

A Message from an Outside Director



We are working to ensure transparency and objectivity to raise corporate value over the view to long-term.

Shigeki Iwane

Outside Member of the Board,
President and Director, The Kansai Electric Power

■ Understanding workplace issues and making recommendations

As an independent outside director, I monitor the progress of Companywide strategies from the standpoint of raising corporate value over the medium to long term, and am always conscious of ensuring transparency in this process when making decisions on important matters that affect management. I also pay close attention to the consistency between the corporate philosophy and Companywide strategy, and the state of social responsibility implementation, such as risk management, safety, quality, and compliance.

To fulfill these responsibilities, it is important to know not only Companywide issues and strategies, but the business workplace as much as one possibly can. Therefore, since becoming an outside director, I have taken the opportunity to visit research labs and plants. Knowing the front-line workplace issues and employees' thoughts about work has helped deepen my understanding of the Company significantly.

In fiscal 2018, we placed particular importance on discussions of revising the Medium-Term Management Plan 16–20. We revised numerical targets, such as profits, in light of major changes in the circumstances that the Company assumed as the basis of this plan, such as the impact of domestic drug price reductions and the progress of the US business. However, although the time for achieving the initial plan will be delayed, corporate value is expected to increase in the years ahead. I recommended that the Company increase its corporate value by reflecting this growth picture in its plan and communicate it in an easy-to-understand manner both inside and outside the Company.

■ Key points for management regardless of industry

Regardless of the industry, there are many common aspects in terms of what management's focus should be. For example, whether it be ensuring the transparency and objectivity of decision-making by revitalizing the board of directors, properly transmitting information inside and outside the company to raise corporate value, or further motivating employees, these are important management issues in any industry. I also make recommendations from this perspective at the Company's Board of Directors.

In the pharmaceutical business most of all, ensuring safety, quality, and compliance is directly connected to stakeholder trust. Viewing "safety" as a major prerequisite for all business activities, I strive to actively speak about safety management and the organizational culture that supports it.

In addition, I always express my views on revitalizing communication within the Group. Increasing employee motivation is the driving force for overcoming the difficult business environment across the Company and achieving sustainable growth. With overseas expansion accelerating, sharing the corporate philosophy is also an important challenge.

In the area of governance, we emphasize ensuring that the views of diverse stakeholders are reflected in a balanced manner in the decision-making process. In the case of the Company, in which the parent company holds the majority of shares, it is more important to ensure the transparency and objectivity of discussions so as not to harm the interests of minority shareholders.

Efforts to make the Company more attractive to shareholders and investors.

Tsutomu Kamijo

Outside Member of the Board,
Chairman of Board of Directors, Sapporo Holdings



■ Recommendations for overseas business success

In my view, the mission of an outside director is to share his opinions and recommendations after carefully examining the state of the execution of the Company's business. In that sense, as an outside director, I strive to discuss matters at the Board of Directors meeting from a wide range of viewpoints unbounded by conventional thinking and decision-making.

The major issue is not only the results of a single fiscal year, but how to advance the growth strategy from a medium- to long-term perspective, including the progress of the Medium-Term Management Plan 16–20. Given these circumstances, at the Board of Directors meeting in fiscal 2018, I paid particular attention to individual overseas businesses that are making rapid progress. The Company's overseas business is in the difficult situation of having to produce results while developing the business experience of its staff, but I want to support them as much as possible so that they succeed.

■ Emphasis on the Nomination and Compensation Committees

As an outside director, I serve on the Nomination and Compensation Committees. In discussions about officer candidates in the Nomination Committee, we evaluate them giving sufficient consideration not only to a quantitative assessment, such as age and experience, but also qualitative aspects, such as the ability required for the future growth of the Company. We also discuss succession plans. In these

discussions too, I strive to express my views from an unbiased standpoint as a third party.

In the Compensation Committee, on the other hand, since the Company's compensation system is well structured, I am particularly conscious about checking how each officer's performance is reflected in their compensation.

■ Efforts to live up to the shareholders' trust

While the business of "developing pharmaceuticals" itself may contribute substantially to society, we must also consider the fulfillment of social responsibilities associated with promoting business. For example, we can consider specific initiatives from the point of view of "how we can develop and produce safe products, while reducing our environmental impact as much as possible, and supply them to society."

In a corporate governance system, there is always room for governance improvement. In the future, it may be good to discuss governance not only in terms of transparency and fairness, but also in terms of what can we do to live up to the trust of shareholders. Efforts to make the Company more attractive to shareholders and investors are essential. To that end, we need to find ways to communicate information more openly.