

Corporate Governance

Suzuken recognizes the importance of strengthening corporate governance to improve management systems, establish a compliance framework and raise levels of disclosure and accountability. The guiding policy of the Suzuken Group is to focus on measures that increase the degree of trust placed in the group by stakeholders so that Suzuken can generate sustained long-term growth and conduct its business activities on a sound basis.

Strengthening management systems

In June 2004, Suzuken introduced a system of executive officers. This move served to clarify the functions of the Board of Directors through a formal separation of management oversight and business execution responsibilities at the senior management level. In another move to reform management, the number of directors was reduced to promote faster, more dynamic decision-making.

- The upper limit on the number of directors was lowered from 30 to 15.
- The Nomination/Compensation Committee was established to promote transparency and objectivity in issues related to the appointment and remuneration of directors and executive officers. The committee has at least three members, including an outside expert, the director responsible for personnel matters and a representative director.
- The system of director retirement and severance benefits based on length of service was abolished and replaced with an executive compensation system linked to an individual performance and contributions.

Establishing a compliance framework

Corporate social responsibility demands that Suzuken place greater emphasis on the establishment of a compliance framework and related measures. In April 2004, as part of this initiative, Suzuken merged three existing committees that oversaw corporate ethics, pharmaceutical regulatory compliance and risk management into a single Risk Management Committee. In addition, the frequency of meetings was increased to a monthly basis, with full meetings convened every quarter.

At the same time, Suzuken established the Risk Management Office to provide dedicated administrative support to the committee and to increase the effectiveness of risk management activities. In addition, as part of a corporate ethics system aimed at promoting sound management and internal compliance with relevant laws and regulations at Suzuken and its subsidiaries, a corporate ethics hotline was established in April 2004.

Separately, Suzuken has begun the development of information management systems designed to protect management-related information, minimize data-related risks, and comply with laws on personal data privacy. Suzuken is also working to raise awareness of related issues among employees. Suzuken plans to formulate an information security policy that conforms to international standards and gain ISMS (Information Security Management Systems) certification at our System Development Department before the end of March 2005.

On the environmental front, in March 2004 Suzuken gained ISO 14001 certification for the environmental management system at its head office.

Raising levels of disclosure and accountability

Besides reporting results sooner, Suzuken is raising levels of disclosure and accountability through full dissemination of IR information by means of annual reports in Japanese and English, and via online channels. As well as observing related regulations, Suzuken aims to improve the timeliness and other standards of its disclosure proactively.

The IR section of Suzuken's web site features press releases and other investor-oriented information in English as well as Japanese.

Shown below is a summary of the business execution, management supervision and internal control frameworks of Suzuken following the June 2004 general meeting of shareholders.

