

The Alfresa Group believes that the establishment of a strong corporate governance structure is fundamental to fulfilling its obligations to stakeholders including shareholders, customers, our people, business partners and local communities, and to enhancing corporate value.

Exert Collective Strength Through Group Management

As the Alfresa Group expands with the participation of new companies, we have been establishing unified Group management. Efforts have focused on sharing information within the Group by regularly holding a variety of Group conferences, including meetings of the Group Management Committee. Furthermore, the Alfresa Group is taking steps to implement fair and highly transparent management, forming an Advisory Board by inviting outside advisors.

Governance Structure

The Board of Directors is made up of all directors and meetings are attended by Corporate Auditors and are held once per month, in principle, but may also be convened as necessary. These meetings are held to approve important matters stipulated by laws and regulations, as well as determine important business execution matters pertaining to management, and to supervise directors' performance of their duties. In addition, Alfresa Holdings Corporation has introduced an executive officer system to speed up decision making and clarify the division of responsibilities for business execution and supervision.

The Executive Committee is made up of directors and executive officers of the Company. Meetings are attended by Corporate Auditors. The committee deliberates, determines and reports on issues related to the management of the Company.

The Group Management Committee holds meetings attended by senior management of group companies to deliberate and confirm Group management policies for the near term.

The Group Strategy Committee comprises directors and executive officers of the Company, certain directors of Group companies, and meetings are attended by Corporate Auditors. This committee deliberates on medium- and long-term business issues faced by the entire Group, as an advisory body to the representative directors.

Alfresa Holdings Corporation has established a Board of Corporate Auditors, which comprises four Corporate Auditors, three of whom are outside auditors. The Board is responsible for auditing the directors' performance of their duties. In addition, the Company has formed an Audit Department to audit business operations. This department offers specific advice and recommendations on improving operations based on the findings of these audits. Furthermore, the Group Internal Audit Liaison Meeting involving the internal audit departments of consolidated subsidiaries is held semiannually as part of efforts to enhance the quality of internal audits and the Group-wide internal control system.

The Corporate Auditors and the Audit Department have mutual understanding of their respective audit plans and exchange information on the findings of internal audits with the aim of improving audits of directors' performance of their duties and internal audits.

The Nomination Committee for Directors and Executive Officers comprises the representative directors and other members of Alfresa Holdings Corporation,

and meetings are held as necessary with the aim of deliberating on personnel matters and remuneration with respect to directors and executive officers.

