

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

The Company's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2024, 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, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a method under which a four-level quantitative evaluation of each question and the free writing of comments will be made. Additionally, 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; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2025.

[Major Categories of the Questionnaire Items]

1. The constitution and operation 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. Conversations with shareholders and other stakeholders

Measures were taken to make qualitative progress in the evaluation by earning the support of third party organizations in the implementation and analysis of the evaluation of effectiveness.

(Summary of Results)

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2024. 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 a high rate (approximately 80%). Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

- The proportion of the number of Independent Outside Directors is sufficient, and they can express their opinions as needed towards the executives in a constructive manner to raise the degree of certainty in their execution of duties from the viewpoint of fostering the Santen Group's sustained growth and enhancing its medium- to- long term corporate value. Also, if necessary, they can express their dissenting views.
- To focus on the deliberations of material proposals such as medium- and long-term managerial strategies, they appropriately delegate their power to the executive side as to proposals related to decision-making on specific execution of operations.

Also, in this evaluation, it was confirmed that efforts were steadily undertaken to address the results of the examination on whether strategic-sharing is appropriate or not, and the evaluation on items in relation to corporate ethics and risk management was greatly improved. We recognize that this evaluation reflects our progress, in response to last year's evaluation, in identifying risks, clarifying the locus of responsibility and improving our system.

While the effectiveness is demonstrated as described above, we have returned to the starting point of "What are the role of the Board of Directors and the discussions at the Board of Directors," and there have been suggestions on how discussions should be enhanced from the viewpoint of content and frequency. In particular, with regard to nomination and executive compensation, which are the core functions of the Board of Directors from the viewpoint of corporate governance, we recognize that the two main themes are to enhance discussions by the Board of Directors and to appropriately monitor in a timely manner the R&D and product

portfolios, as well as the progress of DX promotion and human resource development, which are important measures to realize these goals, as the first year of the FY2025-2029 Medium-Term Management Plan.

(Initiatives Going Forward)

Based on the foregoing results, an outline of the actions to be taken was acknowledged as follows:

- Sharing the status of discussions from the Nominating Committee and the Executive Compensation Committee to the Board of Directors.

As to proposals reported by both Committees and submitted to the Board of Directors for deliberation, the background information will be elaborated, such as explaining the background of the review at both Committees and the points of their discussions, to enhance the effectiveness of discussions at the meetings of the Board of Directors. Also, while the annual activity plans of the respective Committees were reported to and shared with the Board of Directors from before, in addition to these efforts, we decided to establish appropriate opportunities from now on, depending on the proposal, to report the reviewing plans and interim progress at the respective Committees further in advance of their submission of proposals for resolution. For example, we expect:

- ✓ Nomination of officers and determination of officers' remunerations: make explanations more detailed, in explaining the background that gave rise to the particulars of the submitted proposals, as well as in explaining benchmarks related to remunerations, and other particulars.
 - ✓ Situation of their review of candidates for prospective newly appointed Directors: make explanations further in advance and more detailed, such as explaining what sort of skill and expertise is expected to be held by candidates, review plans as well as the progress and other particulars, in light of the skill matrix that the Board of Directors as a whole should have.
 - ✓ Situation of their review of the succession plan of the President: make explanations further in advance, such as explaining the basis of selection, review process, timeline and other details, as well as the framework therefor, and other particulars.
- Revision of monitoring methods for various measures and policies to achieve the FY2025-2029 Medium-Term Management Plan and Sustained Growth.

While we have exerted efforts from before towards continuous improvement of monitoring of management, we will, on the occasion of this initial year of the FY2025-2029 Medium-Term Management Plan, endeavor to qualitatively enhance the monitoring methods for various measures and policies towards the achievement thereof. Among these, the following will be undertaken by the Board of Directors or Corporate Strategy Committee:

- ✓ Product portfolio strategies: regularly monitor the increase and decrease in the value of pipeline, the status of progress of main development projects, policies to obtain new assets and activity situation, and concurrently therewith, make discussions more detailed in relation to field strategies and ensuring competitiveness by looking forward to long-term and continuous growth.
- ✓ Subjects of importance to achieve the FY2025-2029 Medium-Term Management Plan: in addition to producing the current comprehensive reports on matters such as personnel and DX strategies, produce in-depth reports on especially important subjects to realize the FY2025-2029 Medium-Term Management Plan, produce reports dealing with issues arising from planning and implementing the FY2025-2029 Medium-Term Management Plan, and deepen discussions.

In this fiscal year, the Company will focus on the two major themes above as key initiatives, and endeavor to enhance the effectiveness of the Board of Directors.

The Company believes that, for the continued enhancement of its corporate value as it addresses internal and external changes, it is crucial to improve the governance of the Board of Directors and other corporate organs. Based on these evaluation results, the Company endeavors to continuously improve the functions of the Board of Directors.