

**Summary of the Report**  
**by the Study Group for Development of Ideal**  
**Approaches to Legal Functions in Japanese Companies**  
**for Enhancement of International Competitiveness**

**April 2018**

**The Ministry of Economy, Trade and Industry (METI)**

# Highlights of the Report (Key Messages)

- The report explains streamlined ideal approaches to business management and legal functions that contribute to enhancing the competitiveness of Japanese companies facing more and more complicated and diversified legal risks surrounding them. (The study group held four meetings from January to March 2018 to hold discussions.)
- The study group will disseminate and raise awareness of the details of the report mainly among industrial players and strive to advance multilateral efforts from the viewpoint of enhancing the competitiveness of Japanese companies in cooperation with related organizations (ministries and agencies as well as related associations) and industrial players.

## Members of the study group

### [Regular members]

- Manami Ishijima, General Manager, Project Development Headquarters, Media Group, Yahoo Japan Corporation
- Masaru Karube, Professor, Institute of Innovation Research, Hitotsubashi University
- Chair Katsuya Natori, Lawyer and Founder, Natori Law Office
- Mari Hiraizumi, Executive Director/ Director, Legal Department / Lawyer, Boehringer Ingelheim Japan, Inc.
- Haruo Hirano, Professor, Graduate Schools for Law and Politics, the University of Tokyo
- Toyohisa Fujii, Director, General Affairs and Legal Division, Azuma Shipping Co., Ltd.
- Tasuku Mizuno, Lawyer, City Lights Law
- Mariko Mimura, Executive Director / Lawyer, GlaxoSmithKline K.K.

### [Special members]

- Yumiko Ito, Executive Managing Officer / Corporate Legal, President's Office / Lawyer, Sharp Corporation
- Ryugo Iwamoto, Senior Legal Counsel / Lawyer, GE Healthcare Japan Corp.

### [Observers]

- Judicial System Department , Minister's Secretariat, Ministry of Justice
- Technical Education Division, Higher Education Bureau, Ministry of Education, Culture, Sports, Science and Technology

# Overview of the Report (1)

## Legal functions required of Japanese companies

- Approaches to ascertaining more and more complicated and diversified legal issues determine whether or not a company can achieve healthy and sustainable growth in the future.
- Taking different approaches to understanding and views of rules will become a source of creating new business, and bearing this perspective in mind, it is indispensable for companies to achieve strategic business management in which management and legal affairs are integrated.
- Combining a vision (new value a company presents to a society) and a logic (from the viewpoint of whether or not the logic is allowed under the predetermined interpretation of the existing laws), companies should take actions seriously focusing on business, and this standpoint is a foundation of future legal functions in companies.

What are legal functions required of Japanese companies?

### Defensive function (guardian function)

From the viewpoint of defending corporate value, a defensive function involves decision making in management and other departments for control of legal risks, works to change details of operations and business execution, and suspends or extends the timing of decision making if any, thereby defending the rights, property and reputation of companies.

### Offensive function (partner function)

From the viewpoint of maximizing corporate value, an offensive function works to encourage companies to execute operations and business in an appropriate, smooth, strategic and efficient manner through the public provision of legal support to management or other departments.



Highly-skilled or quality-mindset  
human resources support companies.



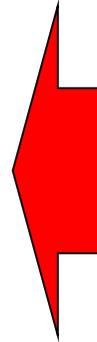
# Overview of the Report (2)

## Directions that companies should consider in taking future efforts



### Actual situations (challenges)

- Company management levels and operation departments tend to recognize a legal department as a mere cost division.
- Many companies do not connect management and legal affairs in an organized fashion, as seen by the fact that the personnel responsible for a legal department are not often involved in management.
- Skilled human resources that play a role in executing a new legal function are insufficient in many companies.



### Solutions



- Shifting of the existing perspectives to those based on risk-take management in which management levels or an operation department and a legal department integrally work
- Development of organizations or operations that connect management and legal affairs (establishment of a post of GC,\* development of reporting lines, etc.)
- Taking advantage of diversified educational opportunities, employment of external human resources, etc.

\*GC: General Counsel

## Expectations for stakeholders



- Efforts for fostering human resources in the field of legal affairs (expected organizers: law schools, legal professionals, related ministries and agencies, etc.) 
- Efforts for taking advantage of vitalization of the private sector (expected organizers: METI, JETRO, etc.) 
- Efforts for disseminating and raising awareness of the importance of enhancing legal functions among companies (expected organizers: METI, related ministries and agencies, related associations, etc.) 