

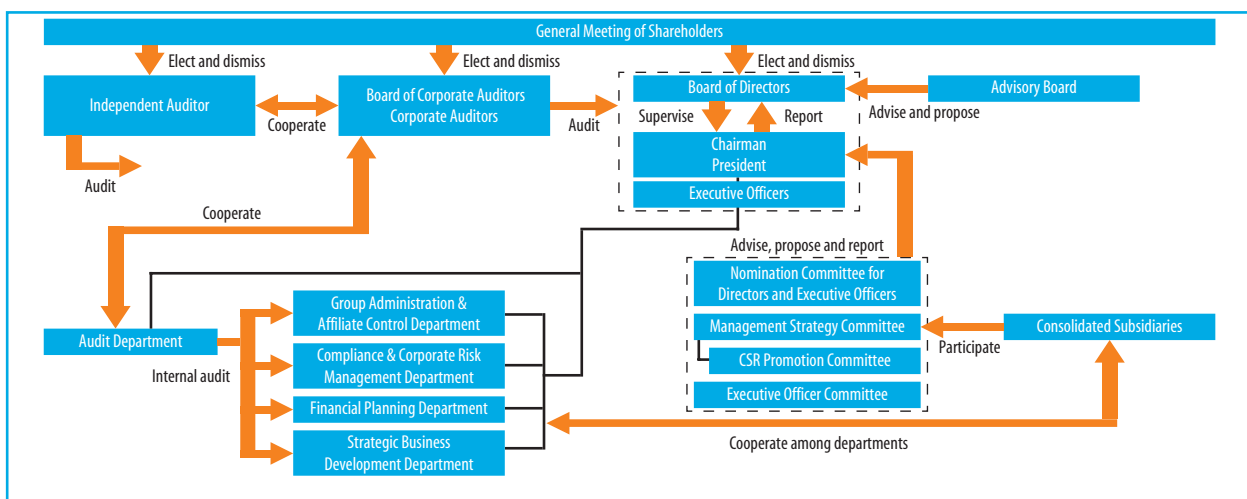
Corporate Governance

The Alfresa Group is working to strengthen corporate governance to establish a framework for enhancing management transparency, with the aim of becoming a group of companies trusted by society.

Basic Approach

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, and

local communities and to enhancing corporate value. Accordingly, strengthening the corporate governance structure has been positioned as a key theme in our medium-term management plan, and actions are being taken to enhance this framework.



Governance Structure

The Board of Directors approves important matters stipulated by laws and regulations, as well as key management issues, and supervises the execution of business operations. Corporate auditors also attend all meetings of the Board of Directors. In addition, Alfresa Holdings has introduced an executive officer system to speed up decision making and clarify the division of responsibilities for business execution and supervision. The Executive Officer Committee deliberates on matters related to business execution at Alfresa Holdings as an advisory body to the representative directors. The Management Strategy Committee, which comprises directors and executive officers of Alfresa Holdings and certain directors of subsidiaries, is also positioned as an advisory body to the representative directors. This committee deliberates on matters related to Group-wide business execution.

The Board of Corporate Auditors, which comprises four corporate auditors, three of whom are outside auditors, is responsible for auditing the management of Alfresa Holdings. In addition, the Company has formed an Audit Department to conduct internal audits. Furthermore, an Advisory Board comprising three external advisors, five directors of Alfresa Holdings, and one corporate auditor, has been established to offer advice and recommendations on overall management issues and to ensure fair and transparent management.

The Group's basic policy on the construction of internal control systems is to enforce legal compliance through observance of the Alfresa Group's Charter of Conduct and Compliance Guidelines, while improving the effectiveness and efficiency of the management of business operations by ensuring risk management and reviewing various guidelines.