

# Corporate Governance

## 1. Fundamental Approach

To steadily increase enterprise value, ANA believes that it must implement corporate governance in a way that ensures transparency and accountability.

## 2. Corporate Governance System

ANA's management system comprises 15 directors, 4 auditors, and 28 corporate executive officers (including those who are both directors and corporate executive officers). For important administrative issues, discussions are held and decisions are made by the Management Committee, with the president and representative director serving as chairman and 12 board members, who are

senior vice presidents of the Company, serving as committee members. As a matter of law, certain issues must be considered by the board of directors, which makes the final decision on such matters. The board of directors is headed by the chairman and includes two outside directors and four auditors, two of whom are outside auditors.

## 3. Activities in the Year under Review

### • Change in Term of Members of the Board of Directors

To clarify management responsibility for each fiscal year, the term of office for members of the board of directors has been changed from two years to one year.

### • Advisory Board

ANA's corporate governance systems extend beyond those institutions required by law. In order to hear frank and open comments about the Company's management, in November 2001 ANA established the Advisory Board, which consists of six members with a range of backgrounds. The board met six times during the year under review.

### • Internal Control System

ANA has taken the following steps to establish, strengthen, and promote its internal control system, which is a key part of its corporate governance infrastructure:

#### 1. Risk management functions

To increase the stability of operational administration by tracking, managing, and responding appropriately to risks that could have a

significant effect on Group management, in July 2002 we formed the Risk Management Committee, thereby preparing for the establishment of a Companywide risk management system extending from operational risks to disaster risks.

#### 2. Compliance functions

To ensure compliance with ethics, laws, and internal regulations and to promote sound, stable management Groupwide, in April 2003 we formed the Compliance Committee. In addition, we further promoted compliance with the issuance of the president's ANA Group Compliance Declaration.

#### 3. Internal audit functions

In April 2003, we strengthened our internal auditing system with the establishment of the Internal Audit Division. The division will examine and evaluate all management activities to verify the legality, rationality, and ethicality of management and operational systems and administrative execution. The division will make suggestions and proposals targeting improvement and rationalization.

