

Basic Approach to Corporate Governance

The Alfresa Group believes that the establishment of a strong corporate governance structure is crucial to fulfilling its obligations to stakeholders including shareholders, customers, employees, business partners, investors, creditors, and local communities, and to enhancing corporate value. Accordingly, strengthening the corporate governance structure has been positioned as a key issue in our new medium-term management plan.

Implementation of Corporate Governance Policies

Alfresa Holdings has adopted a Corporate Auditor system consisting of four corporate auditors, of whom two are outside auditors. The Board of Directors consists of six elected members, with no outside directors at present. Alfresa Holdings has introduced an executive officer system to speed up decision making and clarify the division of responsibilities for business execution and supervision.

To establish Group-wide corporate governance, we organize and hold Group Conferences and actively promote exchanges among directors of Group companies. Furthermore, an Advisory Board has been established, comprising external advisors, to ensure highly fair and transparent management. The Advisory Board consists of three external advisors, four members of the Board of Directors and one representative from the Board of Corporate Auditors. In principle, the Advisory Board meets four times per year.

Compliance System

To ensure that a strong emphasis on compliance remains an integral part of our activities, a Legal Department and Audit Department were established in October 2004, as part of efforts to enhance our compliance and risk management functions.

