



Special Interview

With Satoshi Nagao,
External Director

Now in the second year of his appointment as external director to Mandom Corporation and the Mandom Group, Satoshi Nagao brings a wealth of management experience to his role. Based on this expertise, we asked him about his impressions of Mandom and his opinion on objectivity from the perspective of an external director.

Q It has been a full year since you were appointed to the position of external director to Mandom. While attending Board of Directors meetings during that year, you had the opportunity to see numerous events unfolding at the Company. Would you give us your impressions of Mandom and share your thoughts from your perspective as an external director?

My first impression had to do with the corporate culture. Rather than being stiff and formal, the entire Company seemed to cultivate a culture of freedom and vigor.

The Board of Directors itself was highly transparent and sound. Rather than simply rubber-stamping proposals as a matter for course, which is sometimes the case at other companies, members tended to speak their minds freely. Of course, there were some items that were simply approved as a matter of form, but overall the Board of Directors was characterized by frank and lively discussion.

Q Your impressions of the Board of Directors seem quite positive. Were there any points that you found less so?

Although a director, I differ from other members of the management team in that I am not involved in actual execution, nor have I mastered the Company's

operations. For this reason, I would ideally like to have more advance input. This is important because on matters requiring a decision, there are often many options available. For example, it would be easy to make a decision if you had three proposals—call them A, B, and C—and after due deliberation it was evident that proposals B and C presented risks while proposal A offered the best benefits. Obviously, you choose proposal A. But if you are suddenly presented only with proposal A and you must make a decision yes or no, the choice has to be A. Naturally, people in the secretariat and in the workplace assume that you make decisions after full deliberation; I think there is room for the process to evolve toward more extensive deliberations.

If we look just at the results, whether the board's decisions have been about management, markets or other items, it is easy to get a bit complacent, thinking that previous decisions have been good and business conditions are healthy. The Company has not stumbled, but I see some areas where it has the potential to do so. And some specific issues requiring a decision will surely arise before this happens.

Q What are your thoughts on the Mandom Group's management strategies?

The Mandom Group is currently proceeding in line with its Middle-Range Planning (MP-11), and I think

the content of this plan is very reasonable. Not only are individual policies appropriate, but also I believe that a great deal of deliberation has gone toward addressing the key management issues needed to achieve the plan's targets. I think we are fully aware of the conditions that need to be met and the hurdles that need to be cleared, and this information is shared. The structure is becoming even more robust, which I see as a very good thing.

Q It is said that in Europe and the United States, the role of an external director is one of the most threatening weapons a company faces. What are your thoughts on this?

It is still too early to know how the presence and positioning of independent external directors will affect companies in Japan and put pressure on them. We are currently in the middle of a transition period, and I believe a little more time is necessary before the positioning becomes clear.

Q What do you see as Mandom's expectations of you in your role as an external director?

Initially, President Nishimura said that he wanted me to help strengthen corporate governance, and I believe this is within my remit as part of the overall supervisory role. I sometimes wonder whether I am filling the role adequately, and this is one of the biggest issues to attend to as my understanding of Mandom and the Mandom Group grows.

I believe that communicating with employees and departments will be an important way for me to gain this understanding. I know about the departments involved in items proposed to the Board of Directors, but it is difficult to actually get to know sections throughout the Company uniformly. Also, I do not

see it as an external director's job to go about sticking his nose in at different floors of the office with no particular business in mind.

By the way, after being appointed external director, I had the opportunity to visit a number of Group sites overseas. The overseas locations struck me as being like small households, and I had numerous opportunities to interact with both the core Japanese staff and locally hired personnel. Whenever such opportunities arise in Japan, they tend to be large in scale, and interacting with numerous people is difficult. I would like to see more opportunities like this in the future, and I believe I learn something important each time.

Q One final question: What is your personal sense of what an "external director" should be?

In my view, an external director is basically someone who is not involved directly in operations. Rather, he sees a company from a long-range perspective and checks that it is always on a path to sound growth. To achieve this, sometimes he needs to press on the accelerator, and sometimes to toe the brakes. Sometimes he even needs to assist in adjusting the steering. At the same time, an external director is not the engine. The employees themselves make up the engine.

I think Mandom truly has some excellent potential. Now in my second year as external director, I hope that I have a better understanding of the Company and can play a bigger role in helping to realize this potential.

In closing, I would like to say that I have great expectations for Mandom, which aspires to be an "Only One" company in Asia with global management expertise.

External Director Satoshi Nagao

Born on October 29, 1946

April 1969 Joined Toyota Motor Sales Co., Ltd.
(now Toyota Motor Corporation)

January 1996 General Manager

January 2001 Joined DDI Corp. (now KDDI Corporation)

June 2001 Managing Executive Officer

April 2003 Senior Managing Executive Officer

June 2003 Director

June 2005 Executive Vice President, Representative Director (CFO)

August 2005 Director, Keizai Doyukai
(Japan Association of Corporate Executives)

June 2007 Chairman, KDDI Evolva Inc.

June 2014 External Director of the Company (current position)

