

## The Board Director Training Institute of Japan, FY2021 Update

The 2021 fiscal year was very difficult for BDTI, but it was also very fruitful. Our activities not only increased in terms of frequency and numbers, but also breadth as our organization rose to the challenge!

### Training Activities

- BDTI trained 342 persons in director training programs, broken down as follows:
  - 122 in our three programs to which anyone can apply (13 programs)
    - ◇ 32 in our new “advanced” course, focusing on the role of outside directors
    - ◇ 16 in a joint course that included a section on diversity management
  - 169 were trained in programs that were customized for specific corporations
    - ◇ 64 of these were in programs where executives at subsidiaries received training
  - 32% of the participants in our non-corporate director training programs were women, more than four times the average % of female directors on Japanese boards. This figure will likely increase in FY2022 because of a generous sponsored program to fund “training scholarships” for women
- 608 persons attended our seven BDTI webinars, in which leading experts focused on these topics:
  - “Understanding D&O insurance”
  - “Engagement by investors – recent techniques”
  - “Collective engagement in Japan: issues and obstacles”
  - “ESG management” and “ESG disclosure”
  - “Effective dialogue with investors, and the use of analyses and letters”
  - “The market for corporate control, and takeover defenses”
  - “Factors affecting the selection of the legal form of governance” (from among the three types)

*Upcoming webinars include an update on the ISSB’s direction, and global HR management.*

- At least 3,000 persons either received (or had access to) BDTI’s four e-Learning modules, including two megabanks and multiple corporate groups using our “unrestricted use” package

### “Missionary Work” - Updating Institutional Investors

- I gave 14 speeches to different groups, comprising both Japanese and foreign institutional investors groups, adding up to a total “audience” of approximately 1,620 persons

### Consulting and Data Activities - Now Starting to Contribute to BDTI’s Long-term Sustainability

- BDTI conducted consulting assignments for, or sold data to, 29 counterparties
  - Sold GoToData Dashboard service (demo it here: <https://gotodata.jp/demo/home.php>)
  - Sold direct access to BDTI’s detailed database with unique data and text to major institutions

## The Importance of Director Training, and BDTI's Progress

The 2016 report by the Keiei-Hoyu-kai pointed out the necessity of training for directors, focusing mainly on internal directors, as follows: *“the knowledge that is required of a director differs from their previous experiences in business operations and execution. However, [our survey shows] that it is rare for them to have acquired sufficient knowledge when they first take office.”*

According to a more recent survey conducted by the Corporate Governance Study Group of the Ministry of Economy, Trade and Industry in 2020, **the majority of outside directors are still not offered corporate governance training opportunities by their companies.** 27% of outside directors voluntarily undertook some sort of corporate governance training, but there is no way of knowing how comprehensive it was.

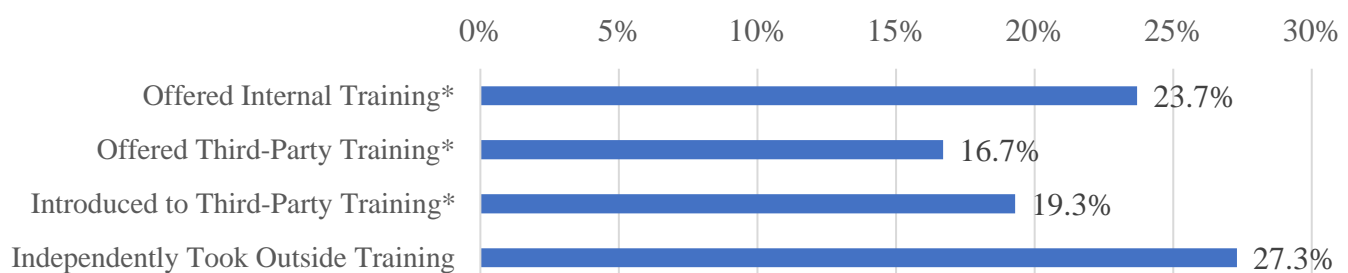
Many firms now have multiple outside directors, nomination and compensation committees, and other CG procedures. The next step is to ensure that these systems actually function properly. For this, it is **essential** to train executives and directors in corporate and securities law, finance, and governance practices.

### Survey on training of officers after CGC was created

Target Group	%
Internal Directors (inc. executive officers)	<b>53.9%</b>
Outside Directors	<b>28.9%</b>
Less than 3 hours of training	<b>50%</b>
Contents of Training	%
Internal control	42.4%
Compliance	16.2%
Risk management & crisis management	25.3%
Corporate Governance Code	<b>13.1%</b>
Finance & accounting	<b>21.2%</b>
Corporate value evaluation	<b>7.1%</b>

Source: Keiei-Hoyu-kai Report 2016. 2

### Outside Director Training Status

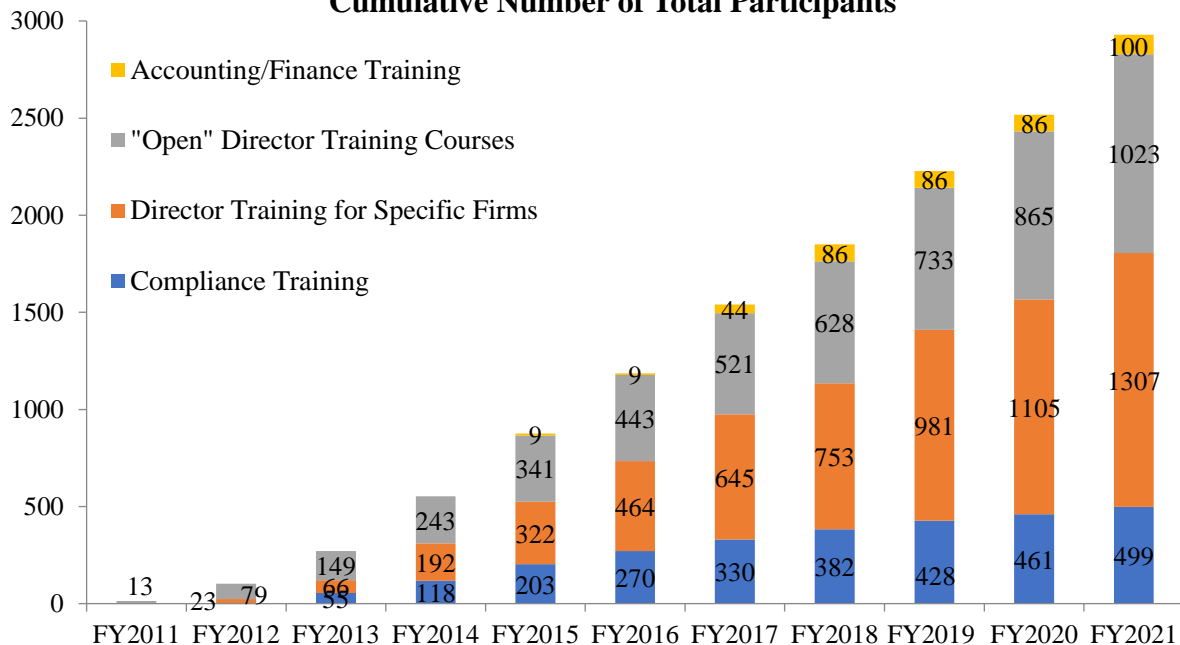


\* Only about 85% of outside directors who were offered/introduced to training participated.

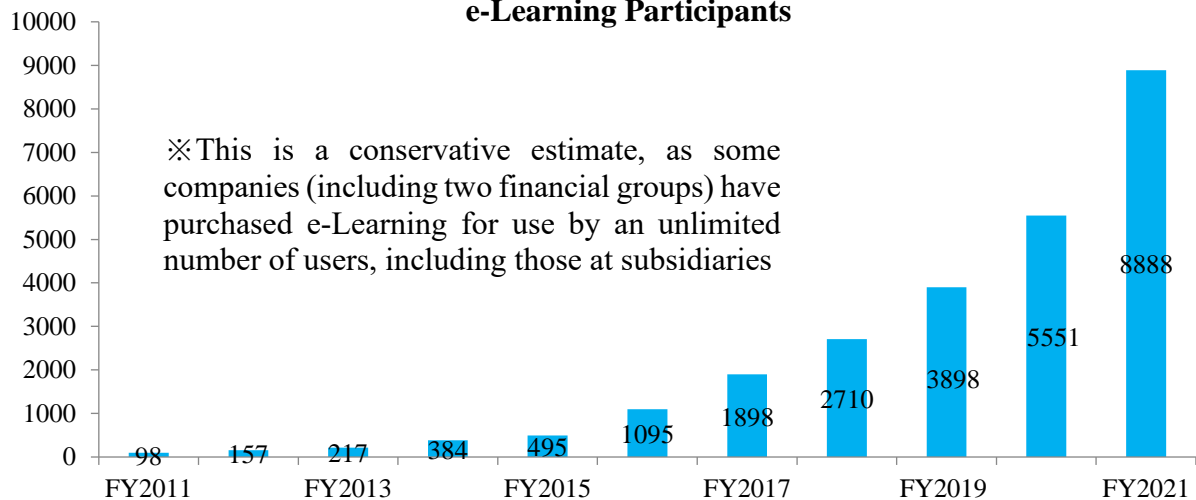
Source: METI CGS Study Group 「Current Status of Outside Directors」 Questionnaire (2020.5.13)

## BDTI's Progress (By the Numbers)

### Cumulative Number of Total Participants



### e-Learning Participants



### Lecture Participants

