

Corporate Governance

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 of the Company is made up of all directors, and meetings are attended by Corporate Auditors. Regular meetings are held once per month, in principle, but extraordinary meetings 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 receives reports on issues related to the management of the Company.

The Group Management Committee is made up of the directors of the Company and Group company presidents, and meetings are attended by Corporate Auditors. Regular meetings are held seven times a year, in principle, but extraordinary meetings may also be convened as necessary. The committee's role is to align the management intentions of Group companies in a common direction. As such, the committee discusses the common aspects of issues related to overall Group management. The Group Strategy Committee comprises directors and executive officers of the Company, and certain directors of Group companies, and meetings are attended by Corporate Auditors. In addition to regular meetings, extraordinary meetings may be convened as necessary. This committee deliberates on issues related to business execution 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. This department conducts internal audits to solve operational issues and eliminate inefficiencies. Furthermore, the department visits the internal audit departments of consolidated subsidiaries semiannually and also holds the Internal Audit Liaison Meeting on a semiannual basis, in order to enhance the Group-wide internal control system and the quality of internal audits.

The Audit Department and the Corporate Auditors have mutual understanding of their respective audit plans and exchange information appropriately 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.

