

Summary of the Results of the Analysis and Evaluation of the Board of Directors' Effectiveness

Santen's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2021, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

(Evaluation Method)

At first, the assessment questionnaire to Directors and Corporate Auditors were conducted on the items described below. The said questionnaires took a form that allows a four-level quantitative evaluation of each question and also allows the free inscription of comments. Additionally, in order to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2022.

[Major Categories of the Questionnaire Items]

1. The operation and constitution of the Board of Directors
2. The managerial strategy and business strategy
3. Corporate ethics and risk control
4. The monitoring of achievements and evaluation-based remuneration for the executives
5. Conventions with shareholders and other stakeholders

In keeping with the amendment of the Corporate Governance Code in the last year, we reviewed the questionnaire items in order to conduct an evaluation that contributes to the further enhancement of governance. While the evaluation has been conducted, up to now, from the respective viewpoints of decision-making function and supervision function of the Board of Directors, we newly added viewpoints of an election and evaluation of the CEO and other executives who are the main subjects of supervision by the Board of Directors, and we composed the evaluation from the following viewpoints: the composition of the Board of Directors; decision-making and supervision of the managerial strategy and business strategy; corporate ethics and risk control; and the relationship with shareholders and other stakeholders. Thus, the questionnaire items are made up from these viewpoints to allow a comprehensive evaluation.

Also, we have taken measures to make qualitative progress in the evaluation through earning support from third party organizations in the implementation and analysis of the evaluation of effectiveness, including the aforementioned review.

(Summary of the Results)

Santen's Board of Directors has assessed that its effectiveness was ensured for the fiscal year of 2021. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at high rates (approximately 90%). Among all the responses, the following items obtained a high evaluation in the questionnaire and individual interviews:

- Independent Outside Directors are participating in distinctions from multifaceted viewpoints based on sufficient provision of information, and appropriately fulfil their duties.
- A transfer of power to executive organs is made in an appropriate manner, and thus the Board of Directors is able to concentrate on its primary role.
- The system necessary for the compliance with corporate ethics is consolidated, and the whistle-blowing system as a vehicle therefor was effectively functioning.

Also, it was evaluated that improvement occurred in the following items:

- As for the ongoing matters and other internal strategies, the monitoring of subsequent progress was appropriately conducted.
- Information such as opinions and the like of outside stakeholders are appropriately shared with Outside Directors and Corporate Auditors.

We recognize that, in addition to our continuing efforts, the result of our efforts to improve the issues we recognized in the evaluation of the effectiveness of the Board of Directors in the last fiscal year has contributed to this evaluation.

More specifically, in the meetings of the Board of Directors, opportunities to report were amplified for, in addition to a status report on the progress of material matters, the status of development matters, planning and implementation of strategies concerning human resources, IT strategies and the like, and thereby opportunities for and the quality of the monitoring were enhanced. Also, the Board of Directors focused on promptly and steadily sharing opinions and recommendations provided by institutional investors and other stakeholders with Outside Directors and Corporate Auditors, and made efforts so that the recognition of stakeholders shall commonly be considered at the Board of Directors.

(Initiatives Going Forward)

On the other hand, the necessity of making continuous efforts was discussed from the viewpoint of further enhancing the effectiveness, and further enriching the quality, of decision-making at the Board of Directors, as well as strengthening supervisory functions. Specific issues and the outline of actions to be taken towards improvement were acknowledged as follows:

- Securing a degree of certainty of implementation when a decision is made on material strategic matters
Under the circumstances where it becomes more important for the Company to maximize the efficiency of investment towards the accomplishment of MTP2025, the Board of Directors recognizes it is more important to make appropriate decisions on the destination of the investment of limited resources in accord with the feasibility thereof. Based on the foregoing, the Board of Directors decided to make efforts as follows:
 - ✓ Increasing opportunities to regularly share the progress status, issues and capabilities concerning respective businesses
 - ✓ Increasing opportunities to comprehend the situation of the job sites where a business is performed as well as the subject of the post-merger integration (PMI)
 - ✓ Amplifying quantitative indices for decision-making for strategic matters
- Strengthening of implementation of monitoring and planning of strategies
While the monitoring has been strengthened, the Board of Directors decided to make efforts to further amplify the scope and the particulars of the monitoring, make it more satisfactory, and strengthen its supervision.
 - ✓ Verifying the progress in strategic investment and development matters as well as the situation, reasons and countermeasures in cases where an issue arises concerning the progress
 - ✓ Verifying the status of the progress in relation to material managerial measures, including human resources, sustainability, DX and the like
- Strengthening the cooperation between the Board of Directors and activities of voluntary committees
As shown in the Corporate Governance Code amended in June 2021, based on a recognition that an appropriate effort by voluntary committees is crucially important for the Company to enhance its governance, it was decided to make efforts to further strengthen the cooperation among the Board of Directors, the Nominating Committee and the Executive Compensation Committee to allow them to maximally fulfill their functions.
 - ✓ Appropriately sharing the particulars of the efforts taken by the Board of Directors and both committees.
 - ✓ Further fulfilling the functions of committees through an enhancement of the cooperation of the function of the secretariat of both committees.

In this fiscal year, Santen will focus on the three points above as key initiatives, and, concurrently therewith, continuously review measures to enhance the effectiveness of the Board of Directors,

including strengthening of efforts such as risk control and an internal control under the new leadership system established on April 1, 2022.

Santen believes that, for continued enhancement of Santen's corporate value while it addresses internal and external changes and to complete Santen 2030 and MTP2025, it is crucial to improve the governance of the Board of Directors and other corporate organs.

Based on these evaluation results, Santen endeavors to continuously improve the function of the Board of Directors.