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## Corporate Governance Report

Last Update: June 25, 2025

### Alfresa Holdings Corporation

Ryuji Arakawa, Representative Director & President

Contact: Soichi Nemoto, Executive Officer  
General Manager, General Affairs Department

Securities Code: 2784  
<https://www.alfresa.com/eng/>

The corporate governance of Alfresa Holdings Corporation (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Updated

As a company conducting business in a field related to life and health, the Group has determined to put the 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.

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-, 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.
- (7) To endeavor to maintain information security by protecting the information the Group holds from various security threats and handling it appropriately.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

The Company complies with all principles of the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

Updated

**[Principle 1-3 Basic Strategy for Capital Policy]**

- In order to increase corporate value over the medium to long term, the Company shall implement a capital policy that is based on the stable strengthening of equity capital, further enhancement of returns to shareholders, and efficient use of capital towards Realizing a Healthcare Consortium.
- Under this policy, the Company has set management indicators for net sales of 3.33 trillion yen, an operating profit of 43.5 billion yen or more, a three-year total investment of 120.0 billion yen level, dividend-on-equity ratio (DOE) of 2.5% or higher as shareholder returns, progressive dividends, and return on equity (ROE) of 7% level (three-year average) in its “25–27 Mid-term Management Plan: Vision2032 Stage2 Pioneering the Future with Our Collective Strength,” which concludes in the fiscal year ending March 31, 2028.
- The Alfresa Group considers return on equity (ROE) to be an important management indicator to enhance corporate value over the mid- to long term, and aims to exceed the shareholders’ capital cost. This index is included in DOE along with the dividend payout ratio.
- For the fiscal year ended March 31, 2025, the Company’s shareholders’ equity ratio was 33.5%, DOE was 2.4%, dividend payout ratio was 42.7%, and ROE was 5.7%.

**[Principle 1-4 Cross-Shareholdings]**

Please see Article 10 of the Corporate Governance Guidelines for our policy regarding cross-shareholdings. (<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

In addition, in accordance with Article 10 of the Corporate Governance Guidelines, we have established the following basic policy on the cross-holding of shares of listed companies and the exercise of voting rights related to cross-held shares of listed companies.

**(Basic Policy on Cross-Shareholdings)**

- The Alfresa Group’s policy on cross-shareholdings is to hold only shares that further important objectives in our group’s strategy, such as maintaining and furthering good trade and collaborative relationships or creating new business opportunities in order to realize a healthcare consortium, and to reduce shareholdings that do not further these objectives.
- Each year, we judge whether the original purpose of our holding remains valid for every investee company, quantitatively verify that the benefits and risks associated with our holdings are commensurate with capital costs, and qualitatively verify the purpose of our holdings over the mid- to long term. These results are reported to the Board of Directors.
- When a company that has a cross-holding of the Company’s shares signals its intention to sell, or perform another related action, the Company does not attempt to prevent the sale or action.

**(Basic Policy on the Exercise of Voting Rights)**

- We will exercise the voting rights of our shares appropriately after judging whether the exercise of voting rights will lead to an increase in the corporate value of our group and our investee companies over the mid- to long term.

**[Principle 1-7 Related Party Transactions]**

We have established Article 8 of the Corporate Governance Guidelines to prevent directors and other such persons from conducting transactions that are in conflict with the interests of shareholders.

(<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

**[Supplementary Principle 2-4-1]****(Views on Ensuring Diversity)**

We have formulated the Alfresa Group Diversity Policy, and we are advancing initiatives in keeping with said Policy. Please refer to the Alfresa Group Diversity Policy on our website.

(<https://www.alfresa.com/eng/csr/esg/social/employee/>)

(Appointing Women to Management Positions)

We are making every effort to advance initiatives to facilitate the active participation of women in management positions. As training plans for women in management positions, we are currently promoting initiatives by implementing training targeting female candidates for management positions and their superiors at all Group companies, and video-based diversity training for all Group officers and employees.

As of March 31, 2025, the ratio of women in management positions was 6.6%. We will make every effort to increase the ratio to at least 10% by fiscal 2030.

(Appointing Foreign Nationals to Management Positions)

Since our main focus is on operations in Japan, we do not have a policy or targets for appointing foreign nationals to management positions, but we and all Group companies appoint human resources who meet the requirements of a role regardless of their nationality.

(Appointing Mid-Career Hires to Management Positions)

Whether the candidate is a new graduate or a mid-career hire, we recruit human resources and appoint managers who meet the requirements of a role as determined by us or the Group companies. It is also our policy to promote career recruitment of industry-ready human resources who possess the high level of expertise needed to implement the Group strategy.

As of March 31, 2025, the ratio of mid-career hires in management positions was 22.7%. We will continue to appoint well-qualified persons to management positions.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

Alfresa Corporation, a major group company, has established a Pension Asset Investment Review Committee consisting of members of the finance, personnel, and corporate strategy divisions, etc. in order to establish rules and regulations regarding the defined benefit corporate pension plan, and to manage pension assets safely and efficiently. The Committee deliberates and resolves basic investment policies (including reevaluation), the selection of fund managers and financial products, and other necessary matters related to investment.

Although asset management is outsourced to several investment funds, we have selected organizations that have pledged to adopt Japan's Stewardship Code. During the operation of pension assets, the Committee requests the attendance of academics and experts on the management of external pension funds as necessary to supplement expertise.

Regarding monitoring, the department in charge regularly conducts asset management report meetings with the organizations responsible for asset management, prepares asset management reports, and reports these to the Committee.

[Principle 3-1 Fulfillment of Disclosure]

3-1(i)

■ Business Principles

Our Group has established the Alfresa Group's Principles, and, through our Philosophy, our Vision, and our Promises, we are committed to fulfilling our responsibilities to our customers, employees, shareholders, business partners, local communities, and other stakeholders.

Please refer to the Alfresa Group's Principles on our website.

(<https://www.alfresa.com/eng/about/philosophy/>)

■ Business Strategies and Business Plans

In order to realize the Alfresa Group's Principles, the Alfresa Group has formulated the "25-27 Mid-term Management Plan: Vision2032 Stage2 Pioneering the Future with Our Collective Strength," which concludes in the fiscal year ending March 31, 2028.

We have identified the following five Group Management Policies for the Mid-term Management Plan:

- (1) Exercising of the Group's collective strength for the evolution and expansion of total supply chain services;
- (2) Strategic investment in growth businesses and new businesses;
- (3) Further strengthening of the competitiveness of core businesses;
- (4) Rigorous cost control; and
- (5) Implementation of sustainability management.

For details, please refer to our website.

(<https://www.alfresa.com/eng/ir/pdf/management-plan.pdf>)

### 3-1(ii)

#### ■ Basic Views and Guidelines on Corporate Governance Policies

Please refer to I-1. "Basic Policy" of this report for our basic policy on corporate governance. Please also refer to our Corporate Governance Guidelines, which we have established as the basic policy on corporate governance of the Alfresa Group. (<https://www.alfresa.com/eng/ir/pdf/cggguideline.pdf>)

### 3-1(iii)

#### ■ Policies and Procedures for Determining Remuneration

Remuneration for directors (excluding those who are Audit & Supervisory Committee Members) and executive officers is determined by the Board of Directors after the Nomination and Remuneration Committee for Directors and Executive Officers has completed its deliberations.

Please refer to Article 20 of the Corporate Governance Guidelines for remuneration for directors and executive officers.

(<https://www.alfresa.com/eng/ir/pdf/cggguideline.pdf>)

For details on the determination of remuneration for directors and executive officers, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in II-1. [Director Remuneration] of this report.

### 3-1(iv)

#### ■ Policies and Procedures for Appointment of Director Candidates

The candidates for director must have an excellent character, wisdom, and ability, and be highly experienced, as well as possess high ethical standards.

Please refer to Article 15 of the Corporate Governance Guidelines for the nomination of directors. (<https://www.alfresa.com/eng/ir/pdf/cggguideline.pdf>)

The Nomination and Remuneration Committee for Directors and Executive Officers, which is chaired by an independent outside director, deliberates on the appointment and dismissal of directors.

### 3-1(v)

Please refer to the "Notice of Convocation of Ordinary General Meeting of Shareholders" for the reasons for the nomination of director candidates. (<https://www.alfresa.com/eng/ir/meeting/>)

### [Supplementary Principle 3-1-3]

#### (Sustainability Initiatives)

We have established a basic sustainability policy based on the Alfresa Group Principles. This basic policy is also the foundation for our efforts to identify and engage with important sustainability issues (materiality) for the Alfresa Group. Please refer to the website for more information about our sustainability initiatives. (<https://www.alfresa.com/eng/csr/>)

(Investment in Human Capital and Intellectual Property, etc.)

For information about our investment in human capital and intellectual property, please refer to our "25–27 Mid-term Management Plan: Vision2032 Stage2 Pioneering the Future with Our Collective Strength," where the relevant information is disclosed.

(<https://www.alfresa.com/eng/ir/pdf/management-plan.pdf>)

#### (Climate Change Response)

The Alfresa Group considers climate change one of the key issues with impact on sustainability management. Established in May 2022, its TCFD Subcommittee identifies risks and opportunities related to climate change, evaluates their importance, and advances and monitors countermeasures. In regard to CO<sub>2</sub> emissions, one of the key indicators related to climate change, the Group has set a target of achieving net zero emissions by fiscal 2050. Setting the Scopes 1 and 2 CO<sub>2</sub> emissions in fiscal 2020 as the baseline, we are working toward the medium-term target of a 30% reduction by the end of fiscal 2030.

Please refer to our website for detailed information.

([https://www.alfresa.com/eng/csr/esg/environment/climate\\_change/](https://www.alfresa.com/eng/csr/esg/environment/climate_change/))

[Supplementary Principle 4-1-1]

We have defined matters requiring resolution by the Board of Directors as follows: (1) matters prescribed in the Companies Act and other laws and regulations; (2) matters prescribed in the Articles of Incorporation; (3) matters delegated by a resolution of the General Meeting of Shareholders; and (4) other important management matters. In addition, an executive officer system has been adopted, and the extent of delegation of operations clarified in internal regulations.

Please refer to Article 13, Paragraphs 1-3 of the Corporate Governance Guidelines for the scope of delegation to management.

(<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

[Principle 4-8 Effective Use of Independent Directors]

Our basic policy is to appoint multiple independent outside directors. Currently, six outside directors who meet our independence standards have been appointed, and are designated as independent directors. For more information on independent directors, please refer to II-1. [Directors] of this report.

[Principle 4-9 Independence Standards and Qualification for Independent Outside Directors]

In the appointment of outside directors, we emphasize high ethical standards, as well as excellent character, wisdom, ability, and experience, in addition to the requirements stipulated by the Companies Act of Japan. We have appointed candidates who meet the independence standards for outside directors, etc. as specified by the Company, in addition to the requirements for independent directors as specified by the Tokyo Stock Exchange. Please refer to "Other Matters Related to Independent Officers" in II-1 of this report for the standards for independence of outside directors, etc.

[Supplementary Principle 4-10-1]

We have established the Nomination and Remuneration Committee for Directors and Executive Officers as an advisory committee to the Board of Directors to deliberate appointment and dismissal of directors and executive officers at the Company and the Company's specified wholly-owned subsidiary Alfresa Corporation, remuneration for the Company's directors (excluding those who are Audit & Supervisory Committee Members) and executive officers, as well as other important matters related to management. Please refer to "Committee's Name, Composition, and Attributes of Chairperson" and "Supplementary Explanation" in part II, section 1 (Organizational Composition and Operation) of this Report for information about the Nomination and Remuneration Committee for Directors and Executive Officers.

[Supplementary Principle 4-11-1]

The Board of Directors consists of a variety of directors with a varied mix of expert knowledge, experience, ability, and other attributes. Please refer to Article 14 of the Corporate Governance Guidelines for the composition of the Board of Directors.

(<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

Please refer to our website where we post the skill matrix for directors-

(<https://alfresa.com/eng/csr/esg/governance/corporategovernance/>)

[Supplementary Principle 4-11-2]

The Board of Directors confirms and approves the concurrent positions of directors as directors of, or other concurrent positions held at, listed companies.

Please refer to notices of ordinary general meetings of shareholders for details on concurrent posts held at listed companies by director candidates. (<https://www.alfresa.com/eng/ir/meeting/>)

[Supplementary Principle 4-11-3]

1. Self-review of Corporate Governance Guidelines

We promote our efforts in line with the Corporate Governance Code, emphasizing the assurance of transparency and fairness in decision-making, the full and effective use of management resources, and the improvement of management vitality by means of rapid and resolute decision-making. Striving to further improve our corporate value, we have established the Corporate Governance Guidelines as basic principles for the Group.

(<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

To enhance the effectiveness of corporate governance, Article 25 of these Guidelines stipulates that the Board of Directors is to conduct an annual self-review of whether the execution of duties is carried out in accordance with these Guidelines.

As a result of deliberations by the Corporate Governance Committee and the Board of Directors, the self-review for this fiscal year under review confirmed that the execution of duties was carried out in accordance with these Guidelines.

2. Questionnaire to evaluate the effectiveness of the Board of Directors

We administered a questionnaire to all directors regarding the activities of the Board of Directors and its advisory committee, the Nomination and Remuneration Committee for Directors and Executive Officers, during the fiscal year.

In this fiscal year under review, we employed an external organization with the aim of ensuring objectivity and a third-party perspective in evaluating the Board of Directors to further improve the effectiveness of corporate governance. We made use of the external organization's expertise when designing the questionnaire and received a report detailing the external organization's analysis of the questionnaire results.

[Composition of Questionnaire]

(1) Composition and administration of the Board of Directors

(2) Management strategies and business strategies

(3) Business ethics and risk management

(4) Evaluation and remuneration of the management team

(5) Dialogue with shareholders and others

Following deliberations by the Corporate Governance Committee on the questionnaire results, these were shared with the Board of Directors.

◆ Results of evaluation by questionnaire

Our Board of Directors is composed of diverse members, and active discussions are held, including proactive comments from outside directors and outside Audit & Supervisory Board members, and certain improvements have been made regarding matters that were identified as issues for the last fiscal year. Consequently, the external organization which conducted this evaluation, determined the effectiveness of the Board of Directors in the fiscal year ended March 31, 2025 to be generally appropriate.

◆ Initiatives to further improve the effectiveness of the Board of Directors

However, we realized as a result of the questionnaire's findings that further improving the effectiveness of the Board of Directors requires even more expansions on "advance explanation and timely distribution of discussion materials," "enhancement of management discussion on strategic matters," etc.

The Corporate Governance Committee deliberated on these issues and future initiatives, and shared the outcomes of its deliberations with the Board of Directors.

3. Summary

Going forward, we will continue working to further improve effectiveness based on questionnaire results and self-reviews under these Guidelines.

[Supplementary Principle 4-14-2]

In order to enable directors, including outside directors, to fully fulfill their respective functions, the Company provides opportunities for directors to acquire the necessary knowledge of the Group's businesses, finances, organizations, etc. at the time of their appointment and on an ongoing basis after appointment.

Please refer to Article 21 of the Corporate Governance Guidelines for policies on support systems and training for directors. (<https://www.alfresa.com/eng/ir/pdf/cgguideline.pdf>)

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

(1) Basic Policy

We disclose information in a timely manner that ensures transparency, fairness, continuity, timeliness, and interactivity, in accordance with our disclosure policy. Specifically, we disclose information in compliance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the rules for timely disclosure of corporate information stipulated in the securities listing regulations of the Tokyo Stock Exchange. We also actively and equitably disclose information that we believe will help further shareholders and investors understanding regarding information that is not stipulated by any laws, regulations, or timely disclosure rules.

([https://www.alfresa.com/eng/ir/management\\_info/disclosure/](https://www.alfresa.com/eng/ir/management_info/disclosure/))

(2) Fair Disclosure

From a fair disclosure perspective, we actively and fairly disclose financial information to shareholders and investors, such as our management status, as well as non-financial information such as environmental, social, and corporate governance-related matters.

(3) System

In order to ensure the consistency and uniformity of information disclosure, representative directors, the Information Disclosure Manager responsible for the Information Disclosure Department, and the Information Disclosure Department (Public Relations and Investor Relations Department) are designated as the officers and employees responsible for the Alfresa Group's information disclosure.

The Information Disclosure Department collaborates with related departments within the company to collect information necessary for constructive dialogue with shareholders and investors. The disclosure of important information stipulated in the Fair Disclosure Rules is deliberated by the Disclosure Committee, which is composed of Representative Directors, the Information Disclosure Manager, and the head of the Information Disclosure Department (head of the Public Relations and Investor Relations Department), as necessary, and the Board of Directors consulted as appropriate.

(4) Implementation of Dialogue with Shareholders

The Information Disclosure Manager is designated as the person responsible for dialogue, and we make every effort to ensure that senior management is available to conduct dialogue within a reasonable range. In the immediately preceding fiscal year, we conducted 109 individual interviews handled mainly by the Information Disclosure Manager or the head of the Information Disclosure Department. The shareholders who engaged in dialogue were mainly domestic and foreign investors with quantitative, growth, GARP, and value investment styles (fund managers, analysts, ESG officers, and officers with voting rights). The main themes were our Medium- to Long-Term Vision, the mid-term management plan, the industry environment and business strategies, digital transformation (DX), financial and capital strategies, and ESG initiatives including corporate governance.

During the dialogue, we explained in detail the market environment, progress made with the mid-term management plan including business strategy, reducing cross-shareholdings, and the financial capital strategy aimed at improving capital efficiency, as well as CO<sub>2</sub> reduction, diversity, and corporate governance initiatives such as the operational status of the Board of Directors and compliance. As a result, we believe that we have deepened their understanding of the Group. In addition, we have gained a deeper awareness of shareholder expectations of fostering a corporate culture that places the highest priority on compliance, and of further improving profitability and capital efficiency. The content of the dialogue with shareholders is reported to the Representative Director and the Director of Finance when necessary, and to the Board of Directors once every quarter.

Based on the dialogue with shareholders, we presented the Alfresa Group's Medium- to Long-Term Vision ([https://www.alfresa.com/eng/ir/pdf/mediumtolong\\_termvision.pdf](https://www.alfresa.com/eng/ir/pdf/mediumtolong_termvision.pdf)) on May 15, 2023. We also incorporated topics of shareholder interest relating primarily to the Medium- to Long-Term Vision into our Integrated Report and worked to further enhance the quality of the Integrated Report.

([https://alfresa.com/eng/ir/library/annual\\_report/](https://alfresa.com/eng/ir/library/annual_report/))

Furthermore, based on the opinions from shareholders, we presented our new mid-term management plan, "25-27 Mid-term Management Plan: Vision2032 Stage2 Pioneering the Future with Our Collective Strength" on May 15, 2025.

(<https://www.alfresa.com/eng/ir/pdf/management-plan.pdf>)

[Action to implement management that is conscious of cost of capital and stock price]

The price-to-book ratio (P/B ratio) of the Company's stock price has remained below 1.0 since fiscal 2020.

Recognizing this as an issue, we presented the Alfresa Group's Medium- to Long-Term Vision in May 2023, based primarily on the guidelines published by the Tokyo Stock Exchange entitled "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."

([https://www.alfresa.com/eng/ir/pdf/mediumtolong\\_termvision.pdf](https://www.alfresa.com/eng/ir/pdf/mediumtolong_termvision.pdf))

In addition, we provided updates on progress in the briefing on business results, etc., and on May 15, 2025, we presented our new mid-term management plan, "25–27 Mid-term Management Plan:

Vision2032 Stage2 Pioneering the Future with Our Collective Strength," as the second stage toward achieving the goals of our "Medium- to Long-Term Vision."

(<https://www.alfresa.com/eng/ir/pdf/management-plan.pdf>)

We will continue steadily pursuing the Alfresa Group's Medium- to Long-Term Vision and "25–27 Mid-term Management Plan" to enhance our corporate value, thereby improving our market valuation.

[Updated on: June 25, 2025]

[Principle 5-2 Formulation and Announcement of Business Strategies and Business Plans]

As action to implement management that is conscious of cost of capital and stock price, on May 15, 2023, we presented our medium- to long-term business strategy and fiscal and capital strategies in the "Alfresa Group's Medium- to Long-Term Vision," promoted at the time through to fiscal 2032

([https://www.alfresa.com/eng/ir/pdf/mediumtolong\\_termvision.pdf](https://www.alfresa.com/eng/ir/pdf/mediumtolong_termvision.pdf)).

On May 15, 2025, we presented our new mid-term management plan, "25–27 Mid-term Management Plan: Vision2032 Stage2 Pioneering the Future with Our Collective Strength," as the second stage toward achieving the goals of our "Medium- to Long-Term Vision."

(<https://www.alfresa.com/eng/ir/pdf/management-plan.pdf>)

For details, please refer to our website.



## 2. Capital Structure

Foreign Shareholding Ratio	Updated	30% or more
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,947,400	14.79
NORTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	9,198,100	5.05
Custody Bank of Japan, Ltd. (Trust Account)	8,183,400	4.49
Alfresa Holdings Employees Shareholders' Association	5,414,613	2.97
STATE STREET BANK AND TRUST COMPANY 505001	5,070,564	2.78
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	4,946,102	2.71
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	4,232,548	2.32
Custody Bank of Japan, Ltd. as trustee for DAIICHI SANKYO COMPANY, LIMITED Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	3,555,000	1.95
BNYM AS AGT/CLTS NON TREATYJASDEC	3,126,125	1.72
Yusuke Fukujin	3,006,888	1.65

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

### Supplementary Explanation

The following corporations have submitted large-volume holding reports stating that they own the Company's shares as of the date of incurring reporting obligation. However, as we cannot confirm the actual number of shares owned as of the record date for exercising voting rights, the corporations are not included in the status of major shareholders above.

Further, in cases where a large-volume holding report has been submitted several times, we will post a summary of the latest report. If it is reported that there are shares held by joint holders, we will include these shares in the number of shares owned and the percentage of shares owned.

[Name of Submitter (Number of Shares Owned, Percentage of Shares Owned)]  
Silchester International Investors LLP (21,237,000 shares, 11.16%)

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Wholesale
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion

Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50
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**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation Updated	17
Term of Office Stipulated in Articles of Incorporation Updated	One year
Chair of the Board Updated	President
Number of Directors Updated	12
Appointment of Outside Directors Updated	Yes
Number of Outside Directors Updated	6
Number of Outside Directors Designated as Independent Director Updated	6

#### Outside Directors' Relationship with the Company(1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Manabu Kinoshita	From another company								△			
Toshie Takeuchi	Academic											
Kimiko Kunimasa	From another company											
Takashi Ito	Attorney-at-law											
Hiroshi Kizaki	From another company											
Sachiko Iizuka	CPA											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Committee member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company with which the Company has a relationship of mutually appointed outside directors/Audit & Supervisor Board members (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Audit and Supervisory Committee Member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Manabu Kinoshita		○	The Company's consolidated subsidiary has transactions with NEC Corporation, where Mr. Manabu Kinoshita formerly served as Vice-President, but the transaction value is less than 0.1% of their respective consolidated net sales, a negligible percentage, and the transaction partners are not involved in any way in the management of Group companies.	Mr. Manabu Kinoshita has a wealth of experience, a proven track record and a high level of insight through his years of experience in the practice of business and as an executive at one of the leading general IT vendor companies in Japan. He can be expected to capitalize on his wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions. In addition, as stated at left, we have determined that there is no risk of conflicts of interest with general shareholders. Accordingly, we have designated him as an independent officer.
Toshie Takeuchi		○	Not applicable	In addition to her high-level insight and wide experiences she gained while serving as a professor of the Faculty of Business Administration for many years, Ms. Toshie Takeuchi has broad knowledge in the area of marketing and branding. She can be expected to capitalize on her wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions. In addition, as stated at left, there are no applicable relationships and so no risk of conflicts of interest with general shareholders. Accordingly, we have designated her as an independent officer.

Kimiko Kunimasa		○	Not applicable	<p>Ms. Kimiko Kunimasa has long been involved mainly in the nursing care business as a practitioner and manager. She has a wealth of experience, a proven track record and a high level of insight through her career including serving as CHO (the person in charge of human resources) for all group companies of a listed company. She can be expected to capitalize on her wealth of experience and knowledge at the Board of Directors, to continue to strengthen the effectiveness of the Board of Directors' decision-making and supervisory functions.</p> <p>In addition, as stated at left, there are no applicable relationships and so no risk of conflicts of interest with general shareholders. Accordingly, we have designated her as an independent officer.</p>
Takashi Ito	○	○	Not applicable	<p>Mr. Takashi Ito has a high degree of expertise and broad knowledge as an attorney at law. He also has a wealth of experience including holding important positions in bar associations. We believe that he will utilize his wealth of experience and wide knowledge for the benefit of the Company to ensure the appropriateness of decision-making of the Board of Directors when necessary and contribute to the enhancement of the Company's audit and supervisory structure.</p> <p>In addition, as stated at left, there are no applicable relationships and so no risk of conflicts of interest with general shareholders. Accordingly, we have designated him as an independent officer.</p>

Hiroshi Kizaki	○	○	Not applicable	<p>Mr. Hiroshi Kizaki has a high degree of expertise in finance/accounting as a certified public accountant in addition to experience as a full-time outside Audit &amp; Supervisory Board member of a listed company and a wealth of experience as a manager and a practitioner in domestic and international areas. We believe that he will utilize his wealth of experience and wide knowledge for the benefit of the Company to ensure the appropriateness of decision-making of the Board of Directors when necessary and contribute to the enhancement of the Company's audit and supervisory structure.</p> <p>In addition, as stated at left, there are no applicable relationships and so no risk of conflicts of interest with general shareholders. Accordingly, we have designated him as an independent officer.</p>
Sachiko Iizuka	○	○	Not applicable	<p>In addition to her broad knowledge and experience in finance and accounting as a certified public accountant, Ms. Sachiko Iizuka also has wide knowledge and experience in corporate management, having served as a Representative Director of another company. We believe that she will utilize her wealth of experience and wide knowledge for the benefit of the Company to ensure the appropriateness of decision-making of the Board of Directors when necessary and contribute to the enhancement of the Company's audit and supervisory structure.</p> <p>In addition, as stated at left, there are no applicable relationships and so no risk of conflicts of interest with general shareholders. Accordingly, we have designated her as an independent officer.</p>

## [Audit & Supervisory Committee]

### Committee's Composition and Attributes of Chairperson

	Audit & Supervisory Committee
All Committee Members	4
Full-time Members	1
Inside Directors	1
Outside Directors	3
Chairperson	Inside director

Directors and employees who assist with the duties of the Audit & Supervisory Committee	Yes
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### Items regarding Independence of the Directors and Employees from Executive Directors

We have established the Audit & Supervisory Committee Office to assist with the duties of the Audit & Supervisory Committee. The members of the Audit & Supervisory Committee Office are independent from directors who are not Audit & Supervisory Committee members and perform their duties under the directions and orders of the Audit & Supervisory Committee, and that any promotion, evaluations, etc. of the members require the prior consent of the Audit & Supervisory Committee. This ensures the independence of the members of the Audit & Supervisory Committee Office from other business execution departments and the effectiveness of the Audit & Supervisory Committee's instructions to the members.

### Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

Updated

The Company is to receive regular reports and explanations for improving operations from the independent auditor, KPMG AZSA LLC, through accounting audits and internal control audits on financial reporting. The Group Audit & Supervisory Board Members' Meeting is held every half year to allow Audit & Supervisory Committee members from the Company and Audit & Supervisory Board members from its consolidated subsidiaries to share information and acquire and improve audit methods. The independent auditor also attends these meetings to promote further communication.

Internal audit departments report particularly important matters found when monitoring internal control systems and risk management to the Board of Directors and the Audit & Supervisory Committee. Decisions concerning important matters such as formulating internal audit plans and revising and abolishing internal audit standards are taken after prior consultation with the Audit & Supervisory Committee. The Audit & Supervisory Committee works in coordination with the internal audit departments, receives regular reports from the internal audit departments on their audit results, and requests investigations where necessary to improve the quality and ensure the effectiveness of audits of the Audit & Supervisory Committee for internal control systems.

**[Voluntary Establishment of Committee(s)]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee for Directors and Executive Officers	Nomination and Remuneration Committee for Directors and Executive Officers
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside director	Outside director

Supplemental Explanation
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Updated
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The members of the Nomination and Remuneration Committee for Directors and Executive Officers are independent outside directors and directors who are elected by resolution of the Board of Directors. The majority of the members are independent outside directors, and the chairperson is chosen from the roster of independent outside directors.

As an advisory committee to the Board of Directors, the Committee deliberates on appointment and dismissal of directors and executive officers at the Company and the Company's specified wholly-owned subsidiary Alfresa Corporation, remuneration for the Company's directors (excluding those who are Audit & Supervisory Committee Members) and executive officers, and any significant matters concerning management of the Company.

**[Independent Officers]**

Number of Independent Officers	Updated	6
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Matters relating to Independent Officers
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<Independence Standards for Outside Directors>

The Company elects candidates for outside directors who have high degree of independence.

1. Outside directors must be financially independent from the Group.
  - (1) Outside directors should not have received compensation (excluding remuneration to directors, etc. paid by the Company), or monetary consideration/other properties for performed duties, transactions, etc. that exceed a certain amount directly from the Group in the past five years. “Exceed a certain amount” is defined to be the amount of ¥10 million or more received in any one of the past five fiscal years.
  - (2) Outside directors should not have served as director, officer, etc. of any one of the following entities in the past five years.
    - i. Major business clients who account for 2% or more of the consolidated net sales of the Group or the corporate groups, to which the candidate belongs.
    - ii. Entities that have substantial conflicts of interest with the Group, such as the Company’s independent auditing firm, etc.
    - iii. Entities that are the Company’s major shareholders (holding 10% or more of shares issued).
    - iv. Entities of which the Group is the major shareholder (holding 10% or more of shares issued).
2. Outside directors shall not be the close relatives of directors and Audit & Supervisory Board members of the Group.  
“Close relatives” are defined as spouse, blood relatives within third degree of kinship, and relatives living together.
3. Furthermore, outside directors shall not possess any reason by which they are reasonably deemed ineligible as an independent and neutral officer.
4. Outside directors shall ensure to satisfy the independence and neutrality criteria set forth in this Standards on an ongoing basis even after the appointment as officer.

[Incentives]

Incentive Policies for Directors	Introduced performance-linked remuneration system
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Supplementary Explanation	Updated
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Remuneration for executive directors consists of basic (fixed) remuneration, performance bonuses linked primarily to the achievement of performance targets for each fiscal year, and performance-linked stock compensation. The purpose of the latter is to motivate directors and other officers and to enhance long- term corporate values aimed at achieving the medium- to long-term performance objectives set out in the Company’s “25-27 Mid-term Management Plan.”

We have introduced a system of performance-linked stock compensation using a BIP trust for officer compensation.

Executive Directors

Fixed remuneration (basic remuneration) 68% + performance-linked remuneration (bonuses) 20% + performance-linked remuneration (stock price-linked compensation) 12%

Non-Executive Directors and directors who are Audit & Supervisory Committee members  
100% fixed (basic) remuneration

(Note) Bonuses and stock price-linked compensation, which are performance-linked remuneration, represent the remuneration percentage when standard targets are achieved.

Method of calculating performance-linked remuneration

(1) Method of calculating bonuses

The amount of bonuses paid was determined individually by multiplying the base amount by the bonus

composition ratio (20%) within a range from 0% to 150%, in accordance with the degree of achievement against initial planned figures for consolidated operating profit value for each fiscal year and net income value attributable to owners of the parent for each fiscal year in order to ensure our values are aligned with those of shareholders and to further motivate officers to contribute to corporate performance. Targets and results of bonus indicators for fiscal 2024 under review were as follows. (\*Note: The indicators set forth in the 22-24 Mid-term Management Plan differ from the following.)

- 1) Consolidated operating profit margin  
Target set at the beginning of the fiscal year: 1.26%  
Result: 1.29%
- 2) Net income margin attributable to owners of the parent  
Target set at the beginning of the fiscal year: 0.88%  
Result: 0.92%

(2) Method of calculating stock compensation (stock price-linked compensation) Method of calculating stock compensation

Stock compensation serves as an incentive to increase corporate value over the long term. The number of our shares to be issued is determined by annually granting and accumulating the base points calculated according to the amount obtained by multiplying the base amount by the stock compensation composition ratio (12%), and after the conclusion of the medium-term management plan, varying the cumulative value of the base points within the range of 0% to 150% according to the achievement level of the business performance targets in the medium-term management plan. As with bonuses, the performance indicators utilized include the consolidated operating profit, consolidated ROE (Return On Equity), TSR (Total Shareholder Return), ESG external evaluation, employee engagement, etc., which have been positioned as key performance indicators in the medium-term management plan. In doing so, we aim to ensure our values are aligned with those of shareholders and to further motivate officers to contribute to corporate performance.

Recipients of Stock Options	
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Supplementary Explanation
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#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation
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In the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025), the Company paid out 301 million yen in total to 11 officers. The amount paid includes 48 million yen of bonuses to officers for the current fiscal year and 29 million yen of stock compensation. Moreover, we have introduced a system of performance-linked stock compensation using a BIP trust for officer compensation. The amount of remuneration for each officer by type has been omitted as no officers receive total consolidated remuneration of 100 million yen or more.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

At the Company, the Nomination and Remuneration Committee for Directors and Executive Officers, which is a voluntary committee with a majority membership of independent outside directors chaired by an independent outside director, deliberates policies for determining remuneration for directors other than those who are Audit & Supervisory Committee members (including the remuneration composition and base amounts), calculation methods for the remuneration, total remuneration, and other related matters. Based on these deliberations, the matters are referred to the Board of Directors where decisions are taken. The amount of remuneration, etc. for individual directors (excluding those who are Audit & Supervisory Committee Members) are determined based on deliberations by the Nomination and Remuneration Committee for Directors and Executive Officers on performance evaluations. In addition, the amount of remuneration, etc. for individual directors who are Audit & Supervisory Committee members is determined in consultation with the Audit & Supervisory Committee.

Our directors' remuneration, etc. is based on the standard amount for each rank of director. In setting this standard amount, we use remuneration data from external specialist organizations as well as publicly-available information to assess the remuneration level of companies in both the same and other industries. The remuneration composition differs between executive directors, non-executive directors (including outside directors), and directors who are Audit & Supervisory Committee members. In addition to basic (fixed) remuneration, executive directors are compensated with performance bonuses linked primarily to the achievement of performance targets for each fiscal year, and performance-linked stock compensation. The purpose of the latter is to motivate directors and other officers aimed at achieving the medium- to long-term performance objectives set out in the Company's "25-27 Mid-term Management Plan" and enhancement of medium- to long-term corporate value. We have introduced a system of performance-linked stock compensation using a BIP trust for officer compensation. Meanwhile, in case it would become unable to provide stock compensation under such system, we have instituted a system of stock price-based compensation as an alternative; it pays a monetary amount instead of stock calculated based on the same method as the performance-linked stock compensation system.

### **[Supporting System for Outside Directors]**

We have established a support system for outside directors as follows.

- (1) Outside directors may request information and materials necessary for them to exercise ongoing management supervision, both at the time of their appointment and after their appointment. In addition, the advice of external experts may be sought as necessary.
- (2) We encourage outside directors to understand our corporate philosophy and corporate culture, and provide information on the management environment on an ongoing basis.
- (3) We provide opportunities for outside directors to share information and exchange opinions with each other through the Corporate Governance Committee.
- (4) Details of important internal meetings not attended by outside directors who are Audit & Supervisory Committee members are reported by standing director who is Audit & Supervisory Committee member as necessary.
- (5) Information that is necessary for outside directors to effectively fulfill their roles and responsibilities is provided by distributing materials in advance of meetings of the Board of Directors and by organizing advance briefing sessions.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

Updated

We have introduced an executive officer system to accelerate decision-making and clarify responsibilities for business execution and supervision. Executive officers are delegated certain duties related to business execution by the representative director based on a resolution by the Board of Directors.

[Board of Directors]

The Board of Directors is made up of 12 directors of the Company (nine men and three women, of whom six are outside directors). 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 matters pertaining to management, and to supervise directors' performance of their duties.

Chair:

Ryuji Arakawa (Representative Director & President)

Members:

Yusuke Fukujin (Representative Director & Deputy President)

Shigeki Ohashi (Director, Vice President & Executive Officer)

Toshiki Tanaka (Director, Vice President & Executive Officer)

Koichi Shimada (Director)

Manabu Kinoshita (Outside Director)

Toshie Takeuchi (Outside Director)

Kimiko Kunimasa (Outside Director)

Yuji Ueda (Standing Audit & Supervisory Committee Member)

Takashi Ito (Outside Audit & Supervisory Committee Member)

Hiroshi Kizaki (Outside Audit & Supervisory Committee Member)

Sachiko Iizuka (Outside Audit & Supervisory Committee Member)

[Executive Committee]

The Executive Committee is made up of the representative director & president of the Company and executive officers nominated by the Company's Board of Directors. The Committee deliberates and approves matters related to the management of the Company, apart from the matters the Company's General Meeting of Shareholders and Board of Directors are responsible for approving. Regular meetings are held twice per month, in principle, but extraordinary meetings may also be convened as necessary.

Chair:

Ryuji Arakawa (Representative Director & President)

Members:

Yusuke Fukujin (Representative Director & Deputy President)

Shigeki Ohashi (Director, Vice President & Executive Officer)

Toshiki Tanaka (Director, Vice President & Executive Officer)

Mayumi Jonai (Vice President & Executive Officer)

Miki Oguchi (Vice President & Executive Officer)

Kazuaki Hano (Executive Officer)

Soichi Nemoto (Executive Officer)

Toshikazu Urakabe (Executive Officer)

Takashi Sasaki (Executive Officer)

Naruhiko Sano (Executive Officer)

[Nomination and Remuneration Committee for Directors and Executive Officers]

The members of the Nomination and Remuneration Committee for Directors and Executive Officers are independent outside directors and directors who are elected by resolution of the Board of Directors. The majority of the members are independent outside directors, and the chairperson is chosen from the roster of independent outside directors.

As an advisory committee to the Board of Directors, the Committee deliberates on appointment and dismissal of directors and executive officers at the Company and the Company's specified wholly-owned subsidiary Alfresa Corporation, and remuneration for the Company's directors and executive officers.

Chairperson:

Manabu Kinoshita (Outside Director) Members:

Ryuji Arakawa (Representative Director & President)

Yusuke Fukujin (Representative Director & Deputy President)

Kimiko Kunimasa (Outside Director)

Takashi Ito (Outside Audit & Supervisory Committee Member)

[Audit & Supervisory Committee]

The Company has transitioned from the company with audit and supervisory board structure to a company with audit and supervisory committee structure with approval of the 22nd Ordinary General Meeting of Shareholders held on June 25, 2025. The Audit & Supervisory Committee members attend important meetings of the Board of Directors and other meetings, and carry out auditing of directors' performance of duties. The Audit & Supervisory Committee is made up of four Audit & Supervisory Committee members (three of whom are outside Audit & Supervisory Committee members) and reports on audit results and discuss audit details.

Chairperson:

Yuji Ueda (Standing Audit & Supervisory Committee Member)

Members:

Takashi Ito (Outside Audit & Supervisory Committee Member)

Hiroshi Kizaki (Outside Audit & Supervisory Committee Member)

Sachiko Iizuka (Outside Audit & Supervisory Committee Member)

[Accounting auditor]

Our accounting audit operations are conducted by KPMG AZSA LLC. In the fiscal year ended March 31, 2025, there were three certified public accountants (designated partners and lead engagement partners) responsible for conducting accounting audit operations: Satoshi Hosoya, Koichiro Takano and Naoki Saito.

The number of years of continuing audits, including the fiscal year under review, is five years for Mr. Hosoya, two years for Mr. Takano, and five years for Mr. Saito.

There were 19 certified public accountants, 18 accountants who have passed the CPA examination, and 15 other assistants involved in the accounting audit process during the fiscal year under review.

[Overview of the Governance System of the Corporate Group]

We provide opportunities for our directors, executive officers, and directors of Group companies to discuss matters related to the Group's management strategy. We also provide opportunities to share management policies with Group companies and discuss common matters related to the Group's management.

[Overview of Compliance and Risk Management System]

With regard to business investment, we have created opportunities to discuss capital investment projects applied for by the Company and our Group companies that exceed a predetermined monetary amount, as well as important investment projects that require careful review from a multi-faceted perspective. Such items are deliberated and resolved by the Executive Committee or the Board of Directors.

We have also formulated a Compliance and Risk Management Promotion Plan and provide opportunities to discuss important policies related to compliance risk management for the entire Group, as well as to report and evaluate the compliance risk management activities of the Company and our Group companies. We have systems as well for reporting to the representative director and Board of Directors as appropriate.

Along with overall meetings, subcommittees have been established for specific business sectors and categories (business segments, etc.) in order to appropriately and organizationally address risks inherent in specific businesses with a high degree of specialization.

In addition, in order to contribute to the improvement of corporate value over the mid- to long term, we have established a system under which we consider key policies and other matters related to overall Group sustainability together with Group companies, as well as provide opportunities to report and evaluate the sustainability initiatives of the Company and our Group companies, and report these to the representative director and Board of Directors as appropriate.

[Remuneration for Officers and Executive Officers]

For details on the determination of remuneration for directors and executive officers, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in II-1. [Director Remuneration] of this report. Furthermore, the amount of remuneration, etc. for individual Audit & Supervisory Committee members is determined in consultation with the Audit & Supervisory Committee.

### 3. Reasons for Adoption of Current Corporate Governance System

Updated

The Company has adopted a company structure with an Audit and Supervisory Committee in order to further strengthen corporate governance, including the following items, and thereby increase corporate value in the medium to long term.

1.Strengthening audit and supervisory functions

Directors who are Audit and Supervisory Committee members will have voting rights at meetings of the Board of Directors, which will lead to further strengthening of audit and supervisory functions.

2.Improving transparency and objectivity at the board of directors' meeting

By increasing the proportion of independent outside directors, the Company will encourage independent outside directors to actively express their opinions from the shareholders' and other stakeholders' perspectives at the board of directors' meeting at which the Company will lead to further enhancing of transparency and objectivity.

3.Faster decision making

By delegating some of authorities for business execution to individual directors, executive officers, and responsible officers and by shifting to a monitoring-type board structure, the Company will be able to further accelerate its decision-making and business development.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Since the 12th Ordinary General Meeting of Shareholders held in June 2015, the notice of convocation has been sent at least three weeks prior to the meeting date.
Scheduling AGMs Avoiding the Peak Day	Since the 5th Ordinary General Meeting of Shareholders held in June 2008, the date of the meeting has been set to avoid the busiest dates for shareholders meetings in Japan.
Allowing Electronic Exercise of Voting Rights	Since the 7th Ordinary General Meeting of Shareholders held in June 2010, the Company has allowed exercise of voting rights via the Internet.
Participation in Electronic Voting Platform	Since the 7th Ordinary General Meeting of Shareholders held in June 2010, the Company has participated in the electronic voting platform.
Providing Convocation Notice in English	The full text of the notice of convocation has been provided in English since the 13th Ordinary General Meeting of Shareholders held in June 2016. The English-language notice of convocation is posted on our website and TDnet.
Other	The notice of convocation (in Japanese and English) is posted on the Company website and on TDnet three business days before it is sent out. The 18th Ordinary General Meeting of Shareholders was a hybrid virtual general meeting (interactive).

#### 2. IR Activities

	Supplementary Explanations	Presentation by Representative
Preparation and Publication of Disclosure Policy	The Company revised its disclosure policy in June 2018, and posted the policy on its website as a basic principle of information disclosure to shareholders and investors mainly from a perspective of fair disclosure.	
Regular Investor Briefings for Individual Investors	The Company revised its disclosure policy in June 2018, and posted the policy on its website as a basic principle of information disclosure to shareholders and investors mainly from a perspective of fair disclosure.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Alfresa Group conducts quarterly financial results disclosures and holds financial results briefings for securities analysts and institutional investors twice a year. At the briefing, a representative explains in person the current status and achievements of the Group, as well as future strategies, and answers questions. We also hold meetings with securities analysts and institutional investors, and conduct individual visits as appropriate.	Yes
Regular Investor Briefings for Overseas Investors	We regularly visit foreign investors on an individual basis or conduct interviews through online conferencing. In addition, we participate in conferences for overseas institutional investors sponsored by securities companies to explain the current status and achievements of the Group as well as future strategies, and to answer questions.	Yes



Posting of IR Materials on Website	Our website provides IR information at a section for shareholders and investors. The Company posts financial statements, shareholder reports, briefing materials and data books, etc. and distributes videos of financial results briefings presented by a representative in person. The website also contains performance highlights that provide graphs of performance trends and integrated reports, etc. In addition, we have a system in place for direct IR-related inquiries from the Internet to Corporate Communication Department. In January 2021, we performed a major upgrade of our website to better accommodate smartphones.	
Establishment of Department and/or Manager in Charge of IR	The Company has established Corporate Communication Department.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Alfresa Group's Principles stipulate basic concepts, and the Corporate Governance Guidelines stipulate relationships with stakeholders. The Group Compliance Guidelines also describe our relationships with stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	We promote sustainability activities, including environmental conservation activities, through our Group Sustainability Promotion Committee, which comprises members responsible for sustainability activities at the Company and Group companies. Activities are generally promoted under the leadership of the committee. Specific initiatives are described in the Integrated Report and published on our website.
Development of Policies on Information Provision to Stakeholders	Our basic stance is to disclose company information in a timely and appropriate manner, based on transparency, fairness, continuity, timeliness and interactivity, in accordance with our disclosure policy.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

Updated

<Framework for ensuring the appropriate conduct of the Group's business>

The Company establishes a framework as follows for ensuring the appropriate conduct of the Company's business and the business of corporate group comprising the Company and subsidiaries of the Company in accordance with the Companies Act and the Regulations for Enforcement of the Companies Act.

1. Framework for ensuring that directors' duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation
  - In line with the Alfresa Group's Principles, the Company shall establish compliance guidelines and internal regulations, putting in place a structure that complies with relevant laws and regulations and with the Articles of Incorporation.
  - Important matters pertaining to management of the Group companies shall be reviewed in keeping with the basic policy and internal several procedures by the Executive Committee, and shall be decided upon by the Board of Directors or the Executive Committee.
  - In accordance with the Financial Instruments and Exchange Act and relevant laws and regulations, the Company shall endeavor to maintain sound and transparent management, and work to ensure the reliability of its report (including financial report) and the effectiveness of its internal controls, and enhance accuracy.
  - The Company shall appoint outside directors, ensuring the objectivity and neutrality of its management supervisory function.
2. Framework for the storage and management of information concerning directors' performance of duties
  - The Company properly stores and manages documents concerning directors' performance of duties and other information, such as documents concerning general meetings of shareholders, Board of Directors' meetings, the Executive Committee, and requests for managerial approval, based on laws and regulations and the Company's internal regulations.
3. Regulations and other frameworks for managing risk of loss
  - The Company shall formulate internal regulations and put in place a risk management framework to ensure business continuity and stable business development, responding appropriately to the various business risks, including those associated with business investment, compliance, information management and information security.
  - During emergencies, the risk management framework shall be put in motion, and appropriate action taken in response to the particular nature and type of risk involved.
4. Framework for ensuring the directors' duties are performed in an efficient manner
  - Based on the Alfresa Group's Medium- to Long-Term Vision, medium-term management plan and fiscal year plans, the Company shall track each Group company's progress with their businesses, while implementing initiatives to achieve targets.
  - The executive officer system ensures a clear separation between directors' duties and executive officers' business execution functions.
  - The Board of Directors and the Executive Committee shall meet regularly to rapidly and properly make decisions.
  - The Company shall update internal regulations, clarify the separation of duties and job authority etc., and put in place a timely and appropriate reporting system.
5. Framework for ensuring that employees' duties are performed in compliance with relevant laws and regulations and with the Company's Articles of Incorporation
  - In line with the Alfresa Group's principles, the Group shall formulate Compliance Guidelines and internal regulations, and establish rules for maintaining higher ethical standards and sincerity in all activities.
  - The Group shall rigorously enforce compliance with and understanding of laws, regulations and

- guidelines by implementing training and educational programs for its employees, and conduct timely and appropriate reporting and notification within the Group.
- The Company shall establish Compliance Consultation Offices, and endeavor to secure information while protecting the rights of informants.
  - The Audit Department shall conduct internal audits regarding the status of compliance with relevant laws and the Company's internal regulations, etc.
6. Framework for ensuring the appropriateness of operations at the corporate group comprising the Company and its subsidiaries
- (A) Framework for reporting to the Company concerning performance of duties by directors, etc. of the Company's subsidiaries
- The Company shall manage operations of each Group company based on the Group company's operating bylaws and put in place a reporting system regarding important matters.
  - The Company shall work to build mutual ties and improve information sharing among Group companies through its various committees and through personnel exchanges within the Group.
- (B) Regulations and other frameworks for managing risk of loss at the Company's subsidiaries
- The Company shall put in place and work to strengthen the Group's information management and risk management frameworks.
- (C) Framework for ensuring the duties of directors, etc. are performed in an efficient manner at the Company's subsidiaries
- Based on the Alfresa Group's Medium- to Long-Term Vision, medium-term management plan and fiscal year plans, the Company shall manage and verify the progress of Group companies in meeting their targets.
  - With the objective of streamlining Group management, the Company shall hold meetings of its Group Management Committee, Business Strategy Committee, and other committees by department, role, or function, regularly or as required, to confer or deliberate on matters concerning Group management.
- (D) Framework for ensuring that the duties are performed in compliance with relevant laws and regulations and with the Articles of Incorporation by Directors, etc. and employees of the Company's subsidiaries
- The Company shall endeavor to propagate the Alfresa Group Principles, establishing Compliance Guidelines and internal regulations, and putting in place a framework that complies with relevant laws and regulations and with the Articles of Incorporation.
  - The Group shall put in place a more easily accessible internal reporting system by establishing Compliance Consulting Offices at Group companies, as well as a Group-wide Compliance Consulting Office.
  - The Audit Department shall work with the internal audit departments at each Group company, and shall work to enhance the Group's audit function.
7. Items regarding directors and employees who assist with the duties of the Audit & Supervisory Committee
- The Company shall assign a few employees (the "Assistant Employees") in order to assist the Audit & Supervisory Committee in performing its duties.
  - In addition, the Company shall not assign director(s) who assist to the duties of Audit & Supervisory Committee.
8. Items regarding independence of employees who assist with the duties of the Audit & Supervisory Committee from other directors who are not Audit & Supervisory Committee members, and items regarding assurance of the effectiveness of instructions given to those employees
- The Assistant Employees will engage full time in assisting with the duties of the Audit & Supervisory Committee in accordance with the directions and orders of the Audit & Supervisory Committee, and any director who is not the Audit & Supervisory Committee member will not give directions and orders to the Assistant Employees.

- Personnel transfer and performance evaluation of the Assistant Employees will be implemented based on the opinions of directors who are Audit & Supervisory Committee members.

9. Framework for reporting to the Audit & Supervisory Committee

- (A) Framework for enabling directors who are not Audit & Supervisory Committee members and employees to report to the Audit & Supervisory Committee
- The Company shall work to compile documents available to the Audit & Supervisory Committee, to ensure a system whereby it can gather information needed for auditing in a timely and appropriate manner.
  - In addition to matters set forth by relevant laws and regulation, directors and employees shall promptly report events which could have a critical impact on management to the Audit & Supervisory Committee.
  - The Company shall endeavor to ensure that directors who are Audit & Supervisory Committee members have the opportunity to attend meetings where their presence has been deemed necessary by the Audit & Supervisory Committee.
  - Any request from the Audit & Supervisory Committee for a hearing shall be responded to promptly.
  - The details of reports submitted to Compliance Consulting Offices shall be reported to the Audit & Supervisory Committee regularly or when necessary.
- (B) Framework for enabling directors, etc. and employees of subsidiaries of the Company, or persons who received reports from such people to report to the Audit & Supervisory Committee
- The details of reports submitted to the Group-wide Compliance Consulting Office shall be reported to the Audit & Supervisory Committee regularly or when necessary.

10. Framework for ensuring that a person who made a report stipulated in the preceding paragraph will not be treated unfavorably on the grounds of making such a report

- The Company shall establish a strict information management system concerning a person who made a report to the Audit & Supervisory Committee and the details of such report.

11. Items regarding the policy on procedures for making an advance payment or reimbursement on expenses incurred by directors who are Audit & Supervisory Committee members in association with performance of their duties and processing of other expenses and obligations incurred in association with performance of said duties

- A certain amount of budget shall be secured to disburse expenses, etc. incurred by directors who are Audit & Supervisory Committee members in performing their duties.

12. Other frameworks for ensuring that audits performed by the Audit & Supervisory Committee can be conducted effectively

- In light of the significance and utility of audits performed by the Audit & Supervisory Committee, Audit & Supervisory Committee members and all officers and employees shall exchange views as needed.
- The Audit & Supervisory Committee and the Audit Department shall meet periodically to exchange opinions, while securing conferences and other opportunities to meet with Audit & Supervisory Board members of Group companies, and strive to strengthen cooperation among one another.

<Status of operation of the framework for ensuring the appropriate conduct of the Group's business>

1. Compliance framework

- (1) In line with the Alfresa Group's Principles, the Company has established Compliance Guidelines and is working to thoroughly enforce compliance through the Group Compliance and Risk Management Committee, training, and other means.

- (2) The status of operation of the Compliance Consultation Offices established at the Company and each Group company is reported to the Group Compliance and Risk Management Committee, directors etc. regularly or when necessary. In addition, the Company has established a system for taking questions and receiving whistleblower reports through telephone consultation desks set up exclusively for the Antimonopoly Act at group companies and externally. Operation of these antimonopoly consultation desks is reported regularly, and a necessary, to a subcommittee of the Group Compliance and Risk Management Committee, the Board of Directors, and other bodies.
- (3) As for the internal control for financial reporting, basic plans and policies, progress status as well as the results of the assessment of the effectiveness etc. are reported to the Board of Directors when necessary.
- (4) All executives and employees are implementing measures to prevent recurrence in order to ensure compliance with the Antimonopoly Act.

## 2. Risk management framework

- (1) In order to deliberate investment projects at the Group, a meeting of the Business Investment Committee is held when necessary, and proposals are submitted to the Board of Directors or the Executive Committee in accordance with the regulations.
- (2) The Group has formulated a Business Continuity Plan (BCP) and various disaster manuals with the aim of putting in place a system to enable prompt and stable supply of pharmaceuticals, etc. in the event of a large-scale disaster. In addition, the Group holds regular meetings of the Group Compliance and Risk Management Committee to reinforce the risk management framework.
- (3) The information security framework for the whole Group has been established to promote information security measures. Training and monitoring of its operation are carried out in accordance with the group-wide standards.

## 3. Management of the Group companies

- (1) Based on the Group company's operating bylaws, important matters regarding the Group companies are submitted to the Board of Directors or Executive Committee for deliberation.
- (2) Progress management is conducted based on the Alfresa Group's medium-term management plan and fiscal year plans, and reports are made as necessary to the Executive Committee and Board of Directors. In addition, the Company holds meetings of its Group Management Committee, Business Strategy Committee, Group Management Promotion Committee and other committees by role, or function, on a regular basis.
- (3) The Company works through its committees to strengthen its information-sharing and reporting framework with Group companies, ensure thoroughgoing compliance training, and strengthen and enhance its internal reporting system.

## 4. Performance of duties by Directors

- (1) The Company properly manages documents concerning directors' performance of duties based on laws and regulations and the Company's internal regulations.
- (2) With the executive officer system, a separation between directors' duties and executive officers' business execution functions is clarified to ensure the efficient decision-making.
- (3) The Company held 18 meetings of the Board of Directors, determined prescribed important matters, received reports on the performance of duties by Directors and conducted supervision. In addition, the Company held 20 meetings of the Executive Committee to deliberate and make decisions on other important matters. At the meetings of the Board of Directors, etc., thorough discussions were held on important decision-making and reporting matters concerning the Company and each Group company, including business trend and investment projects, based on the business analysis materials and materials from professional fields whereby the management oversight function is exercised.

#### 5. Performance of duties by Audit & Supervisory Committee

- (1) In accordance with the Audit & Supervisory Committee regulations and standards for audits by the Audit & Supervisory Committee etc., the Audit & Supervisory Committee prepares audit plans and divides audit tasks, and the Audit & Supervisory Committee members attend the meetings of the Board of Directors and other important meetings, and state opinions as needed.
- (2) The Audit & Supervisory Committee inspects important documents, such as documents of requests for managerial approval, requests directors and employees for explanation as necessary, and provides guidance.
- (3) The Audit & Supervisory Committee meetings are held on a regular basis or when needed, to report and discuss audit activities as well as exchange information, with the aim of enhancing the effectiveness and efficiency of audits.
- (4) The Audit & Supervisory Committee has meetings with the Company's management including the Representative Director & President, exchanges opinions and shares information with Audit & Supervisory Board members, etc. of the Group companies as appropriate, and meetings of the Group-wide Audit & Supervisory Board Committee are held to further improve audit quality.
- (5) The Audit & Supervisory Committee monitors and confirms the independence and expertise of the Independent Auditor, while ensuring sufficient collaboration through verification of audit plans and receipt of audit and quarterly review results etc.
- (6) With the aim of enhancing the effectiveness and efficiency of audits, the Audit & Supervisory Committee works closely with the Audit Department through exchanging information and other ways on a regular basis or as needed.

## 2. Basic Views on Eliminating Anti-Social Forces

### 1. Basic Policy Pertaining to the Elimination of Antisocial Forces

Our basic policy is to refuse and eliminate all relations with anti-social forces.

### 2. Development of a System to Eliminate Anti-Social Forces

Our Compliance Guidelines stipulate practical measures for refusing and eliminating relations with anti-social forces, and provide a specific code of conduct and response. We have also established a system for thoroughly disseminating related information to our officers and employees

## V. Other

### 1. Adoption of Policy Dealing with Takeover

Adoption of Policy Dealing with Takeover	Not Adopted
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Supplementary Explanation

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### 2. Other Matters Concerning to Corporate GovernanceSystem

Updated

#### <Overview of Timely Disclosure System>

As a holding company, the Company formulates the Group's management philosophy and creates management plans based on this. The Group's basic role is to conduct group management in order to improve the corporate value of the Group on a sustainable basis. In addition, we strive to identify information that may have an impact on management, such as the Group's business operations and financial condition, by attending important meetings within the Group and raising awareness in each of our organizations. Under this management supervision framework, we maintain a basic stance of disclosing corporate information to shareholders and investors in a timely and appropriate manner. We comply with the Financial Instruments and Exchange Law, various laws and regulations including the Companies Act of Japan, as well as rules on timely disclosure stipulated by the listing securities exchanges, and handle information that should be disclosed in a timely manner as outlined below, in accordance with internal rules such as internal information management rules and our disclosure policy.

#### 1. Resolutions

In principle, significant management decisions are made at regular meetings of the Board of Directors held once a month. We also hold extraordinary meetings of the Board of Directors as necessary. In accordance with our Timely Disclosure Rules, the Information Disclosure Manager (executive officer responsible for information management) convenes a Disclosure Committee composed of representative directors, the Information Disclosure Manager, and members of the Information Disclosure Department (head of the Public Relations and Investor Relations Department) to deliberate on the details of such facts. The outcomes of these Committee meetings are reported to the Board of Directors. Under this system, we strive to disclose our corporate information in a timely and fair manner.

#### 2. Occurrences

The Information Disclosure Department will collaborate with the relevant divisions to collect necessary information on important incidents. Thereafter, in accordance with our Timely Disclosure Rules, the Information Disclosure Manager convenes a Disclosure Committee consisting of representative directors, the Information Disclosure Manager, and members of the Information Disclosure Department to deliberate on the details of such facts. The outcomes of these Committee meetings are reported to the Board of Directors. Under this system, we strive to disclose corporate information in a timely and fair manner.

#### 3. Information on Financial Results

Financial results are prepared by the Financial Planning Department based on account-closing figures gathered from Group companies. Results are disclosed after being audited by accounting auditors and subsequently authorized by the Board of Directors.

With regard to the above information disclosure, we provide the information disclosure required under the Financial Instruments and Exchange Act through the Electronic Disclosure for Investors Network (EDINET) operated by the Financial Services Agency and the information disclosure required under the Timely Disclosure Rules of the Tokyo Stock Exchange through the Timely Disclosure Network (TDnet), as well as on our website.

The following URL provides information on our basic principles for disclosure of information to shareholders and investors, primarily from the perspective of fair disclosure.

(<https://www.alfresa.com/eng/ir/disclosure/>)



