



# The Board Director Training Institute of Japan (BDTI)

FY2022 Update and  
Plans for Next Year

March 31, 2023

**BDTI**

The Board Director  
Training Institute of Japan  
公益社団法人会社役員育成機構

As the pandemic wound down through 2022, BDTI returned to in-person training. During FY2023, fully **55%** of the participants in our “open enrollment” programs were women, thanks in large part to a generously sponsored program that funded “training scholarships” for women. The year before, the equivalent figure was only 32%. We would like to maintain this level of 50%+ female participation in order to spread knowledge of governance and directorship skills throughout all of Japanese society, which is BDTI’s core mission, and to promote the active inclusion of women in director and executive roles as part of that mission.

According to a METI survey, only 20% of listed companies are “taking action on director training”. In addition, while the CGC and related rules have enhanced disclosure, this new data is significantly underutilized. In FY2023, BDTI plans to intensify its activities to increase the quality and breadth of its programs, and to provide disclosure “big data” which facilitates effective stewardship and thereby improves the economy. **To achieve our goals, we need to ask for your kind financial support.**



## FY2022 Update

Activities	Content
<b>Training Activities</b>	<p>364 participants attended BDTI's Director Training, and 55% of the participants in our "open enrollment" programs were women! Training included:</p> <ul style="list-style-type: none"> <li>• "Open Enrollment" Courses (25 sessions)</li> <li>• Custom Corporate Training (8 sessions)</li> <li>• Public Seminars (7 sessions)</li> </ul> <p>All of our recent free webinars, and other resources, can be viewed on BDTI's YouTube Channel at <a href="https://www.youtube.com/user/BDTIJapan">https://www.youtube.com/user/BDTIJapan</a></p> <ul style="list-style-type: none"> <li>• At least 2,000 persons received (or had access to) BDTI's 4 e-Learning modules</li> <li>• BDTI's first reunion for past participants to exchange ideas on 1/19 via Zoom.</li> </ul>
<b>Missionary Work</b>	<p>Nicholas Benes gave 7 well-received speeches to different groups, including Japan's "ESG Disclosure Group" (specifically proposing ways to enhance machine readability)</p>
<b>Consulting and Data Activities</b>	<p>BDTI conducted consulting assignments for, or sold data to, 36 counterparties</p> <ul style="list-style-type: none"> <li>• Sold GoToData Dashboard service (demo it at: <a href="https://gotodata.jp/demo/home.php">https://gotodata.jp/demo/home.php</a>)</li> <li>• Sold access to BDTI's detailed database with unique data to multiple institutional investors, including both large asset managers and quantitative funds</li> <li>• Added both allegiant "holdings" and "holders" data, individual director data, and more new data types to our disclosure database</li> <li>• Commenced two major analysis projects on linking "CG and Performance" with leading academics. One is a working paper showing clear links; the other focuses on validating the usefulness of text analysis and is showing promising results.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>• Hired interns to assist our growing workload</li> <li>• Enhanced our website, SEO, and SNS marketing activities</li> </ul>

## Plans for FY2023

Activities	Content	Schedule
<b>Training Activities</b>	<ul style="list-style-type: none"> <li>BDTI will launch a “Director Training for Women Initiative” again this year, to maintain female participation in open-enrollment courses at the level of 50% or more.</li> <li>“Open” training will continue to be held about twice a month</li> </ul>	April 1,2023 Depends on Funding
	<ul style="list-style-type: none"> <li>Add a fourth “open” course to BDTI’s suite of all-day programs: a “role playing” course based on 4 case studies. This course has already been designed and will first be offered in April.</li> </ul>	April 24,2023
	<ul style="list-style-type: none"> <li>Design and add an intensive 6-week course focusing on finance literacy, analyzing statements, and modern finance concepts</li> </ul>	Depends on Funding
<b>Consulting and Data Activities</b>	<ul style="list-style-type: none"> <li>Continue adding new, unique data fields for all listed firms. Currently focusing on adding director compensation data.</li> <li>Complete or assist completion of at least at least four academic papers, at least two of which are published.</li> </ul>	Continuous
<b>Others</b>	<ul style="list-style-type: none"> <li>Publicize activities through SNS to increase visibility and expand women's networking opportunities.</li> <li>Improve the convenience of the Director Bank (for approved companies).</li> <li>Hold additional events bringing together past program participants with companies, investors, and recruitment agencies.</li> </ul>	Some Projects Depend on Funding

## BDTI Open-Enrollment Courses (1)

### 「Governance Juku」 (Basic Course)

Starting with "What is a Company?", covers the most important topics in CG theory and practice, the responsibilities of directors and the perspectives they should have, corporate law and practices related to board participation, how to read and interpret financial statements, and risks imposed by securities law.

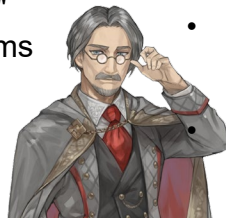
- Perfect for initial compliance with CGC Principle 4-14
- Knowledge needed to act as an effective director, statutory auditor, or executive officer, delivered with "spirit"
- Learn directly from CGC proposer Nicholas Benes and other experts in their respective fields with broad experience
- Case studies based on real-life examples
- Lively discussions in small groups
- Six-month access to BDTI's four e-Learning modules

### 「Director Boot Camp」 (English Course)

A one-day intensive program teaching participants key legal and corporate governance knowledge they need to responsibly serve on, report to, or analyze boards of Japanese companies, public and private.



Training participants will be able to register in BDTI's Director Bank. The Director Bank is a skills-based platform that connects our course "graduates" with corporations and recruitment firms looking for board candidates. By registering, participants can expand their opportunities to serve as effective directors or executives.



### 「Shagaitori Juku」 (Advanced Course)

The "Shagaitori Juku" is an advanced course that focuses on the stance, actions and statements of outside directors (known as shagaitori in Japanese).

- Participants receive frank advice from a diverse set of experienced outside directors, written down in detail
- They read those views and experiential wisdom of the contributors and experts beforehand, and take part in discussions and breakout sessions with the two lecturers and other participants on the day of the training
- The course focuses on advice about what and how one should say and act as an outside board member, as well as examples of effective governance practices
- Small-group training with many lively discussions



### NEW 「Role Play」 Course

Designed by BDTI and inspired by real-life cases. Participants "role play" based on detailed case studies, and discuss the issues in "post-game" analysis

- Participants take on the director role assigned to them
- They do not know which role they will have until the day of the course, thereby ensuring they will be prepared to analyze each case from a variety of positions
- After role-play is over, the group objectively analyzes the lessons learned, what happened in reality and why

## BDTI Open-Enrollment Courses (2)

### [e-Learning]

### Corporate Law, Securities Law, and Corporate Governance

Easy-to-understand explanations of the most important aspects of corporate law, corporate governance, internal control, and securities law. 10 hours of total instruction, anywhere, anytime.

BDTI believes that it is most beneficial if managers and executives learn the basics an early stage, thereby allowing sufficient time for core knowledge and "best practice" habits to permeate throughout an organization. For this reason, we offer low-cost e-Learning courses on corporate law, securities law, corporate governance basics, and corporate governance practice, which can be purchased on either (a) a per-person, per-course basis or (b) an "Unlimited e-Learning" basis, for the entire company and its subsidiaries.

< click the pictures to see demo >



#### Each course

12,000JPY/year (inc. tax)  
All 4 courses for only  
40,000JPY/year (inc. tax)

#### Unlimited e-Learning

300,000JPY/year (inc. tax)  
**30% discount for members!**

### New Training (In Development)

### Finance training for directors and executive officers who are not familiar with finance

A 6-week course focusing on reading and analyzing financial statements, and understanding the use of modern finance methods.

The course will teach participants to read BS, P&L, and CF statements, and about working capital, CCC, invested capital, cost of capital, and the various financial ratios. We will strive to deepen intuition about "what are the numbers telling us?" We will also teach what determines stock prices; capital policy trade-offs; how to evaluate corporate value, acquisition targets, and business units; how to think about new businesses and exits; and how to respond rationally to approaches from activists.

The course will deepen understanding of the three financial tables and stock valuation, including analysis of their own company and competitors, and will be conducted using real-life examples appropriate to each participant.



# GoToData Japan Disclosure Browser & Dashboard

- Proprietary “QuickFind” Tool** allowing easy/fast access to entire data/text content of all Yuho, CG Reports, and Voting Reports, with machine translation via Google Translate for all text
- Interactive Market Reports and Company Summaries** providing the most important data in visual time-series. Chart/visual data can be downloaded, including individual company data
- Addon Tools:** a Screening Tool enabling users to quickly discover companies filtered by custom criteria; functions showing both the allegiant holdings and allegiant holders of a firm; and an addon director database enabling checks for over-boarding, past experience, shareholdings, age, and more

Test drive a demo version!

<https://gotodata.jp/demo/>



GoToData's Interactive  
Dashboard

# GoToData Direct Database Connection & More

- **Access to GoToData’s entire long-term time series database**, updated every few minutes to reflect the most recent corporate submissions/revisions of the three documents
- **Includes direct disclosure data** including text “as-is” in addition to BDTI’s standardized/structured data, facilitating both easy modeling and AI analytical methods for back-testing
- **Unique data points** for all listed firms, to enhance your investment/data strategies. Used by some of the world’s largest asset managers and quant funds
- **Custom Projects and Additional Services** are available, including but not limited to:
  - **In-depth reporting on firms** using GoToData’s vast database coupled with many years of CG experience
  - **Custom reports / data collection / data distribution** tailored to your needs
  - **Normalized database for all board members and executives**, allowing identification of potential hires or over-boarded directors, or analysis of board composition impact over time
  - **Mapping of ALL disclosed allegiant holdings**, to disentangle and analyze the cross-shareholding web



GoToData’s Relational  
Database



# BDTI's First Working Paper: **Using High-Dimensional Corporate Governance Variables to Predict Firm Performance**

## **Abstract**

The purpose of this paper is to empirically identify correlations between firms' corporate governance and their future performance. Applying LASSO estimation technique to a large number of corporate governance-related variables and firms' total shareholder returns (TSR) as well as other performance measures of those firms over multiple prediction windows for listed firms in Japan, we find the following empirical patterns. First, a number of corporate governance policies or attributes that relate mainly to external monitoring -- such as shareholder concentration, CEO approval rates, disclosure of individual director compensation, and the existence of large or controlling shareholders -- have positive correlations with future TSR as expected. Second, only a few variables associated mainly with internal monitoring and incentive mechanisms, such as stock options offered to employees, the percentage of outside corporate (statutory) auditors on the board, and the total number of corporate (statutory) auditors show correlations with future TSR. Third, such unconditional associations between specific corporate governance practices (e.g., internal monitoring) and TSR are affected by certain other governance mechanisms (e.g., external monitoring).

## **Authors**

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Junichi Yamanoi (Associate Professor, School of Commerce, Waseda University)

Non-Academic Authors: Nicholas Benes (Representative Director, BDTI)

Ben Garton (Head of Research, BDTI)

## BDTI's Second Working Paper: **Quantitative Implication of Corporate Governance on Firm Performance**

### **Abstract**

The purpose of this paper is to quantify the impacts of firms' corporate governance on their total shareholder returns (TSR). First, as a companion paper to Benes et al. (2023), we confirm that the sign of the coefficients associated with the corporate governance variables obtained through LASSO estimation are consistent with that of OLS estimation using the chosen variables by LASSO. Second, using bootstrapping experiments, we also confirm that the sign and the size of the coefficients are fairly stable over randomly chosen sets of subsamples. Third, we construct a prediction model of firms' TSR and use it to show that the investment strategy based on the model prediction could generate marginal but non-negligible returns. These results suggest that high-dimensional corporate governance variables contain informative signals associated with future firm performance.

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A Third Working Paper now in process at a well-known Japanese academic institution uses **text analysis to differentiate “entrenched” firms from other types of firms**, and explores how performance varies. Another academic researcher is using BDTI's data to explore the impact of “allegiant shareholdings” on firm performance. BDTI will also be conducting its own independent analysis during FY2023.

## BDTI’s “Director Training for Women Initiative 2023”

**Purpose:** By providing support for potential female board candidates and directors who wish to update their skills, this program will provide an opportunity for them to acquire knowledge of governance theory/practice, related laws, and finance at an early stage, or to deepen their current knowledge. By assisting in developing such knowledge and skills, institutional investors can help improve diversity, revitalize companies, and train some of their own staff. In addition, creating an opportunity for talented and motivated women to become acquainted will broaden their perspectives and personal networks, thereby increasing their potential to add value at corporations.

**Applications:** April 3, 2023 until funds depleted. Sponsors determine whether to award scholarships to applicants.

Type	How it works
 <p><b>Gold Sponsor</b></p>	<p>A pledge of up to 1,020,000 Yen to fund 12 full scholarships for different women to take to any of our four day-long “open enrollment” programs during FY2023. Sponsors can direct that their funding be used to support specific women whom they identify, up to a total amount of 510,000. Gold Sponsors, or persons from their organizations who volunteer to do so, will also make a 300,000 Yen donation to BDTI, to help defray its overhead costs.</p>
 <p><b>Silver Sponsor</b></p>	<p>A pledge of 510,000 Yen, to fund 6 full scholarships for different women to take to any of our four day-long “open enrollment” programs during FY2023. Sponsors can direct that their funding be used to support specific women whom they identify, up to a total amount of 340,000. Silver Sponsors, or persons from their organizations who volunteer to do so, will also make a 300,000 Yen donation to BDTI, to help defray its overhead costs.</p> <p style="text-align: center;"><b>OR</b></p> <p>A pledge of 480,000 Yen to fund year-long licenses so that 12 different women can take all four of BDTI's e-Learning modules teaching basic knowledge that all directors should have, about corporate law, securities law, and corporate governance theory and practice. This is knowledge that day-long course participants (or investors) should also familiarize themselves with. Sponsors can direct that their funding be used to support specific women whom they identify, up to a total amount of 320,000. Silver Sponsors, or persons from their organizations who volunteer to do so, will also make a 300,000 Yen donation to BDTI, to help defray its overhead costs.</p>

The BDTI logo consists of the letters "BDTI" in a white, serif font, centered within a solid blue rectangular background.

**The Board Director  
Training Institute of Japan**

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Website

The BDTI logo, featuring the letters "BDTI" in white serif font on a blue rectangular background.

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