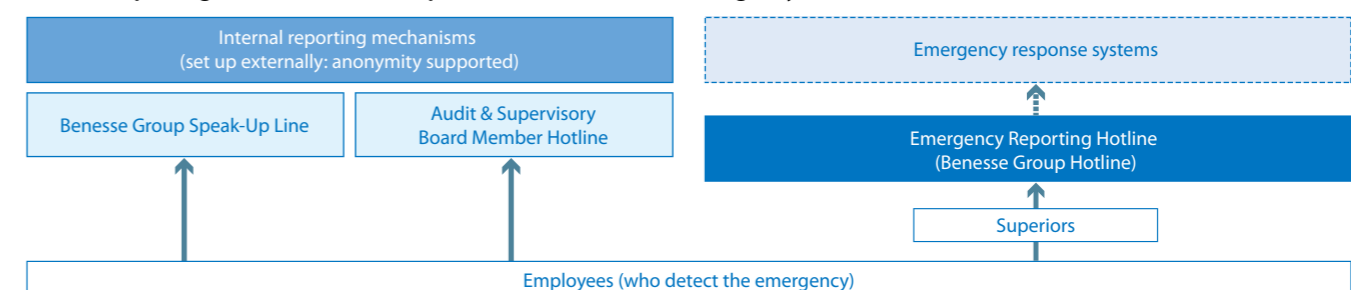
The Company visualizes the Group's critical risks by monitoring the administrative offices, as well as critical risk measures incorporated into business plans by subsidiaries, which manage each risk. The Risk and Compliance Committee, which is attended by directors in charge of business operations, the executive general managers of each administrative office, and the business managers responsible for strategic business areas, determines the major risks facing the Group each fiscal year and the policies for dealing with them. The results of those meetings are reported to the Board of Directors, then disseminated within the Company and to its subsidiaries on a regular basis. In conjunction with operation of a PDCA cycle to promote improvement activities and other important risk countermeasures, the Company also shares negative information and promotes risk management during normal times.

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



#### Internal reporting mechanisms and response in the event of an emergency





## Corporate Governance

### 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 Executive General Manager of Compliance and Information Security. Compliance and Information Security Division 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	Professor emeritus at Tokyo Denki University (TDU), as well as visiting professor at the TDU Cyber Security Laboratory/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 the Benesse Group 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%.

 Visit the following website for more information on 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, 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 ISO 27001 (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 ISO 27001 (ISMS) certification in March 2016.

May 25, 2015: Initial registration  
May 24, 2024: Expiry date



In December 2019, Benesse Style Care, Benesse MCM, Benesse Palette, Benesse Senior Support also acquired certification (registration number IC19J0497)

December 26, 2019 Date of registration  
December 25, 2022 Date of expiry

### Directors and Audit & Supervisory Board Members (As of June 25, 2022) ■ Outside ■ Independent ■ Newly Appointed



**Hitoshi Kobayashi**  
Representative Director and President, CEO

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. Has served as the Representative Director and President of Benesse Corporation (current) since 2016. Became the Representative Director and President, COO of the Company in 2021, and became the Representative Director and President, CEO of the Company (current) starting in 2022.



**Shinya Takiyama**  
Director

Joined the Company in 1996. Has been Representative Director and President of Benesse Style Care Co., Ltd. (current) since 2013, and a Director of the Company since 2016 (current). Became a Group Executive Officer of the Company in 2021, and became a Senior Managing Executive Officer of the Company (current) starting in 2022.



**Kenji Yamakawa**  
Director ■

Joined the Company in 1986. Served as Director of Benesse Corporation in 2012. Has served in the position of Director of Tokyo Individualized Educational Institute, Inc. (current) since 2016, and the position of Executive Vice President of Benesse Corporation (current) since 2020. Became a Group Executive Officer of the Company in 2021. Has served as a Director and Senior Managing Executive Officer of the Company (current) and Director of Classi Corp. (current) since 2022.



**Hideaki Fukutake**  
Director ■ ■ Non-executive Director

In 2000, joined KEYENCE CORPORATION. In 2006, joined SMS CO., LTD., and subsequently became Division President of Nursing Care and Medical Care Media at that company. Since 2009, has been Director of efu Investment Limited (current). After having served as an Outside Director of Benesse Corporation, he was a Director of the Company starting in 2014. Since 2021, has served as Representative Director of Minamigata Holdings Ltd. (current) and a Non-executive Director of the Company (current).



**Mutsuo Iwai**  
Director ■ ■

Joined the Japan Tobacco and Salt Public Corporation in 1983. Served as Director and Managing Executive Officer of Japan Tobacco Inc., Executive Vice-President of JT International S.A., and Representative Director and Executive Vice-President of Japan Tobacco Inc. Was appointed as Deputy Chairperson of the Board of Japan Tobacco Inc. and an Outside Director of the Company (current) in 2020. Was appointed as an Outside Director at TDK Corporation in 2021 (current). Since 2022, has served as Chairperson of the Board of Japan Tobacco Inc. (current).



**Yumiko Noda**  
Director ■ ■

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 (current). Became a Director of the Company in 2021 (current).



**Kohey Takashima**  
Director ■ ■ ■

Joined McKinsey & Company Inc. Japan in 1998. Became Representative Director and President of Oisix Inc. (now Oisix ra daichi Inc.) in 2000 (current). Became the Director of the Japan Wheelchair Rugby Federation in 2018 (current). Became Outside Director of CARTA HOLDINGS, INC. in 2020 (current). Has served as Vice Chairman of KEIZAI DOYUKAI (Japan Association of Corporate Executives) (current), as well as an Outside Director of the Company since 2021 (current).



**Masaru Onishi**  
Director ■ ■ ■

Joined Japan Airlines Co., Ltd. in 1978. Became President JAL Aircraft Maintenance Narita in 2007. Became Representative Director, President, Japan Air Commuter Co., Ltd. in 2009. Became Representative Director, President, Japan Airlines International Co., Ltd. (currently Japan Airlines Co., Ltd.) in 2011, before becoming Representative Director, Chairman for Japan Airlines Co., Ltd. in 2012. Became Senior Representative, External Affairs, Japan Airlines Co., Ltd. in 2018. Has served as an Outside Director of the Company since 2022 (current).



**Yoshinori Matsumoto**  
Standing Audit & Supervisory Board Member

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. Has served as a Standing Audit & Supervisory Board Member of the Company since 2008 (current).



**Naoto Saito**  
Standing Audit & Supervisory Board Member

Joined the Company in 1986. After working in the Finance and Accounting and Auditing & Business Administration Departments in the Group, he became Manager of the Accounting Department, Executive General Manager of the Finance and Accounting, Executive General Manager of the Internal Auditing Division, and then Executive General Manager of the Business Administration Division. In 2015, became an Audit & Supervisory Board Member at Tokyo Individualized Educational Institute, Inc. (current), and in 2017, became a Senior Executive Officer of the Company, before also being appointed as a Standing Audit & Supervisory Board Member starting in 2019 (current).



**Eiichi Izumo**  
Audit & Supervisory Board Member ■ ■

In 1995, joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC). Since 1998, has been registered as a certified public accountant (current). In 2010, became a Partner at Deloitte Touche Tohmatsu LLC, and after leaving that position, became Representative of Izumo CPA Office in 2015 (current). In 2015, became an Outside Audit & Supervisory Board Member of the Company (current).



**Miyuki Ishiguro**  
Audit & Supervisory Board Member ■

In 1991, enrolled as a lawyer and joined Tsunematsu Yanase & Sekine (currently Nagashima Ohno & Tsunematsu). In 1999, became a partner at that firm (current). In 2017, became an Outside Audit & Supervisory Board Member of the Company (current).

## Corporate Governance

### Expertise, experience and activity status of Directors and Audit & Supervisory Board Members (As of June 25, 2022)

■ Outside ■ Independent ■ Newly Appointed

Name/Affiliation	Years in office	Other major current positions	State of attendance for FY2021		Necessary expertise and experience					Strategy		
			Board of Directors meetings	Audit & Supervisory Board	Leadership	Industry expertise			Global	Digital	Finance	
					Corporate management	Education	Nursing care	B-to-C business				
<b>Directors of the Board</b>												
Hitoshi Kobayashi Representative Director and President, CEO • Member of the Nomination and Compensation Committee	10 years	Representative Director and President of Benesse Corporation	15/15	—	✓	✓	✓	✓		✓		
Shinya Takiyama Director	6 years	Representative Director and President of Benesse Style Care Co., Ltd.	15/15	—	✓		✓	✓				
Kenji Yamakawa Director ■	—	Executive Vice President of Benesse Corporation Director of Tokyo Individualized Educational Institute, Inc	—	—	✓	✓		✓				
Hideaki Fukutake Director ■ (Non-executive Director) • Chair of the Board of Directors • Member of the Nomination and Compensation Committee	8 years	Representative Director (Vice Chair of the Board), Fukutake Foundation Director of efu Investment Limited Representative Director of Minamigata Holdings Ltd.	15/15	—	✓					✓		
Mutsuo Iwai Director ■ ■ ■ • Chair of the Nomination and Compensation Committee	2 years	Chairperson of the Board of Japan Tobacco Inc. Outside Director of TDK Corporation	15/15	—	✓			✓		✓		
Yumiko Noda Director ■ ■ ■ • Member of the Nomination and Compensation Committee	1 year	Chairman and Representative Director, Veolia Japan K.K. Outside Director of Idemitsu Kosan Co., Ltd.	11/12	—	✓					✓		✓
Kohey Takashima Director ■ ■ ■ • Member of the Nomination and Compensation Committee	1 year	Representative Director and President of Oisix ra daichi Inc. Outside Director of CARTA HOLDINGS, INC.	12/12	—	✓			✓		✓	✓	
Masaru Onishi Director ■ ■ ■ ■ • Member of the Nomination and Compensation Committee	—	Outside Director, TEIJIN LIMITED Outside Director, Mitsui O.S.K. Lines, Ltd. Outside Director, Kadoya Sesame Mills inc.	—	—	✓			✓		✓		

Audit & Supervisory Board Members					Accounting	Legal
Yoshinori Matsumoto Standing Audit & Supervisory Board Member	14 years	—	15/15	16/16		✓
Naoto Saito Standing Audit & Supervisory Board Member	3 years	Audit & Supervisory Board Member of Tokyo Individualized Educational Institute, Inc.	15/15	16/16	✓	
Eiichi Izumo Audit & Supervisory Board Member ■ ■	7 years	Certified Public Accountant Outside Audit & Supervisory Board Member at TORII PHARMACEUTICAL CO., LTD. Outside Audit & Supervisory Board Member of Lasertec Corporation	15/15	16/16	✓	
Miyuki Ishiguro Audit & Supervisory Board Member ■	5 years	Lawyer Outside Audit & Supervisory Board Member of Lasertec Corporation	15/15	16/16		✓

Visit the website for details about other major current positions.  
<https://www.benesse-hd.co.jp/en/about/management/executive.html>

### The expertise and experience demanded of Directors, and reasons for their selection

- (1) The Company deems it essential that candidates for director have actual management experience, and requires each candidate for director to have experience in corporate management, in order to perform management supervisory functions even more effectively.
- (2) In order for the Board of Directors to perform its function, while keeping the customer's perspective as the starting point of all the actions taken by the Company, the candidates for director are required to have experience in B-to-C business, and in particular, knowledge and experience in the education and nursing care businesses, which are the two pillars of the Company's business, are required of the candidates for executive director.
- (3) From a strategic point of view, emphasis is placed on global, digital, and financial skills, in order to promote the use of digital technologies in business, new domain and overseas development, and portfolio management, with the aim of realizing the Medium-Term Management Plan.

### Reasons for the appointment of Outside Directors and Outside Audit & Supervisory Board Members

#### Outside Directors

Mutsuo Iwai	Mr. Iwai possesses a wealth of management experience and deep expertise at B-to-C business companies that have expanded globally. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, he is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Yumiko Noda	Ms. Noda possesses a wealth of management experience at companies that have expanded globally, as well as in-depth expert knowledge of financial matters. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, she is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Kohey Takashima	Mr. Takashima possesses a wealth of management experience at B-to-C business companies, as well as expert knowledge of e-commerce. Utilizing these abundant experiences and expertise in the Board of Directors and the Nomination and Compensation Committee, he is contributing to the supervision of management and the improvement of transparency in the decision-making process by the Company management, in order to enhance corporate value over the medium- to long-term.
Masaru Onishi	Mr. Onishi possesses a wealth of management experience at B-to-C business companies that have expanded globally, as well as wide-ranging experiences and in-depth expert knowledge from serving in positions such as outside director at other companies. The Company judges that he can be expected to demonstrate his management supervisory function as an outside director, from the perspective of promoting the Company's sustainable growth and enhancing corporate value over the medium- to long-term.

#### Outside 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.

Visit the following 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](https://www.benesse-hd.co.jp/en/about/management/corp_governance.html)



## Corporate Governance

### Message from the Director

#### Continuing to actively express the opinions of a member of the founding family from a long-term perspective and contribute to the Group's growth



**Hideaki Fukutake**

Director, Chair of the Board of Directors

#### Leveraging knowledge based on personal experience to support endeavors toward sustainable growth from the perspective of a member of the founding family

I had the experience of developing new projects and setting up a system for taking a company public when I was at SMS Co., Ltd., which was a startup business at the time. At present, I am involved in the launching and acquisition of companies through an investment company I founded myself. At the same time, I have been involved in the management of organizations of various sizes and forms, both domestic and international, which includes serving as the Vice Chair of the Board at the Fukutake Foundation, a public interest incorporated foundation.

Currently, through the Digital Innovation Fund (DIF), we are actively investing in technology companies and also working to strengthen our overseas expansion. The Group has always been a rather cautious corporation that tends to avoid taking risks, but in this era of rapid change, this attitude can pose a risk to our growth. Naturally, it will be necessary to correctly identify and assess risks when making investments and implementing other policies through due diligence and other means, and I hope to be able to utilize my experience in this regard.

#### Discussing the direction we should be aiming for from a long-term perspective, taking overseas trends into account

At the Board of Directors, I endeavor to create opportunities for

having in-depth discussions by expressing opinions about the direction our Group should be aiming for from a long-term perspective, while looking ahead to social trends, changes in people's values, and the further evolution of technology. For example, with regard to Naoshima initiatives which aim to integrate business and cultural activities, I believe that they will contribute to enhancing Benesse's corporate value over the long term, and in addition to expressing opinions from this viewpoint at the Board of Directors, I have made proposals such as conducting executive training centered around Naoshima.

I also make proposals in the course of Board discussions which take overseas trends and cases into account. I currently reside overseas, and looking at cases in the field of education within Japan and overseas, there are some cases where educational companies are using IT to expand their services, while in other cases, IT companies are starting new educational services. We need to make appropriate decisions on how to confront such domestic and international competition and how to incorporate them into the Group's growth. Our Group has developed Udemy—a service which was launched in America—in Japan, and we are expanding the business. I recognize that my role is to contribute to increasing the number of such success stories going forward.

#### Enlivening Board of Directors discussions and making contributions to further improving effectiveness

The assessment of the effectiveness of the Board of Directors, which has been in place since fiscal 2015, includes a space for additional comments along with a five-point rating scale. Every fiscal year, a quite large number of opinions based on the expertise of each Director are listed in this comment space, and it is utilized to ensure the effectiveness of the Board. In addition, in the fiscal 2021 assessment, it was confirmed that improvements have been made in expanding dialogue with shareholders and investors, which was raised as an issue in the previous year, and in reflecting the content of those dialogues in the management of the Company. I perceive that the effectiveness of the Board of Directors is improving, year after year.

I assumed the post of the Chair of the Board of Directors in July 2022. As a young Chair in his forties, I will focus on creating an environment in which each Director can freely and actively discuss issues, without being bound by precedent. There are many topics to be discussed in our Group, and by organizing key points and eliciting the opinions of individual Directors, I intend to make contributions to the further enhancement of governance.

### Message from the Outside Director

#### Having more in-depth discussions from diverse perspectives and supporting challenges for further growth



**Mutsuo Iwai**

Outside Director, Chair of the Nomination and Compensation Committee

#### Taking the time to have more in-depth discussions at the Board of Directors, even amidst the COVID-19 pandemic

Although there were constraints on the Board of Directors in fiscal 2021 due to the COVID-19 pandemic, I appreciate that we were able to leverage the expertise and experience of each Director and take the time to have multifaceted discussions. Among those discussions, our exit from the Berlitz business was one of the major issues on the agenda. In particular, the specific details of negotiations were reported, and the process has been closely monitored. Similarly, we have been monitoring the progress of the Medium-Term Management Plan to achieve the goal of a V-shaped recovery in two years. In addition, we have been discussing initiatives in each business area from a variety of perspectives, including not only the current situation but also the future potential of the business.

Of those discussions, I place importance on checking the management situations of companies that were added to the Group through M&A. How do we position, integrate and grow each business company as part of the major brand Benesse? Since this matter also relates to investment efficiency, I am actively speaking up at board meetings in order to have more in-depth discussions.

#### The essential point of a succession plan is consensus building through internal discussions

I was appointed to serve as the Chair of the Nomination and Compensation Committee beginning in July 2022, and I recognize

that the succession plan is the biggest function of said Committee.

In my opinion, in formulating a succession plan, it is important to first develop and assess a successor from within the company, and form a consensus that this person will be responsible for the next generation. After doing so, it is key that someone from outside the company makes a judgment about whether or not the plan is appropriate from a larger perspective, which I call "endorsement."

Leading up to this point, the Nomination and Compensation Committee had already been holding discussions and deliberations from a broad perspective. However, I recognize that developing a process to obtain an internal consensus within the company and providing information on factors such as the status of the Executive Officer pipeline—which will serve to bolster our decisions—are issues that need to be addressed to promote more ideal discussions.

#### Challenges are precisely what lead to the growth of the Group

When I communicate with shareholders and investors in my activities as an Outside Director, I sometimes feel as though they do not fully understand the current circumstances of the Group and the direction it is heading. For example, there are many voices expressing concern about the decline in Shinkenzemi membership numbers. However, the Group is promoting a strategy with an eye towards the future, in conjunction with accelerating DX in all businesses, not just the Shinkenzemi business. In addition, each business is pursuing the principle of "well-being," and working to offer new value to customers and society. I believe it is also necessary to properly convey to stakeholders through communication activities, using indicators of Benesse's future social value, that Benesse encourages people of all generations to have the desire for "well-being," and that it is a corporate Group that can expect continued growth.

The greatest asset of a company is its human resources. Benesse has a deep-rooted culture of treasuring human resources and using them to the fullest, and each and every one of its employees is continuing to take on new challenges. It is my understanding that the growth of the Group to date has been achieved through the efforts of those employees. Challenges are what will lead to the future growth of the Group. Making the final decisions on risk-taking is the role of the Board of Directors, and in my capacity as the Outside Director, I would like to continue observing and providing support for such efforts.