

Corporate Governance Guidelines

Alfresa Holdings Corporation

Corporate Governance Guidelines

Chapter 1 General Provisions

Article 1 (Objective)

The purpose of these guidelines is to further enhance corporate value in order for the Alfresa Group (hereinafter the "Group") to fulfill its responsibilities to customers, business partners, our people, shareholders, local communities, and other stakeholders in a manner characterized by reliability, safety, and sincerity by realizing the Alfresa Group's Principles in the form of "Our Philosophy," "Our Vision," and "Our Promises."

Our Philosophy

We create and deliver a fresh life for all.

Our Vision

We aim to become a Healthcare Consortium that provides products and services in every health-related field.

Our Promises

We always provide reliable products and services and strive to enhance customer satisfaction.

We respect individual characteristics and personalities and strive to maintain and improve a pleasant working environment.

We raise corporate value as a corporate group operating in the health-related industry.

We conduct proper trade under fair and free competition.

We strive to proactively engage with society by providing appropriate information in a timely manner.

We contribute to local communities through our business operations.

We strive to protect the global environment.

Article 2 (Basic concept for Alfresa Group's corporate governance)

1. As a company conducting business in a field related to life and health, the Group has determined to put the Alfresa Group's Principles into practice and to fulfill our responsibilities to our various stakeholders. The Group believes that the enhancement of corporate governance is fundamental to fulfilling corporate social responsibilities and to enhancing corporate value. Going forward, the Company will continue to promote initiatives in line with the purpose of the Corporate Governance Code, working to further increase corporate value.

2. From the perspective of achieving sustained growth and long-term enhancement of corporate value, the Group regards the essence of corporate governance as being the assurance of the transparency and fairness of decision-making, the full and effective use of management resources, and the improvement of management vitality by means of rapid and resolute decision-making, and we will work to enhance corporate governance

in line with the following basic concept.

- (1) To respect shareholders' rights and ensure equality of treatment.
- (2) To build good and harmonious relationships with stakeholders including shareholders.
- (3) To disclose corporate information appropriately and ensure transparency.
- (4) To build a structure that effectively utilizes outside directors and outside Audit & Supervisory Board members, ensuring the effectiveness of the Board of Directors' supervisory function of business execution.
- (5) To enhance internal-control systems, including the assurance of the reliability of financial reporting.
- (6) To engage in constructive dialogue with shareholders whose investment policies match the medium-to-long-term interests of shareholders.

Article 3 (Status of these guidelines)

These guidelines constitute the Group's fundamental principles on corporate governance.

Chapter 2 Relationship with Stakeholders

Article 4 (General shareholders meeting)

1. The general meeting of shareholders is defined as the highest decision-making body in the Company. Therefore, the Company shall assure sufficient time to exercise shareholders' rights and establish an environment in which shareholders are able to exercise their rights appropriately.
2. The exercise of voting rights at general shareholders meetings is the right of shareholders. Therefore, the Company shall make efforts to provide information properly that will contribute to making appropriate judgments for shareholders in exercising their voting rights.
3. In order to ensure that shareholders have sufficient time to consider agendas for general shareholders meetings and are able to appropriately exercise their voting rights, the Company shall endeavor to send early the convocation notices for ordinary general meetings of shareholders, and prior to sending shall also publish the said notices on the Company's website.
4. The Company shall endeavor to create an environment that enables all shareholders, including those absent from the general shareholders meeting, to exercise their voting rights appropriately, such as the use of the Electronic Voting Platform for Foreign and Institutional Investors.

Article 5 (Protection of shareholders' rights)

1. The Company shall effectively secure the rights of all shareholders including minority shareholders and foreign shareholders, such as the voting rights at general shareholders meetings.
2. In case of share offerings or other capital measures that results in the change in control or significant dilution of shareholders' equity, the Company shall carefully examine their necessity and rationale, ensure appropriate procedures, and make appropriate disclosure from the perspective of directors and Audit & Supervisory Board members fulfilling their fiduciary responsibilities to shareholders.
3. Upon adopting or implementing anti-takeover measures, the Company shall consider their necessity and rationale, ensure appropriate procedures, and give full explanations to shareholders.
4. In the event that the shares of the Company become subject to tender offers, the Company shall explain the position of the Board of Directors fully and clearly to the shareholders, and ensure appropriate procedures.

Article 6 (Ensuring equal treatment of shareholders)

The Company shall treat its shareholders equally based on their holdings, and shall disclose information to them in a timely and appropriate manner in order to ensure that there are no information disparities between shareholders.

Article 7 (Capital policy)

1. In order to increase corporate value over the medium to long term, the Company shall implement a capital policy that has as its basis the stable strengthening of equity capital, further enhancement of returns to shareholders, and efficient use of capital towards Realizing a Healthcare Consortium.
2. The Company considers it important to secure healthy profits from business activity and implement active measures to return profits to shareholders. For that purpose, the Company shall lay down separately a basic policy relating to returns to shareholders through such means as dividend payment from retained earnings.

Article 8 (Prevention of transactions that conflict with shareholders' interests)

1. In order to protect shareholders' interests, the Company shall endeavor to prevent directors, Audit & Supervisory Board members and other such persons connected with the Company from using their positions to engage in transactions that conflict with the interests of the Company or shareholders.
2. Unless directors and Audit & Supervisory Board members obtain the approval of the Board of Directors pursuant to the Companies Act, they must not engage in transactions that conflict with the interests of the Company or shareholders, or transactions in

competition with the Company.

3. In order to prevent the occurrence of insider trading by insiders, the Company shall lay down rules for the handling of important matters not yet announced publicly and shall apply them strictly.

Article 9 (Policy for constructive dialogue with shareholders)

1. In conformity with its disclosure policy, the Company shall ensure transparency, fairness, continuity, timeliness, and interactivity in dialogue with shareholders. In addition, the Company shall proactively explain and disclose to shareholders and investors the Company's business situation, quantitative financial information, and non-financial and other information relating to such matters as the environment, CSR, corporate governance and others.

2. In order to ensure the consistency and uniformity of information disclosure, the Company shall designate the Representative Director & President, the executive officer in charge of financial planning, public and investor relations, and the unit in charge of public and investor relations to assume responsibility for information disclosure, and the unit in charge of public and investor relations shall liaise with related units within the Company to assist the realization of constructive dialogue with shareholders and investors.

3. With regard to requests from shareholders and investors for interviews or dialogue with directors including outside directors, the persons in charge of information disclosure shall, after considering the persons who should attend such meetings and the methods to be used, address such requests properly to the extent reasonable. The Company shall disclose the status of various IR-related activities other than individual interviews in the Company's Corporate Governance Report.

The views, advice, etc., of shareholders and investors obtained through such dialogue shall be reported regularly by the responsible units to the representative directors and the Board of Directors.

Surveys of the composition of shareholders shall be conducted regularly, and the findings thereof shall be reported to the representative directors and the Board of Directors.

4. Insider information in dialogues with shareholders and investors shall be controlled appropriately in accordance with the company's internal rules in order to ensure that no legal violations occur.

Article 10 (Policy concerning cross-shareholdings)

1. The Board of Directors of the Company shall lay down separately a basic policy concerning the cross-holding of listed shares and a basic policy concerning the exercise of voting rights as to the cross-shareholdings. These basic policies shall not only

contribute to the long-term enhancement of the Company's corporate value, but also to the enhancement of the corporate value of the companies that have issued the said shares.

Article 11 (Good and smooth cooperation with stakeholders other than shareholders)

1. The Company fully recognizes that properly addressing sustainability issues including social and environmental matters is a prerequisite for the medium-to-long-term increase of our corporate value. Accordingly, in accordance with “Our Promises” stated in the Alfresa Group’s Principles, we shall endeavor to engage in good and smooth cooperation with customers, business partners, our people, local communities, and other stakeholders, and work to widely and proactively communicate with society.

2. Relationships with customers and business partners

The Company shall always maintain the stable supply of reliable products and services that satisfy our customers and business partners, and shall conduct proper trade under fair, transparent and free competition.

3. Relationships with our people

(1) The Company shall endeavor to maintain and improve a safe and comfortable working environment for our people, and create a healthy corporate culture, with the aim of becoming a company in which diverse personnel with a variety of values and differing points of view can cultivate their individuality and stretch their talent and participate actively.

(2) The Company shall establish an appropriate framework for whistleblowing that includes not only internal points of contacts but also external ones that include a law firm.

4. Relationships with local communities

The Company shall contribute to society through business operations, proactively carry out social contribution activities in local communities and actively and voluntarily address global environmental problems.

Chapter 3 Corporate Governance Structure

Article 12 (Organizational structure)

1. For its organizational structure as provided for in the Companies Act, the Company shall select the structure of a company with board of the Audit & Supervisory Board. The Audit & Supervisory Board and Audit & Supervisory Board members shall audit directors’ performance of their duties.

2. To clarify the division of responsibilities for managerial decision-making, supervision, and business execution, the Company shall adopt an executive officer system. The responsibilities for decision-making and supervision are assumed by the Board of Directors, and responsibility for business execution is assumed by the executive officers.

Article 13 (Roles and responsibilities of the Board of Directors)

1. The Board of Directors shall aim to realize the Company's corporate philosophy by establishing the best possible corporate governance, exercise its supervisory functions, and practice optimum decision-making based on fair judgment.

2. The Board of Directors shall make decisions on important matters as provided for by laws and regulations, the Company's Articles of Incorporation, and Board of Directors Rules, and shall supervise directors' performance of their duties.

3. In order to enhance the mobility and flexibility of business execution and to augment management vitality, the Board of Directors shall delegate decision-making authority for matters other than those referred to in the preceding paragraph to directors.

4. The Board of Directors shall recognize that the Company's medium-term management plan is one of the commitments to shareholders, and shall do its best to achieve the plan. It shall also analyze the state of their progress as appropriate and reflect that analysis in the subsequent years' plans.

5. The Board of Directors shall develop systems for internal controls and supervise their effective operation.

Article 14 (Composition of the Board of Directors)

1. In order to ensure that the Board of Directors performs its roles and responsibilities effectively, it shall be composed of diverse directors possessing a varied mix of expert knowledge, experience, ability, and other attributes, and the number of directors shall be conducive to ensuring the most efficient and effective exercise of its functions.

2. The Board of Directors shall include multiple independent outside directors.

Article 15 (Directors' qualifications and nomination procedure)

1. The directors of the Company must have an excellent character, wisdom, and ability and be highly experienced, and must have high ethical standards.

2. All of the Company's directors shall be subject to election every year at a general shareholders meeting.

3. Directors are subject to the duty of due care of prudent manager and duty of loyalty.

Article 16 (Outside directors)

1. Outside directors shall be selected not only in accordance with the conditions for outside directors stipulated in the Companies Act, but must also satisfy the Company's own independence standards for outside directors, etc.
2. Outside directors shall be elected from persons with points of view that are pragmatic, based on extensive corporate-management experience, or objective and professional, based on extensive knowledge in such areas as social and economic trends.
3. Given that they will contribute to transparent, fair, and resolute corporate decision-making, outside directors shall receive all necessary information to carry out their roles and responsibilities effectively.

Article 17 (Roles and responsibilities of the Audit & Supervisory Board)

1. The Audit & Supervisory Board shall undertake audits of directors' performance of their duties, audits of accounting, and other matters prescribed by laws and regulations, etc.
2. The Audit & Supervisory Board shall endeavor to develop a system that will ensure the effectiveness of audits by each of its members.
3. The Audit & Supervisory Board shall receive reports from directors, employees, and accounting auditors in a timely and appropriate manner, and shall share essential information with the accounting auditors, the department responsible for internal auditing, and outside directors, endeavoring to enhance the quality of audits and to conduct audits efficiently.
4. The Audit & Supervisory Board shall collaborate with the outside directors so as to enable the outside directors to enhance their information-gathering capability without impacting their independence.

Article 18 (Audit & Supervisory Board members' qualifications and nomination)

1. The Company's Audit & Supervisory Board members must have an excellent character, wisdom, and ability and be highly experienced, and must have high ethical standards. At least one member shall be required to have appropriate expertise in finance and accounting.
2. Candidates to become new members of the Audit & Supervisory Board including substitute members for filling vacancies, shall, pursuant to this Article, be determined by the Board of Directors after the Audit & Supervisory Board has granted its consent.

Article 19 (Outside Audit & Supervisory Board members)

1. Outside Audit & Supervisory Board members must satisfy the Company's own independence standards for outside directors, etc.

2. Outside Audit & Supervisory Board members shall express opinions in the deliberations and decisions on the management policies of the Company, either as an expert primarily in the fields of legal compliance, finance, and accounting, or based on extensive experience and broad knowledge gained in corporate management positions.

Article 20 (Nomination and Remuneration Committee for Directors and Executive Officers)

1. The Company shall establish a Nomination and Remuneration Committee for Directors and Executive Officers to act as an advisory body to the Board of Directors.

2. The members of the Nomination and Remuneration Committee for Directors and Executive Officers shall be composed of independent outside directors and other directors selected by a resolution of the Board of Directors, and the majority of whom shall be independent outside directors. The chairperson is an independent outside director.

Article 21 (Nomination of directors and executive officers)

Candidates for director and executive officer shall be determined by the Board of Directors after the Nomination and Remuneration Committee for Directors and Executive Officers has completed its deliberations subject to the provisions of Article 15 hereof.

Article 22 (Directors' and executive officers' remuneration, etc.)

The amounts of remuneration, etc., of directors and executive officers and the policy pertaining thereto shall be determined by the Board of Directors after the Nomination and Remuneration Committee for Directors and Executive Officers has completed its deliberations.

Article 23 (Corporate Governance Committee)

1. The Company shall establish a Corporate Governance Committee for the purpose of enhancing the transparency and fairness of management and ensuring the continual improvement of corporate governance from the standpoint of all stakeholders.

2. This committee shall engage in exchanges of opinions from long-term and varied perspectives with regard to corporate governance, visions and strategies encompassing all aspects of corporate management, and matters such as the progress of medium-term management plan, etc. and shall provide advice and recommendations to the Board of Directors.

3. The committee shall be composed of outside directors, outside Audit & Supervisory Board members, standing Audit & Supervisory Board members, representative directors,

the director in charge of corporate administration, and the director in charge of group business & affiliate control, and the chairperson shall be elected mutually from among the independent officers.

Article 24 (Support structure and training policy for directors and Audit & Supervisory Board members)

1. The Company shall develop an internal support system that is necessary and sufficient for enabling directors and Audit & Supervisory Board members, including outside directors and outside Audit & Supervisory Board members, to fulfill their roles and responsibilities properly.

2. Directors and Audit & Supervisory Board members may, at the time they assume office and also continuously after taking office, request information and other materials necessary for supervision of management. They shall also be able to obtain advice from outside experts when necessary.

3. The Company shall promote understanding of the Company's management philosophy and corporate culture by outside directors and outside Audit & Supervisory Board members and shall continuously provide information on matters such as the management environment.

4. Outside directors and outside Audit & Supervisory Board members shall facilitate mutual information-sharing and exchanges of opinions among directors and Audit & Supervisory Board members through the Corporate Governance Committee.

Article 25 (Internal controls)

1. In order to enable speedy business execution to be carried out under appropriate controls, the Board of Directors shall lay down the Basic Policy on Internal Controls, build appropriate systems for the Group that includes compliance, risk management, and internal controls relating to financial reporting, etc., and subsequently supervise the operation of the systems.

Article 26 (Accounting auditors)

1. The accounting auditors have the duty of ensuring the reliability of financial reporting, and play an important role in optimizing the quality of corporate governance.

2. The accounting auditors must establish their independence from the Company.

3. The accounting auditors must practice systematic operational management for the purpose of controlling the quality of their audits.

4. The Audit & Supervisory Board shall formulate audit standards for Audit & Supervisory Board members, confirm the independence and professionalism of the

accounting auditors, and properly evaluate the adequacy of their audits and their systematic operational management for the purpose of quality control.

Chapter 4 Other Matters

Article 27 (Self-review)

1. Every year the Board of Directors shall conduct a self-review as to whether the execution of its duties is being conducted in accordance with these guidelines, so as to enhance the effectiveness of corporate governance.

Article 28 (Exceptional measures)

1.If it becomes necessary to take measures that are exceptions to these guidelines, the Board of Directors shall clarify the reasons therefor and ensure that the measures are appropriate in light of the intent of these guidelines.

Supplementary Provisions

Article 29 (Revision or abolition)

The revision or abolition of these guidelines shall require a resolution of the Board of Directors.

Article 30 (Effective date)

The revision of these guidelines shall come into effect as of April 1, 2022.

(The original guidelines came into effect as of November 27, 2015.)

(The guidelines were previously revised as of June 28, 2016.)

(The guidelines were previously revised as of June 15, 2019.)