Translation

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Tokyo, May 12, 2020
Alfresa Holdings Corporation

Measures to Enhance Alfresa Group's Governance

As announced on November 29, 2019, a consolidated subsidiary Alfresa Corporation (Head office: Chiyoda-ku, Tokyo), received an on-site inspection by the Japan Fair Trade Commission for suspected violation of the Anti-Monopoly Act regarding its bidding to supply ethical pharmaceuticals to Japan Community Health care Organization (JCHO). The Company expresses its deepest apologizes for the concern the subsidiary has caused to customers, shareholders, and all other stakeholders involved.
Alfresa Group takes this incident seriously and has been fully cooperating with the investigation by the Japan Fair Trade Commission. In addition, the Group installs various measures to enhance governance, and works for reinforcing implementation. The details are as follows.

1. Measures to Enhance the Group's Governance by the Company

(1) Reform and reinforce the management structure

As announced today in "Notice regarding Appointments and Resignations for Representative Directors", the Company will reform its management structure through resolution at its 17th Ordinary General Meeting of Shareholders. The Company assigns an executive officer in charge of compliance to reinforce the management and supervisory function throughout the Group.

(2) Reinforce the functions of "the Nomination and Remuneration Committee for Directors and Executive Officers", chaired by an independent outside director

The Company has a Nomination and Remuneration Committee for Directors and Executive Officers, which is an advisory body with an independent outside director as the chair, and this committee mainly deliberates the appointment and dismissal of the Company's directors and executive officers and their remuneration periodically. The regulations of this committee were partially amended as of April 1, 2020 to add the subjects of deliberation include the appointment and dismissal of directors and executive officers at specified wholly-owned subsidiaries, Alfresa Corporation.
This amendment establishes a process to ensure greater transparency and objectivity regarding the appointment and dismissal of directors and executive officers at Alfresa Company, which is highly

important subsidiaries in the Group.

(3) Establish dedicated compliance departments and Anti-Monopoly Act consultation offices at the subsidiaries

The Company has directed its subsidiaries engaged in the ethical pharmaceuticals wholesaling business, to establish dedicated departments that promote and preside over compliance and Anti-Monopoly Act consultation offices that deal with calls from employees especially for an Anti-Monopoly Act. The Company is carrying it out as a unified system throughout the Group by establishing compliance departments and consultation offices at each Group company.

(4) Establish the Compliance & Risk Management Sub-committees

The Company holds regular meetings of the Compliance & Risk Management Committee which is comprised of representatives from each Group company, to effectively promote compliance and risk management activities in the Group. The regulations of the committee were partially amended as of April 1, 2020 to permit the establishment of sub-committees as subordinate bodies. By establishing sub-committees limited to particular business segments, business categories, or types of operations, we aim at more appropriate and systematic response to inherent risks in specific highly specialized businesses.
A sub-committee regarding the dispensing pharmacy business has already been established and holds meetings. The Company will launch another sub-committee of the ethical pharmaceutical wholesaling business.

2. Measures to Enhance Governance Functions at Each Consolidated Subsidiary

Alfresa Corporation and other consolidated subsidiaries engaged in the ethical pharmaceuticals wholesaling business are implementing the following measures to enhance governance to be thorough about observance of the Anti-Monopoly Act, etc.

(1) Declarations by top management and internal dissemination

- The top management of each consolidated subsidiary declares to all employees to comply with the Anti-Monopoly Act, etc. once again.
- The strong determination of top management regarding observance of the Anti-Monopoly Act, etc. is repeatedly conveyed to all officers and employees at every occasion including the management policies presentations, various meetings and training programs held in the consolidated subsidiaries.

(2) Development of action guidelines for sales personnel

- Each consolidated subsidiary prescribes detailed rules regarding contacts with persons in the competitive companies and participation in various industry-wide conferences and meetings, and develops Q&A for responding to cases that may actually occur. And it disseminates them to sales personnel.

(3) Establishment of dedicated compliance departments and Anti-Monopoly Act consultation offices

- Each consolidated subsidiary established a dedicated department in-house to promote and preside over compliance.
- Each consolidated subsidiary sets Anti-Monopoly Act consultation office to receive various questions and internal reporting.

(4) Enhancement of internal education and training programs regarding the Anti-Monopoly Act

- Each consolidated subsidiary regularly implements training programs for managerial level as well as training programs for sales personnel (MS; Marketing Specialist).

About **Alfresa Group**

The Alfresa Group is a leader in Japanese healthcare industry which is dedicated to make its corporate philosophy "we create and deliver a fresh life for all" come true through a wide range of business lines including ethical pharmaceutical wholesaling, OTC drugs wholesaling, pharmaceutical manufacturing, and operating dispensing pharmacies. Alfresa Holdings Corporation (TSE:2784) reported its consolidated revenue of ¥2.7 trillion (US$25 billion) for the fiscal year ended March 31, 2020. For more information, please see:
https://www.alfresa.com/eng/index.html