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## Corporate Governance Report

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**Santen Pharmaceutical Co, Ltd.**

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The corporate governance of Santen Pharmaceutical Co., Ltd. (“Santen” or the “Company”) is described below.

### **I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information**

#### **1. Basic Views**

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 Corporate Auditors” system as defined in Japan’s Companies Act. Santen will continuously be working to upgrade and strengthen corporate governance by making the most of the current system.

First, the functions of the Board of Directors are 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 in a manner to maximize both of the above 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. Concurrently therewith, Santen will also ask for their opinions and recommendations from the view of strengthening the function of monitoring Santen’s management.

Furthermore, Santen has established the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, with the aim of improving management transparency and objectivity. Also, Santen will, in a compatible manner, realize strong management and speedy business execution under the corporate officer system.

Corporate Auditors audit, as an independent organ which has fiduciary responsibility to shareholders, the Directors’ execution of their duties, not only from the viewpoint of legality, but also with a view to the appropriateness of the decision-making process as well as the efficacy of corporate governance, and submits recommendations to strengthen the function of the Board of Directors and executive sections.

#### **[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

Santen implements all the principles of the Corporate Governance Code (including the particulars for the Prime Market).

## [Disclosure Based on the Principles of the Corporate Governance Code]

### [Principle 1.4]

#### [Policy on the Holding of Shares of Other Listed Companies as Strategic-Shareholdings]

As to strategic-shareholdings, Santen shall hold shares as strategic-shareholdings only when it determines that doing so will lead to stronger business relationships with the Company over the medium to long term and contribute to enhancing its corporate value.

Upon shareholding, Santen will verify the propriety of holding each particular brand at least once a year at the Board of Directors, taking into consideration the economic rationality based on circumstances such as collaborative contracts, business development and business environment or the like, and sell out brands for which it is deemed that the holding of shares should be reviewed.

#### [Outline of the Verification of Propriety of the Strategic-shareholdings of Each Particular Brand]

Santen has established the maximum amount of investment securities to be held by it as a whole, within the scope of which Santen holds shares limiting to those of partners, which are imperative for its business development, as strategic-shareholdings. The Board of Directors verifies whether or not such shareholdings are within such maximum amount and whether or not, for each particular brand of strategic-shareholding, the benefit of strengthening business relationships with Santen or other benefits should be given priority even taking into account the investment amount and investment risk involved therein. As to brands that were deemed that the holding of which should be reviewed, Santen has implemented the sell out of the same.

As an achievement in the fiscal year of 2023, Santen has implemented the sell out of four (4) brands of listed stocks (one (1) of which was stocks entirely held), pursuant to which JPY 4,660 million (on current value basis as of the end of the fiscal year of 2022) was reduced in terms of the amount included in the balance sheet.

#### [Criteria for the Exercise of Voting Rights of Strategic-Shareholdings]

With regard to the exercise of voting rights of strategic-shareholdings, Santen will, upon exercise thereof, determine whether or not to approve the items to be resolved based on a comprehensive assessment, taking into account whether or not it would lead to an enhancement of the corporate value of the issuing company or Santen.

### [Principle 1.7]

#### [Framework for Related Party Transactions]

In case Santen is to engage in transactions with its officers or major shareholders (*i.e.*, related party transactions), then the Board of Directors will make a resolution thereon after deliberating on the material facts, manner of the transaction and other matters, in order to ensure that such transactions do not harm the interests of Santen or the common interests of its shareholders, and to prevent causing any concern with respect to such harm.

#### [Supplementary Principle 2.4.1]

##### [Ensuring Diversity in the Promotion to Core Human Resources]

###### <Basic Views on Ensuring Diversity>

Based on Santen's CORE PRINCIPLE, Santen actively aims to incorporate diverse views inside and outside Santen to demonstrate Santen's organizational excellence, meet the diverse eye-related needs of people around the world, and ultimately deliver people's "Happiness with Vision." For that purpose, Santen is committed to uphold, respect and accept individuals with diverse backgrounds in terms of nationality, race, gender, gender identity, sexual orientation, age, disability, religious faith, creed, experience, specialty, values, lifestyle, and others. Santen's aim is to create a workplace environment that ensures psychological safety so that every employee can feel safe to be themselves and fully exercise his or her capabilities and translate the diverse talents into organizational excellence to accomplish the greatest results. Santen will, as a part of its sustainability strategy and measures, establish specific indicators and further promote diversity, equity and inclusion.

###### <Voluntary and Measurable Goals for Ensuring Diversity>

###### (1) Promotion of Women to Managerial Positions

As to gender diversity, all of the global Santen entities continue to strengthen their efforts by expanding the ratio of female managers in Japan, based on the fact that women comprise 36.9% (on the basis of

performance as of the end of the fiscal year of 2021) of managers in the global Santen entities. Santen will raise the ratio of female managers in Japan from 13% at the end of the fiscal year of 2020 to 20% at the end of the fiscal year of 2025. To achieve this goal, Santen will hire, attract and retain female human resources as well as revolutionize the corporate culture, including with respect to male human resources.

Also, while five (5) women currently hold positions (as of July 1, 2024) as members of the eighteen (18) Corporate Officers, Santen will make efforts to further expand the ratio of females.

(2) Promotion of Foreign Nationals and Midcareer Hires to Managerial Positions

For Santen to be a company to realize the happiest life for every individual in the world through the Best Vision Experience, it is obviously required to combine a diverse strength of employees in nationality, experience and expertise. Santen has addressed diversification of Corporate Officers which play a pivotal role as an engine for the organization, and six (6) of the eighteen (18) Corporate Officer positions are currently held by foreign nationals. While no quantitative goal has been established for all managerial positions generally, Santen aims to appropriately hire and promote the best human resources equipped with capabilities expected to fulfill respective functions and positions.

(3) Employment of People with Visual Impairments

Santen values the employment of people with impairments as an element of diversity, and especially, as a corporation specialized in the ophthalmology business dedicated to solving all eye-related issues around the world, Santen places importance on developing occupational fields and a workplace environment which allow those with visual impairment to perform the best of their capabilities. Currently, four (4) employees (as of June 1, 2024) with visual impairments work in Santen locations in Japan. Moving forward, Santen will hire people with visual impairments to work in all global major regions where Santen is based.

<Status of Ensuring Diversity>

(1) Promotion of Women to Managerial Positions

The ratio of female managers as of the end of the fiscal year of 2023 is 40.4% globally and 19.0% in Japan.

(2) Promotion of Foreign Nationals and Midcareer Hires to Managerial Positions

While Santen has not disclosed respective ratios of foreign nationals and midcareer hires in managerial positions, currently six (6) of the eighteen (18) Corporate Officers are foreign nationals as mentioned above, and the ratio of foreign nationals and midcareer hires in all managerial positions has been on a rising trend.

(3) Employment of People with Visual Impairments

As stated above, currently four (4) employees with visual impairments work in Santen locations in Japan.

Santen has disclosed the ratio of female managers, the number of midcareer hires (in Japan) and number of employees in each region, the status of employment of people with disabilities and the like on Santen's website and in the Integrated Report.

<https://www.santen.com/ja/sustainability/library/ehrd> (Japanese report)

<https://www.santen.com/en/ir/document/annual.jsp>

<Policies for Human Resource Development and Internal Environment Development towards Ensuring Diversity, and the Status thereof>

Santen will, across top senior officials of the management and throughout its entire organization worldwide, endeavor to enhance further diversity with a focus on gender, nationality, midcareer hires and existence of visual impairments, build an organization and people that enable employees with a variety of professional and cultural backgrounds to maximize their abilities, and, as to compensation, education, promotion and the like, provide equal opportunities regardless of background such as gender, nationality, midcareer hires or existence of visual impairments, all based on its Diversity, Equity & Inclusion Policy, which was formulated to promote the above.

Also, to strengthen this enhancement, Santen has proceeded to collaborate with outside partners. From the viewpoints of enhancing women's active participation and gender inclusion, in May 2021, Santen committed to a partnership with the "30% Club Japan" and became a signatory to the "UN Women's Empowerment

Principles (WEPs).” From the viewpoint of the inclusion of people with disabilities, Santen committed to a partnership with “The Valuable 500” in fiscal 2020.

The Diversity, Equity & Inclusion Policy is disclosed on Santen’s website.

<https://www.santen.com/en/sustainability/social/talent#sec01>

Having newly identified human resource development as the most important issue on ESG Materiality to address, Santen established policies for human resource development and internal environment development, and will endeavor to enhance its engagement in this issue. These policies are disclosed at:

<https://www.santen.com/en/about/policy>

[Principle 2.6]

[Fulfilling a Function as the Asset Owner of Corporate Pension Funds]

Santen is fully aware that the management of the accumulated corporate pension funds impacts asset formation for employees and Santen’s own financial standing. As such, Santen manages the corporate pension funds, to which the CFO and other qualified persons with expertise in financial matters are the persons in charge. In addition, as the asset owner, Santen implements the following measures through its Asset Management Committee which is made up of persons responsible in financial, personnel divisions and others:

- While regularly monitoring the operational status, Santen implements changes to the portfolio or other measures depending on the circumstances, and has been appropriately dealing with ensuring the integrity of the pension assets.
- Santen places importance on the coverage ratio of the projected benefit obligation (PBO) as a measure of the integrity of the funds. Santen also flexibly makes additional contributions to pension assets.

[Principle 3.1]

[Full Disclosure]

(i) Santen has formulated its CORE PRINCIPLE and long-term management visions, and disclosed them on its website.

<https://www.santen.com/en/about/>

Santen has also disclosed its medium-term plan on its website:

<https://www.santen.com/en/business/vision/plan.jsp>

While Santen comprises a single segment and thus has not established the concept of a business portfolio, it has disclosed its strategies concerning the portfolio of its main products and the pipeline as the premise on which such products are based, and has reviewed the said strategies upon establishing each medium-term plan.

In addition to the medium-term plan, Santen has disclosed the relevant information on its website including the status of the development of products, R&D Report and the Integrated Report.

<https://www.santen.com/en/business/vision/plan.jsp>

<https://www.santen.com/en/ir/document/annual.jsp>

(ii) Santen has disclosed on its website its basic policy on and approach to corporate governance:

<https://www.santen.com/en/about/governance/>

(iii) Santen has disclosed its policy and procedures in deciding the remuneration for the top management and Directors in the “Matters pertaining to the policy on the determination of the amount of remuneration of officers and the method of calculation thereof” as described in its securities report:

<https://www.santen.com/ja/ir/document/securities.jsp> (Japanese report)

(iv) Santen has disclosed its policy and procedures in selecting candidates for Directors and Corporate Auditors in the “Outline of the policy on the selection of candidates for Director and Corporate Auditor” as described in its securities report:

<https://www.santen.com/ja/ir/document/securities.jsp> (Japanese report)

Furthermore, Santen appoints Corporate Officers by a resolution of the Board of Directors. In selecting them, Santen applies its guidelines, such as, that they positively endeavor as senior managerial personnel to address managerial issues in the key affairs of Santen and the conduct of its business, as well as that they have the capability and experience appropriate in providing solutions or conducting the business concerning current managerial issues arising from the managerial circumstances around them.

When dismissing a senior management, Santen has stipulated in its internal rules that he or she may be dismissed by a resolution of the Board of Directors in the event he or she commits any act that is suspected as unjust, unfair or constitutes a betrayal; if he or she is determined to lack qualification; if he or she falls under disciplinary events according to the rules of employment; or if it is deemed that he or she is not appropriate as a member of the senior management or it is deemed appropriate to change his or her position as senior management.

(v) With respect to candidates for Directors and Corporate Auditors, Santen has disclosed the reasons therefor as to each candidate in the Convocation Notice of the General Meeting of Shareholders:

<https://www.santen.com/en/ir/document/meeting.jsp>

In addition, an individual explanation of each dismissal shall be made through respective external disclosures.

[Supplementary Principle 3.1.3]

[Initiatives and the like on Sustainability]

<Policy and Key Management Issues >

Santen has established the Sustainability Policy which shows, based on its CORE PRINCIPLE, that Santen not only contributes to the sustainable development of society but also aims to achieve its own sustainable growth.

Also, the direction of Sustainability which Santen aims is disclosed as “Our Sustainability Commitment”.

<https://www.santen.com/en/sustainability/commitment>

<Key Management Issues >

As described below, Santen has identified its thirteen key management issues (Materiality), grouped them into four general categories, and is promoting its activities to address the respective issues.

(1) Development and Stable Supply of Socially Significant Products and Services (Happiness with Vision)

- (i) Market Penetration of Products with Social Significance
- (ii) Evaluation and Management of the Supply Chain
- (iii) Assurance of Quality and Safety, and Establishment of an Appropriate Supply System
- (iv) Providing Appropriate Information on Products and Services

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

- (v) Promoting Diversity, Equity & Inclusion
- (vi) Building a High-Value-Added and Highly Productive Work Environment
- (vii) Human Resource Development

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

- (viii) Corporate Governance
- (ix) Compliance
- (x) Risk Management
- (xi) Respect for Human Rights

(4) Conservation of the Global Environment

- (xii) Measures against Climate Change
- (xiii) Environmental Load Reduction

Among the above, Santen will strengthen the initiatives on “(i) Market Penetration of Products with Social Significance” and “(vii) Human Resource Development” as the most important issues to address that may have the most impact.

The details of Santen’s initiatives on sustainability have been disclosed on its website.

<https://www.santen.com/en/sustainability/>

<Investments and the like in Human Capital and Intellectual Properties>

Santen believes that investments and the like in human capital and intellectual properties are indispensable to realize its management strategy to create new modality, enhance globalization and drive innovation for new patient outcomes in medical treatments.

As to human capital, while leadership teams with extensive experience and globally around 3,700 diverse employees are currently contributing directly or indirectly in the ophthalmology area, in order to maintain and strengthen such human capital, Santen has exerted efforts to build a further high-value added and highly productive workplace environment, and concurrently therewith, build an organizational culture that is abundantly diverse, equitable and inclusive. From the viewpoint of the former, Santen has implemented its New Work Style Global Guideline and put the structure into practice to allow employees themselves have a choice of *where*, *when* and *how* to work and co-create Santen's success. From the viewpoint of the latter, pursuant to the Diversity, Equity & Inclusion Policy, Santen will take initiatives built upon the three strategic pillars of "Our Diverse People," "Our Inclusive & Equitable Practices," and strengthening of collaborations with "Our Partners & Communities."

As to intellectual properties, in addition to internal development, Santen is taking initiative to acquire expertise and intellectual property on development by focusing its efforts on collaborating with partner companies/organizations with prominent technology and expertise, and by building strong relationships with academia around the world. Pursuant to the Medium-Term Management Plan, especially from FY 2026 onward, Santen will sufficiently invest in R&D to drive development and explore new pipelines to generate sales in new areas by launching large-scale pipelines, including newly acquired projects. Also, in order to develop products that address medical needs unmet by existing products in the core business area underpinning medium-to-long term development, Santen has exerted efforts in, for instance, developing, in addition to ophthalmic solutions *per se*, products using technologies to reduce the frequency of the application thereof, and developing applicators and containers that are easier to use for application, as well as changing the form of dosage. The experience gained in the above initiatives has been applied to new product development and lifecycle management. Santen has appropriately obtained and maintained the intellectual property rights created and acquired through these development activities so that they serve as a foundation of Santen's business competitiveness.

<The Impact and the like of Climate Change- related Risks>

With regard to the conservation of the global environment, Santen has established in 2021 an environmental vision towards the year 2050, the "Santen Vision for the Earth 2050". Under the vision, Santen is making full commitment to the following two areas in all countries and regions of its operation. The first commitment area is "Measures against Climate Change," which are aimed to achieve zero greenhouse gas emissions toward the Realization of a Carbon-free Society mainly through technological innovation toward an energy shift and thorough reuse and highly efficient use of resources at plants and other facilities. The second commitment area is "Environmental Load Reduction," which is aimed at the Establishment of a Recycling-based Society mainly through the full utilization of sustainable resources and materials based on technological innovation for all products.

Also, as to the impact of climate change-related risks and opportunities to earn profits for Santen's business activities, profits and the like, Santen expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022, and concurrently therewith, disclosed the said impact on Santen's website.

Details of the above are disclosed on Santen's website and other materials.

<https://www.santen.com/en/sustainability/eco/eco002.jsp>

[Supplementary Principle 4.1.1]

[Brief Summary of the Scope of Entrustment to Management]

In addition to various statutory functions, Santen has stipulated in the Rules of the Board of Directors the matters to be decided by the Board of Directors such as management policies, strategies, business plans, the acquisition and disposal of material assets as well as decisions to be made on important organizational or personnel-related matters.

Furthermore, Santen endeavors to improve the quality and speed of the decision-making process by delegating to Corporate Officers authority concerning the conduct of the business. More specifically, Corporate Officers are assumed to make and execute decisions including the formulation of the business plans of the organizations they control, management of the business activities of the organizations they are in charge of, as well as the formulation and execution of the fiscal budget.

[Supplementary Principle 4.1.3]

[Succession Plan for the CEO and Other Top Executives]

Our Representative Director recognizes that the cultivation of succession candidates for the Chief Executive Officers (CEO) and others is one of the most important management issues, and systematically promotes discovery, selection and the cultivation of candidates. The Nominating Committee, which is chaired by an Outside Director and the majority of which is composed of Outside Directors, dispenses advice regarding, and oversees the planning and implementation of, such cultivation plan. The Nominating Committee determines the criteria, evaluation, and methods for the selection of successors, deliberates on whether or not any successor (including those for outside executives) holds the appropriate credentials, achievements and the like, and confirms whether or not the plan for the development of succession candidates is appropriately progressing. These particulars are further discussed at the Board of Directors based on the recommendation and advice of the Nominating Committee. In determining the final candidates after this consideration process, the Nominating Committee makes a recommendation to the Board of Directors, which deliberates the succession plan and determines successors.

[Supplementary Principle 4.3.3]

[Procedures for Dismissal of a CEO]

When it is deemed, via an appropriate evaluation of Santen's business results, that the CEO is not adequately fulfilling the CEO's responsibilities, Santen has established procedures for dismissal of a CEO to ensure that objective, timely, and transparent procedures are implemented through its predetermined formalities whereby dismissal of the CEO is deliberated in the Nominating Committee, which is chaired by an Outside Director and the majority of which is composed of the Outside Directors, and then decided by the Board of Directors.

[Principle 4.8]

[Effective Use of Independent Directors]

In order to further ensure that Independent Outside Directors contribute to sustainable growth of the Company and increase corporate value over the medium- to long-term, Santen has a structure in which Independent Outside Directors constitute half of all Directors who were newly elected at the General Meeting of Shareholders held on June 25, 2024. Also, of the eight (8) Directors, six (6) are males and two (2) are females, including one (1) foreign national. Under this management structure, the Board of Directors will strongly exert its function and endeavor to further enhance its governance.

Santen's Board of Directors monitors whether the Outside Directors who satisfy the Criteria of Independence of Outside Directors and Outside Corporate Auditors are appropriately executing business from a position independent of Santen's management. In addition, in order to deliberate from an objective viewpoint, the majority of both of the Nominating Committee and the Executive Compensation Committee which are voluntary committees, are composed of Outside Directors, and Santen has appointed Outside Directors as the chair of respective committees. 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. Concurrently therewith, Santen also asks for their opinions from the view of strengthening the function of monitoring of Santen's management.

[Supplementary Principle 4.8.2]

[Independent Outside Directors' Cooperation with the Management and Corporate Auditors or the Board of Corporate Auditors]

Santen seeks each of the Independent Outside Directors to deliver an appropriate opinion and advice at the meetings of the Board of Directors based on the variety of their experience and knowledge. Moreover, considering that Santen provides opportunities from time to time for Independent Outside Directors to cooperate with the management, Corporate Auditors or the Board of Corporate Auditors, Santen has endeavored to establish a framework for cooperating therewith.

Especially, Santen regularly holds meetings to exchange opinions among Independent Outside Directors and Corporate Auditors for the purpose of providing information necessary for them to further improve the quality of discussion at the Board of Directors and deepen mutual cooperation.

[Principle 4.9]

[Independence Standards and Qualifications of Independent Outside Directors]

Santen has determined the “Criteria of Independence of Outside Directors and Outside Corporate Auditors,” and has disclosed the same in the Convocation Notice of the General Meeting of Shareholders and securities reports.

<https://www.santen.com/en/ir/document/meeting>

<https://www.santen.com/ja/ir/document/securities.jsp> (Japanese report)

[Supplementary Principle 4.10.1]

[Independence, Authority, Role and the like of Nominating/Compensation Committees]

Santen has established the “Nominating Committee” and the “Executive Compensation Committee” which are voluntary committees. Santen secures the independence of these committees, through: (i) a composition in which the majority of their members are composed of Independent Outside Directors; and concurrently therewith, (ii) appointment of chairpersons from Independent Outside Directors. Since Santen believes that the participation of persons with a thorough understanding of the internal circumstances of the company are beneficial to make the discussions in both committees viable, members of these committees include internal Directors.

The Nominating Committee aims to deliberate on the appointment of candidates for Directors and candidates for Corporate Auditors and submit recommendations therefor, as well as to provide advice concerning the selection of candidates for Corporate Officers. It also assumes the responsibility for the selection of successors of the Chief Executive Officer and other executives and the recommendation thereof to the Board of 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.

[Supplementary Principle 4.11.1]

[Approach to the Composition of the Board of Directors, etc.]

Santen appoints Directors and Corporate Auditors with the knowledge, experience and ability that are needed to fulfill and strengthen corporate governance. The knowledge and other eligibilities which are considered as specifically important shall be separately identified in the skill matrix. Upon appointment of Directors and Corporate Auditors, Santen shall consistently ensure balance and diversity by appointing personnel from various backgrounds, including those with expert knowledge and experience, to allow them to provide advice and supervision of the management from a multifaceted point of view, and shall place importance on valuing individuals without any other distinctions such as gender, age, nationality, race or ethnic group.

Also, half or more of the respective offices of the Board of Directors and the Board of Corporate Auditors are taken by Outside Directors and Outside Corporate Auditors to enhance independence and neutrality.

(Skill Matrix of Directors and Corporate Auditors)

Santen believes that, upon nomination of its candidates for Directors and Corporate Auditors, it is important to establish its effective governance system towards the sustainable enhancement of its corporate value through both of the following: (i) in the meetings of the Board of Directors, Directors and Corporate Auditors that attend are engaged in multifaceted deliberations on the appropriateness of business strategies, risks upon realization thereof and other aspects, and also they appropriately supervise the status of execution thereof; and (ii) the Board of Corporate Auditors conducts the audit from the perspective of not only legality but also appropriateness and effectiveness of the Board of Directors and other executive divisions, and thereby fully exerts its function.

Meanwhile, based on the Medium-Term Management Plan, we are focusing on maximizing the prescription pharmaceuticals business. We will expand our sales based on a clear regional strategy and strengthen commercial excellence globally. In addition, we will develop businesses that contribute to sales growth in each region and engage in new businesses that generate synergies in the prescription pharmaceuticals business.

Santen considers that the knowledge, experience and ability described in the schedule below are specifically important from the viewpoint of the aforementioned principles and business orientation of the Company. In addition to the life science business, global viewpoint and appropriate business management, the Company will continuously place emphasis on fields such as Sustainability.



Directors and Corporate Auditors (both incumbent and candidates)			Corporate Management	Life Science Business	Understanding Medical Field and Patients	Global Leadership	Finance and Accounting	Legal Affairs and Risk Control	Sustainability
Director	Akira KUROKAWA (Director)	Reappointed	●	●	●				
	Takeshi ITO (Representative Director)	Reappointed	●	●	●				
	Rie NAKAJIMA (Director)	Newly Appointed		●		●			●
	Ippei KURIHARA (Director)	Newly Appointed		●	●				
	Noboru KOTANI (Outside Director)	Reappointed	●	●					
	Tamie MINAMI* (Outside Director)	Reappointed		●		●			
	Masahiko IKAGA (Outside Director)	Newly Appointed	●				●	●	
	Minoru KIKUOKA (Outside Director)	Newly Appointed	●			●	●		
Corporate Auditor	Hiroshi ISAKA (Standing Corporate Auditor)	Reappointed		●	●				
	Junichi ASATANI (Outside Corporate Auditor)			●			●	●	
	Yaeko HODAKA (Outside Corporate Auditor)					●		●	●
	Yuichiro MUNAKATA (Outside Corporate Auditor)	Newly Appointed					●	●	●

Among skills respectively held, two to three skills (maximum three skills), which are specifically advantageous or those with strong relevance to the business of Santen, are described.

\*Australian nationality.

#### [Supplementary Principle 4.11.2]

##### [Positions Concurrently Held by Directors and Corporate Auditors]

Santen has disclosed in its Business Reports and Reference Materials for the General Meeting of Shareholders the material posts concurrently held by each of the Directors and Corporate Auditors in other juridical persons including listed companies.

<https://www.santen.com/en/ir/document/meeting>

As to the posts of an outside/external officer and the like concurrently held in entities other than the Company by each of the Outside Directors and Outside Corporate Auditors, Santen has limited the number of entities in which concurrent posts can be held to four (4) in principle, considering the amount of time to be dedicated to Santen's duties.

Also, Santen asks each of the Directors and Corporate Auditors to ensure, in principle, that the rate of attendance at meetings of the Board of Directors is not less than 75%, in order to fulfill their roles and responsibilities.

#### [Supplementary Principle 4.11.3]

##### [Summary of the Results of the Analysis and Evaluation of the Board of Directors' Effectiveness]

The Company's Board of Directors has conducted an evaluation of its effectiveness in the fiscal year of 2023, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

##### (Evaluation Method)

At first, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a form that allowed a four-level quantitative evaluation of each question and the free writing of comments. Additionally, to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2024.

##### [Major Categories of the Questionnaire Items]

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

## 5. Conversations with shareholders and other stakeholders

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

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2023. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at a high rate (approximately 80%). Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

- The Board of Directors is composed of Outside Officers that make up majority of both the Directors and Corporate Auditors, and constituted by human resources to be diverse.
- Independent Outside Directors can express their unfettered opinions openly under any circumstances, and fulfil their roles.

Also, in this evaluation, the evaluation items that improved the most were the items classified as monitoring of achievements and evaluation-based remuneration for the executives. We recognize that this shows that our efforts undertaken to address last year's evaluation towards further strengthening of cooperation between the committee and the Board of Directors in the aspect of remuneration, the strengthening of the evaluation indicator for investment matter/progress as well as conducting satisfactory discussions and other efforts are producing results. We intend to strengthen the foundation for the Board of Directors and governance which the Company aims to achieve, while moving ahead gradually on other items as well.

On the other hand, as stated below, some aspects for which further enhancement of discussions and other aspects which require further ingenuity were acknowledged by the Board of Directors. The Board of Directors intends to suggest and direct the executives while clarifying its priorities. Concurrently therewith, the Board of Directors will make efforts to work with the executives in an integrated manner to achieve the benefits of such improvements.

### (Initiatives Going Forward)

Based on the circumstances that the Company is facing, high-priority matters for enhancing decision-making at and the supervisory functions of the Board of Directors were discussed. Specific issues and an outline of the actions to be taken towards improvement were acknowledged as follows:

- Enhancing medium-and-long term strategic discussions and qualitative enhancement thereof the monitoring of progress in strategic matters as well as research and development matters

As to the monitoring, while we achieved an evaluation that there was improvement in terms of the quality of information and the timing of reporting as a result of prior continuous efforts, we reached a recognition that further qualitative enhancement of the monitoring of research and development as well as pipelines is integral in light of the role to be fulfilled by the Board of Directors. Also, based on the recognition that it is necessary for such qualitative enhancement of the monitoring to enhance discussions from the medium-to-long term business viewpoint which serves as a foundation, the Board of Directors decided to make the following efforts:

- ✓ Enhance discussions more satisfactory on medium-and-long term strategies on business/pipelines and create occasions and opportunities for inputs thereon (in the Corporate Strategy Committee or the Board of Directors)
- ✓ Continue to develop and improve the provision of materials/information in deliberations on respective agenda to present more clearly the positioning thereof in the whole business and impact to the whole performance and the like
- Strengthen systems for corporate ethics, internal control and risk management

As to the strengthening of systems for corporate ethics, internal control and risk management, based on changes of the Company's internal and external environment and recognizing that the time is right for us to strengthen them from every perspective of the organizational structure, work responsibilities, personnel distribution and functioning of the system, the Board of Directors decided to make the following efforts:

- ✓ Formulate a construction of organizational structure/system as proposed by the executives covering the perspective of compliance

- ✓ Verify the functioning of the organizational structure/system, and concurrently therewith, discuss the modality of the monitoring to be performed by the Board of Directors
- Make efforts on personnel resources/strategy

Recognizing that it is necessary for the Board of Directors to enhance discussions on personnel strategy, the Board of Directors decided to make the following efforts:

- ✓ Establish a structure to review personnel strategy, formulate a plan focusing on a “personnel strategy needed to realize business strategy” and discuss the same at the meetings of the Board of Directors
- ✓ Thereafter, continuously report the PDCA (plan-do-check-act) of the progress of the strategy.

In this fiscal year, the Company will focus on the three points above as key initiatives, and review and implement measures that contribute to enhancing the effectiveness of the Board of Directors.

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

[Supplementary Principle 4.14.2]

[Training Policy for Directors and Corporate Auditors]

Santen will timely provide the information and opportunities necessary for each Director and Corporate Auditor to fulfill his or her role and responsibility, the expenses for which shall be borne by Santen.

Also, Santen will provide Outside Directors and Outside Corporate Auditors opportunities, such as visits to offices in Japan and abroad, that are necessary for them to fulfill their roles.

[Principle 5.1]

[Policy concerning the Improvement of the System and Efforts to Enhance Constructive Dialogue with Shareholders]

Santen will determine the division in charge of IR, and will be thorough in the swift, precise and fair disclosure of corporate information from the standpoint of the shareholders and investors, and commits to disclose information proactively and in a manner easily understandable.

More specifically, Santen holds financial results meeting presentations after the release of interim and full-year results for analysts and institutional investors, and also conducts conference calls to such audiences after its first- and third-quarter results announcements. Furthermore, Santen participates in conferences hosted by securities companies around the world, performs the management non-deal road show, and the Investor Relations Group conducts individual/group meetings with, and business presentation meetings for, shareholders and investors around the world. Besides, Santen holds meetings to exchange opinions among institutional investors, Directors and Corporate Auditors. Santen has also put effort into providing information that leads to the enhancement of its shareholders’ value, including small meetings.

The dialogue with shareholders as described above have been implemented, under the supervision of the CFO, after consultations between the Global IR Head and the persons in charge, including the CEO, CFO and other management as participants, regarding methods to respond to and outlines of such dialogue.

In FY 2023, opportunities were given to have dialogues with investors in Japan and overseas more than 280 times, including IR meetings held by the executive team and persons in charge of IR, and ESG/SR meetings in which persons in charge of sustainability, administration and legal affairs were also involved. Such conversations have been linked to enhancement of the qualitative progress of the management. Among the above, 1-on-1 meetings between the Company’s management and investors were achieved more than 50 times.

The particulars of the dialogues with shareholders/investors are mainly as follows:

Business Strategy	Strategy of growth of business in Japan and overseas Progress of the mid-term business plan
R&D	Market opportunity and competitive environment around pipelines On modality other than for low molecular

Financial Strategy	Confirmation of capital policy and shareholders return Status of ROIC management
Sustainability	Activities in relation to environment at the point of production Strengthening of measures in relation to human capital

With respect to the opinions of the shareholders, investors and analysts, Santen positively considers such viewpoints in reviewing its management strategies and the like, and will control insider information in all dialogues with such stakeholders.

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

We will maximize excess earning capabilities versus our cost of capital and improve our ROE (Return on equity attributable to owners of parent company). Please also refer to after-mentioned [Principle 5-2] “3. Capital Allocation and Shareholder Return”. We will hereafter continue to adequately provide explanations on our progress through disclosures on the company’s website, as well as through shareholders’ meetings and earnings presentations.

[Principle 5.2]

[Establishing and Disclosing Business Strategies and Mid-to-Long Term Business Plans]

Under the FY2023-2025 Medium-Term Management Plan, Santen is focused anew on maximizing its strength in the prescription pharmaceuticals business. Santen is engaged in maximizing the value of our contribution to consumers and patients through consolidating its resources toward an improvement of profitability, the prescription pharmaceuticals business and other efforts directly linked thereto, and also engaged in strengthening the organizational operation system and structures which support these efforts. As described below, Santen achieved the KPI in relation to profitability in FY 2023, earlier than scheduled. Santen will foster such achievement towards maximization of its value contribution through large-scale pipelines from FY 2026 onward.

While the development of large-scale pipelines is proceeding smoothly, Santen also faces environmental changes, such as changes in application of selected treatment of long-term listed products in Japan. Based on these circumstances, Santen is scheduled to renew the medium-term management plan.

1. Basic policy for growth

Until FY 2025, Santen is engaged in maximizing earnings centered on two axes: maximizing regional sales and moving ahead on structural reforms. For maximizing regional sales, Santen is engaged in boosting sales based on a clear regional strategy and strengthening commercial excellence on a global basis. Santen is also working on business development to maximize sales of each regional business and new businesses that can generate synergies with the prescription pharmaceuticals business. From FY 2026 onward, Santen will leverage its revamped organizational capabilities to provide new value contribution to people and patients from its large-scale pipelines, including myopia and ptosis, and enter a new growth phase.

As for structural reforms, Santen addressed and completed them as follows in FY 2023:

In the Americas, Santen minimized personnel in accordance with a transfer of assets of products pertaining to the prescription pharmaceuticals business, streamlined operation of the respective locations, including offices, and, concurrently therewith, rebuilt the corporate organization and personnel structure. Santen also implemented, and is continuing to pursue, global cost optimization. As a result, Santen realized the 15 billion yen scale revenue improvement expected during FY 2025 earlier than scheduled.

Also, in addition to strengthening the leadership team which takes a key role in strategy planning and execution, Santen is engaged in revamping its operational model and the business administration management and human resources development systems that support it.

Furthermore, pipelines supporting the medium and long term growth are proceeding smoothly. For example, in FY 2023, Santen applied for manufacturing and marketing approval in Japan for STN1012700 (for myopia) and achieved the primary endpoint in the Phase 3 trial in Japan for STN1013800 (for ptosis).

2. FY 2025 company-wide numerical targets and key performance indicators (KPIs)

Santen is committed to steady improvement in profitability, including growth in overseas revenue per employee, and enhancement in capital efficiency, for which the indicators were achieved ahead of schedule in FY 2023.

KPIs (Key Performance Indicators)	FY 2023 actual	FY 2025 target
Revenue	JPY 302.0 billion	JPY 280.0 billion
Core operating profit	JPY 62.8 billion	JPY 56.0 billion
Core operating profit margin	21%	20%
Revenue growth ratio per overseas employee	33% (increase-decrease rate over the previous fiscal year)	Growth of over 7% (CAGR for FY2022 - 2025)
Core ROE (Return on Equity attributable to owners of the company)	16%	13%
Core EPS (profit for the year per share) Growth Rate	54% (increase-decrease rate over the previous fiscal year)	Over 10% (CAGR for FY 2022 – 2025)

### 3. Capital allocation and shareholder return

As to Santen’s financial strategy, it is Santen’s basic approach to improve profitability by establishing superiority in the field of ophthalmology, thereby maximizing its cash generating power, and as a result, maximizing shareholder value.

In the Medium-Term Management Plan (FY 2023-FY 2025), Santen will exert efforts to improve the ROE (return on equity for owners of the Company) focusing on enlarging profitability, pursuing efficiency, and ensuring soundness. Among them, Santen aims to ramp up ROE by maximizing excess earning power against capital costs.

In particular, Santen will enhance cash generating power concurrently with improving profits, and then allocate the cash generated to investments for future growth, prioritizing facilities, R&D and business development with good prospects for return that outweigh capital costs. In the absence of promising opportunities for growth investments, Santen will return profits through share buybacks, subject to share price levels.

Also, as to dividend distribution, based on progressive dividend, Santen will consider a dividend increase in alignment with a medium-term profit growth, with the current level (*i.e.*, JPY 17 for the half-year period) as a floor. The dividend distributions are scheduled at JPY 33/year (interim: JPY 16; term-end: JPY 17) for FY 2023, and at JPY 34/year (interim: JPY 17; term-end: JPY 17) for FY 2024.

### 4. Sustainability Initiatives

As a specialized company dedicated to eye health, Santen will continue to contribute to patients and society through its business activities.

Santen has identified its thirteen (13) key management issues (Materiality), grouped them into four general categories, and is promoting its activities to address the respective issues. Among the above, Santen will strengthen the initiatives on “(i) Market Penetration of Products with Social Significance” and “(vii) Human Resource Development” as the most important issues to address that may have the most impact. Particulars regarding each Materiality are described in [Supplementary Principle 3.1.3].

Santen has disclosed its long-term vision and medium-term plan on its website. Concurrently, Santen has explained, through shareholders meetings and results briefings, specific measures and policies toward the achievement of its goals.

<https://www.santen.com/en/business/vision/>

<https://www.santen.com/en/business/vision/plan.jsp>

#### **[Enhancement and Disclosure of Dialogue with Shareholders]**

As described in [Principle 5-1].

## 2. Capital Structure

Foreign Shareholding Ratio	50% or more
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### [Status of Major Shareholders]

As of March 31, 2024

Name / Company Name / Address	Number of Shares Owned (shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (excluding treasury shares)
The Master Trust Bank of Japan, Ltd. (Trust account) (1-8-1, Akasaka, Minato-ku, Tokyo)	61,125	16.83
Custody Bank of Japan, Ltd. (Trust account) (1-8-12, Harumi, Chuo-ku, Tokyo)	19,598	5.39
BNYM AS AGT/CLTS NON TREATY JASDEC (240 Greenwich Street, New York, New York 10286 U.S.A.) Standing agent: MUFG Bank, Ltd. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	13,546	3.73
Nippon Life Insurance Company (1-6-6, Marunouchi, Chiyoda-ku, Tokyo) Standing agent: The Master Trust Bank of Japan, Ltd. (1-8-1, Akasaka, Minato-ku, Tokyo)	10,662	2.94
STATE STREET BANK AND TRUST COMPANY 505223 (P.O. Box 351 Boston, Massachusetts 02101 U.S.A.) Standing agent: Settlement & Clearing Services Department, Mizuho Bank, Ltd. (2-15-1, Konan, Minato-ku, Tokyo)	9,560	2.63
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST (50 Bank Street Canary Wharf London E14 5NT, UK) Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch, Custody Services Department (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	7,851	2.16
GOVERNMENT OF NORWAY (Bankplassen 2, 0107 Oslo 1 Oslo 0107 NO) Standing agent: Citibank, N.A., Tokyo Branch (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	7,155	1.97
MUFG Bank, Ltd. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	6,989	1.92
JPMorgan Securities Japan Co., Ltd (2-7-3, Marunouchi, Chiyoda-ku, Tokyo)	6,292	1.73
Ono Pharmaceutical Co., Ltd. (1-5, Doshomachi 2-chome, Chuo-ku, Osaka)	6,204	1.71

Total	148,982	41.01
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Controlling Shareholder (except for Parent Company)	None
Parent Company	None

#### Supplementary Explanation

1. 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)	61,125
Custody Bank of Japan, Ltd. (Trust account)	19,598

2. 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, 2024 have not been confirmed, and thus it is not included in the Major Shareholders described in the above.

Name / Company Name / Address	Number of Shares Owned (1,000 shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (excluding treasury shares)
Black Creek Investment Management, Inc. (123 Front Street West, Suite 1200, Tronto, Ontario, M5J 2M2 Canada)	20,839	5.74

3. While the large shareholding report (change report) made available for public inspection as of September 6, 2023 states that Sumitomo Mitsui Trust Bank, Limited and its two (2) joint holders, respectively hold the following shares as of August 31, 2023, the respective numbers of shares substantially owned thereby as of March 31, 2024 have not been confirmed, and thus they are not included in the Major Shareholders described in the above.

Name / Company Name / Address	Number of Shares Owned (1,000 shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (excluding treasury shares)
Sumitomo Mitsui Trust Asset Management Co., Ltd. (1-1-1, Shibakoen, Minato-ku, Tokyo)	11,339	3.12
Nikko Asset Management Co., Ltd (9-7-1, Akasaka, Minato-ku, Tokyo)	8,203	2.26

4. While the large shareholding report (change report) made available for public inspection as of September 22, 2023 states that Nomura Securities Co., Ltd. and its two (2) joint holders respectively hold the following shares as of September 15, 2023, the respective numbers of shares substantially owned thereby as of March 31, 2024 have not been confirmed, and thus Nomura Asset Management Co., Ltd. is not included in the Major Shareholders described in the above.

Name / Company Name / Address	Number of Shares Owned (1,000 shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (Excluding Treasury Shares)
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Nomura Asset Management Co., Ltd. (2-2-1, Toyosu, Koto-ku, Tokyo)	22,912	6.31
Nomura Securities Co., Ltd. (1-13-1, Nihonbashi, Chuo-ku, Tokyo)	796	0.22
Nomura International plc (1 Angel Lane, London EC4R 3AB, United Kingdom)	59	0.02

5. While the large shareholding report (change report) made available for public inspection as of November 7, 2023 states that MFS Investment Management K.K and Massachusetts Financial Services Company, its joint holder, respectively hold the following shares as of October 31, 2023, the respective numbers of shares substantially owned thereby as of March 31, 2024 have not been confirmed, and thus Massachusetts Financial Services Company is not included in the Major Shareholders described in the above.

Name / Company Name / Address	Number of Shares Owned (1,000 shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (Excluding Treasury Shares)
Massachusetts Financial Services Company (111 Huntington Avenue, Boston, Massachusetts, 02199 U.S.A.)	13,791	3.80
MFS Investment Management K.K. (1-4-2, Kasumigaseki, Chiyoda-ku, Tokyo)	848	0.23

6. While the large shareholding report (change report) made available for public inspection as of March 18, 2024 states that Mitsubishi UFJ Financial Group, Inc. and its three (3) joint holders respectively hold the following shares as of March 11, 2024, the numbers of shares substantially owned by Mitsubishi UFJ Trust and Banking Corporation and Mitsubishi UFJ Kokusai Asset Management Co., Ltd. as of March 31, 2024 have not been confirmed, and thus Mitsubishi UFJ Trust and Banking Corporation is not included in the Major Shareholders described in the above.

Name / Company Name / Address	Number of Shares Owned (1,000 shares)	Holding Ratio (%) against Aggregate Number of Outstanding Shares (Excluding Treasury Shares)
MUFG Bank, Ltd. (2-7-1, Marunouchi, Chiyoda-ku, Tokyo)	6,989	1.92
Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	10,134	2.79
Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (1-9-1, Higashi Shinbashi, Minato-ku, Tokyo)	2,264	0.62

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Section
Fiscal Year-End	March
Type of Business	Pharmaceutical
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more



Sales (consolidated) as of the End of the Previous Fiscal Year	From JPY 100 billion to less than JPY1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

#### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder

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#### 5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Conduct of the Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Board of Corporate Auditors
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#### [Directors]

Maximum Number of Directors Stipulated the in Articles of Incorporation	Twelve (12)
Term of Office Stipulated in the Articles of Incorporation	One (1) year
Chairperson of the Board	Chairman (except for cases where the position of the President is concurrently held)
Number of Directors	Eight (8)
Appointment of Outside Directors	Appointed
Number of Outside Directors	Four (4)
Number of Independent Directors	Four (4)

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with Santen*										
		a	b	c	d	e	f	g	h	i	j	k
Noboru Kotani	From another company											
Tamie Minami	From another company											
Masahiko Ikaga	From another company											
Minoru Kikuoka	From another company											

\* Categories of "Relationship with Santen"

\* "○" when the director presently falls or has recently fallen under the category

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category

“▲” when a close relative of the director fell under the category in the past

- a. Executive of Santen or its subsidiaries
- b. Non-executive director or executive of a parent company of Santen
- c. Executive of a fellow subsidiary company of Santen
- d. A party whose major client or supplier is Santen or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from Santen besides compensation as a director/corporate auditor
- g. Major shareholder of Santen (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of Santen (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and Santen outside directors/corporate auditor are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from Santen (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Noboru Kotani	Designated	Representative Director of Vehicle Inc. Outside Director of JINS HOLDINGS Inc. External Director of SanBio Company Limited External Director of Medley, Inc.	Considering that he has served as an Outside Director of the Company for ten (10) years in total from 2005 to 2015, he holds in-depth understanding of the Company's ophthalmic business, its strategy, governance, decision making and the like, and he has extensive knowledge and experience concerning corporate management as a management consultant, and that he is expected to express appropriate opinions from the company-wide point of view at the meetings of the Board of Directors, he is well-qualified to be an Outside Director, and Santen has appointed him as such.  Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in "Matters relating to Independent Directors/Corporate Auditors" below, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.

Tamie Minami	Designated	Outside Director of TEIJIN LIMITED	<p>Considering that she has abundant business experience overseas such as experiencing being a head of business divisions in multiple regions in a globally expanding company, and that she is expected to express appropriate opinions from a global point of view at the meetings of the Board of Directors, she is well-qualified to be an Outside Director, and Santen has appointed her as such.</p> <p>Furthermore, since she is not an appointee from Santen’s subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in “Matters relating to Independent Directors/Corporate Auditors” below, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.</p>
Masahiko Ikaga	Designated	<p>Representative of Masahiko Ikaga Certified Public Accountant Office</p> <p>Representative Director of PrajnaLink Co., Ltd.</p> <p>External Audit &amp; Supervisory Board Member of Morinaga Milk Industry, Co., Ltd.</p> <p>Outside Director of RYOBI LIMITED</p>	<p>He has an expertise concerning financial affairs and accounting as a certified public accountant as well as extensive international experience and knowledge such as promoting globalization as a corporate executive, he has served as the Company’s Corporate Auditor for two (2) years in total from 2022 to 2024, he has given accurate advice from the company-wide point of view at the meetings of the Board of Corporate Auditors and the Board of Directors, and, from a wide-ranging perspective, he has audited Directors’ business judgment and appropriateness of execution of their duties. Considering that, based on the foregoing, he is expected to express appropriate opinions as a Director, he is well-qualified to be an Outside Director, and Santen has appointed him as such.</p> <p>Furthermore, since he is not an appointee from Santen’s subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate</p>

			Auditors established by the Company as described in “Matters relating to Independent Directors/Corporate Auditors” below, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Minoru Kikuoka	Designated	Not applicable	<p>Considering that he has extensive knowledge and experience concerning financial and accounting affairs as well as corporate management such as providing leadership as a CFO or CEO in multiple global organizations, and that he is expected to provide appropriate opinions on the Company’s global development and so forth at the meetings of the Board of Directors, he is well-qualified to be an Outside Director, and Santen has appointed him as such.</p> <p>Furthermore, since he is not an appointee from Santen’s subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in “Matters relating to Independent Directors/Corporate Auditors” below, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of the Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Nominating Committee	Executive Compensation Committee
All Committee Members	Five (5)	Five (5)
Full-time Members	None	None
Inside Directors	Two (2)	Two (2)
Outside Directors	Three (3)	Three (3)

Outside Experts	None	None
Others	None	None
Chairperson	Outside Director	Outside Director

#### Supplementary Explanation

Santen 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 matter on key strategic issues such as business strategies, and is composed of eight (8) Directors, including four (4) Outside Directors.

The Nominating Committee aims to deliberate on the appointment of candidates for Directors and Corporate Auditors and submit recommendations therefor, as well as to provide advice concerning the selection of candidates for Corporate Officers. 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 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, Takeshi Ito, Rie Nakajima, Ippei Kurihara Outside: Noboru Kotani, Tamie Minami, Masahiko Ikaga, Minoru Kikuoka	Takeshi Ito Representative Director, President & CEO
Nominating Committee	Inside: Akira Kurokawa, Takeshi Ito Outside: Noboru Kotani, Masahiko Ikaga, Minoru Kikuoka	Noboru Kotani Outside Director
Executive Compensation Committee	Inside: Akira Kurokawa, Takeshi Ito Outside: Masahiko Ikaga, Noboru Kotani, Tamie Minami	Masahiko Ikaga Outside Director

#### [Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	Five (5)
Number of Corporate Auditors	Four (4)

#### Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

(Cooperation between Corporate Auditors and Accounting Auditors)

The Corporate Auditors hold a meeting with the accounting auditors at the beginning of each fiscal year to receive presentations on the financial auditing plans for the year and any key audit-related issues as well as to exchange opinions, including requests set out by the Corporate Auditors. The accounting auditors present

audit findings to the Corporate Auditors at the quarterly reviews and fiscal year-end audit result briefings four (4) times a year to exchange opinions.

In addition, the Corporate Auditors attend each review meeting with the accounting auditors held after the conclusion of the quarterly reviews and fiscal year-end audit to exchange opinions on the quarterly reviews and fiscal year-end audit results and procedures. During the fiscal year, the Corporate Auditors perform audits of the auditing methods of the accounting auditors and exchange information with the accounting auditors as necessary.

(Cooperation between Corporate Auditors and the Internal Audit Departments)

Santen's Corporate Auditors and the Internal Auditing Group cooperate closely at all times. For instance, they hold regular meetings at which they share progress with their respective audit plans and audits, and items to confirm.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	Three (3)
Number of Independent Corporate Auditors	Three (3)

#### Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with Santen*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masahiko Ikaga	A certified public accountant													
Junichi Asatani	From another company										△			
Yaeko Hodaka	An attorney-at-law													
Yuichiro Munakata	A certified public accountant													

\* Categories of "Relationship with Santen"

\* "○" when the director presently falls or has recently fallen under the category

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category

"▲" when a close relative of the director fell under the category in the past

a. Executive of Santen or its subsidiary

b. Non-executive director or accounting advisor of Santen or its subsidiaries

c. Non-executive director or executive of a parent company of Santen

d. Corporate auditor of a parent company of Santen

e. Executive of a fellow subsidiary company of Santen

f. A party whose major client or supplier is Santen or an executive thereof

g. Major client or supplier of Santen or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from Santen besides compensation as a corporate auditor

i. Major shareholder of Santen (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of Santen (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)

k. Executive of a company, between which and Santen outside directors/corporate auditor are mutually appointed (the corporate auditor himself/herself only)

- l. Executive of a company or organization that receives a donation from Santen (the corporate auditor himself/herself only)  
m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Junichi Asatani	Designated	Not applicable	<p>Considering that he has been involved in the business of a pharmaceutical company, such as sales and marketing in Japan, financial and accounting affairs, risk and compliance management, as well as internal audit, with abundant experience and expertise, and is well-versed in the business of a pharmaceutical company with extensive international experience and knowledge, including from his overseas posting and involvement in local business in the area of business planning as well as accounting and financial affairs, and that he is expected to express appropriate audit opinions from the company-wide point of view at the meetings of the Board of Corporate Auditors and the Board of Directors, he is well-qualified to be an Outside Corporate Auditor, and Santen has appointed him as such.</p> <p>Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in "Matters relating to Independent Directors/Corporate Auditors," and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.</p>
Yaeko Hodaka	Designated	Partner of ISSHIKI & PARTNERS Outside Director, Member of the Audit and Supervisory Committee of YASKAWA Electric Corporation	Considering that, as a lawyer, she has abundant experience and expertise, especially in the corporate legal practice, and has extensive international legal experience and knowledge amassed from her responsibilities as a partner in a U.S.-affiliated law firm for a long time, and that she is expected to express appropriate audit opinions from the company-wide point of view at the meetings of the Board of Corporate

		External Director of Sumitomo Heavy Industries, Ltd.	<p>Auditors and the Board of Directors, she is well-qualified to be an Outside Corporate Auditor, and Santen has appointed her as such.</p> <p>Furthermore, since she is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in "Matters relating to Independent Directors/Corporate Auditors," and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.</p>
Yuichiro Munakata	Designated	<p>Outside Director and Audit &amp; Supervisory Board Member of Kasumigaseki Capital Co., Ltd.</p> <p>Outside Director and Audit/Supervisory Committee Member of SINANEN HOLDINGS CO., LTD.</p>	<p>Considering that, he has, in addition to his expertise concerning financial and accounting affairs as a Certified Public Accountant, high degree of expertise concerning auditing, internal control, corporate governance and the like, and has extensive international experience and awareness amassed from his overseas posting, and that he is expected to express appropriate audit opinions from the company-wide point of view at the meetings of the Board of Corporate Auditors and the Board of Directors, he is well-qualified to be an Outside Corporate Auditor, and Santen has appointed him as such.</p> <p>Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, satisfies the Criteria of Independence of Outside Directors and Outside Corporate Auditors established by the Company as described in "Matters relating to Independent Directors/Corporate Auditors," and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.</p>

**[Independent Directors/Corporate Auditors]**

Number of Independent Directors/Corporate Auditors	Seven (7)
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Matters relating to Independent Directors/Corporate Auditors



Santen has established the Criteria of Independence of Outside Directors and Outside Corporate Auditors as described below:

<Criteria of Independence of Outside Directors and Outside Corporate Auditors>

As regards the criteria to determine whether “independence” is retained, the Company has established, from the viewpoint of further strengthening corporate governance as well as enhancing the transparency and objectiveness of management, the following criteria, in addition to the Independence Criteria prescribed by the Tokyo Stock Exchange, Inc., in determining that each of the Outside Directors and Outside Corporate Auditors (collectively, “Outside Officers”) has no interest in the Company and its affiliate companies (collectively, the “Santen Group”), and that each of them is “independent.”

- (1) In the past, the relevant Outside Officer has never been a director, corporate auditor or employee of the Santen Group (excluding independent officers).
- (2) The relevant Outside Officer is not a consultant, accounting expert or legal expert, regardless of whether he/she/it is an individual or a juridical person, who has ever been directly involved in the business of the Santen Group, and has never obtained money or other assets in an amount of JPY 10 million or more per year therefrom, during the past three (3) years.
- (3) During the past three (3) years, the relevant Outside Officer has never been a director and the like (including a corporate officer or other person equivalent thereto; hereinafter, the same shall apply) of a company with sales to the Santen Group amounting to 2% or more of the annual sales of such company. Also, during the past three (3) years, the relevant Outside Officer has never been a director and the like of a company with sales by the Santen Group amounting to 2% or more of the annual sales of the Santen Group.
- (4) The relevant Outside Officer is not a director and the like of a company, 10% or more of the aggregate number of outstanding shares of which is held by the Santen Group, or a company holding 10% or more of the aggregate number of outstanding shares of the Company.
- (5) The relevant Outside Officer has never taken office as a director and the like of the Santen Group’s main bank, lead managing securities companies, main life insurance company or main non-life insurance company.
- (6) The relevant Outside Officer is not an officer of the Santen Group (excluding independent officers), a spouse or another relative within the third degree of kinship of any person classified under any of items (1) to (5) above.
- (7) There is no matter concerning the relevant Outside Officer that may raise a material conflict of interest in his/her performing the duties of an Outside Officer, or any relationship that may affect his/her judgment as an Outside Officer.

**[Incentives]**

Incentive Policies for Directors	Introduction of A Performance-based Stock Remuneration System
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Supplementary Explanation

At the Annual General Meeting of Shareholders held on June 26, 2018, for the purpose of encouraging the Directors of Santen, excluding Outside Directors, to proactively engage in achieving Santen’s vision and pursuing its strategy, and to promote the further sharing of value with shareholders from the perspective of enhancing the stock-based remuneration program’s functions and effectiveness by further clarifying the message conveyed by the program so that it contributes to Santen’s continuous growth and the improvement of its corporate value on a medium- to long-term basis, it was resolved that Santen will introduce the stock-based remuneration program. This program consists of two types of systems, namely, the “Performance Share Unit System” (a performance-linked stock remuneration system), a type of remuneration that is linked to the achievement rate of numerical targets or the like during a certain performance evaluation period, and the

“Restricted Stock System,” a stock-based remuneration with a transfer restriction that is lifted by satisfying conditions such as holding the target director position continuously for a certain period.

Santen’s remuneration system for Directors excluding Outside Directors consists of three systems: a basic remuneration, annual bonus, and stock-based remuneration. The component ratio of each remuneration to the base amount of aggregate remuneration shall be: basic remuneration 1: annual bonus 0.25: stock-based remuneration 0.5. The standard of the aggregate remuneration is determined by reference to benchmark results of pharmaceutical companies.

As for the remuneration for the Director & Chairman, it consists of, since FY 2024, two remuneration elements that are a basic remuneration and a stock-based remuneration to encourage the maintenance and enhancement of mid- and long- term corporate value through exerting supervisory functions, and the component ratio of the respective elements are: basic remuneration 1: stock-based remuneration 0.5. Also, the stock-based remuneration solely consists of stock-based remuneration with a transfer restriction, and there is no payment of an annual bonus and Performance Share Unit which are linked to the achievement indicators.

With regard to the performance indicators used for annual bonus and the Performance Share Unit System (a performance-linked stock remuneration system), we review the indicator which is conducive for a realization of the medium-term plan and the Company’s sustainable growth and determine by incorporating indicators concerning TSR and ESG. The details thereof have been disclosed in the Integrated Report.

<https://www.santen.com/en/ir/document/annual>

Recipients of Stock Options	--
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Supplementary Explanation

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**[Director Remuneration]**

Disclosure of Individual Directors’ Remuneration	Selected Directors
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Supplementary Explanation

The amount of remunerations and the like for Directors in the fiscal year of 2023 is disclosed in the business report and other documents. Such amount is JPY 463 million in aggregate, JPY 97 million of which is the remuneration for Outside Directors.

Particulars are as follows:

<Directors excluding Outside Directors>

- Basic remuneration: JPY 171 million
- Annual bonus: JPY 78 million
- The Performance Share Unit System: JPY 83 million
- The Restricted Stock System: JPY 35 million

<Outside Directors>

- Basic remuneration: JPY 97 million

At the Annual General Meeting of Shareholders held on June 26, 2018, the revision of the limit of the monetary remuneration for Directors and the stock-based remuneration program for Directors excluding Outside Directors (“Target Directors”) was resolved. As to the limit of the monetary remuneration for Directors, it was resolved that the limit was revised to JPY 600 million or less per year for Target Directors (of which no more than JPY 400 million is fixed basic compensation and no more than JPY 200 million is annual bonus). Also, for Outside Directors, it was resolved at the Annual Meeting of Shareholders held on

June 24, 2022, that the limit of the monetary remuneration would be no more than JPY 100 million per year of only a fixed base salary, in addition to the remuneration for Target Directors.

Also, as the stock-based remuneration program for Target Directors, Santen has introduced a new stock-based remuneration program which is comprised of the Performance Share Unit System (a performance-linked stock remuneration system) and the Restricted Stock System. As for the Performance Share Unit System (a performance-linked stock remuneration system), Santen has set the total amount of the monetary remuneration claims to be granted for the issuance of a number of common shares of Santen during the Performance Evaluation Period (meaning several consecutive fiscal years (as decided by the Company between three (3) and five (5) fiscal years) of the Company) at no more than JPY 100 million per fiscal year; the upper limit of the number of shares to be issued at no more than 100 thousand shares per fiscal year; the aggregate amount of cash for tax payment purposes at no more than 100 thousand shares per fiscal year multiplied by the share price at the time of issuance; the Units are given every year; and stocks and money are given after a certain evaluation period (three to five years). For the Restricted Stock System, Santen has set the total amount of the monetary remuneration claims to be granted in one fiscal year at no more than JPY 100 million per year.

The details are disclosed in the section entitled “Matters Regarding the Decision of the Amount of Remunerations and the Like for Directors and Corporate Auditors and the Calculation Method of Such Amount” of the securities report.

<https://www.santen.com/ja/ir/document/securities.jsp> (Japanese report)

As to Directors who receive compensation and other payments in an aggregate amount of more than JPY 100 million, disclosure has been made individually in securities reports in compliance with statutory requirements.

Policy on Determining Remuneration Amounts and Calculation Methods
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Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Santen has established an Executive Compensation Committee as one of the voluntary committees (albeit these committees are not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act), which is chaired by an Outside Director and the majority of which is composed of Outside Directors. It has stipulated the basic policy on the determination of compensation and other payments to be received by Directors, Corporate Auditors and Corporate Officers as follows:

##### <Inside Directors and Corporate Officers (Inside Top-level Executives)>

- Ensure effectiveness that contributes to Santen’s sustainable growth and enhancement of medium-and-long term corporate value to enable them to be engaged in the achievement of the mid-term strategy target, as well as in strengthening sustainability management with high motivation.
- Deepen the sharing of values with broad-ranging stakeholders.
- Objectiveness is secured through a highly transparent process for making decisions on remunerations to ensure high accountability to stakeholders.
- Provide a competitive level of compensation capable of recruiting global and other outstanding human resources in various countries and regions.
- Under the globally unified system of evaluation and compensation, further foster a performance culture equipped with a strict discipline, and support an engagement towards the achievement of the target.

##### <Outside Directors and Corporate Auditors>

- To support Santen’s sustainable growth from their independent positions which are distinct from inside top-level executives, set a level of remuneration appropriate to their prominent roles, and through a system which is not indicative of an achievement target in common with inside top-level executives, encourage fulfillment of their functions efficiently in supervising the management.

## [Support System for Outside Directors and/or Corporate Auditors]

Legal and compliance divisions are in charge of supporting Outside Directors.

- Coordination of the agenda and materials for the Board of Directors and various committees.
- Provision of internal and external relevant information pertaining to the agenda and ensure opportunities for explanation.

Office of the Corporate Auditors is in charge of supporting Outside Corporate Auditors.

- Coordination of the agenda and materials for the Board of Corporate Auditors.
- Support in the investigation and analysis of, preparation of materials, provision of internal and external information and the like for, audit activities as a whole.
- Support in the cooperation with Accounting Auditors, internal audit departments and internal control departments.

As to the key items of the agenda of the meetings of the Board of Directors, sufficient explanations thereon are made in advance to Outside Directors and Outside Corporate Auditors.

## 2. Matters on Functions of Conduct of the Business, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **UPDATED**

Santen has adopted a “Company with Board of Corporate Auditors” system as defined in Japan’s Companies Act.

The number of Santen’s Directors and Corporate Auditors as of July 1, 2024 is as follows: eight (8) Directors (*i.e.*, six (6) males and two (2) females) including four (4) Outside Directors, four (4) Corporate Auditors (*i.e.*, three (3) males and one (1) female) including three (3) Outside Corporate Auditors.

Santen’s Board of Directors features well-balanced knowledge, experience and the ability to effectively fulfill its role and responsibilities with a structure that satisfies both diversity and an adequate number of the members. Moreover, Santen has appointed as its Corporate Auditors persons with the expertise necessary to properly perform audits, including in academic, legal affairs and accounting.

All of Santen’s Outside Directors and Outside Corporate Auditors are independent officers who maintain neutrality as they are independent from Santen and its subsidiaries or affiliates.

The term of office of Directors is one (1) year.

Activities of the Board of Directors and voluntary committees are as described below.

<Board of Directors>

In the fiscal year of 2023, Santen convened meetings of the Board of Directors monthly in principle (thirteen (13) times in total). The average attendance rate of the Outside Directors was 98.5% and the Outside Corporate Auditors was 97.4% (such rate of the inside Directors was 96.2% and such rate of the inside Corporate Auditors was 100%) in the fiscal year of 2023. To promote meaningful discussions at the meetings of the Board of Directors, for important agenda to be taken at the meetings of the Board of Directors, materials for the meeting and the relevant information were provided to the Outside Directors and the Outside Corporate Auditors, and thereafter, sufficient explanations were made to them prior to such meetings concerning the background, purposes and details of the agenda of the said meetings.

Major matters of the deliberations at the meetings of the Board of Directors are as described below.

- Management policies and strategies: Business plan and budget for the next fiscal year; quarterly report on the execution of business; structural reforms; productivity enhancement PJ; respective important strategic projects; progress in important projects.
- Capital policy and shareholder returns: share buybacks and cancellation of treasury shares; dividend.
- Governance and sustainability: agenda concerning remunerations including the policies for determination of executive compensation; report on voluntary committee activities; the evaluation of

the Board of Director's effectiveness; the reduction of strategic-shareholdings; employees' engagement.

- Internal control and risk control: report on the improvement and operation of the internal control; report on the improvement and operation of the global compliance system.

#### <Corporate Strategy Committee>

In the fiscal year of 2023, Santen held meetings of the Corporate Strategy Committee quarterly in principle (three (3) times in total). The average attendance rate of each of the constituent Directors was 100%.

Major matters of the deliberations thereat are as described below.

- Business portfolio strategy
- Product supply strategy
- Rx business strategy
- Sustainability strategy
- The medium- and long- term growth plan

#### <Nominating Committee>

In the fiscal year of 2023, Santen held meetings of the Nominating Committee once-every-two-months in principle (nine (9) times in total). The average attendance rate of each of the constituent Directors was 98.1%.

Major matters of the deliberations thereat are as described below.

- Constitution of the Board of Directors, what the governance should be, appointment of new (Internal and Outside) Directors and the likeNurturing succession candidates for the position of CEO, discussions on the fostering of candidates
- Discussions on the managerial system for FY 2024
- Proposal of Directors and Outside Corporate Auditors for the 112th General Meeting of Shareholders

#### <Executive Compensation Committee>

In the fiscal year of 2023, Santen held meetings of the Executive Compensation Committee once-every-two-months in principle (nine (9) times in total). The average attendance rate of each of the constituent Directors was 96%.

Major matters of the deliberations thereat are as described below.

- Basic policy on the determination of remuneration for officers including Directors
- Remuneration level and composition for Directors
- Establishment of targets for "Non-Financial" metrics (*i.e.*, ESG targets) for the annual bonus in FY 2023, and other detailed design
- Revision to the rule on the stock-based remuneration system
- Revision of the amount of remuneration in accordance with the change of role of the Chairman

Also, Santen has introduced a corporate officer system to realize strong management and speedy business execution in a compatible manner.

The term of office of Corporate Officers is one (1) year, and the number thereof as of July 1, 2024 is sixteen (16) excluding some serving concurrently as Directors.

In addition, selected executives among the Corporate Officers will be appointed as a Corporate Management Member (CMM) to review and discuss key issues that are of particular importance from a company-wide management perspective, with the aim of enabling quick and effective decision-making.

### 3. Reasons for Adoption of Current Corporate Governance System

Santen's governance is based on the corporate organizational form of a "Company with Board of Corporate Auditors" as defined in Japan's Companies Act. This structure enables us to have objective audits by Corporate Auditors who are in independent positions in the conduct of the business by the Directors. Furthermore, to secure transparency, objectivity and appropriateness of management, Santen believes that making the most of systems such as the voluntary committees on business strategy, nomination of officers, executive compensation and the like will contribute to the strengthening of the current corporate governance system. As a material management matter, Santen commits to continuously review the improvement and strengthening of the said system.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Santen discloses the Convocation Notice on its website four (4) weeks prior to the day of the meeting based on the system for the electronic provision of materials, and dispatches the document materials in writing three (3) weeks prior to the day of the meeting.
Scheduling AGMs Avoiding the Peak Day	The Annual General Meeting of Shareholders for the fiscal year of 2023 was held on June 25, 2024.
Allowing Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet by accessing the voting rights exercising website.
Participation in Electronic Voting Platform	Santen has participated in and made available to investors the electronic voting platform operated by ICJ, Inc., a joint venture company established by the Tokyo Stock Exchange, Inc. and another company.
Providing Convocation Notice in English	The Convocation Notice in English has been posted on Santen's website.
Others	<p>Measures for vitalization have been implemented, e.g., Business reports at the General Meeting of Shareholders are made with explanations accompanied by projected images and narration. Also, measures concerning facilitating exercise of voting rights, including the posting of the convocation notices on Santen's website, have been implemented.</p> <p>A brief summary of the General Meeting of Shareholders and the results of the exercise of the voting rights on the items for resolution are posted on Santen's website.</p> <p>The General Meeting of Shareholders is also held on a live stream to allow shareholders view the proceedings thereof. Also, questions are received in advance on the website dedicated to shareholders, and we respond, on the day of the General Meeting, to those questions for which shareholders' interest is high.</p>

#### 2. IR Activities

	Supplementary Explanations	Explanations by Santen's Representatives Themselves

Preparation and Publication of Disclosure Policy	In Santen's Disclosure Policy on the disclosure of information, it has stipulated to be thorough in the swift, precise and fair disclosure of corporate information from the standpoint of the shareholders and investors, and commits to disclose information proactively and in a manner easily understandable.	
Regular Investor Briefings for Analysts and Institutional Investors	<p>Santen holds financial results meeting presentations after the release of interim and full-year results for analysts and institutional investors, and also conducts conference calls for them after its first- and third-quarter results are announced.</p> <p>Santen holds small meetings with analysts and institutional investors, and actively participates in conferences hosted by securities companies. Santen holds business briefings and other meetings from time to time tailored to institutional investors' needs.</p> <p>Besides, Santen holds meetings to exchange opinions among institutional investors, Inside and Outside Directors and Corporate Auditors, as well as other engagement activities and the like.</p> <p>In and after the fiscal year of 2020, Santen implemented the above on an online basis. Also, Santen delivers videos and discloses transcripts in relation to financial result meetings, conference calls and briefing sessions on its business.</p>	Available
Individual Meetings for Institutional Investors in Japan and Overseas	Santen quarterly conducts individual meetings with institutional investors in Japan and overseas (including in North America, Europe and Asia) and explains the Company's financial condition, future strategy and the like.	Available
Posting of IR Materials on Website	Santen's website ( <a href="https://www.santen.com/ja/ir/">https://www.santen.com/ja/ir/</a> and <a href="https://www.santen.com/en/ir/">https://www.santen.com/en/ir/</a> ) carries materials on financial results, consolidated reports, timely disclosure materials, materials for briefing sessions on its business, annual securities reports, materials for the General Meetings of Shareholders as well as other materials including Notices to Shareholders.	
Establishment of Department and/or Manager in Charge of IR	<p>Department in charge: Investor Relations Group</p> <p>Person responsible for IR administration contact: General Manager of Investor Relations Group</p>	
Others	Since the fiscal year of 2017, Santen has integrated the former "Annual Report" and "CSR Report," and prepared an Integral Report, comprehensively embracing financial information and non-financial information such as management strategies, summary of business and sustainability activities, and posted it on Santen's website.	

### 3. Measures to Ensure Due Respect for Stakeholders

Supplementary Explanations

Stipulation of Internal Rules for Respecting the Position of Stakeholders	In the Santen Code of Practice, Santen represents its basic approaches in conducting its business activities as specified under the titles “Building Trust with Customers,” “Promoting Employee Responsibility and Growth” and “Maintaining Harmony with Society.”
Implementation of Environmental Activities, CSR Activities, etc.	Relevant matters are stated in [Supplementary Principle 3.1.3] above.
Development of Policies on Information Provision to Stakeholders	Information provisions to customers, shareholders and the like have been set forth in the Code of Conduct. Along therewith, a Policy on IR Activities has been internally established.

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on the Internal Control System and the Progress of System Development

###### **Basic Policy on Internal Control**

In accordance with Japan’s 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.

###### **(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 development 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 the 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 force.
- (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, the Santen Group entities shall handle the said advice and reporting in collaboration with the relevant departments or 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 development 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 has established a code of conduct for officers with the aim of strengthening its governance functions as well as maintaining and enhancing the corporate value of the Group. It has also revised the rules concerning voluntary committees in accordance with the changes to the desired roles to be fulfilled by the committees.
- The Company established a position of the Chief Compliance Officer (CCO) and thereby has propelled the further improvement of the 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 four (4) 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 CEO, which reports the result of internal audits based on an annual plan to Directors and Corporate Auditors.

**(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 development 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.
- The Company has established a code of conduct for officers, and has been engaged in strengthening its governance functions as well as maintaining and enhancing the corporate value of the Group.

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

- (i) For the 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 development 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 in an expeditious manner.
- The Company has clarified the responsible person as a leader of risk management, and promotes further improvement of the Group's risk management system and promotes its activities.
- The Company has formulated the Rules on Reporting Critical Incidents as a global set of rules to maintain a framework that facilitates prompt reporting upon the occurrence of a crisis.
- The Company has built an administrative structure where the occurrence or reporting of an incident that is potentially capable of developing into a major crisis will trigger an assessment by the Risk Evaluation Committee of the degree of such incident. If the Committee determines that the event is a major crisis that needs to be addressed, the matter is then escalated to the Crisis Response Committee Representative for the convocation of the meeting of the Crisis Response Committee. The Crisis Response Committee will provide centralized management of information upon the occurrence of the crisis and shall take the necessary measures as well as resolve the crisis.
- Upon the occurrence of the Noto Peninsula Earthquake, the Company established the Crisis Management Committee (the "Risk Evaluation Committee" and the "Crisis Response Committee" are collectively referred to as the "Crisis Management Committee"), under which the framework was laid out for investigating the extent of the disaster and for stable supply of drugs, while giving utmost priority to the safety of employees. Also, as for the deviation from the approval standard for DIQUAS LX ophthalmic solution 3%, the Company established a Crisis Management Committee and promptly determined and conducted a voluntary recall.
- 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**

- (i) Santen shall establish a global management system centering on Corporate Management Members, 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.
- (ii) 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.
- (iii) 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.

- (iv) 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.
- (v) 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.
- (vi) 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 development of the system]

- With an aim to implement the medium-term management plan, the Company renewed its executive structure, in July 2023, centering on the Corporate Management Member replacing the former Executive Management Team. Under the said new structure, the Company is committed to further prompt decision-making and powerful business operation with a sense of coherence.
- The Company's Board of Directors held, in the fiscal year of 2023, thirteen (13) ordinary meetings. 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 three (3) times, nine (9) times and nine (9) 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**

- (i) 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 development 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. Also, to strengthen its function to supervise subsidiaries, Corporate Auditors of subsidiaries attend the Santen Group Corporate Auditors' meeting, to share the auditing plan of the Board of Corporate Auditors as well as exchange opinions on issues or the like.
- To enhance appropriateness of business activities within the 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.

- To ensure the proper operation of its subsidiaries, the Company prepared a management book (a support tool for internal control) and endeavored to keep the management personnel of all subsidiaries informed about it.
- As to the consolidation and operation of the internal control systems in its subsidiaries, the Company has identified major risk factors and selected a department to be responsible for addressing such factors. It has also established a system to periodically implement and verify risk assessments in the respective regions.
- 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 development 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 of the Company, 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 Director and employee of the Santen Group on the ground that such Director or 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 development 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 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 development 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.

**2. Basic Views on Eliminating Anti-Social Forces**

The Santen Code of Practice stipulates that Santen will not respond to any demands whatsoever made by anti-social forces that threaten the order and stability of civil society, or intend to obtain an unfair advantage from companies, and Santen endeavors to ensure the proper recognition and thorough compliance thereof by all of the officers and company members.

Furthermore, Santen promotes activities to avoid in advance damages by anti-social forces and entities, by building and maintaining close collaboration with the competent police offices, external specialized institutions and the like to proactively collect information concerning such anti-social forces and entities, and such information is shared by the entire Company.

**V. Others**

**1. Policy to Address Anti-Takeover Measures**

Policy to Address Anti-Takeover Measures	No Specific Policy Adopted
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Supplementary Explanation

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## 2. Other Matters Concerning the Corporate Governance System

[Brief Summary of the Timely Disclosure System]

### 1. Basic Approach to Timely Disclosure of Corporate Information

Santen has established the Santen Code of Practice that stipulates standard corporate ethics as the base of the corporate activities of all of the officers and company employees in order to conduct such corporate activities from a common standpoint.

The Santen Code of Practice stipulates its basic approach to the disclosure of information whereby Santen is to not only disclose reports and information prepared regularly concerning its business, but also to timely and appropriately disclose corporate information, as well as handle formalities, such as those concerning permits or approvals by, reports to or filings with governmental authorities, without any false representation or causing any misunderstanding. Based on the foregoing, Santen commits to make proactive, fair, easily understandable and accurate disclosure of information.

Furthermore, the Santen Code of Practice has been translated into major languages and posted at Santen's internal portal site, and concurrently, the Company has designated every November as Awareness Month for the Santen Code of Practice to ensure proper recognition thereof by all employees globally. In addition, such recognition has also been ensured through the training for incoming employees.

### 2. Departments Handling Information

Santen has established Investor Relations Group ("IR") and the division for Corporate Communications (collectively, "Departments Handling Information") as the departments involved in handling disclosure of internal and external information. The Departments Handling Information play the primary role in timely disclosure, by handling in an integrated manner the information from the individual divisions including the subsidiaries and headquarters. Departments Handling Information endeavor to maintain the system to be capable of collecting information on matters required to be disclosed, prevent disclosures mistakenly made without first obtaining internal approval, as well as disclose accurately the content of any critical incident that may have a material effect on Santen.

### 3. Information to be Timely Disclosed

#### (1) Information concerning Events that have Occurred

Santen makes daily efforts to collect information promptly in accordance with its Risk Management Rules. 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 Representative Director, President & CEO shall be established, which will consider the necessity of disclosure. Beyond that, the Company daily verifies events that may constitute Events that have Occurred through monitoring and report of information through the office organization, and such Events are promptly shared with the Departments Handling Information.

If, upon the consideration of the departments relevant to the information and Departments Handling Information, it is determined that disclosure is necessary, then information shall be disclosed after the acknowledgement of the CFO and the approval of the Representative Director are obtained.

#### (2) Information concerning Corporate Decisions

Departments Handling Information shall obtain information concerning corporate decisions through meetings such as the Board of Directors' meetings or other meetings attended by the management and the committees, and consider whether or not it is necessary to disclose such corporate decisions.

If, upon the consideration of the departments relevant to the information and Departments Handling Information, it is determined that disclosure is necessary, then information shall be disclosed after the acknowledgement of the CFO and the approval of the Representative Director are obtained.

#### (3) Information concerning Financial Closing

As to information concerning financial closing approved by the Board of Directors, Departments Handling Information shall consider whether or not disclosure is necessary, taking into account the recommendations

by the financial division. The flash reports shall be disclosed after the acknowledgement by the CFO and the approval of the Representative Director are obtained.

#### 4. Disclosure Criteria

The necessity of disclosing specific information will be determined pursuant to the criteria described below:

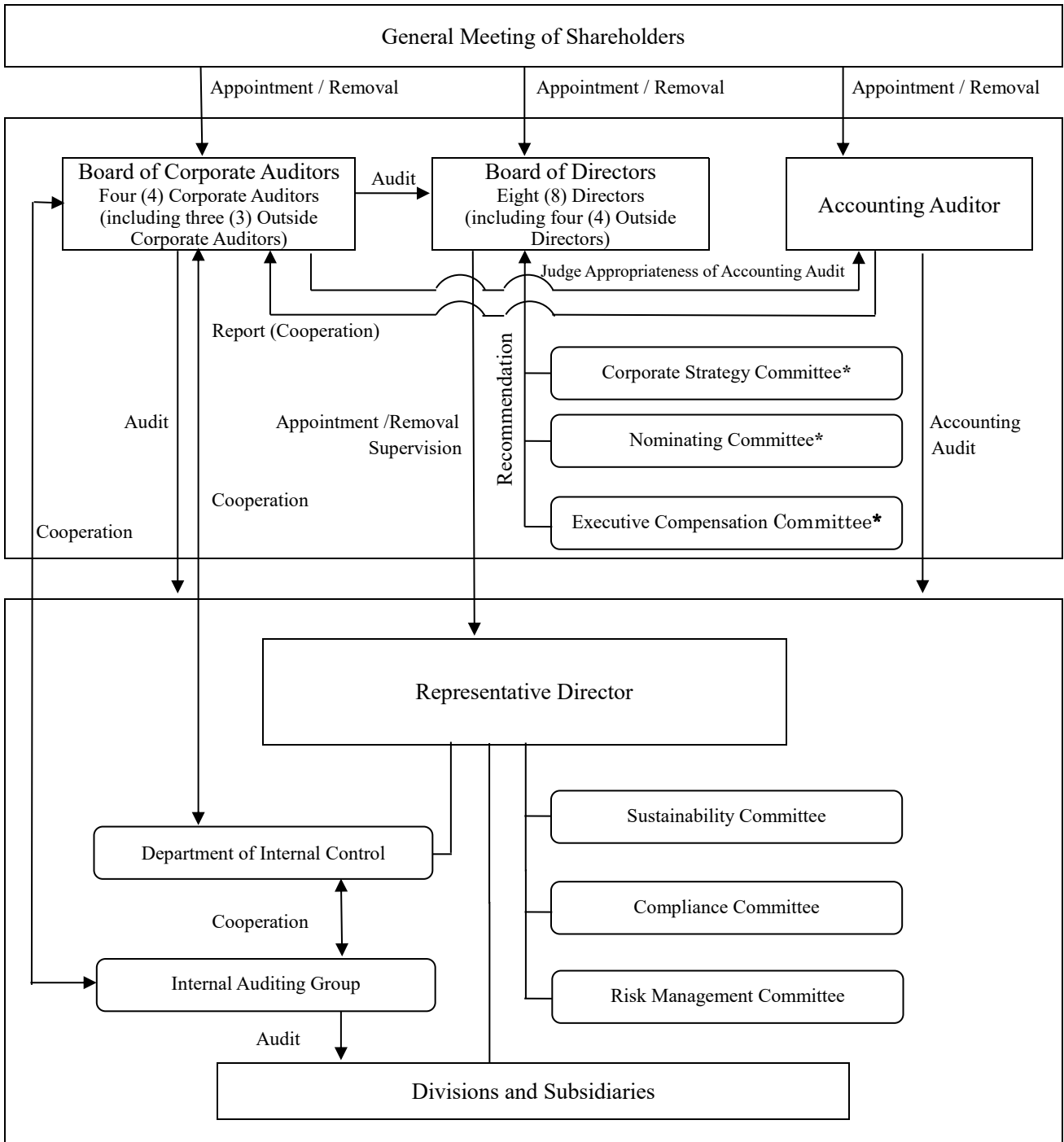
- (1) Guidelines on disclosure of information stipulated by the Tokyo Stock Exchange
- (2) Applicable laws and regulations including Japan's Financial Instruments and Exchange Act
- (3) Guidelines on disclosure of information established by Santen independently

#### 5. Disclosure Methods

Corporate information approved to be disclosed will be promptly registered by IR and CCG with the Tokyo Stock Exchange Timely Disclosure Network (TDnet) and timely disclosed, and disclosed fairly to the shareholders and investors through various means such as mailing of materials, press conferences, and posting to Santen's website. Furthermore, Santen endeavors to ensure proper and thorough internal awareness by posting the information disclosed to Santen's internal portal site.

#### 6. Improvement of Monitoring of Timely Disclosure System

The Corporate Auditors and the Internal Auditing Group will assess, from their respective standpoints, the timeliness and appropriateness of the information released to the public.



\*These committees are voluntary and not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act.