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Corporate Governance Report

Last Update: July 1, 2025

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 **UPDATED**

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 Nominating Committee, the Executive Compensation Committee and the Corporate Strategy 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] **UPDATED**

[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 2024, Santen has implemented the sell out of one (1) brand of listed stocks entirely held, pursuant to which JPY 2,951 million (on current value basis as of the end of the fiscal year of 2023) 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, 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, four (4) women currently hold positions (as of July 1, 2025) as members of the fifteen (15) Corporate Officers (including those who concurrently hold the Director positions).

(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 four (4) of the fifteen (15) 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, 2025) 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 2024 is 40.5% globally and 19.6% 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 four (4) of the fifteen (15) 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>

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

Santen recognizes importance of human capital in the management, and makes efforts to equalize opportunities in recruitment, placement, promotion, and skill development, and continues to cultivate, develop and promote organizational and human resources from a medium- to long-term perspective. Santen also established its "Human Resources Development Guideline and Improvement of Organizational Environment Guideline" in which it clarified the human resources it most seeks.

The Company has established the "Diversity, Equity & Inclusion Policy" to promote diverse, equitable and inclusive policies, standards and practices that provide equality of opportunity for all and promote respect at work. The Company is committed to ensuring a safe, inclusive, respectful and supportive physical and visual work environment for every Santen employee.

Also, as part of these efforts, 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>

Santen's FY2025-2029 Medium-Term Management Plan" publicized in May 2025 identifies "Promoting DE&I (Diversity, Equity & Inclusion)" as one of the Materialities as its important managerial issue, and Santen will endeavor vigorously to enhance its engagement in this issue.

[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 FY2025-2029 Medium-Term Management Plan on its website:

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

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 on a regular basis.

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

(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> (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> (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 Corporate Officer, Santen has stipulated in its internal rules that he or she may be dismissed by a resolution of the Board of Directors after having obtained the recommendations of the Nominating Committee 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 Corporate Officer or it is deemed appropriate to change his or her position as Corporate Officer.

(v) With respect to the appointment of 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>

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 a medium- to long-term enhancement of its corporate value.

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

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

<Key Management Issues >

Santen has identified the thirteen Materialities as its key management issues, four of which are positioned as the most important Materialities, and will vigorously promote its activities to address the respective issues.(◆: Most important Materialities)

- ◆ Generating products and services contribution to eye health
- ◆ Ensuring product quality & stable supply
- ◆ Penetration of products and market creation
- ◆ Enhancing the value of working at Santen & strengthening capability of people/organization
 - Business operations with high ethical standards
 - Transparent disclosure of information
 - Promoting DE&I* (*Diversity, Equity & Inclusion)
 - Respect for human rights
 - Sustainable procurement
 - Ensuring information security
 - Promoting digital transformation
 - Measures against climate change
 - Environmental load reduction

Santen’s Materialities have been disclosed on its website.

<https://www.santen.com/en/sustainability/policy#Materiality>

<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 3,900 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 has taken 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 FY2025-2029 Medium-Term Management Plan, especially, Santen will sufficiently invest in R&D to drive development of pipelines that underpin future growth,

including acquiring new pipelines, to strengthen pipelines. Also, in order to develop products that address medical needs unmet by existing products, 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 containers that are easier to use, as well as changing the form of dosage. The above initiatives have been applied to the strengthening of pipelines as 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". Santen is making 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 aiming for the Realization of a Carbon-free Society through technological innovation towards 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.

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>

[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 ensure the compatibility of the solid management and speed of the execution of business 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 of successors to the Board of Directors, which deliberates on the recommendation 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 24, 2025. Also, of the six (6) Directors, four (4) are males and two (2) are females. 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/stock/meeting>

<https://www.santen.com/ja/ir/document/securities> (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 objectiveness of the discussions at the Board of Directors as well as independence and neutrality of the audit by the Board of Corporate Auditors.

(Skill Matrix of Directors and Corporate Auditors)

The Company believes that, both of the following (i) and (ii) are important when establishing its effective governance system towards the sustainable enhancement of its corporate value: (i) in the meetings of the Board of Directors, Directors and Corporate Auditors 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 Corporate Auditors conduct the audit of the business execution of the Directors from the perspective of not only legality but also appropriateness of decision-making process and effectiveness of governance, and make recommendations to strengthen the function of the Board of Directors and executive divisions.

Also, based on our newly formulated FY2025-2029 Medium-Term Management Plan, the Company endeavors to, as a global company dedicated to the ophthalmologic field, pursue further sound global growth by product development with a high degree of certainty and ensured profit, provide optimum ophthalmologic medical care through maximizing the product value, and realize innovations in ophthalmologic medical care. As to Directors and Corporate Auditors, the Company seeks human resources that sympathize with the Core Principle and accord with the aforementioned business orientation, and considers that it is specifically important that such personnel have the knowledge, experience and ability described in the schedule below. In addition to the life science business, global viewpoint and appropriate business management, the Company will, from now on, place further emphasis on fields such as sustainability, ensure balance and diversity by appointing personnel from various backgrounds, including those with expert knowledge and experience, to allow them to provide advice to 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. In addition, in order to increase the objectivity of discussions at meetings of the Board of Directors and the independence and neutrality of the audit by the Corporate Auditors, half or more of the members are outside officers.

Directors and Corporate Auditors (Dispense with the title of respect for)		Corporate Management	Life Science Business	Understanding Medical Field and Patients	Global Leadership	Finance and Accounting	Legal Affairs and Risk Control	Sustainability
Director	Takeshi ITO	●	●	●				
	Rie NAKAJIMA		●		●			●
	Ippei KURIHARA		●	●				
	Masahiko IKAGA	●				●	●	
	Minoru KIKUOKA	●			●	●		
	Yukiko KURODA	●			●			●
Corporate Auditor	Hiroshi ISAKA		●	●				
	Junichi ASATANI		●			●	●	
	Yaeko HODAKA				●		●	●
	Yuichiro MUNAKATA					●	●	●

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.

[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 2024, with the aim of further enhancing the role and function of the Board of Directors. The overview of the results of the same is as follows:

(Evaluation Method)

At first, an assessment questionnaire to Directors and Corporate Auditors was conducted on the items described below. The said questionnaires took a method under which a four-level quantitative evaluation of each question and the free writing of comments will be made. Additionally, to further understand in more depth the contents of the responses to the questionnaires, individual interviews of all of the Outside Directors and Outside Corporate Auditors were made; and based on the foregoing, the evaluation results were discussed at the meeting of the Board of Directors held in March 2025.

[Major Categories of the Questionnaire Items]

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

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

(Summary of Results)

The Company's Board of Directors has assessed that its effectiveness was confirmed for the fiscal year of 2024. The reason therefor is that the overall average evaluation mark response was "mostly effective," and responses for each questionnaire item indicated "effective" and "mostly effective" at a high rate (approximately 80%). Among all the responses, the following items obtained a high evaluation in the questionnaire and the individual interviews:

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

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

While the effectiveness is demonstrated as described above, we have returned to the starting point of "What are the role of the Board of Directors and the discussions at the Board of Directors," and there have been suggestions on how discussions should be enhanced from the viewpoint of content and frequency. In particular, with regard to nomination and executive compensation, which are the core functions of the Board of Directors from the viewpoint of corporate governance, we recognize that the two main themes are to enhance discussions by the Board of Directors and to appropriately monitor in a timely manner the R&D and product portfolios, as well as the progress of DX promotion and human resource development, which are important measures to realize these goals, as the first year of the FY2025-2029 Medium-Term Management Plan.

(Initiatives Going Forward)

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

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

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

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

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

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

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

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

[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 2024, opportunities were given to have dialogues with investors in Japan and overseas more than 350 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 preparation of launching products for myopia and blepharoptosis
R&D	Market opportunity and competitive environment around pipelines Initiatives towards strengthening of pipelines
Financial Strategy	Confirmation of capital policy and shareholders return
Sustainability	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.

[Principle 5.2]

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

The Company formulated the new Medium-Term Management Plan covering the five years from FY 2025 to FY 2029, and publicized it in May 2025.

(1) What Santen aspires To-be in 2035 and Santen's way of achieving To-be

Santen Group has steadily implemented structural reforms and other measures outlined in the previous medium-term management plan "MTP2025," announced in fiscal year 2023, achieving the numerical targets for fiscal year 2025 ahead of schedule. Santen Group has now formulated a vision for what it aspires to be in 2035 and its medium-term management plan for the fiscal years up to 2029 (from FY 2025 to FY 2029), under which it will seek to achieve a new growth trajectory through the implementation of long-term strategies and by further strengthening its revenue base.

What Santen aspires To-be in 2035

A leading ophthalmology company leveraging "Santen Commercial Excellence" to earn the trust of patients and the ophthalmic community worldwide.

Santen's way of achieving To-be

"Provide optimal ophthalmic care by maximizing product value"

Continuously pursue optimal eye care from a patient perspective, maximizing product value through promotion of appropriate treatment concepts and care, and providing optimal care to patients through strong collaboration with stakeholders in each market.

"Innovation in ophthalmic care"

Deeply understand patients' unmet needs and medical challenges, utilizing our extensive ophthalmic expertise and open collaboration to deliver innovative products for untreated diseases and products that shift the paradigm for existing standard treatments.

(2) Growth Strategy

• Santen's business model

The ophthalmology market is expected to continue to grow against a backdrop of significant unmet needs. Santen has established its unique position as one of the few pharmaceutical company specializing in ophthalmology and expanding its business globally, and will leverage its strengths in product origination and value maximization to further enhance "Santen Commercial Excellence". Through this initiative, Santen will provide optimal eye care treatments to more people by developing and launching products that address unmet needs in a broad range of ophthalmic diseases.

• Medium-Term Management Plan (- FY 2029) growth strategy

Strengthen Santen's business model across all regions, build market-leader reputation and establish foundations for sustainable growth.

- Build strong presence in each region: establish its presence as a trusted ophthalmology leader, ex-Japan as it has done in Japan.
- Market creation in new disease areas: establish and commercialize treatment systems for myopia and ptosis tailored to each region's medical environment.
- Expand Rx portfolio to support mid- to- long-term growth: expansion of pipeline to generate sales for the mid-term and beyond FY 2030.
- Continued enhancement of stable supply & productivity: Operations in place for flexible response to changes to business environment.

<Establishing sustainable growth foundations: 6 initiatives>

■ Short- to Mid-Term Sales Growth

1. Establish leadership positions in ex-Japan markets (EMEA*, Asia and China):

Santen will strengthen its presence through revenue growth that exceeds market growth rates in all regions, including Japan. While maintaining its leadership position in Japan, the Company will seek to achieve a 58% overseas sales ratio in fiscal 2029 through strong growth in its overseas businesses.

* Europe, Middle East and Africa

2. Create markets for myopia and ptosis and expand globally:

Santen will seek to create Rx markets for the new areas of myopia and ptosis and develop environments in which doctors and medical institutions can proactively provide treatment aligned to local market needs. Myopia: by establishing a market for an eye drop treatment that curbs myopia progression, the Company will seek to slow the progression of myopia in pediatric patients, reducing the burden on their daily lives while alleviating future eye-related concerns. Ptosis: the Company

will seek to enhance awareness of ptosis as a condition that is treatable with eye drops, promote the adoption of new treatment concepts, and establish a market for its non-invasive ptosis eye drop treatment.

■ Mid- to Long-Term Sales Growth

3. Strengthen Rx portfolios and pipelines:

The Company will accelerate approvals for the current pipeline and continue to promote life cycle management (LCM) that will contribute to sales during the medium-term management plan period. To expand Rx portfolios and pipelines for sustainable growth beyond fiscal year 2030, the Company will strengthen business development target selection and capability enhancement while also taking on the challenge of developing new ophthalmic drug formulation technologies and modalities.

■ Continuous strengthening of business foundations

4. Strengthen stable supply & supply chain:

In anticipation of increased demand for new products, the Company will strengthen its stable and flexible product supply system by expanding in-house production capacity and reviewing its production network.

5. Continuously optimize costs:

The Company will thoroughly promote multifaceted COGS-related initiatives and optimize SG&A through business process streamlining.

6. Strengthen people/organization and Digital/IT:

Santen's most important asset is the talents who embody the Company's Core Principle and Vision and contribute to growth; as such, the Company will promote the creation of a highly productive organization that improves and leverages their abilities. To achieve sustainable mid- to long-term growth, Santen will improve business productivity and stability by effectively leveraging digital technology and by strengthening company-wide IT and security infrastructure.

(3) FY 2029 company-wide numerical targets

■ KPIs

Sales Revenue	400 billion yen
Core operating profit	80 billion yen (EBITDA : 90 billion yen) ^[1]
ROE	14% or more
EPS Growth rate	Double-digit growth ^[2] (EPS: 160 yen or more)
Shareholder returns	<ul style="list-style-type: none"> • Minimum annual dividend of 38 yen with dividend hikes targeting 40% payout ratio • Opportunistic buybacks as a function of share price and surplus cash^[3] • Plan to further increase ROE, EPS

[1] Reference range.

[2] 2024 results – 2029 target CAGR.

[3] Define necessary working capital as 45 billion yen and use retained surplus funds over a fixed period as the source of implementation.

(4) Capital allocation and shareholder return

In addition to cash generated from operations, the Company will maximize investment capacity by reducing working capital, utilizing surplus funds within the Group, and raising funds in line with capital needs. As growth investments for the future, the Company will prioritize investments in facility upgrades to expand production capacity and in research and development and business development to create innovation. Regarding shareholder returns, the Company will continue to provide cash returns to shareholders through

its progressive dividend system, maintaining the current minimum annual dividend of 38 yen and increasing dividends in line with profit growth. Santen will optimize its capital base through flexible share buybacks with the aim of improving ROE and EPS.

(5) Sustainability Initiatives

To contribute to society and achieve sustainable growth, the Santen Group will promote the 13 Materialities (including four most important Materialities). Specific KPI and other details will be disclosed through Santen's corporate website and other channels in the future.

Particulars regarding each Materiality are described in [Supplementary Principle 3.1.3].

Santen has disclosed its long-term vision and FY2025-2029 Medium-Term Management 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/>

[Enhancement and Disclosure of Dialogue with Shareholders]

As described in [Principle 5-1].

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

The Company will maximize excess earning capabilities versus its cost of capital and improve our ROE (Return on equity attributable to owners of parent company). Please also refer to aforementioned [Principle 5-2] "(4) Capital Allocation and Shareholder Return". The Company will hereafter continue to adequately provide explanations on its progress through disclosures on the Company's website, as well as through shareholders' meetings and earnings presentations.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] UPDATED

As of March 31, 2025

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)	58,076	17.01
Custody Bank of Japan, Ltd. (Trust account) (1-8-12, Harumi, Chuo-ku, Tokyo)	18,594	5.45
BNYM AS AGT/CLTS NON TREATY JASDEC (240 Greenwich Street, New York, New York 10286 U.S.A.) Standing agent: MUFG Bank, Ltd. (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	10,857	3.18
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	3.12

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 (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	10,567	3.09
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)	8,084	2.37
JPMorgan Securities Japan Co., Ltd (2-7-3, Marunouchi, Chiyoda-ku, Tokyo)	7,310	2.14
MUFG Bank, Ltd. (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	6,989	2.05
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEM'ED PENSION FUNDS (50 Bank Street Canary Wharf London E14 5NT, UK) Standing agent: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch (3-11-1, Nihonbashi, Chuo-ku, Tokyo)	6,975	2.04
STATE STREET BANK AND TRUST COMPANY 505001 (ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS) Standing agent: Settlement & Clearing Services Department, Mizuho Bank, Ltd. (2-15-1, Konan, Minato-ku, Tokyo)	6,944	2.03
Total	145,057	42.49

Controlling Shareholder (except for Parent Company)	None
Parent Company	None

Supplementary Explanation

1. Among the numbers of shares owned as described 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)	58,076
Custody Bank of Japan, Ltd. (Trust account)	18,594

2. 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, 2025 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	3.32
Nikko Asset Management Co., Ltd (9-7-1, Akasaka, Minato-ku, Tokyo)	8,203	2.40

3. While the large shareholding report (change report) made available for public inspection as of June 6, 2024 states that Nomura Securities Co., Ltd. holds the following shares as of May 31, 2024, the number of shares substantially owned thereby as of March 31, 2025 has 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)
Nomura Asset Management Co., Ltd. (2-2-1, Toyosu, Koto-ku, Tokyo)	19,141	5.61

4. While the large shareholding report (change report) made available for public inspection as of July 29, 2024 states that Mitsubishi UFJ Financial Group, Inc. and its four (4) joint holders respectively hold the following shares as of July 22, 2024, the numbers of shares substantially owned by Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Kokusai Asset Management Co., Ltd. and FIRST SENTIER INVESTORS RQI PTY LTD as of March 31, 2025 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. (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	6,989	2.05
Mitsubishi UFJ Trust and Banking Corporation (1-4-5, Marunouchi, Chiyoda-ku, Tokyo)	9,832	2.88
Mitsubishi UFJ Kokusai Asset Management Co., Ltd. (1-9-1, Higashi Shinbashi, Minato-ku, Tokyo)	2,237	0.66
FIRST SENTIER INVESTORS RQI PTY LTD (Level 5, Tower Three International Towers, Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia)	482	0.14

5. While the large shareholding report (change report) made available for public inspection as of October 18, 2024 states that Black Creek Investment Management, Inc. holds the following shares as of October 15, 2024, the number of shares substantially owned thereby as of March 31, 2025 has 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)
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Black Creek Investment Management, Inc. (123 Front Street West, Suite 1200, Toronto, Ontario, M5J 2M2 Canada)	13,738	4.02
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6. While the large shareholding report made available for public inspection as of December 5, 2024 states that BlackRock Japan Co., Ltd. and its six (6) joint holders respectively hold the following shares as of November 29, 2024, the numbers of shares substantially owned by them as of March 31, 2025 have not been confirmed, and thus BlackRock Japan 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)
BlackRock Japan Co., Ltd. (Marunouchi Trust Tower Main 1-8-3 Marunouchi, Chiyoda-ku, Tokyo, Japan)	7,039	2.06
Aperio Group, LLC (Three Harbor Drive, Suite 204, Sausalito, CA, U.S.A.)	378	0.11
BlackRock Advisors LLC (251 LITTLE FALLS DRIVE, WILMINGTON, DE, U.S.A.)	462	0.14
BlackRock Fund Managers Limited (12 Throgmorton Avenue, London, EC2N 2DL, United Kingdom)	1,468	0.43
BlackRock Asset Management Ireland Limited (1st Floor, 2 Ballsbridge Park, Ballsbridge, Dublin, Ireland)	900	0.26
BlackRock Fund Advisors (400 Howard Street San Francisco, CA, U.S.A.)	3,815	1.12
BlackRock Institutional Trust Company, N.A. (400 Howard Street, San Francisco, CA, U.S.A.)	4,213	1.23

7. While the large shareholding report (change report) made available for public inspection as of March 24, 2025 states that Silchester International Investors, LLP holds the following shares as of March 17, 2025, the number of shares substantially owned thereby as of March 31, 2025 has 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)
Silchester International Investors, LLP (The Metcalf, 83-85 Pall Mall, 3rd Floor London SW1Y 5ES, United Kingdom)	24,381	7.14

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 UPDATED	Representative Director
Number of Directors UPDATED	Six (6)
Appointment of Outside Directors	Appointed
Number of Outside Directors UPDATED	Three (3)
Number of Independent Directors UPDATED	Three (3)

Outside Directors' Relationship with the Company (1) **UPDATED**

Name	Attribute	Relationship with Santen*										
		a	b	c	d	e	f	g	h	i	j	k
Masahiko Ikaga	From another company											
Minoru Kikuoka	From another company											
Yukiko Kuroda	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) **UPDATED**

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masahiko Ikaga	Designated	Representative of Masahiko Ikaga Certified Public Accountant Office Representative Director of PrajnaLink Co., Ltd. Outside Director of RYOBI LIMITED	He has expertise concerning financial and accounting affairs as a certified public accountant, as well as extensive international experience and knowledge including promoting globalization as a corporate executive. Considering that he has given appropriate advice from the company-wide point of view at the meetings of the Board of Directors, and he has contributed to enhance the quality of the discussions therein by expressing his opinions actively throughout the proceedings, 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.
Minoru Kikuoka	Designated	Not applicable	He has extensive knowledge and business experience concerning financial and accounting affairs as well as corporate

			<p>management, which includes his leadership exercised as CFO or CEO at multiple global organizations. Considering that he has given appropriate advice towards the Company's global business expansion and the like at the meetings of the Board of Directors, and he has contributed to enhance the quality of the discussions therein by expressing his opinions actively throughout the proceedings, 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>
Yukiko Kuroda	Designated	<p>Advisor and Founder of People Focus Consulting Co., Ltd.</p> <p>Independent Director of OBAYASHI CORPORATION</p> <p>Outside Director of Oracle Corporation Japan</p> <p>Outside Director of Sekisui House, Ltd.</p>	<p>She has abundant experience of being engaged in corporate management as well as extensive experience and expertise regarding fostering of global human resources. Considering that she is expected to express appropriate opinions at the meetings of the Board of Directors from the viewpoint of a person with experience in corporate management and based on profound wisdom attained in fostering of global human resources and in the area of sustainability, 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>

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 **UPDATED**

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Executive Compensation Committee
All Committee Members	Four (4)	Four (4)
Full-time Members	None	None
Inside Directors	One (1)	One (1)
Outside Directors	Three (3)	Three (3)
Outside Experts	None	None
Others	None	None
Chairperson	Outside Director	Outside Director

Supplementary Explanation **UPDATED**

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

The Nominating Committee aims to deliberate on the selection of candidates for Directors and Corporate Auditors and submit recommendations therefor, as well as to provide advice in response to consultations concerning the selection of candidates for Corporate Officers. This committee is composed of four (4) 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 four (4) Directors, including three (3) Outside Directors.

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

The 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
Nominating Committee	Inside: Takeshi Ito Outside: Masahiko Ikaga, Minoru Kikuoka, Yukiko Kuroda	Masahiko Ikaga Outside Director
Executive Compensation Committee	Inside: Takeshi Ito Outside: Minoru Kikuoka, Masahiko Ikaga, Yukiko Kuroda	Minoru Kikuoka Outside Director
Corporate Strategy Committee	Inside: Takeshi Ito, Rie Nakajima, Ippei Kurihara Outside: Masahiko Ikaga, Minoru Kikuoka, Yukiko Kuroda	Takeshi Ito Representative Director, President & CEO

[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. During the fiscal year, the Corporate Auditors hold briefings to report the progress of their annual audit and briefings to present their interim review, in which they exchange opinions with the accounting auditors on the result of the interim review and other matters.

In addition, the Standing Corporate Auditor attends each quarterly regular meeting and feedback meeting to receive reports from the accounting auditors on the results of the feedback and other matters. During the fiscal year, the Standing Corporate Auditor performs audit of the auditing methods of the accounting auditors including serving as witness when taking inventory, and exchange information with the accounting auditors as appropriate. Standing Corporate Auditor, accounting auditors and Internal Auditing Group attend the tripartite audit meetings that are held twice a year, and at such meetings they endeavor to further enhance the effectiveness of the audit as a whole exhaustively and comprehensively through sharing respective audit results, issues and other matters and exchanging opinions.

(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, the Corporate Auditors hold regular meetings with the Internal Auditing Group at which they receive reports on internal audit plans and audit results as well as share information and exchange opinions.

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
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) **UPDATED**

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</p>

			Auditors,” and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Yaeko Hodaka	Designated	<p>Partner of Isshiki & Partners</p> <p>Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation</p> <p>External Director of Sumitomo Heavy Industries, Ltd.</p>	<p>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 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 (Audit & Supervisory Board Member) of Kasumigaseki Capital Co., Ltd.</p> <p>Outside Director and Audit/Supervisory Committee Member (Full Time) 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</p>

			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.
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[Independent Directors/Corporate Auditors] UPDATED

Number of Independent Directors/Corporate Auditors	Six (6)
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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 **UPDATED**

At the Annual General Meeting of Shareholders held on June 26, 2018, for the purpose of encouraging the Directors of Santen, excluding Outside Directors (the “Target 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 post-delivery type performance-linked stock remuneration system, the “PSU 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-Based Remuneration 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. At the Annual General Meeting of Shareholders held on June 24, 2025, to secure excellent human resources, including those with global talent, it was resolved to abolish the then current Restricted Stock-Based Remuneration System, and in lieu thereof, introduce the Restricted Stock Unit System (a post-delivery type stock-based remuneration system, the “RSU System”) for the Target Directors, which is a commonly utilized stock-based global remuneration system that has an effect similar to the Restricted Stock-Based Remuneration System.

Santen’s remuneration system for Directors excluding Outside Directors consists of three systems: a basic compensation, annual bonus, and stock-based remuneration. The component ratio of each remuneration to the base amount of aggregate remuneration shall be: basic compensation 1: annual bonus 0.5: stock-based remuneration 0.8. The standard of the aggregate remuneration is determined by reference to benchmark results of healthcare companies expanding their business globally.

With regard to the performance indicators used for annual bonus and the PSU System, we vigorously endeavor to achieve the strategic goal set forth in the FY2025-2029 Medium-Term Management Plan, review the indicator which is conducive for the Company’s sustainable growth and enhancement of the medium- to long-term corporate value, and determine by incorporating indicators concerning TSR and strategic objectives (including indices in relation to 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

Supplementary Explanation **UPDATED**

The amount of remunerations and the like for Directors in the fiscal year of 2024 is disclosed in the business report and other documents. Such amount is JPY 533 million in aggregate, JPY 92 million of which is the remuneration for Outside Directors.

Particulars are as follows:

<Directors excluding Outside Directors>

- Basic compensation: JPY 249 million
- Annual bonus: JPY 53 million

- The Performance Share Unit System: JPY 72 million
- The Restricted Stock-Based Remuneration System: JPY 67 million

<Outside Directors>

- Basic compensation: JPY 92 million

At the Annual General Meeting of Shareholders held on June 24, 2025, the revision of the limit of the monetary remuneration and the stock-based remuneration program for Directors excluding Outside Directors (the “Target Directors”) was resolved. As to the limit of the monetary remuneration for Directors, it was resolved that the limit was revised to JPY 700 million or less per year for the Target Directors (of which no more than JPY 400 million is fixed basic compensation and no more than JPY 300 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 basic compensation, in addition to the remuneration for the Target Directors.

Also, as the stock-based remuneration program for Target Directors, Santen has introduced a stock-based remuneration program which is comprised of the PSU System and the RSU System. As for the PSU System, the total amount of the monetary remuneration claims and cash for tax payment purposes to be granted or paid per single fiscal year for each Performance Evaluation Period (meaning several consecutive fiscal years (decided by the Company between three (3) and five (5) fiscal years) of the Company) shall be within the amount after multiplying a maximum of 300 thousand shares per year by the “Share Price on Issuance” (*i.e.*, the amount which shall be determined by the Board of Directors based on the closing price thereof at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day) and shall be within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares), and the upper limit of the number of shares to be issued per single fiscal year shall be capped at 150 thousand shares per fiscal year; and the Units are given every year; and stocks and money are given after a certain Performance Evaluation Period (three (3) to five (5) years). For the RSU System, the total amount of the monetary remuneration claims and cash for tax payment purposes to be granted or paid per single fiscal year for each Target Period (decided by the Company between three (3) and five (5) fiscal years) shall be within the amount after multiplying a maximum of 200 thousand shares per year by the “Share Price on Issuance” (*i.e.*, the amount to be determined by the Board of Directors, after the end of the Target Period, based on the closing price of the Company Shares at the Tokyo Stock Exchange on the business day immediately before the day of the resolution of the Board of Directors on the aforesaid allotment (or, if no trading is made on that day, then the closing price on the trading day immediately before that day) under the RSU System, and which is within a range that is not particularly advantageous to any of the Target Directors who will subscribe to the Company Shares), and the upper limit of the number of Company Shares to be issued per single fiscal year shall be capped at 100 thousand shares per fiscal 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> (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 **UPDATED**

Established

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 (Internal Executive Personnel)>

- 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 Santen's VISION and the mid-term strategic objectives 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 encourage the exertion of efforts towards the achievement of objectives.

<Outside Directors and Corporate Auditors>

- To support Santen's sustainable growth from their independent positions which are distinct from internal executive personnel, 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 internal executive personnel, 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, 2025 is as follows: six (6) Directors (*i.e.*, four (4) males and two (2) females) including three (3) 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 2024, 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 100% and the Outside Corporate Auditors was 100% (such rate of the inside Directors was 93.5% and such rate of the inside Corporate Auditors was 100%) in the fiscal year of 2024. 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: FY2025-2029 Medium-Term Management Plan, business plan and budget for the next fiscal year; quarterly report on the execution of business; 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; mid- to long-term personnel strategy.
- 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.

<Executive Compensation Committee>

In the fiscal year of 2024, Santen held meetings of the Executive Compensation Committee once-every-two-months in principle (eight (8) times in total). The average attendance rate of each of the constituent Directors was 95%.

Major particulars of the deliberations thereat are as described below.

- Policy on determination of remuneration for Directors
- Treatment of remuneration for newly appointed executives and retired executives
- Establishment of targets for "Non-Financial" metrics (*i.e.*, ESG targets) for the annual bonus in FY 2024
- Number of grants of stock-based compensation in FY 2024
- Direction of the amendment of the remuneration system for executive personnel towards FY 2025
- Amendment of the remuneration composition and level for Directors towards FY 2025
- Amendment of the maximum remuneration for Directors towards FY 2025
- Amendment of the annual bonus system and Stock-Based Remuneration System for internal executive personnel towards FY 2025
- Transition from the Restricted Stock-Based Remuneration System to the Restricted Stock Unit System (a post-delivery type stock-based remuneration system), for internal executive personnel located in Japan
- Particulars of advice by the Executive Compensation Committee concerning the remuneration for Corporate Auditors (including Outside Corporate Auditors)

<Nominating Committee>

In the fiscal year of 2024, Santen held meetings of the Nominating Committee four (4) times in total. The average attendance rate of each of the constituent Directors was 95%.

Major particulars of the deliberations thereat are as described below.

- Discussions on new Outside Directors
- Discussions on the fostering of candidates for the position of CEO
- Discussions on the managerial system for FY 2025
- Discussions on prospective Corporate Officers
- Discussions on revision of the retirement age for Directors and other officers

<Corporate Strategy Committee>

In the fiscal year of 2024, Santen held meetings of the Corporate Strategy Committee four (4) times in total. The average attendance rate of each of the constituent Directors was 100%.

Major particulars of the deliberations thereat are as described below.

- Formation of the long-term growth plan and FY2025-2029 Medium-Term Management Plan
- Global product supply strategy
- Rx portfolios and business development strategy
- Sustainability strategy

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, 2025 is thirteen (13) 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 **UPDATED**

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 2024 was held on June 24, 2025.
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 and the website of Tokyo Stock Exchange, Inc., 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>
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2. IR Activities **UPDATED**

	Supplementary Explanations	Explanations by Santen's Representatives Themselves
Preparation and Publication of Disclosure Policy	Santen has stipulated, as its basic policy on the disclosure of information, to provide precise and fair corporate information to the shareholders and investors in a timely and appropriate manner.	
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 (https://www.santen.com/ja/ir/ and https://www.santen.com/en/ir/) 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	Department in charge: Investor Relations Group Person responsible for IR administration contact: General Manager of Investor Relations Group	
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 **UPDATED**

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” or the “Company”) 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 (hereinafter, the “Santen Group” or the “Group”), and Santen endeavors according to the details contained therein.

(1) The Santen Group’s Core Principle and Our Vision

- (i) The Santen Group’s Core Principle and Our 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

Our Vision

- Based on the Santen Group’s Core Principle, we set up “Happiness with Vision” as Our 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 refers to Our Guiding Principle and Values as the basis for actions and decisions, under which we carefully consider what is essential in each situation, determine what we should do, and act quickly, in order to help people in the world achieve happy lives through improved “vision”, in accordance with the Santen Group’s Core Principle and Our Vision.

[Status of operation of the system]

- In accordance with the revision of our corporate philosophy framework, communication has been made by the executives and the Core Principle and Our Vision as well as Our Guiding Principle and Values were disseminated. Also, the Company endeavors to increase exposure of the Core Principle and Our Vision through various ways, including always referring to them in officers' messages, as well as to confirm that every activity is performed in accordance with the Core Principle and Our Vision through various ways, including confirmation thereof at material internal meetings.

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

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

[Status of operation of the system]

- As for the "Santen Code of Practice", stipulated as behavioral guidelines for all of the corporate activities to be conducted from a common viewpoint under the Core Principle which is "*Tenki ni sanyo suru*," the Company implements measures to ensure proper recognition thereof, and thorough compliance therewith, through transmission of information to and trainings of all constituents including foreign subsidiaries.
- The Company established the position of 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 blocks 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 has taken appropriate actions.
- The Company endeavors to strengthen its managerial supervisory function through appointment of three (3) highly independent Outside Directors, and the audit performed by four (4) people consisting of three (3) highly independent Outside Corporate Auditors 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 operation of the system]

- As to the information including records and document concerning the execution of duties of Directors, the Company has been performing appropriate maintenance and administration thereof based on internal rules such as for information security, internal approvals and document control.
- 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 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 detect 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, detect and evaluate the Santen Group's risks, and formulate and implement necessary countermeasures.
- (ii) Upon the occurrence of any event that may evolve into a material risk or if such an event is reported, the Crisis Management Committee chaired by Santen's Representative Director, President & CEO shall be established within Santen, which will endeavor to address the matter and settle the situation, and concurrently therewith, institute measures to prevent a recurrence.
- (iii) Santen's Internal Auditing Group shall conduct internal audit of the status of management of the risk of loss within the Santen Group from an independent viewpoint.

[Status of operation of the system]

- As risk management in ordinary times, the system to promote the ERM has been reviewed, whereby formulation of risk- management rules and collection of information are performed in an expeditious manner, and re-established and clarified our three-lined system.
- Based on the foregoing, identification of risk items and establishment of risk scenario, verification of particulars to be controlled, pointing out residual risks, extraction of material risks as well as formulation of a plan to address these risks have been performed.
- From now on, the aforesaid mechanism shall be operated every year, and the monitoring situation shall be reported to and discussed at the Risk Management Committee.
- 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 of the degree of such incident. If it is determined that the event is a major crisis that needs to be addressed, the Crisis Management Committee, chaired by the Representative Director, President and CEO of Santen who is the chief executive overseeing the risk management, shall be established. The aforesaid structure will provide centralized management of information upon the occurrence of the crisis and enable the necessary measures thereto to be taken and the crisis will be resolved.
- As for the deviance from standards for DIQUAS LX ophthalmic solution that occurred in FY2024, the Company established the Crisis Management Committee on April 18, 2024, held eight (8) meetings thereof in total under which the cause was investigated, safety was examined, discussions and decisions were made concerning the scope and means of recall, while giving utmost priority to the impact to patients, and measures towards stable supply were discussed.
- 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 the Corporate Management Members (CMM), appointed by the Board of Directors. The CMM shall implement optimum

decision-making speedily and on a company-wide basis, and thereby strengthen the Company's governance system for the conduct of its business.

- (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 Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee, which are all voluntary committees comprised 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 operation of the system]

- Under the structure for the execution of operation centering on the Corporate Management Members (CMM), the Company is committed to speedy decision-making and powerful business operation with a sense of coherence.
- The Company's Board of Directors held thirteen (13) ordinary meetings. Also, the Nominating Committee, the Executive Compensation Committee and the Corporate Strategy Committee, which are all voluntary committees made up of Inside and Outside Directors, held meetings and engaged in deliberations four (4) times, eight (8) times and four (4) 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 implementing overall 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 appropriateness of operation of its subsidiaries and shall apply the same to all entities within the Santen Group and strengthen the auditing function of its key subsidiaries. Concurrently, Santen shall establish a system whereby developments and applications of its subsidiaries' internal control systems are ascertained.
- (iii) To ensure the credibility of financial reports, a system shall be established whereby each of Santen's relevant divisions and subsidiaries will perform a self-check concerning the appropriateness of its business, and then Santen's Internal Auditing Group will verify the adequacy thereof.

[Status of operation of the system]

- The Company has operated the rules on control of subsidiaries and the "Regional Person in Charge", "Corporate CFO" and "Region Finance Head" take, in principle, respective offices as directors of

major subsidiaries. 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 Santen Group, the Company has established and been operating a managerial system whereby advice and guidance are given centered at the department of Risk & Control of the Company.
- To ensure appropriateness of operation of its subsidiaries, the Company prepared a management book (a support tool for internal control) and disseminated it to the management personnel of every subsidiary.
- 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 conduct 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 dedicated staff, who will assist Santen's Corporate Auditors as well as discharge other duties as necessary, and who does not belong under the line of supervision and direction of the management, shall be employed.
- (ii) Personnel transfers of the staff of the Corporate Auditors shall be made by Santen's Representative Director in accordance with the internal rules and with the consent of the Corporate Auditors. As to the evaluation thereof, the contents thereof examined and determined by the Corporate Auditors in accordance with the internal rules shall be duly respected.

[Status of operation of the system]

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

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

- (i) In the event the Directors and employees of the Santen Group come to know of any specific matter that may cause any tremendous damage to the Company, they shall report the same to Santen's Corporate Auditors and Board of Corporate Auditors without delay.
- (ii) Santen's Corporate Auditors may seek reports from the Santen Group's Directors and employees as needed and as necessary even for matters other than those described in item (i) above.
- (iii) Santen's Internal Auditing Group and the auditing divisions in key subsidiaries shall regularly report to Santen's Board of Corporate Auditors their audit policies and plans, and the results of their internal audits as well as exchange information therewith.
- (iv) No disadvantageous treatment shall be suffered by any Director or employee of the Santen Group on the ground that such Director or employee reported to the Corporate Auditors concerning any internal suspicious compliance violation and the like within the Santen Group entities, regardless of whether or not it was made through an internal or external help desk.

[Status of operation of the system]

- The Company is well equipped with and operated under the system of reporting to the Corporate Auditors and the Board of Corporate Auditors with respect to important matters.
- The 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 Auditor 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

- 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 build trust.
- 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.
- Santen shall bear the expenses necessary for Santen's Corporate Auditors to perform their duties.

[Status of operation of the system]

- The 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 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 UPDATED

1. Policy to Address Anti-Takeover Measures

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

2. Other Matters Concerning the Corporate Governance System **UPDATED**

[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:

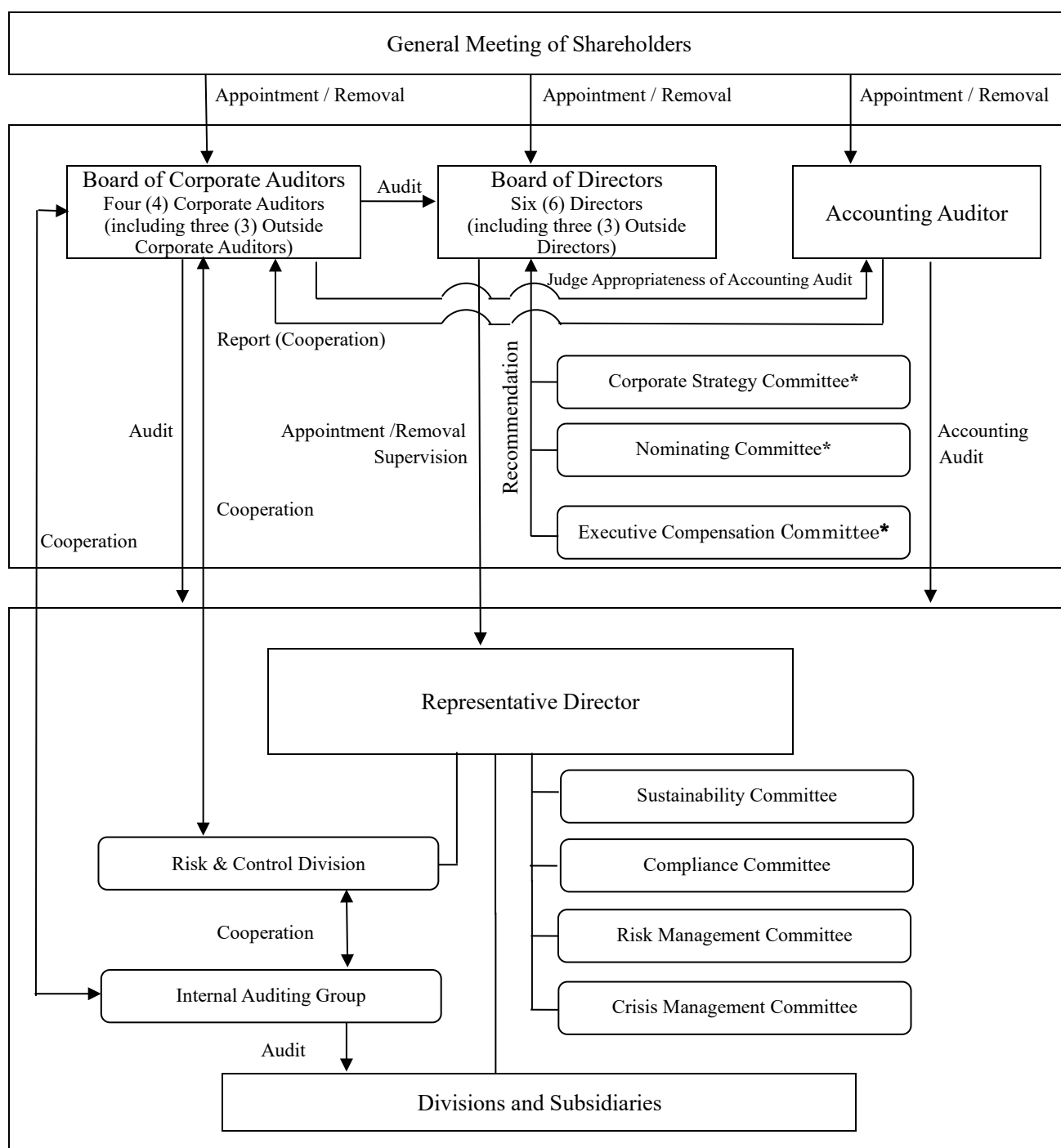
- (1) Guidelines on disclosure of information stipulated by the Tokyo Stock Exchange
- (2) Applicable laws and regulations including Japan's Financial Instruments and Exchange Act
- (3) Guidelines on disclosure of information established by Santen independently

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 will assess 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.