

BUSINESS REPORT

(From April 1, 2021 to March 31, 2022)

1. Matters Regarding the Status of the Corporate Group

(1) Basic Policy on Management

Through our global business activities, we, the Santen Group*, aim to improve quality of life (QOL) for patients around the world by harnessing the deep-rooted patient centric approach and its expertise and technical capabilities in ophthalmology, which we have built up over the 130 years of our company's history.

The Santen Group has released Santen 2030, a long-term vision for the year 2030 to solve social issues related to the eyes. Toward realizing the "WORLD VISION" (Happiness with Vision), the world Santen ultimately aspires to achieve, as a "Social Innovator", we aim to reduce the social and economic opportunity loss of people around the world caused by eye diseases and defects by orchestrating and mobilizing key technologies and players around the world.

In addition to leveraging our company's advantages globally in the field of ophthalmology, we aim to take on board new skills and technologies as we move to achieve long-term growth in 2030 and beyond, contributing to the development of ophthalmological treatment in various countries and regions and to the greater happiness of people worldwide through improved health.

* The Company (Santen) and its affiliate companies.

(2) Progress and Achievement in Business

(i) Consolidated Results

(A) IFRS

	FY2020	FY2021	(JPY millions) Year-on-year change
Revenue	249,605	266,257	+6.7%
Operating profit	12,187	35,886	+194.5%
Net profit for the year	9,126	27,189	+197.9%
Net profit for the year attributable to owners of the company	9,311	27,218	+192.3%

[Revenue]

Revenue in the fiscal year ended March 31, 2022 increased by 6.7% year-on-year to ¥266.3 billion.

In the mainstay prescription pharmaceuticals business, sales grew by 6.3% year-on-year to ¥249.6 billion. This is due to the steady growth in mainstay products despite the impact of drug price revisions in Japan, a minimization of the impact from volume-based purchasing in China as well as the stable growth in mainstay products in EMEA.

The breakdown of revenue is as follows:

Upper: Amount

Lower: Year-on-year change

【】: Year-on-year change excluding FX impact

(JPY millions)

	Japan	China	Asia	EMEA	Americas	Total
Prescription pharmaceuticals	159,705	27,133	19,172	41,251	2,317	249,579
	2.5%	16.6%	14.1%	12.1%	15.2%	6.3%
	【—】	【3.7%】	【7.9%】	【6.1%】	【8.8%】	【3.6%】
OTC pharmaceuticals	9,185	7	588	—	—	9,780
	1.4%	—	67.1%	—	—	3.9%
Medical devices	3,139	—	—	1,648	398	5,184
	7.3%	—	—	48.5%	—	28.4%
Others	1,604	57	53	—	—	1,714
	19.5%	(21.9%)	(5.8%)	—	—	16.5%
Total	173,633	27,197	19,813	42,899	2,715	266,257
	2.7%	16.5%	15.1%	13.2%	35.0%	6.7%

(Note) Represents revenue from sales to external customers.

Classified into countries or regions based on customer location. China is not included in Asia.

EMEA means Europe, the Middle East and Africa.

<Prescription pharmaceuticals>

◇ Japan

Revenue in the fiscal year ended March 31, 2022 increased by 2.5% year-on-year to ¥159.7 billion.

Revenues of major products are as follows:

- Glaucoma and ocular hypertension

Tapros ophthalmic solution ¥8.4 billion (YoY: – 3.4%)

Tapcom ophthalmic solution ¥2.7 billion (YoY: + 5.1%)

Cosopt ophthalmic solution ¥5.7 billion (YoY: – 18.6%)

Eybelis ophthalmic solution ¥3.3 billion (YoY: + 31.3%)

- Dry Eye

Diquas ophthalmic solution ¥13.3 billion (YoY: + 8.6%)

- Allergy

Alesion ophthalmic solution*1 ¥29.3 billion (YoY: – 10.5%)

- Intravitreal VEGF inhibitor

*EYLEA**2
(solution for intravitreal injection) ¥72.5 billion (YoY: +12.5%)

◇ **China**

On a JPY basis, revenue in the fiscal year ended March 31, 2022 increased by 16.6% year-on-year (+3.7% excluding FX impact), to ¥27.1 billion. The Company focused further on strengthening sales promotion of ophthalmic solutions *Diquas* and *Tapros*, which are new products in China, as well as expanding other market channels such as private hospitals and pharmacies, although revenues from mainstay ophthalmic solution products *Cravit* and *Hyalein* were impacted by volume-based purchasing. Revenues of major products are as follows:

- Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥1.2 billion (YoY: + 94.3%)
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- Dry Eye

<i>Diquas</i> ophthalmic solution	¥4.1 billion (YoY: + 468.5%)
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<i>Hyalein</i> ophthalmic solution	¥8.9 billion (YoY: - 3.4%)
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- Bacterial conjunctivitis

<i>Cravit</i> ophthalmic solution	¥7.0 billion (YoY: - 12.1%)
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◇ **Asia (excluding China)**

On a JPY basis, revenue in the fiscal year ended March 31, 2022 increased by 14.1% year-on-year (+7.9% excluding FX impact), to ¥19.2 billion. Revenues of major products are as follows:

- Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥2.1 billion (YoY: + 8.9%)
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<i>Tapcom</i> ophthalmic solution	¥0.8 billion (YoY: + 49.3%)
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<i>Cosopt</i> ophthalmic solution	¥5.2 billion (YoY: + 15.6%)
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- Dry Eye

<i>Diquas</i> ophthalmic solution	¥1.4 billion (YoY: + 1.1%)
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- Bacterial conjunctivitis

<i>Cravit</i> ophthalmic solution	¥1.9 billion (YoY: + 8.3%)
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◇ **EMEA**

On a JPY basis, revenue in the fiscal year ended March 31, 2022 increased by 12.1% year-on-year (+6.1% excluding FX impact), to ¥41.3 billion. Revenues of major products are as follows:

- Glaucoma and ocular hypertension

<i>Tapros</i> ophthalmic solution	¥6.8 billion (YoY: + 1.1%)
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<i>Tapcom</i> ophthalmic solution	¥3.4 billion (YoY: + 18.4%)
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<i>Cosopt</i> ophthalmic solution	¥10.9 billion (YoY: + 15.5%)
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<i>Trusopt</i> ophthalmic solution	¥2.9 billion (YoY: + 3.2%)
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- Dry Eye

<i>Ikervis</i>	¥4.8 billion (YoY: + 30.6%)
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◇ Americas

On a JPY basis, revenue in the fiscal year ended March 31, 2022 was ¥2.3 billion. Revenue from Eyevance Pharmaceuticals Holdings Inc. (U.S.) which Santen acquired in the second quarter of the fiscal year ended March 31, 2021 was ¥1.4 billion.

<OTC pharmaceuticals>

Revenue in the fiscal year ended March 31, 2022 increased by 3.9% year-on-year to ¥9.8 billion.

Santen continues to focus on high-end products such as the *Sante Medical series*, *Sante Beauteye series*, and *Soft Santear series* as well as *Hyalein S*, which is a switch OTC product, and *Sante FX* series, which, in 2021, marked its 30th anniversary since launch. In the fiscal year under review, Santen launched eye drop-type eye wash, *Well-Wash EYE*.

<Medical devices>

Revenue in the fiscal year ended March 31, 2022 increased by 28.4% year-on-year to ¥5.2 billion. Revenues of major products are as follows:

<i>Lentis Comfort</i>	¥1.4 billion (YoY: + 18.9%)
<i>PRESERFLO MicroShunt</i>	¥1.6 billion (YoY: + 80.9%)

<Others>

Other revenues amounted to ¥1.7 billion. This is due to sales of supplements, and cleaning of dustless and aseptic clothing at consolidated subsidiary Claire Co., Ltd.

[Operating profit]

Gross profit in the fiscal year ended March 31, 2022 increased by 3.4% year-on-year to ¥156.6 billion.

SG&A expenses on an IFRS basis increased by 6.2% year-on-year to ¥84.5 billion. In addition to SG&A expenses on a core basis of ¥83.9 billion to be hereinafter described, expenses of ¥0.6 billion were incurred, including one-time expenses in connection with the integration of Eyevance Pharmaceuticals Inc. (U.S.).

R&D expenses in the fiscal year ended March 31, 2022 increased by 9.4% year-on-year to ¥26.4 billion. Amortization on intangible assets associated with products in the fiscal year ended March 31, 2022 decreased by 8.6% year-on-year to ¥9.7 billion. This was mainly due to the amortization on intangible assets associated with products acquired from Merck & Co., Inc. (U.S.) in 2014, *Ikervis* which was launched in Europe in 2015, STN2000100 (DE-128, *PRESERFLO MicroShunt*) acquired in connection with the acquisition of InnFocus, Inc. (U.S.) in 2016 (amortization began in April 2019) and ophthalmic products acquired in connection with the acquisition of Eyevance Pharmaceuticals Holdings Inc. (U.S.) in 2020.

Other income amounted to ¥1.0 billion, mainly due to the transfer of fixed assets owned by Santen.

Other expenses amounted to ¥1.1 billion.

As a result, operating profit on an IFRS basis in the fiscal year ended March 31, 2022 increased by 194.5% year-on-year to ¥35.9 billion.

[Net profit for the year]

Finance income amounted to ¥2.5 billion, mainly due to valuation gains on investment securities owned by Santen Group.

Finance expenses amounted to ¥1.2 billion.

Share of loss of investments accounted for using equity method amounted to ¥1.6 billion from the losses incurred at Twenty Twenty Therapeutics LLC (U.S.), a joint venture with Verily Life Sciences LLC (U.S.) Income tax expenses increased by ¥5.9 billion year on year to ¥8.4 billion. This is mainly due to a change in the composition of corporate profits within the Group which led to reduction in corporate tax, offset by a decline in the reversal of deferred tax liabilities resulting from impairment losses on development, manufacturing and sales rights incurred in the previous fiscal year and a decrease in tax deduction amount pertaining to study expenses.

As a result, net profit for the fiscal year ended March 31, 2022 increased by 197.9% year-on-year to ¥27.2 billion.

[Net profit for the year attributable to owners of the company]

Net profit attributable to owners of the company in the fiscal year ended March 31, 2022 increased by 192.3% year-on-year to ¥27.2 billion. The ratio to revenue was 10.2%.

*1 Includes *Alesion LX*

*2 Co-promoted product of Bayer Yakuhin, Ltd. (MAH).

(B) Core Basis^{*3}

(JPY millions)

	FY2020	FY2021	Year-on-year change
Revenue	249,605	266,257	+ 6.7%
Core operating profit	50,101	46,348	(7.5%)
Core net profit for the year	37,549	35,195	(6.3%)
Core net profit for the year attributable to owners of the company	37,589	35,249	(6.2%)

[Revenue]

There are no adjustments from the IFRS basis.

[Core operating profit]

There are no adjustments to gross profit from the IFRS basis.

SG&A expenses increased by 8.7% year-on-year to ¥83.9 billion. For the adjustments from the IFRS basis, please refer to the aforementioned section on [Operating profit].

There are no adjustments to R&D expenses from the IFRS basis.

As a result, operating profit on a core bases in this fiscal year ended March 31, 2022 decreased by 7.5% year-on-year to ¥46.3 billion.

***3** With the adoption of IFRS in the fiscal year ended March 31, 2015, the Santen Group discloses financial information on a core basis, which is calculated by excluding certain income and expense items from the IFRS basis, as an indicator of ordinary performance. The core basis is calculated by adjusting the following income and expense items, which are deducted from IFRS results, and the related income tax expenses.

- Amortization on intangible assets associated with products
- Other income
- Other expenses
- Finance income
- Finance expenses
- Share of profit (loss) of investments accounted for using equity method
- One-time expenses related to acquisitions of companies included in SG&A

(ii) Status of Other Operations

[Research & Development Activities]

<Glaucoma and the ocular hypertension area>

STN1011101 (DE-111A, generic name: tafluprost / timolol maleate) is a fixed dose combination drug of a prostaglandin F_{2α} derivative and a beta-adrenergic receptor blocker. Conducting Phase 3 trial since January 2019 in China.

STN1011700 (DE-117, generic name: omidenepag isopropyl) is an EP2 receptor agonist. The Company received a complete response letter from FDA in November 2021 and is preparing for resubmission in May 2022 in the U.S. The product was launched in November 2018 in Japan. The Company successively filed for marketing approval in Asian countries. Launched in Korea in February 2021.

STN1012600 (DE-126, generic name: sepetaprost) is a dual agonist that activates both FP and EP3 receptors. An additional Phase 2 trial was completed in December 2021 in the U.S. A late Phase 2 trial was completed in Japan. A Phase 2 trial (exploratory study) was started in September 2021 in Europe.

STN2000100 (DE-128)* is a device for glaucoma. The Company received marketing approval in February 2022 in Japan. The device was launched in April 2019 in Europe. The Company successively filed for marketing approval in Asian countries since March 2020, and received approval in Singapore and other countries from September 2021. The Company received a rejection letter in Korea in April 2021 but is considering re-filing.

STN1013001 (DE-130A, generic name: latanoprost) is an ophthalmic emulsion of a prostaglandin F_{2α} derivative. Phase 3 trial was completed in March 2022 in Europe and Asia.

STN1013900 (AR-13324, generic name: netarsudil mesylate) is a ROCK inhibitor. Phase 3 trial underway since November 2020 in Japan. The Company filed for marketing approval in March 2022 in Asia.

*Offered product development, commercialization, and sales rights to Glaukos Corporation (U.S., hereinafter, Glaukos) in Americas, Australia and New Zealand in May 2021. Received a not approvable letter of PMA from FDA in April 2022 in U.S. Received marketing approval in March 2021 in Canada and in May 2021 in Australia.

<Keratoconjunctival disease area including dry eye>

STN1007603 (DE-076C, generic name: cyclosporin) for vernal keratoconjunctivitis was approved and launched in Europe, Asia, and Canada. Marketing approval has been filed in April 2021 in China. In the U.S., it was launched in May 2022.

STN1008903 (DE-089C, generic name: diquafosol sodium) is for the treatment of dry eye. The Company filed for manufacturing and marketing approval in August 2021 in Japan.

STN1010905 (generic name: sirolimus) is for meibomian gland dysfunction. Phase 2a trial started in October 2021 in Japan.

STN1011402 (generic name: epinastine hydrochloride) is for the treatment of allergic conjunctivitis. Phase 3 trial started in February 2022 in Japan.

STN1010904* (generic name: sirolimus) is for the treatment of Fuch's endothelial corneal dystrophy. The Company has executed a joint development agreement with ActualEyes Inc. Phase 1 trial has completed, and the IND for Phase 2a trial in US and other countries has been submitted to US FDA (*The development code (STN1010904) is due to be assigned to the product when Santen obtains exclusive license upon completion of Phase 2 clinical trial.)

<Retina and uveal disease area>

STN1010900 (DE-109, generic name: sirolimus) development has been discontinued upon reassessment of business feasibility.

<New disease area>

STN1012700 (DE-127, generic name: atropine sulfate) is a treatment for myopia in children. Conducting Phase 2/3 trial since August 2019 in Japan. Phase 1 trial was completed in April 2022 in China. Phase 2 trial was completed in April 2020 in Asia.

STN1012701 (SYD-101, generic name: atropine sulfate) is a treatment for progressive myopia in children. Sydnexis Inc., (U.S.) the licensor, is conducting Phase 3 trial in Europe and the U.S. Santen has obtained the exclusive license for Europe, Middle East and Africa.

STN1013400 (compound name: AFDX0250BS) is a treatment for myopia. Phase 1 trial was completed in September 2021 in Japan.

STN1013600 (generic name: ursodeoxycholic acid) is a treatment for presbyopia. Phase 1 trial was completed in April 2022 in Japan.

* The numbering method for development codes has changed. Both existing development codes (DE-XXX) and new development codes (STNXXXXXXXX) are shown. AR-13324 and SYD-101 are the development codes of Aerie Pharmaceuticals, Inc. (U.S.) and Sydnexis Inc. (U.S.) respectively.

(3) Status of Capital Expenditures and Financing

Capital expenditures in the fiscal year ended March 31, 2022 amounted to ¥22.2 billion. With the aim of addressing expanding demand and reinforcing the production and supply structure, Santen has added a prescription ophthalmic solution manufacturing building on the site of its Shiga Product Supply Center. The company also commenced investment in a new factory for Santen Pharmaceutical (China) Co., Ltd. The swift move adds production capacity to proactively cater to anticipated market growth, thereby establishing Santen's competitive edge globally for even greater business growth. In addition, Santen will continue to invest in next-generation ERP, with the aim of enhancing administrative standardization and production efficiency to support global business expansion.

As for financing, the company executed the loan of ¥10.5 billion from BNP Paribas as the funds for the one-off payment under the exclusive development and commercialization agreement with Aerie Pharmaceuticals, Inc. Also, for the purpose of effective financing to maximize the investment opportunity in the capital expenditures and the business development activities, we entered into an executable term loan agreement for the aggregate amount of ¥30 billion with MUFG Bank, Ltd. in March 2020, under a commitment period of four (4) years and with a maximum loan period of ten (10) years. The amount of borrowing executed during the period is ¥10 billion.

(4) Issues to be Addressed

(i) Awareness of the Environment

Currently, at least 2.2 billion people around the world live with visual impairment or blindness, and more than one billion of these people are either untreated or could have benefited from effective treatment. In the coming years, factors including economic growth in various nations as well as growing populations and increasing numbers of senior citizens around the world, particularly in Asia, are expected to increase the number of patients with eye conditions resulting from advancing age and lifestyle-related diseases. Furthermore, the influence of novel coronavirus (COVID-19) infections is already resulting in the wider use of IT-based tools to communicate, and as a result, the number of people living with eye problems caused by long hours using digital devices, including eye fatigue and short-sightedness, is also expected to increase.

Meanwhile, in the field of life sciences, major changes are predicted to take place in the coming ten to twenty years. These include services that are more finely-tailored to individuals, and increased level of interest in health and wellness among the general public, technical advances such as AI, IoT and automation, and further developments in the fields of cellular, genetic and digital device technology. These factors will require new solutions for issues related to eye health.

We have formulated this long-term vision in July 2020 with these environmental changes in mind, and with consideration for how the Santen Group should address these global social issues, what our role is as a company specializing in the ophthalmologic area and how we can contribute to the society.

(ii) New Long-term Vision “Santen 2030”

Santen 2030 comprise of “Santen’s VISION,” which aims for the realization of the “WORLD VISION” (Happiness with Vision) which illustrates the ideal world that is the goal of the Santen Group while illustrating the form which the Santen Group wants to take in the year 2030 and beyond, as well as the “STRATEGY” and “GOAL” therefor.

Santen’s VISION: Aims the realization of the “WORLD VISION” (Happiness with Vision) and the form which the Santen Group wants to take in the year 2030 and beyond.



Become A Social Innovator

Orchestrate and mobilize key technologies and players around the world, to deliver happiness through vision.

In addition to our strength in the field of ophthalmology, the Santen Group is also working to bring together technology, organizations and human resources from around the world to achieve socially valuable innovation, allowing us to serve as a Social Innovator helping people achieve happiness through the Best Vision Experience.

STRATEGY: Three strategies to become a Social Innovator



A. Ophthalmology

Innovation in Ophthalmology and Acceleration of Ecosystem Development

A1. Innovation in Ophthalmology:

We wish to free patients from having to live with eye conditions, improving their quality of life. We aim to accomplish this not only by producing new pharmaceuticals and medical devices and investing in innovative treatment approaches such as cellular and genetic treatment, we will also work to go beyond the bounds of the pharmaceutical industry in an effort to develop and provide patient-oriented ophthalmological solutions.

A2. Acceleration of Ecosystem* Development

In addition to working to address growing medical needs by development, sales and stable supply of ophthalmic pharmaceuticals and surgical devices, we strive together with our stakeholders to bring about qualitative and quantitative improvements in the ophthalmic care ecosystem and to improve the efficiency of society.

* The ophthalmic care ecosystem is an aggregate of various stakeholders that contribute to the provision of ophthalmic care and collaborative relationships in which they function organically.

B. Wellness

Awareness and Proactive Care toward Better Eye Condition

Recently, public awareness of health issues is rising, and there is increasing vibrancy in the healthcare industry with efforts to prevent disease onset and criticality, and also due to deregulation in various surrounding industries. However, there is still insufficient public awareness of the importance of eye health and associated issues including the development of critical cases as a result of the delayed detection of eye disease onset and the chronic incidence of eye problems that are not properly recognized as actual diseases.

As a Social Innovator, the Santen Group believes that it is important to encourage the public to recognize and understand the importance of vision and eye health in our daily lives. The Santen Group also facilitates early detection of eye disease and pursuit of better eye condition according to the life stage of people, by using digital technology, providing products and services that help maintain and improve eye health, and predicting and visualizing risks to eye health.

C. Inclusion

Building Society that is Inclusive regardless of Visual Impairment

As a Social Innovator, the Santen Group believes in the creation of a vibrant society in which all people can live in harmony irrespective of any visual impairments. To achieve this goal, the Santen Group is exploring possible new solutions, particularly those that use digital technology, as we work to promote awareness and understanding of visual impairments, move forward with projects that allow people with and without vision impairments to enjoy themselves together sharing a sense of the same values, and improve the quality of life for people with visual impairments.

GOAL: Aiming to reduce the loss of social and economic opportunities for people around the world due to eye conditions.

As a Social Innovator with the aim of realizing WORLD VISION (Happiness with Vision), the Santen Group will solve social issues related to eye health and contribute to happiness through the Best Vision Experience.

(iii) The medium-term plan “MTP2025” and the Target Managerial Indicator

The medium-term plan, “MTP2025,” is the plan for the initial five years to achieve Santen 2030. We have placed importance on these five years so we can focus our energy to maximize the value of our core businesses, and concurrently therewith, proceed with entering into new categories of business going forward to growth in 2026 and beyond.

We will utilize our strength as a global ophthalmic company cultivated through Vision 2020, our existing pipeline and assets, as well as our bases of business located in various places around the world with its center in Japan, realize steady growth in sales and profit and increase our earning power. In addition, through our full-scale entry into the business of prescription pharmaceuticals in the U.S., we aim for global growth in the medium-term. In parallel, while making the most of organizational capacity that has been cultivated until now as a specialty company in the ophthalmologic area, we aim to achieve the medium- and long-term growth set forth in Santen 2030 through investment for novel innovation, entry to novel business fields such as cellular therapy, as well as capital investment (including investment to factories) and the like. Through this, we will steadily execute strategic policies towards transformation into a Social Innovator.

1. Management themes to be addressed on the MTP2025

In order to achieve in-depth business globalization and entry into new business categories by FY2025, we will explore our strengths in reinforcing our global presence and profitability in the core pharma business, as detailed below:

- Profit ratio improvement in core businesses
 - Profit maximization in each region
- Expansion of new areas
 - Establishment of revenue structure in Americas
 - New disease / other upsides
- Strengthening of foundation as a global company
 - Strengthening of product development capabilities
 - Strengthening of product supply infrastructure
 - Reflect strategies in company-wide financial KPIs and business KPIs
 - Establishing global platform

2. FY2025 KPI targets

We will achieve KPIs with a balanced-focus on sales growth and profit improvements to achieve top 1/2 level of TSR (total shareholder return) amongst pharma industry.

Revenue	≥ 315 billion yen (CAGR 5%)
Operating profit ratio (IFRS)	≥ 21%
ROE (Return on Equity attributable to owners of the company)	≥ 13%
Overseas revenue ratio	≥ 50%

3. Return to shareholder policy

We regard returning profits to shareholders as a top management priority. We will incrementally raise dividends to keep a dividend payout ratio of at least 40% accompanied by its earnings growth. Surplus capital held for a certain period will be returned to shareholders through share repurchases to be executed flexibly.

4. ESG strategy / measures

We aim to achieve continuous growth by focusing on four materialities and contributing to ongoing social innovation under our corporate vision:

(i) Development and Stable Supply of Socially Significant Products and Services (“Happiness with Vision”)

- Enrichment of products, information, and services along the three pillars of Ophthalmology, Wellness, and Inclusion
- Enhancement of responsible supply chain, pharmacovigilance, and customer service
- Targeting reach to over 60 million patients*¹

(ii) Encouragement of an Organizational Culture that Promotes Value Creation

- DE&I*² - Promote diversity with a focus on gender, nationality, and the visually impaired

(iii) Strengthening Governance, Contributing to the Realization of Fair and Equal Society

- Management effectiveness, diversity, compliance and respect for human rights aimed at ensuring medium and long-term growth

(iv) Conservation of the Global Environment

- Measures against Climate Change, Environmental Load Reduction
 - Scope 1&2, CO₂ emissions
 - FY2025: 25% reduction
 - FY2030: 50% reduction
- Shift to bioplastic eye-drop containers
 - FY2030: 60% of plastic eye drop containers being produced from bioplastic

*1. Estimated total number of patients to whom Santen has contributed (therapeutic areas: inflammation/allergies, cornea disorders, glaucoma, cataracts) as of FY2019 was approx. 43 million, calculated based on JMDC’s estimated total number of patients for Santen’s Rx products and Santen’s shipment data

*2. Diversity, Equity & Inclusion

(iv) Financial Strategies

As for financial strategies, it is our basic approach to improve profitability through establishing superiority in the field of ophthalmology, thereby maximizing cash generating power, and as a result, maximizing shareholder value.

There is no change even in the medium-term plan “MTP2025” commencing from the fiscal year of 2021 in our effort to improve ROE (return on equity attributable to owners of the company) through optimizing growth potential, efficiency and soundness, internal reserves for future growth and the return of profits to shareholders.

Especially, as for the investment for future growth, we endeavor to proactively and efficiently inject resources for investments for strengthening pipelines, acceleration of global expansion, novel medical technology, bases of production aiming at expansion of a global business foundation, and for a digital and information system including the next generation ERP. Even in cases where we consider exploiting liabilities depending on the nature of the matter, we will ensure the soundness of our financial bases while we consciously endeavor to be able to maintain a credit rating of A+ (R&I).

(v) Measures to Combat the Novel Coronavirus (COVID-19) Infections

We in Santen believe that our mission is to continue delivering of treatments for visual conditions to our patients around the world based on Santen’s CORE PRINCIPLE, even in the event of emergencies, including the worldwide COVID-19 pandemic and the consequent adoption of lockdown measures in various cities and countries around the world. In addition, as a life science company that contributes to society, we place high importance on avoiding committing any act that could help to spread the virus, and continuing our efforts toward future innovation in ophthalmic treatment even amid such an emergency. As a countermeasure, we are continuously monitoring, mainly through our internal control divisions, the situation in Japan and at our centers of operation around the world, and concurrently therewith, taking efforts in coordination with the respective regions and relevant divisions.

(5) Situation of Assets and Profit and Loss

(Transitional situation of the achievement and assets of the Corporate Group)

Classification	107th Term (April 1, 2018 to March 31, 2019)	108th Term (April 1, 2019 to March 31, 2020)	109th Term (Previous Consolidated Fiscal Year) (April 1, 2020 to March 31, 2021)	110th Term (Present Consolidated Fiscal Year) (April 1, 2021 to March 31, 2022)
Revenue (JPY millions)	234,026	241,555	249,605	266,257
Operating profit (JPY millions)	45,098	33,535	12,187	35,886
Net profit for the year (JPY millions)	31,943	21,714	9,126	27,189
Basic earnings per share (yen)	78.67	59.16	23.30	68.07
Total assets (JPY millions)	391,186	408,768	405,285	459,976
Total equity attributable to owners of the company (JPY millions)	290,900	302,865	310,181	337,488

(Note) 1. The consolidated financial statement has been prepared pursuant to IFRS under the provisions of Article 120(1) of the Regulation on Corporate Accounting of Japan.

2. In conjunction with the completion of the adjustments in the present consolidated fiscal year with regard to provisional accounting treatment related to a business combination, previous consolidated fiscal year have been retroactively restated.

(Transitional situation of the achievement and assets of the Company)

Classification	107th Term (April 1, 2018 to March 31, 2019)	108th Term (April 1, 2019 to March 31, 2020)	109th Term (Previous Consolidated Fiscal Year) (April 1, 2020 to March 31, 2021)	110th Term (Present Consolidated Fiscal Year) (April 1, 2021 to March 31, 2022)
Net sales (JPY millions)	176,208	182,610	186,112	190,828
Ordinary income (JPY millions)	33,191	34,862	25,324	22,525
Net income for the year (JPY millions)	28,014	27,402	21,754	17,433
Per share Net income (yen)	68.96	68.63	54.44	43.59
Total assets (JPY millions)	321,924	340,007	353,603	363,763
Net assets (JPY millions)	265,400	283,522	294,231	297,507

(Note) Prepared pursuant to the Japanese accounting standard.

(6) Outline of the Major Business

The Santen Group manufactures and sells prescription pharmaceuticals, OTC pharmaceuticals and medical devices, the major products of which are as follows:

Category	Name of Major Products
Prescription Pharmaceuticals	EYLEA solution for IVT inj, ALESION ophthalmic solution*, COSOPT ophthalmic solution, DIQUAS ophthalmic solution, TAPROS ophthalmic solution, Hyalein ophthalmic solution, Cravit ophthalmic solution, TAPCOM ophthalmic solution, Ikervis, TRUSOPT ophthalmic solution, EYBELIS ophthalmic solution
OTC Pharmaceuticals	Sante FX NEO, Soft Santear, Sante FX V +, Sante Medical 12, Sante Beautéye, Sante Medical Active, Soft Santear Hitomi Stretch, Sante Medical Guard EX, Sante PC, Well-Wash EYE
Medical Devices	PRESERFLO MicroShunt, LENTIS Comfort, Eternity,

* Includes ALESION LX ophthalmic solution.

(7) Major Business Locations, etc.**(i) The Company**

Corporate Headquarters	Kita-ku, Osaka
Business Locations	Tokyo Branch (Chuo-ku, Tokyo), Shin Osaka Office (Yodogawa-ku, Osaka) Hokkaido-Tohoku Area Office (Aoba-ku, Sendai), Kanto Area-1 Office (Chuo-ku, Tokyo), Kanto Area-2 Office (Chuo-ku, Tokyo), Chubu Area Office (Naka-ku, Nagoya), Kansai Area Office (Yodogawa-ku, Osaka), Chugoku-Shikoku Area Office (Naka-ku, Hiroshima), Kyushu Area Office (Hakata-ku, Fukuoka), and 81 other offices
Plants	Shiga Product Supply Center (Taga-cho, Inukami-gun, Shiga), Noto Plant (Houdatsushimizu-cho, Hakui-gun, Ishikawa)
Laboratories	Nara Research and Development Center (Ikoma-shi, Nara)

(ii) Subsidiaries and Affiliated Companies

Santen Holdings U.S. Inc. (Emeryville, U.S.)
 Santen Inc. (Emeryville, U.S.)
 Santen Holdings EU B.V. (Amsterdam, the Netherlands)
 Santen SA (Geneva, Switzerland)
 Santen China Investment Co., Ltd. (Shanghai, P.R.C.)
 Santen Pharmaceutical (China) Co., Ltd. (Suzhou, P.R.C.)
 Santen Pharmaceutical Asia Pte. Ltd. (Singapore)
 And 29 other companies

(8) Situation of Employees

(i) Situation of Employees of the Santen Group

Number of Employees	Year to Year Change
4,315	Increased by 86

(Note) The number of employees means the number of working employees excluding part-timers and temporary personnel.

(ii) Situation of Employees of the Company

Number of Employees	Year to Year Change	Average age	Average years of being employed
1,839	Decreased by 33	43 years 11 months	16 years 9 months

(Note) The number of employees means the number of working employees excluding employees seconded to other companies, part-timers and temporary personnel, and including employees seconded from other companies.

(9) Situation of Material Subsidiaries

(i) Situation of Material Subsidiaries

Company Name (country where it is located)	Capital	The Company's Equity Ratio () shows indirect holding	Major Business
Santen Holdings U.S. Inc. (U.S.)	\$24,784 (thousands)	(100.0%)	Management and control of the subsidiaries in North America
Santen Inc. (U.S.)	\$8,765 (thousands)	(100.0%)	Clinical development of prescription pharmaceuticals and business development
Santen Holdings EU B.V. (the Netherlands)	€50 (thousands)	100.0%	Pure holding company of Santen SA
Santen SA (Switzerland)	Fr.22,565 (thousands)	(100.0%)	Management, finance, control, manufacture and sale of prescription pharmaceuticals in the EMEA regions
Santen China Investment Co., Ltd. (P.R.C.)	RMB 449,439 (thousands)	100.0%	Management of investment/fund administration and support of business administration of the group companies in China
Santen Pharmaceutical (China) Co., Ltd. (P.R.C.)	RMB 692,293 (thousands)	(100.0%)	Manufacture and sale of prescription pharmaceuticals and clinical development
Santen Pharmaceutical Asia Pte. Ltd. (Singapore)	S\$24,177 (thousands)	(100.0%)	Management and control of the Asia region, manufacture and sale of prescription pharmaceuticals

(ii) Matters Regarding Specified Wholly-owned Subsidiary

Company Name	Address	Total Book Value (JPY millions)	Total Assets of the Company (JPY millions)
Santen Holdings EU B.V.	Herikerbergweg 238, 1101CM Amsterdam Zuidoost, Netherlands	108,029	363,763

(10) Major Lenders

Borrower Company	Lender	Outstanding Borrowings (JPY millions)
Santen SA	BNP Paribas	10,936
Santen Pharmaceutical Co., Ltd.	MUFG Bank, Ltd.	10,000

(11) Other Material Items regarding the current status of the Corporate Group

Situation of Major Business Alliances

◆ Technical Alliances (License-In)

Alliancing Company	Particulars
DAIICHI SANKYO COMPANY, LIMITED (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Ofloxacin
DAIICHI SANKYO COMPANY, LIMITED (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Levofloxacin
Eisai Co., Ltd. (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Bunazosin Hydrochloride
AGC Inc. (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Tafluprost
Merck & Co., Inc. (U.S.)	Manufacture and sale of ophthalmic pharmaceuticals containing Diquafosol Sodium
Boehringer Ingelheim Japan, Inc. (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Epinastine Hydrochloride
Ube Industries, Ltd. (Japan)	Manufacture and sale of ophthalmic pharmaceuticals containing Omidenedapag Isopropyl
Oculentis IP B.V. (the Netherlands)	Manufacture and sale of “LENTIS Comfort” intraocular lens
jCyte, Inc. (U.S.)	Right to develop and sell jCell in Japan, Europe and Asia, being developed as a first-in-class treatment for retinitis pigmentosa.
Osmotica Pharmaceuticals plc (U.S.)	Right to develop, apply for approval and commercialize in Japan, China and other Asian countries, North Americas and EMEA countries RVL-1201, oxymetazoline hydrochloride ophthalmic solution 0.1%, which is the first and only treatment for adult’s acquired blepharoptosis approved in the U.S.
Aerie Pharmaceuticals, Inc. (U.S.)	Right pertaining to exclusive development and sale of Rhopressa [®] and Rocklatan [®] in Japan, Europe, China, Asian countries and others.
Sydnexis Inc. (U.S.)	Exclusive sale of low-dosage Atropine preparation (SYD-101), a novel investigational treatment under development for progressive childhood myopia, in Europe, Middle East and Africa regions (EMEA).

(Note) The tradename of Ube Industries, Ltd. has changed to UBE Corporation in April 2022.

◆ Technical Alliances (License-Out)

Alliancing Company	Particulars
Bausch & Lomb Incorporated (U.S.)	Manufacture and sale of “Eternity” intraocular lens in areas other than Japan
Thea Pharma Inc. (U.S.)	Manufacture and sale of tafluprost, a treatment for glaucoma and ocular hypertension, in the U.S.

(Note) Upon assignment of the right of Akron Operating Company LLC under the license to Thea Pharma Inc. in March 2022, the alliancing company has changed.

♦ Sales Alliance

Alliancing Company	Particulars
Janssen Pharmaceutical K.K. (Japan)	Sale of ophthalmic pharmaceuticals containing Levocabastine Hydrochloride in Japan
Bayer Yakuhin, Ltd. (Japan)	Exclusive sale of Aflibercept solution for IVT inj. in Japan
Mitsubishi Tanabe Pharma Corporation (Japan)	Joint sales promotion of “ALESION ophthalmic solution” and “ALESION LX ophthalmic solution”, anti-allergy ophthalmic
Glaukos Corporation (U.S.)	Collaboration in the development and commercialization of STN2000100 (DE-128, PRESERFLO MicroShunt) in the Americas (North, Central, and South America), Australia, and New Zealand

♦ Contingent consideration pursuant to business combination

The Company acquired InnFocus, Inc. on August 19, 2016 (Eastern Time, U.S.). Under a contingent consideration agreement, which provides for milestone payments upon progress in the development of STN2000100 (DE-128, PRESERFLO MicroShunt) and sales achievements thereof.

♦ Joint-venture Agreement

Partner	Particulars
Chongqing Kerui Pharmaceutical Co., Ltd. (P.R.C.)	Established a joint venture (Chongqing Santen Kerui Pharmaceutical Co., Ltd.) in August 2016 for the purpose of providing high-quality prescription pharmaceuticals to patients in China at an appropriate price.
Verily Life Sciences LLC (U.S.)	Established a joint venture (Twenty Twenty Therapeutics LLC) in August 2020 to develop and commercialize unique ophthalmic devices.

♦ Others

Alliancing Company	Particulars
International Telecommunication Union (Switzerland)	The Company supports “Be He@lthy, Be Mobile” in ophthalmology, an initiative of digital health put in place by the International Telecommunication Union and World Health Organization.
Orbis International (U.S.)	An alliance for the purpose of developing a digital training tool to continuously support the strengthening of skills for ophthalmologists.
	The ten-year partnership to alleviate the burden of eye diseases that is expected to further increase in the future in low and middle-income countries (especially in Asia)
Plano Pte. Ltd. (Singapore)	A strategic alliance to tackle the burden of myopia patients worldwide.
Shanghai Airdoc Medical Technology Co., Ltd. (China)	Partner to improve diagnostic rate of fundus ocular diseases with AI device in China.
Singapore National Eye Centre (Singapore)	A strategic partnership to develop and deploy internationally an innovative educational programme for development of the eye care ecosystem in Asia.
ActualEyes Inc. (Japan)]	A joint development on Phase II clinical trial (Phase II a/Proof of Concept study) toward global development for sirolimus eye drops for treating Fuchs endothelial corneal dystrophy.

2. Matters regarding the Shares

(1) **Total Number of the Authorized Shares:** 1,100,000,000 shares

(2) **Total Number of the Outstanding Shares:** 400,694,754 shares (including 407,397 treasury shares)

(Note) A total increase of 325,800 issued shares was made through issue of 216,000 shares pursuant to the exercise of the right to subscribe for new shares granted to Directors of the Company under Articles 361, 238, and others, of the Companies Act of Japan (“Companies Act”), 23,500 shares pursuant to the exercise of the same granted to Corporate Officers of the Company under Article 238 and others of the Companies Act, and 86,300 shares pursuant to the exercise of the same granted as Stock-based Remuneration type stock option to Directors (excluding Outside Directors) and Corporate Officers of the Company.

(3) **Number of Shareholders:** 23,901 shareholders (decreased by 926 as a year-to-year change)

(4) Major Shareholders

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	69,398	17.3
Custody Bank of Japan, Ltd. (Trust account)	34,282	8.6
STATE STREET BANK AND TRUST COMPANY 505223	28,509	7.1
Nippon Life Insurance Company	10,662	2.7
MUFG Bank, Ltd.	10,605	2.6
RBC 1ST 15 PCT LENDING ACCOUNT – CLIENT ACCOUNT	8,245	2.1
Ono Pharmaceutical Co., Ltd.	7,756	1.9
STATE STREET BANK WEST CLIENT – TREATY 505234	7,330	1.8
Custody Bank of Japan, Ltd.as trustee for Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho	6,863	1.7
SSBTC CLIENT OMNIBUS ACCOUNT	5,412	1.4

(Note)

1. The holding ratio is computed excluding the number of treasury shares (407,397 shares).
2. Among the numbers of shares owned as described in the above, respective numbers of shares related to trust services are as follows (unit: 1,000 shares):

The Master Trust Bank of Japan, Ltd. (Trust account)	69,398
Custody Bank of Japan, Ltd. (Trust account)	34,282

3. The number of shares owned by Custody Bank of Japan, Ltd. as trustee for Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd. represents Santen’s shares which had been owned by Eisai Co., Ltd. and entrusted to Mizuho Trust & Banking Co., Ltd., which re-entrusted to Custody Bank of Japan, Ltd., the voting rights of which have been reserved by Eisai Co., Ltd.

4. While the large shareholding report (change report) made available for public inspection as of December 20, 2018 states that Sumitomo Mitsui Trust Bank, Limited and its two (2) joint holders, respectively hold the following shares as of December 14, 2018, the respective numbers of shares substantially owned thereby as of March 31, 2022 have not been confirmed, and thus they are not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (407,397 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	13,126	3.3
Nikko Asset Management Co., Ltd	8,060	2.0

5. While the large shareholding report (change report) made available for public inspection as of January 8, 2021 states that Mitsubishi UFJ Financial Group, Inc. and its four (4) joint holders respectively hold the following shares as of December 28, 2020, the numbers of shares substantially owned by Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as of March 31, 2022 have not been confirmed, and thus Mitsubishi UFJ Trust and Banking Corporation is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (407,397 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
MUFG Bank, Ltd.	10,605	2.6
Mitsubishi UFJ Trust and Banking Corporation	18,658	4.7
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	2,201	0.5
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,451	0.4

6. While the large shareholding report made available for public inspection as of October 20, 2021 states that Black Creek Investment Management, Inc. holds the following shares as of October 15, 2021, the number of shares substantially owned thereby as of March 31, 2022 have not been confirmed, and thus it is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (407,397 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
Black Creek Investment Management, Inc.	20,839	5.2

7. While the large shareholding report (change report) made available for public inspection as of March 4, 2022 states that BlackRock Japan Co., Ltd. and its seven (7) joint holders respectively hold the following shares as of February 28, 2022, the respective numbers of shares substantially owned thereby as of March 31, 2022 have not been confirmed, and thus BlackRock Japan Co., Ltd., BlackRock Fund Advisors and BlackRock Institutional Trust Company, N.A. are not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (407,397 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
BlackRock Japan Co., Ltd.	5,584	1.4
BlackRock Asset Management Ireland Limited	2,610	0.7
BlackRock Fund Advisors	7,167	1.8
BlackRock Institutional Trust Company, N.A.	6,002	1.5
BlackRock Investment Management (UK) Limited	597	0.1
Aperio Group, LLC	450	0.1
BlackRock (Netherlands) B.V.	1,379	0.3
BlackRock Fund Managers Limited	802	0.2

8. While the large shareholding report (change report) made available for public inspection as of April 5, 2022 states that MFS Investment Management K.K and Massachusetts Financial Services Company, its joint holder, respectively hold the following shares as of March 29, 2022, the respective numbers of shares substantially owned thereby as of March 31, 2022 have not been confirmed, and thus Massachusetts Financial Services Company is not included in the Major Shareholders described in the above.

The holding ratio is computed excluding the number of treasury shares (407,397 shares).

Name / Company Name	Number of Shares Owned (1,000 shares)	Holding Ratio (%)
MFS Investment Management K.K.	1,127	0.3
Massachusetts Financial Services Company	37,993	9.5

(5) Situation of Shares Issued to the Company's Officers During the Business Term as Compensation for the Execution of Their Duties

	Kind and Number of shares	Number of Recipients of the Issuance
Directors (excluding Outside Directors)	The Company's Common Shares: 48,703 shares	Three (3)

(Note) 33,119 shares of the aforementioned shares were granted as compensation under the Restricted Stock-Based Remuneration System, and 15,584 shares were granted as compensation under the Performance Share Unit System.

3. Matters regarding Rights to Subscribe for New Shares and the like

(1) Outline of Rights to Subscribe for New Shares and the Like Issued as Compensation for the Performance of Duties and Held by Officers as of the End of this Fiscal Year

The 2nd rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 5, 2014
Date of the issuance	August 31, 2014
Number of the rights to be issued	93 rights
Class and number of shares that are the subject of the rights	46,500 shares (<i>i.e.</i> , 500 shares per right to subscribe for new shares) of common stock of the Company (Note 1)
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥538,300 (per right to subscribe for new shares) (Note 1)
Period during which rights may be exercised	From September 1, 2017 to September 1, 2024
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	22 rights (1 grantee)
Directors (excluding Outside Directors)	22 rights (1 grantee)

(Note) 1. After the Company split its shares as of April 1, 2015 at the ratio of five (5) shares per common share of the Company pursuant to the resolution passed at the meeting of the Board of Directors held on February 24, 2015, the class and number of shares that are the subject of the rights and the value of the property to be contributed upon the exercise of each right have been adjusted.

The 3rd rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 4, 2015
Date of the issuance	August 31, 2015
Number of the rights to be issued	277 rights
Class and number of shares that are the subject of the rights	27,700 shares (<i>i.e.</i> , 100 shares per right to subscribe for new shares) of common stock of the Company
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥175,627 (per right to subscribe for new shares)
Period during which rights may be exercised	From September 1, 2018 to September 1, 2025
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	277 rights (2 grantees)
Directors (excluding Outside Directors)	277 rights (2 grantees)

The 4th rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 2, 2016
Date of the issuance	August 31, 2016
Number of the rights to be issued	313 rights
Class and number of shares that are the subject of the rights	31,300 shares (<i>i.e.</i> , 100 shares per right to subscribe for new shares) of common stock of the Company
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥114,821 (per right to subscribe for new shares)
Period during which rights may be exercised	From September 1, 2019 to September 1, 2026
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	313 rights (2 grantees)
Directors (excluding Outside Directors)	313 rights (2 grantees)

The 5th rights to subscribe for new shares as Stock-Based Remuneration	
Date of the resolution of the issuance	August 1, 2017
Date of the issuance	August 31, 2017
Number of the rights to be issued	595 rights
Class and number of shares that are the subject of the rights	59,500 shares (<i>i.e.</i> , 100 shares per right to subscribe for new shares) of common stock of the Company
Amount to be paid for rights to subscribe for new shares	¥1 per share
Value of the property to be contributed upon the exercise of each right	¥154,409 (per right to subscribe for new shares)
Period during which rights may be exercised	From September 1, 2020 to September 1, 2027
Conditions for exercising the rights to subscribe for new shares	<ul style="list-style-type: none"> • The grantee may exercise the right even in the event that the grantee retires for legitimate reasons. • A partial exercise of one right can only be exercised as long as the number of shares to be issued is an integral multiple of the number of shares for one stock trade unit. • A successor may exercise the right.
Status of the right held by officers of the Company	328 rights (2 grantees)
Directors (excluding Outside Directors)	328 rights (2 grantees)

(2) Situation of Rights to Subscribe for New Shares and the Like Issued as Compensation for the Performance of Duties to Company's Employees, the Company's Subsidiaries' Officers and its employees During the Period

Not applicable.

4. Matters Regarding Corporate Officers

(1) Status of Directors and Corporate Auditors

(As of March 31, 2022)

Position in the Company	Name	Responsibilities in the Company and material posts concurrently held
Representative Director Chairman	Akira KUROKAWA	–
Representative Director President and Chief Executive Officer	Shigeo TANIUCHI	–
Director Executive Corporate Officer	Takeshi ITO	Responsibilities: Head of Japan Business, Head of Japan Sales and Marketing Division
Director	Kanoko OISHI	Material posts concurrently held: Representative Director of Mediva Inc. Representative Director of Seeds 1 Co., Ltd. External Board Member of Ezaki Glico Co., Ltd. External Director of Shiseido Company, Limited
Director	Yutaro SHINTAKU	Material posts concurrently held: External Director of J-Oil Mills Inc. Outside Director of Kubota Corporation Project Professor, Business Administration, Hitotsubashi University Business School Outside Director of KOZO KEIKAKU ENGINEERING Inc.
Director	Kunihito MINAKAWA	Material posts concurrently held: Financial Services Agency, Certified Public Accountants and Auditing Oversight Board, Commissioner External Director of Nippon Sheet Glass Co., Ltd.
Standing Corporate Auditor	Hiroshi ISAKA	–
Corporate Auditor	Yasuyuki MIYASAKA	Material posts concurrently held: Head of Yasuyuki Miyasaka Certified Public Accountant Office Outside Director of ITOCHU SHOKUHIN Co., Ltd. Outside Audit & Supervisory Board Member of Showa Denko K.K.
Corporate Auditor	Hirofumi YASUHARA	Material posts concurrently held: Outside Audit & Supervisory Board Member of Sumitomo Rubber Industries, Ltd. Outside Corporate Auditor of Hitachi Zosen Corporation
Corporate Auditor	Yumiko ITO	Material posts concurrently held: Representative of Ito Law Office Independent Director of Kobe Steel, Ltd.

- (Note) 1. Yasuyuki Miyasaka, Corporate Auditor, has extensive knowledge and experience in finance and accounting amassed through long years of involvement in audits as a certified public accountant in Japan and overseas.
2. Hirofumi Yasuhara, Corporate Auditor, has extensive knowledge and experience in finance and accounting amassed through long years of involvement in management in Japan and overseas.
3. Among the Directors, Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa are Outside Directors.
4. Among the Corporate Auditors, Yasuyuki Miyasaka, Hirofumi Yasuhara and Yumiko Ito are Outside Corporate Auditors.
5. The Company has registered the names of Kanoko Oishi, Yutaro Shintaku and Kunihito Minakawa, Directors, and names of Yasuyuki Miyasaka, Hirofumi Yasuhara and Yumiko Ito, Corporate Auditors, as Independent Officers pursuant to Article 436-2, Paragraph 1 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc.
6. There were changes in the positions at the Company as described below, effective on April 1, 2022:

Position at the Company	Name	Responsibilities and other positions concurrently held
Director of the Board, Chairman	Akira KUROKAWA	–
Representative Director of the Board, Executive Vice President	Takeshi ITO	Head of Japan Business, Head of Japan Sales and Marketing Division

(2) Outline of the Contents of the Directors and Officers Liability Insurance Policy

The Company has entered into a D&O liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, whereby the loss to be incurred by the insured due to claims for damages made (including legal damages, litigation expenses, expenses to cooperate to secure reimbursement) will be indemnified. Provided, however, there are certain exclusions, *e.g.*, any loss arising out of an act committed knowing that it is an illegal act shall not be indemnified.

- Companies covered: The Company and all of its subsidiaries under the Companies Act, as well as judicial persons which existed in the past and have been liquidated or absorbed in association with the Company's business activities and do not currently exist as an entity holding legal status.
- Insureds: Directors, Auditors, employees (*e.g.*, those sued as a joint co-defendant with an officer in the position of a manager/supervisor), and spouses of the insured, including retired officers, of the companies covered.

The Company bears all of the premium costs for all of the insureds described above.

(3) Aggregate Amount of Remunerations for Directors and Corporate Auditors

(Amount of Remuneration)

Classification		Number of Recipients	Amount	
Director	Basic compensation (Outside Directors)	6 (3)	¥272 million (¥54 million)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥400 million for four (4) Directors excluding Outside Directors; Annual ¥60 million for three (3) Outside Directors
	Annual bonus (Outside Directors)	3 (-)	¥48 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥200 million for four (4) Directors excluding Outside Directors.
	Performance Share Unit (PSU) system (Outside Directors)	3 (-)	¥16 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: ¥100 million per year multiplied by number of years for four (4) Directors excluding Outside Directors.
	Restricted Stock (RS) system (Outside Directors)	3 (-)	¥51 million (-)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥100 million for four (4) Directors excluding Outside Directors.
Sub Total (Outside Directors)			¥387 million (¥54 million)	
Corporate Auditor	Basic compensation (Outside Corporate Auditors)	4 (3)	¥63 million (¥38 million)	Limit of the amount and number of recipients as resolved at the General Meeting of Shareholders held on June 26, 2018: Annual ¥80 million for four (4) Corporate Auditors.
Total (Outside Directors and Outside Corporate Auditors)			¥450 million (¥93 million)	

- (Notes) 1. The number of recipients is the total number of officers holding office during this business year.
2. The amount and number of the recipients of "basic compensation" for Directors includes Outside Directors.
3. The amount and number of the recipients of "basic compensation" for Corporate Auditors includes Outside Corporate Auditors.

(The System of Remuneration for Directors and Corporate Auditors)

	Basic compensation	Annual bonus	PSU	RS
Directors excluding Outside Directors	Eligible	Eligible	Eligible	Eligible
Outside Directors	Eligible	-	-	-
Corporate Auditors	Eligible	-	-	-

(4) Matters Regarding the Decision of the Amount of Remunerations and the Like for Directors and Corporate Auditors and the Calculation Method of Such Amount

(Basic policy regarding the decision of the amount of remunerations and the like for Directors, Corporate Auditors and Corporate Officers)

The Company has determined the following basic policies regarding the decision of the amount of remunerations and the like for Directors, Corporate Auditors and Corporate Officers.

1. Ensure effectiveness that contributes to the Company's sustainable growth and enhancement of medium- and-long term corporate value to enable them to be engaged in the achievement of Santen's VISION and the medium-term plan with high motivation;
2. Deepen the sharing of values with shareholders;
3. Objectiveness is secured through a highly transparent process for making decisions of remunerations to ensure high accountability to stakeholders;
4. Provide a competitive level of compensation capable of recruiting outstanding human resources; and
5. Appropriately encourage the target personnel to fulfill his/her respective functions in executing duties and supervising.

(Determination Policy on particulars of individual remuneration and the like for Directors)

- (i) The method to decide the Determination Policy on particulars of individual remunerations and the like for Directors

In accordance with the basic policy described above, the determination policy on particulars of individual remunerations and the like for Directors ("Determination Policy") has been resolved at the meetings of Board of Directors resolves based on the Executive Compensation Committee's report.

- (ii) The outline of the Determination Policy

Please refer to "Particulars of the individual remunerations and the like for Directors (excluding Outside Directors)," "Particulars of the individual remunerations and the like for Outside Directors," and "Matters regarding the decision of the particulars of individual remunerations and the like" described below.

- (iii) The reason why the Board of Directors considers the particulars of individual remunerations and the like for Directors for this business year to be in line with the Determination Policy

Upon deciding the particulars of individual remunerations and the like for Directors, the Executive Compensation Committee conducted a multifaceted review on the original proposal, including consistency with the Determination Policy, and the Board of Directors validated the contents of its report and considered it to be in line with the Determination Policy.

(Particulars of the individual remunerations and the like for Directors (excluding Outside Directors))

The remunerations for the Company’s Directors (excluding Outside Directors) are comprised of, in principle, basic compensation, annual bonus and stock-based remuneration. The component ratio in the base aggregate amount shall be: 1/0.25/0.5 respectively for basic compensation/annual bonus/stock-based remuneration, and the level of the aggregate remuneration is decided in reference to the results of pharmaceutical company benchmarks and the like. The outline of the above are as described below (Schedules 1 and 2). Provided, however, that there may be cases where individual adjustment is made in accordance with an individual’s role, responsibility and the like.

Schedule 1: Purpose and outline of the system

Category of remuneration		Purpose and outline
Fixed	Basic compensation	<ul style="list-style-type: none"> Monthly fixed compensation which is graded based on job evaluation
Variable	Annual bonus (Annual Incentive)	<ul style="list-style-type: none"> Performance-based remuneration encouraging the steady accumulation of results towards an achievement of targets for every fiscal year, whereby the base amount is set in the ratio of 0.25 against basic compensation. Annual bonus is comprised of a portion linked to the Company’s achievements, which are managerially important single-year performance indicators, and a portion linked to individual achievements to be evaluated based on company-wide issues and divisional issues using the balance score card. The amount to be paid for the respective parts shall be decided in the range of 0% to 200% of the base amount. As for the Chairman, 100% of the entire annual bonus shall be weighted on the portion linked to the Company’s achievement. As for other Directors (excluding Outside Directors), 80% shall be weighted thereon. Thereby they are linked to the level of the achievement of the target indices for revenue, operating profit ratio, and ROE. As for Directors (excluding Outside Directors) other than the Chairman, 20% of the entire annual bonus will be weighted on the portion linked to individual achievements. As for the President, the portion linked to individual achievements will be determined by a resolution of the Board of Directors after establishment of targets in relation to ESG and evaluation thereof by the Executive Compensation Committee. As for the Directors other than the Chairman and President (excluding Outside Directors), the said portion will be determined by a resolution of the Board of Directors after establishment of an initial target at the beginning of the fiscal year and evaluation at the end of the fiscal year in the interview with the President. To be paid after the end of every fiscal year.
	Stock-based remuneration (Medium- and long-term incentive)	<ul style="list-style-type: none"> For the purposes of encouraging the target Directors to proactively engage in achieving the Company’s vision and strategy and further sharing value with the shareholders, it is comprised of the following two systems, and each base amount, as the base number of shares to be issued under the respective systems, shall be decided at the ratio of 0.25 against basic compensation. <p>(The Performance Share Unit System)</p> <ul style="list-style-type: none"> A performance-linked stock remuneration system in which

		<p>the number of stocks to be issued fluctuates in accordance with the level of achievement of the target achievement indexes for a certain period (“Performance Evaluation Period”) to be determined from time to time such as the period of the medium-term plan.</p> <ul style="list-style-type: none"> • The ratio of the grant of stocks shall be determined in the range of 0% to 200% in accordance with the level of achievement of the relative TSR (weighted on 80%), which was established by referring to global life-science companies as a peer group, and indices in relation to ESG (weighted on 20%). • To be paid in a lump sum after the end of the Performance Evaluation Period, subject to conditions including that the grantee remains in the position of the eligible Director (“Target Director”) at the time of the expiry of the Performance Evaluation Period. <p>(The Restricted Stock-based Remuneration System)</p> <ul style="list-style-type: none"> • A stock-based remuneration system in which restricted shares shall be granted every fiscal year • The restriction shall be released subject to fulfillment of conditions such as that the grantee remains in the position of the Target Director.
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(Note 1) The results of single-year performance indicators of this fiscal year pertaining to the annual bonus described above are: revenue of ¥266,257 million; operating profit ratio (full base) of 13.5%; and ROE (full base) of 8.4% (the targeted values of which were, ¥260,000 million; 16.0%; and 10.0%, respectively). Also, 20% of the entire annual bonus for the CEO shall be weighted on the portion linked to the individual achievement target, incorporating the establishment of the target in relation to ESG. The particulars of the establishment of such target include an enhancement of switching an eye-drop container to biomass plastic, an enhancement of DE&I centering on strengthening of diversity in the senior management team, and strengthening the function of internal control, for which an evaluation will be implemented at the Executive Compensation Committee to be held in May 2022.

(Note 2) The companies to be referred to as the comparison for the relative TSR pertaining to the Performance Share Unit System are the following 21 companies:

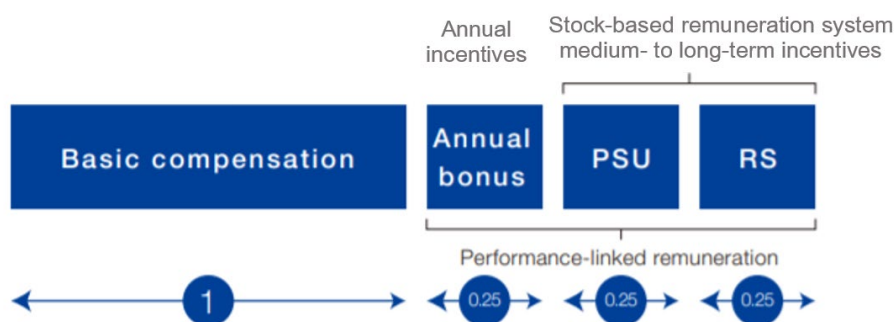
Companies and other entities the head office of which is located in Japan	Companies and other entities the head office of which is located in Europe	Companies and other entities the head office of which is located in the Americas
Astellas Pharma Inc.	Alcon AG	Abbott
Chugai Pharmaceutical Co., Ltd.	Bayer AG	AbbVie Allergan
Daiichi Sankyo Co., Ltd.	GlaxoSmithKline plc.	Bausch Health Companies Inc.
Eisai Co., Ltd.	Novartis International AG	Glaukos Corporation
Kyowa Kirin Co., Ltd.	Novo Nordisk Pharma Ltd.	Johnson & Johnson
Takeda Pharmaceutical Company Limited	F. Hoffman-La Roche Ltd	Merck & Co., Inc.
Terumo Corporation	Sanofi S.A.	Pfizer Inc.

To promote the fulfillment of the aims of our Medium-term Management Plan, the rate of the provision is stipulated as 100% for cases where the rank is in the top one half (50%ile) amongst the companies used for comparison; the rate of the provision is stipulated as 200% for cases where the rank is in the top one quarter (75%ile). The threshold is the bottom one quarter (25%ile), above which the rate of the provision will be 50%. In cases where the performance is lower than that threshold, the rate of the provision will be 0%.

Index for the target in relation to ESG shall be the degree of improvement of the score on the Dow Jones Sustainability Indices (DJSI), whereby the evaluation is made using five grades comprising the rates of provision of 0%, 50%, 100%, 150% and 200%.

(Note 3) The status of the grant of shares under the Stock-Based Remuneration System is as described in “(5) Situation of Shares Issued to the Company’s Officers during the Business Term as Compensation for the Execution of Their Duties” of “2. Matters regarding the Shares.”

Schedule 2: Comparison of base amounts of respective remunerations (composition ratio is the same for each classification)



(Particulars of the individual remunerations and the like for Outside Directors)

Remuneration for Outside Directors, who are independent from business execution, consists only of fixed monthly compensation, and are decided in reference to the results of pharmaceutical company benchmarks and the like. Also, an allowance is paid to the Outside Director who serves as the chair of a voluntary committee, including the Executive Compensation Committee.

Performance-linked remuneration is not paid stemming from the perspective of encouraging proper demonstration of Outside Directors’ supervisory functions.

(Particulars of the individual remunerations and the like for Corporate Auditors)

Remuneration for Corporate Auditors consists only of fixed monthly compensation, and are decided through consultations with the Corporate Auditors within the limitation of remuneration for the Corporate Auditors resolved at the General Meeting of Shareholders, in reference to the results of pharmaceutical company benchmarks and the like and in accordance with recommendations from the Executive Compensation Committee.

Performance-linked remuneration is not paid stemming from the perspective of encouraging proper demonstration of Corporate Auditors’ auditing functions.

(Matters regarding the decision of the particulars of individual remunerations and the like)

The Company has established the Executive Compensation Committee as an advisory body for the Board of Directors to ensure independence and objectivity upon deliberations and determinations by the Board of Directors on basic policy regarding remunerations, the remuneration system, level of remunerations and other items, as well as to strengthen the Board of Directors’ supervisory function and its ability to fulfill accountability.

The Executive Compensation Committee is to be composed by members, the majority of which is Outside Directors, and the chairperson of the Executive Compensation Committee is appointed from the members who are Outside Directors to ensure effective operation of the committee from the viewpoint of strengthening its independence, objectivity and ability to fulfill accountability.

The Company’s Executive Compensation Committee appointed Willis Towers Watson (“WLTW”), an independent compensation consulting company, as an advisor. In accordance with the “Management Compensation Database” run by WLTW, the Executive Compensation Committee sets a benchmark every year concerning companies or other entities of a business size and business category / business field analogous to those of the Company, verifies the appropriateness of the level of remuneration and the ratio of the performance-linked remunerations for Directors of the Company, and concurrently therewith, engages in appropriate deliberations based on necessary and sufficient information provided by WLTW.

As to determination of remuneration for Directors, individual payment amounts are determined within the scope of each remuneration limitation as per resolutions of the General Meeting of Shareholders by the Board of Directors, and upon deliberation by the Executive Compensation Committee. In the event an unforeseeable event such as a change in business environment or some misconduct has occurred in the course of the determination of individual amounts for respective Directors, the Board of Directors may make adjustments on a discretionary basis regarding the same after deliberations, as needed, by the Executive Compensation Committee.

(The Constitution of the Executive Compensation Committee and attribution of the Chairperson)

The Executive Compensation Committee, the majority of which is composed of Outside Directors, consists of five (5) Directors including three (3) Outside Directors.

The chairperson of the Executive Compensation Committee is appointed from the members who are Independent Outside Directors to ensure effective operation of the committee from the viewpoint of strengthening its independence, objectivity and ability to fulfill accountability.

The constituents of the Executive Compensation Committee as of the date of preparation of this Business Report are as follows:

Name of the Committee	Names of the members	Title and name of the chairperson
Executive Compensation Committee	Inside: Akira KUROKAWA, Shigeo TANIUCHI Outside: Kanoko OISHI, Yutaro SHINTAKU, Kunihito MINAKAWA	Kanoko OISHI, Outside Director

In the course of deciding the amount of remuneration for this business year, eight (8) meetings in total of the Executive Compensation Committee were held (on April 27, May 18, June 25, August 2, October 5 and December 2 of 2021, and February 28 and March 28 of 2022), whereat recommendations to the Board of Directors or advice to the Board of Auditors were provided. Also, responding to such recommendations, the meetings of the Board of Directors conducted deliberations and made decisions of the matters relevant thereto.

Major particulars of the deliberations conducted at the meetings of the Executive Compensation Committee are as described in Schedule 3.

Schedule 3: Major particulars of the deliberations

Major particulars of the deliberations
<ul style="list-style-type: none"> • Regarding disclosure of remuneration for officers in the Integrated Report (Annual Report) • Regarding establishment of an incentive curve for annual bonuses pertaining to the fiscal year of 2021 • Regarding grantees of the stock-based remuneration pertaining to the fiscal year of 2021, and the calculation method of the number of shares (number of units) to be granted to each of the said grantees individually • Regarding the detailed design of the stock-based remuneration for the fiscal years of 2021 to 2023 • Regarding the CEO's individual achievement target • Regarding the direction of introducing a new global personnel system • Regarding the direction of revising the remuneration system for senior executives based on the introduction of a new global personnel system • Regarding the handling of remuneration for newly appointed senior executives • Regarding a new classification system • Regarding a benchmark analysis of remuneration for senior executives under the new managerial system • Regarding the direction of revising the remuneration system for senior executives in the fiscal year 2022 • Regarding the particulars of recommendations by the Executive Compensation Committee concerning remuneration for corporate auditors (including outside corporate auditors) • Regarding the level and structure of remuneration for Directors • Regarding the handling of remuneration for newly appointed or promoted senior executives in the fiscal years of 2021- to 2022 • Regarding a draft disclosure of remuneration for officers in the Business Report • Regarding of the amount of annual bonuses for the fiscal year of 2021

(5) Matters Regarding Outside Officers

(i) Status of material position concurrently held

Classification	Name	Name of the other juridical persons or other entity in which the position is concurrently held	Position concurrently held in the other juridical persons or other entity	Relationship between the Company and the other juridical persons or other entity in which the position is concurrently held
Outside Director	Kanoko OISHI	Mediva Inc.	Representative Director	-
		Seeds 1 Co., Ltd.	Representative Director	-
		Ezaki Glico Co., Ltd.	External Board Member	-
		Shiseido Company, Limited	External Director	-
	Yutaro SHINTAKU	J-Oil Mills Inc.	External Director	-
		Kubota Corporation	Outside Director	-
		Business Administration, Hitotsubashi University Business School	Project Professor	-
		KOZO KEIKAKU ENGINEERING Inc.	Outside Director	-
	Kunihito MINAKAWA	Financial Services Agency, Certified Public Accountants and Auditing Oversight Board,	Commissioner	-
		Nippon Sheet Glass Co., Ltd.	External Director	-
Outside Corporate Auditor	Yasuyuki MIYASAKA	Yasuyuki Miyasaka Certified Public Accountant Office	Head	-
		ITOCHU SHOKUHIN Co., Ltd.	Outside Director	-
		Showa Denko K.K.	Outside Audit & Supervisory Board Member	-
	Hirofumi YASUHARA	Sumitomo Rubber Industries, Ltd.	Outside Audit & Supervisory Board Member	-
		Hitachi Zosen Corporation	Outside Corporate Auditor	-
	Yumiko ITO	Ito Law Office	Representative	-
		Kobe Steel, Ltd.	Independent Director	-

(ii) Status of major activities

Classification	Name	Status of major activities
Outside Director	Kanoko OISHI	We expect that she will fulfil her function of assistance and supervision based on extensive knowledge and experience amassed through long years of involvement in management in the country and overseas. In addition to attendance at all 14 meetings of the Board of Directors held during this fiscal year, she has served as a member of the “Corporate Strategy Committee” and the “Nominating Committee,” and as a chair of the “Executive Compensation Committee” which are voluntary committees established by the Company, and attended all of the meetings of these committees. She expressed her opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
	Yutaro SHINTAKU	We expect that he will fulfil his function of assistance and supervision based on extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products. In addition to attendance at all 14 meetings of the Board of Directors held during this fiscal year, he has served as a member of the “Corporate Strategy Committee” and the “Executive Compensation Committee,” and as a chair of the “Nominating Committee” which are voluntary committees established by the Company, and attended all of the meetings of these committees. He expressed his opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
	Kunihito MINAKAWA	We expect that he will fulfil his function of assistance and supervision based on extensive knowledge and global experience amassed through long years of involvement in management in the country and overseas, as well as extensive insight and business experience in finance and auditing. In addition to attendance at all 14 meetings of the Board of Directors held during this fiscal year, he has served as a member of the “Corporate Strategy Committee,” “Nominating Committee,” and “Executive Compensation Committee” which are voluntary committees established by the Company, and attended all of the meetings of these committees. He expressed his opinions appropriately as required in deliberation of the proposed items from the viewpoint described above.
Outside Corporate Auditor	Yasuyuki MIYASAKA	He attended 13 of the 14 meetings of the Board of Directors held during this fiscal year and all 10 meetings of the Board of Corporate Auditors held during this fiscal year, and expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on extensive knowledge and experience amassed through long years of involvement in audits as a certified public accountant in the country and overseas. Also, he exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities pursuant to audit policies and plans determined by the Board of Corporate Auditors.
	Hirofumi YASUHARA	He attended all 14 meetings of the Board of Directors held during this fiscal year and all 10 meetings of the Board of Corporate Auditors held during this fiscal year, and expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on extensive knowledge and experience amassed through long years of involvement in management in the country and overseas. Also, he exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities pursuant to audit policies and plans determined by the Board of Corporate Auditors.
	Yumiko ITO	She attended all 14 meetings of the Board of Directors held during this fiscal year and all 10 meetings of the Board of Corporate Auditors held during this fiscal year, and expressed appropriate opinions required to ensure the fairness and appropriateness of the decision-making by the Board of Directors based on being a legal expert qualified as an attorney-at-law in Japan and the U.S. and extensive knowledge and experience amassed through involvement in management as an officer of global companies. Also, she exchanged opinions with Representative Directors, Corporate Officers and other officers and engaged in other activities pursuant to audit policies and plans determined by the Board of Corporate Auditors.

(Note) In addition to the aforementioned number of meetings the Board of Directors held, there were four (4) resolutions of the Board of Directors in writing which were deemed as having been passed at meetings thereof during this fiscal year in accordance with Article 370 of the Companies Act and Article 24 of the Articles of Incorporation of the Company.

(iii) Matters regarding Agreement with Outside Directors and Outside Corporate Auditors to limit liability

To further ensure the Company's objective and transparent management through the invitation and appointment of capable and competent persons for the post of Outside Director and Outside Corporate Auditor as well as to further strengthen the audit system, it is provided under the Company's current Articles of Incorporation that the Company may enter into an agreement with Outside Director and Outside Corporate Auditor to limit his or her liability for damages suffered by the Company within a certain scope. Pursuant to such provision, the Company has entered into such agreements with Outside Directors and Outside Corporate Auditors to limit their liability for damages.

The outline of such agreement is as follows:

- In case an Outside Director and/or Outside Corporate Auditor become(s) liable for damages suffered by the Company due to his or her negligence in the performance of his or her duty, he or she shall be liable for such damages only up to the maximum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The aforementioned limitation on liability of an Outside Director and Outside Corporate Auditor shall be allowed only if he or she performed his or her duty, which caused the damages, in good faith and without gross negligence.

(iv) Aggregate amount of remunerations and other payments

Classification	Number of the recipients	Amount of remunerations, etc.
Outside Director	Three (3) recipients	¥54 million
Outside Corporate Auditor	Three (3) recipients	¥38 million
Total	Six (6) recipients	¥93 million

(6) Status Regarding Leadership System (Excluding Directors)

(As of March 31, 2022)

Position in the Company	Name	Responsibilities
Senior Corporate Officer	Kazuo KOSHIJI	Corporate Administration Chief Financial Officer (CFO) Head of Finance and Administration Division
Senior Corporate Officer	Akio KIMURA	Global Product Supply
Senior Corporate Officer	Satoshi SUZUKI	Head of Corporate Development Division
Corporate Officer	Kenji MORISHIMA	Head of China Product Development Department, Product Development Division
Corporate Officer	Takahiro MORITA	Core Principle and CSR Promotion, Corporate Development Division
Corporate Officer	Frank BINDER	Head of Supply Chain Division
Corporate Officer	Luis IGLESIAS	Head of EMEA Business, Head of North America Business
Corporate Officer	Ken ARAKI	Head of Global Business Development Department, Corporate Development Division
Corporate Officer	Isao TAKAHASHI	Head of Asia Business
Corporate Officer	Minori HARA	Chief Information Officer (CIO) Head of Digital & Information Technology Division

Position in the Company	Name	Responsibilities
Corporate Officer	Peter SALLSTIG	Head of Product Development Division
Corporate Officer	Takayuki YAMADA	Head of China Business
Corporate Officer	Tomoki YASHIKI	Head of Human Resources Division
Corporate Officer	Mika MASUNARI	General Counsel (GC) Chief Compliance Officer (CCO) Head of Legal and Compliance Division
Corporate Officer	Shinichi TERAMACHI	Head of Sales Department, Japan Sales and Marketing Division
Corporate Officer	Ippei KURIHARA	Head of Marketing Department, Japan Sales and Marketing Division
Corporate Officer	Nobuko KATO	Chief Communications Officer

- (Note) 1. The Company has introduced a corporate officer system to further strengthen management while improving the quality and speed of strategic decision-making processes.
2. Satoshi Suzuki, Kenji Morishima and Isao Takahashi resigned from their offices effective on March 31, 2022.
3. The Company has, with an aim to enhance its competitiveness as a global company, formed its Executive Management Team, increasing the capability of strategy implementation and realizing even greater growth over the medium- to long-term, and changed to a leadership system centering on the said team, effective from April 1, 2022.

5. Situation Regarding Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of Remuneration and the Like of the Accounting Auditor in this Fiscal Year

	Paid Amount
(i) Amount of remuneration and the like for the services of auditing under the Companies Act and the Financial Instruments and Exchange Act among auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act	¥116 million
(ii) Amount of remuneration and the like paid other than those described in (i)	¥16 million
(iii) Total amount payable to the Accounting Auditor by the Company and its subsidiaries	¥132 million

- (Notes) 1. As to (i) above, the Company’s Board of Corporate Auditors conducted necessary review on the appropriateness of the content of the Accounting Auditor’s audit plan, the status of execution of its accounting audit duties and the grounds for calculation of the estimated remuneration, and deemed that this amount of remuneration for audit is at a reasonable level for the Accounting Auditor to perform a proper audit, and it consented to the amount of remuneration and the like for the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act.
2. The audit agreement executed between the Company and the Accounting Auditor does not distinguish between remuneration for audit under the Companies Act and under the Financial Instruments and Exchange Act, nor is it practical to make such distinction, so the amount of remuneration and the like described in (i) above includes the amount of remuneration and the like for audit under the Financial Instruments and Exchange Act.
3. The remuneration described in (ii) above represents remuneration for the advisory service which is not specified as auditing services under Article 2, Paragraph 1 of the Certified Public Accountants Act.

(3) The Company’s Policy of Dismissal/Non-reappointment of an Accounting Auditor

In cases where the Company’s Board of Corporate Auditors deems that it would be difficult for the Accounting Auditor to properly perform its auditing duties due to any event enumerated in items of Article 340, Paragraph 1 of the Companies Act, the Accounting Auditor shall be dismissed by unanimous consent of all Corporate Auditors. In such case, the Corporate Auditor appointed by the Board of Corporate Auditors shall report the dismissal of the said Accounting Auditor with the reason therefor at the earliest General Meeting of the Shareholders to be convened after the dismissal.

Also, the Company’s Board of Corporate Auditors evaluates every fiscal year whether the Accounting Auditor falls under any situation enumerated in items of Article 340, Paragraph 1 of the Companies Act, as well as the independence, attitude in and quality of audit, effectiveness and efficiency of the audit services and the like, and if it deems that appointment of another prospective accounting auditor would be better able to further perform a proper audit, it shall determine the details of the dismissal or non-appointment of such Accounting Auditor.

6. Corporate Governance

(1) Basic Approach to Corporate Governance

Santen believes that it is vital to upgrade and strengthen corporate governance system in order to achieve and enhance corporate value, and thus returns to shareholders.

Santen has adopted a “Company with Board of Company Auditors” system as defined in the Companies Act. Santen will continuously be working to upgrade and strengthen corporate governance by making the most of the current system.

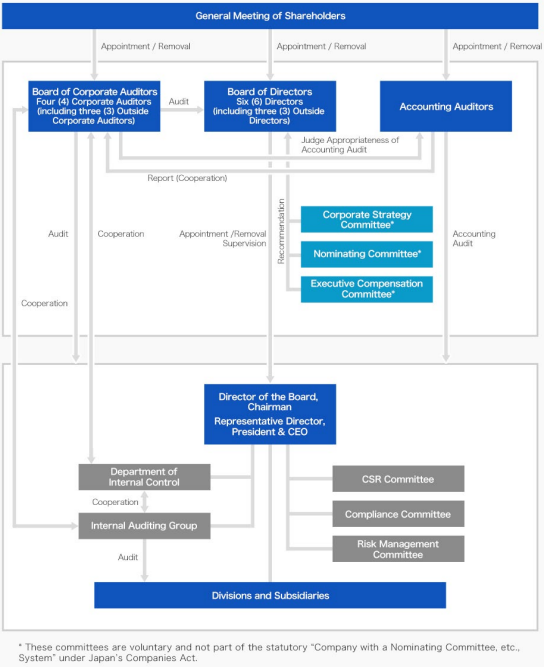
First, the function of the Board of Directors is to make decisions concerning the vital execution of the business as well as to monitor the execution of the business by the management and Directors. Santen will operate with a focus on swift and appropriate managerial decision-making. To achieve these aims, Santen considers that it is vital to enhance meaningful communication between the Board of Directors and executive functions.

Santen expects its Outside Directors to be actively involved in the Board of Directors in decision making on individual managerial issues, taking advantage of their wide range of experience and knowledge. Santen will also ask for their opinions from the view of strengthening the function of monitoring Santen’s management.

Furthermore, Santen has some specific steps such as establishing the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, and introducing a corporate officer system to strengthen management and improve the speed of business execution. Santen will go forward with the aim of improving management transparency and objectivity.

Corporate Auditors audit the Board of Directors and executive sections by utilizing the Office of Corporate Auditors or collaborating with the Internal Auditing Group, bringing into view not only the legality but also the appropriateness and effectiveness of the performance of their duties, and Santen will endeavor to strengthen their function.

(As of April 1, 2022)



(2) The Board of Directors

The Company’s Board of Directors multilaterally deliberates and makes decisions mainly on material execution of business such as corporate strategies aiming to promote enhancement of the Company’s

sustained growth and its medium- and long-term corporate value, and concurrently therewith, supervises whether execution of business by the management and directors is properly performed from an independent and objective standpoint. It features a well-balanced mix of knowledge and experience, and the ability to effectively fulfill its roles and responsibilities with a structure that satisfies both diversity and an appropriate number of members. Outside Directors are provided, as necessary, with opportunities necessary to fulfill their roles, in various ways including the provision of the necessary information and knowledge and visits to offices in Japan and abroad.

(3) The Board of Corporate Auditors

The Company has appointed as its Corporate Auditors persons with the expertise and capability necessary to properly perform audits, especially including one or more person with sufficient knowledge in financial matters and accounting. Outside Corporate Auditors are provided, as necessary, with opportunities necessary to fulfill their roles, in various ways including the provision of the necessary information and knowledge and visits to offices in Japan and abroad.

(4) Voluntarily Established Committees

The Company has established the “Corporate Strategy Committee”, the “Nominating Committee” and the “Executive Compensation Committee”, which are all voluntary committees, composed of Inside and Outside Directors.

The Corporate Strategy Committee aims to deliberate in a concentrated manner on key strategic issues such as business strategies, and is composed of six (6) Directors, including three (3) Outside Directors.

The Nominating Committee aims to deliberate on the selection of candidates for Directors and submit recommendations therefor, as well as to provide advice in response to consultations concerning the selection of candidates for Corporate Officers and Corporate Auditors. This committee is composed of five (5) Directors, including three (3) Outside Directors.

The Executive Compensation Committee aims to deliberate on the compensation of Directors and Corporate Officers and submit recommendations therefor to the Board of Directors, as well as to provide advice to the Board of Corporate Auditors with respect to the compensation of Corporate Auditors with reference to market levels. This committee is composed of five (5) Directors, including three (3) Outside Directors.

The majority of the Nominating Committee and the Executive Compensation Committee are composed of Outside Directors, and their respective chairpersons are elected from constituent members thereof who are Independent Outside Directors, to ensure effective operation of each committee from the viewpoint of independence, objectivity and strengthening the ability to fulfill accountability.

The names of constituent members of respective committees and the names/titles of their chairpersons are as follows:

Committee	Name of the Constituent Members		Name/Title of the Chairpersons
Corporate Strategy Committee	Inside:	Akira KUROKAWA; Shigeo TANIUCHI; Takeshi ITO	Shigeo TANIUCHI Representative Director President and CEO
	Outside:	Kanoko OISHI; Yutaro SHINTAKU; Kunihito MINAKAWA	
Nominating Committee	Inside:	Akira KUROKAWA; Shigeo TANIUCHI	Yutaro SHINTAKU Outside Director
	Outside:	Kanoko OISHI; Yutaro SHINTAKU; Kunihito MINAKAWA	
Executive Compensation Committee	Inside:	Akira KUROKAWA; Shigeo TANIUCHI	Kanoko OISHI Outside Director
	Outside:	Kanoko OISHI; Yutaro SHINTAKU; Kunihito MINAKAWA	

(5) Meetings Solely Comprised of Independent Outside Directors

The Company regularly holds meetings solely comprised of Independent Outside Directors as a place where information can be exchanged and awareness shared.

(6) Collaboration between Independent Outside Directors and Corporate Auditors

The Company regularly holds meetings comprised of Independent Outside Directors and Corporate Auditors to exchange information for the purpose of providing information necessary for the Board of Directors to further improve the quality of discussion and deepen mutual cooperation.

7. System to Ensure Appropriateness of the Business and Status of the Operation of the Same

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, Santen Pharmaceutical Co., Ltd. (hereinafter, “Santen”) has passed the resolution to maintain the basic policy on a system to ensure the appropriateness of business (internal control) of its corporate group consisting of Santen and its subsidiaries (in this section, the “Santen Group”), and Santen endeavors according to the details contained therein. In the meeting of the Board of Directors held on April 28, 2022, it was resolved to revise the said policy as described below:

(1) The Santen Group’s CORE PRINCIPLE and WORLD VISION

- (i) The Santen Group’s core principle and WORLD VISION are formulated as described below:

Santen’s CORE PRINCIPLE

“*Tenki ni sanyo suru*”

- ♦ Exploring the secrets and mechanisms of nature in order to contribute to people’s health

WORLD VISION

- ♦ Based on the Santen Group’s core principle, we set up “Happiness with Vision” as a WORLD VISION which is the world Santen ultimately aspires to achieve, and aims to realize the happiest life for every individual, through the Best Vision Experience.

- (ii) The Santen Group always put “people” at the center of every action to help people in the world achieve happy lives through improved “vision”, in accordance with the Santen Group’s core principle and WORLD VISION.

[Status of operation of the system]

- The Company endeavors to increase exposure of the core principle and WORLD VISION through various ways, including always referring to them in officers’ messages, and also to confirm that every activity is performed in accordance with the core principle and WORLD VISION through various ways, including confirmation thereof at material internal meetings.

(2) System to Ensure that the Execution of Duties of the Directors and Employees of Santen Group Complies with Laws, Regulations and the Articles of Incorporation

- (i) The Santen Group’s Directors and Employees shall consider as norms Santen’s core principle and the Santen Code of Practice, which provides the behavioral guidelines for all of the corporate activities to be conducted by all of the constituents.
- (ii) To promote Santen’s core principle and the Santen Code of Practice by the Santen Group as a whole, Santen shall endeavor to ensure the proper recognition thereof and thorough compliance therewith under the direction of officers dedicated thereto.
- (iii) The Santen Group shall stipulate in the Santen Code of Practice that it will never respond to any demand by an anti-social force; and concurrently, cooperate with the relevant authorities, as necessary, to eliminate any relationship with such anti-social forces.
- (iv) As regards any suspected compliance violation within the Santen Group entities, the Santen Group shall endeavor to ensure the presence of measures that would allow the seeking of direct advice and reporting through the maintenance of an internal and external help desk; and concurrently, Santen Group entities shall handle the said advice and reporting in collaboration with the relevant departments of Santen.
- (v) To strengthen and enhance the function of monitoring management, Santen shall appoint multiple highly independent Outside Directors; and concurrently, it shall endeavor to enhance the audit by Corporate Auditors as well as the internal audit system of the Internal Auditing Group under the direct control of the President.

[Status of operation of the system]

- As for the “Santen Code of Practice”, stipulated as behavioral guidelines for all of the corporate activities to be conducted from a common viewpoint under the core principle which is “*Tenki ni sanyo suru*,” the Company implements measures to ensure proper recognition thereof, and thorough compliance therewith, through transmission of information to and trainings of all constituents including foreign subsidiaries.
- The Company established a position of the Chief Compliance Officer (CCO) and thereby has propelled the further improvement of the Santen Group’s compliance system and activities.
- The Company is continually aware of anti-social forces’ actions, cooperates with relevant authorities opposed thereto, and block any relationship with, anti-social forces which threaten social order and security.
- As to advice by and reporting to an internal and external help desk, the Company has performed necessary investigations including interviews in collaboration with independent specialists in Japan and abroad and takes appropriate action.
- The Company endeavors to strengthen its managerial supervisory function through appointment of three (3) highly independent Outside Directors, and the audit performed by four (4) people consisting of three (3) highly independent Outside Directors and a standing Corporate Auditor. Also, the Company established the Internal Auditing Group under the direct control of the President, members of which endeavor to enhance their expertise.

(3) System on Retention and Management of Information on the Execution of Duties of the Directors

- (i) As to the treatment of information concerning the execution of the duties of Directors of Santen, Santen shall appropriately maintain and administer such information based on internal rules such as for information security, internal approvals and document control.

[Status of operation of the system]

- As to the information including records and document concerning the execution of duties of Directors, the Company has been performing appropriate maintenance and administration thereof based on internal rules such as for information security, internal approvals and document control.

(4) Rules on the Management of Risk of Loss of the Santen Group and Other Systems

- (i) For Santen Group to respond appropriately to assumable major risks of loss related to its business activities, in accordance with the rules on risk management, each of its business corporations and organizations shall endeavor to comprehend and manage risk of loss from normal times, construct systems that will formulate policies / countermeasures and gather information, and endeavor to avoid or minimize risk of loss. Specifically, Santen’s risk management division shall, collaborating with its subsidiaries, comprehend and evaluate the Santen Group’s risks, and formulate and implement necessary countermeasures.
- (ii) Upon the occurrence of any event that may evolve into a material risk or if such an event is reported, the Crisis Management Committee chaired by Santen’s Representative Director, President & CEO shall be established within Santen, which will endeavor to address the matter and settle the situation, and concurrently therewith, institute measures to prevent a recurrence.
- (iii) Santen’s Internal Auditing Group shall conduct internal audit of the status of management of the risk of loss within the Santen Group from an independent viewpoint.

[Status of operation of the system]

- The Company, even in ordinary times, endeavors to perceive and control risks of loss. It has established a system to plan policies and measures to address the same, as well as to perform collection of information.

- The Company has clarified the responsible person as a leader of risk management, and promotes further improvement of the Santen Group's risk management system and promotes its activities.
- The Company's Internal Auditing Group performs validation of the status of risk management through the business operations audit, from its independent standpoint.

(5) System to Ensure the Efficient Execution of Duties of the Directors of the Santen Group

- Santen shall establish a global management system centering on its Executive Management Team, appointed by the Board of Directors, which implements optimum decision-making speedily and on a company-wide basis, and thereby strengthen its governance system concerning business execution.
- Santen shall hold meetings of the Board of Directors at least once a month in principle, and shall hold special meetings of the Board of Directors as necessary.
- Santen shall establish the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, to deliberate on prescribed matters and submit recommendations to Santen's Board of Directors.
- Santen shall establish various meeting bodies in order to swiftly and efficiently decide on important matters concerning the Santen Group's management policies and conduct of the business.
- Santen shall establish the Rules of the Board of Directors and the rules for Corporate Officers clarifying their duties and powers. Furthermore, Santen shall maintain rules and standards concerning internal approvals and clarify procedures for decision-making.
- For each of the Santen Group entities to promote its global business operation, a personnel and organizational system shall be maintained to clarify its role and implement strategies with more certainty and to enable further contribution to customers. Furthermore, rules and standards concerning the organization shall be established to clarify the authority and responsibilities of each organization and subsidiary.

[Status of operation of the system]

- The Company has adopted the system of corporate officers to enhance the quality and speed of decision-making concerning the operation and management, and endeavors to make decisions efficiently.
- The Company's Board of Directors held thirteen (13) ordinary meetings and one (1) extraordinary meeting. Also, the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, held meetings and engaged in deliberations four (4) times, nine (9) times and eight (8) times respectively.
- The Company established the Rules of the Board of Directors and the Rules for Corporate Officers clarifying their duties and powers, and performs appropriate operations thereof. Also, the Company established the Rules for Decision Making ("Kessai"), whereby the procedures for decision making are clarified and appropriately operated.
- The Company defined the management framework to enable it to perform its business effectively and efficiently, clarifying the role of the global organization and performs optimization and standardization as a whole.

(6) System to Ensure Proper Operating Controls Within the Santen Group

- Santen shall, centering on its internal control divisions, establish a managerial system to make recommendations and instructions to enhance the appropriateness of corporate activities within the Santen Group.

- (ii) Santen shall maintain rules on control of subsidiaries to clarify matters necessary to ensure proper operation of its subsidiaries and shall apply the same to all entities within the Santen Group and strengthen the auditing function of its key subsidiaries. Concurrently, Santen shall establish a system whereby developments and applications of its subsidiaries' internal control systems are ascertained.
- (iii) To ensure the credibility of financial reports, a system shall be established whereby each of Santen's relevant divisions and subsidiaries will perform a self-check concerning the appropriateness of its business, and then Santen's Internal Auditing Group will verify the adequacy thereof.

[Status of operation of the system]

- The Company has operated the rules on control of subsidiaries and the "Regional Person in Charge", "Corporate CFO" and "Region Finance Head" take, in principle, respective offices as directors of major subsidiaries, through which it endeavors to strengthen its function to supervise subsidiaries, and concurrently therewith, such officers of subsidiaries attend the Santen Group Corporate Auditors' meeting, pursuant to the auditing plan of the Board of Corporate Auditors, to endeavor to share issues.
- To enhance appropriateness of business activities within the Santen Group, the Company has established and been operating a managerial system whereby advice and guidance are given mainly by the internal control divisions of the Company.
- As to ensuring the credibility of financial reports, at relevant divisions of the Company and its subsidiaries, self-checks have been performed concerning the status of improvement and operation, and internal audits have been conducted.

(7) Matters Regarding an Employee, when the Board of Corporate Auditors Seeks to Adopt Him or Her as an Assistant, Matters Regarding the Independence of such Employee from Directors, and Matters Regarding Ensuring the Effectiveness of Directions to such Employee

- (i) A full-time staff, who will provide assistance to Santen's Corporate Auditors as well as discharge other duties as necessary, and who does not belong under the line of supervision and direction of the management, shall be employed.
- (ii) Personnel transfers of the staff of the Corporate Auditors shall be made by Santen's Representative Director in accordance with the internal rules and with the consent of the Corporate Auditors. As to the evaluation thereof, the contents thereof examined and determined by the Corporate Auditors in accordance with the internal rules shall be duly respected.

[Status of operation of the system]

- The Company established the Internal Auditing Group, comprised of three (3) dedicated members including the head of the group, which provides assistance to its Corporate Auditors as well as other duties as necessary, and which does not belong under the line of supervision and direction of the management.
- As to personnel transfers and the evaluation of the staff of the Corporate Auditors, they have been made in accordance with the internal rules and in consideration of the evaluation by the Corporate Auditors.

(8) System for Directors and Employees of the Santen Group to Report to Corporate Auditors, System Regarding Other Reports to Corporate Auditors, and System to Ensure that the Person who Reported to Corporate Auditors Will Not Receive Any Adverse Treatment by Reason of Such Reporting

- (i) In the event the Directors and employees of the Santen Group come to know of any specific matter

that may cause any tremendous damage to the company, they shall report the same to Santen's Corporate Auditors and Board of Corporate Auditors without delay.

- (ii) Santen's Corporate Auditors may seek reports from the Santen Group's Directors and employees as needed and as necessary even for matters other than those described in item (i) above.
- (iii) Santen's Internal Auditing Group and the auditing divisions in key subsidiaries shall regularly report to Santen's Board of Corporate Auditors their audit policies and plans, and the results of their internal audits as well as exchange information therewith.
- (iv) No disadvantageous treatment shall be suffered by any employee of the Santen Group on the ground that such employee blew the whistle to the Corporate Auditors concerning any internal suspicious compliance violation and the like within the Santen Group entities, regardless of whether or not it was made through an internal or external help desk.

[Status of operation of the system]

- The Company is well equipped with and operated under the system of reporting to the Corporate Auditors and the Board of Corporate Auditors with respect to important matters.
- The Company's Corporate Auditors obtain monthly operating reports as well as minutes of meetings and other various materials as necessary from respective divisions of the Company and key subsidiaries, and also seek, from time to time, Directors and employees of the Santen Group to submit reports as necessary.
- The Company's Internal Auditing Group holds monthly regular meetings with standing Corporate Auditors and reports its audit results.
- The Company has stipulated the protection of whistle blowers under its internal rules concerning any internal suspicious compliance violation and the like and extended efforts to avoid any possible disadvantageous treatment due to whistle-blowing.

(9) Other Systems to Ensure the Effective Conduct of the Audit by the Corporate Auditors

- (i) Santen's Corporate Auditors and Board of Corporate Auditors shall hold meetings regularly or as needed with not only Santen's Representative Director, but also with the Santen Group's Directors and employees as deemed necessary, to exchange opinions on issues such as issues that the companies must address and substantial issues relating to audit, and enhance mutual awareness and the fiduciary relationship.
- (ii) Santen's Corporate Auditors may attend meetings that they wish to attend upon consultation with Santen's Representative Director, and state their opinion on procedures regarding substantial decision-making and the state of the conduct of the business.
- (iii) Santen shall bear the expenses necessary for Santen's Corporate Auditors to perform their duties.

[Status of operation of the system]

- The Company's Corporate Auditors and the Board of Corporate Auditors hold meetings regularly or as needed with Directors, Corporate Officers and other officers, whereat opinions on substantial issues and the like are exchanged.
- The Company's Corporate Auditors attend internal substantial meetings as needed, whereat they state their opinions on procedures of substantial decision-making and the state of the conduct of business.
- The Company bears the expenses necessary for its Corporate Auditors to perform their duties.

(Note) The amount and number of shares stated in this Business Report the amount of which is less than the presented unit are, unless otherwise notified, rounded to the nearest integral number.