

Corporate Governance

Basic Views on Corporate Governance

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

Santen has adopted a “Company with Board of 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 function of the Board of Directors is to make decisions concerning the vital execution of the business as well as to monitor the execution of the business by the management and Directors. Santen will operate with a

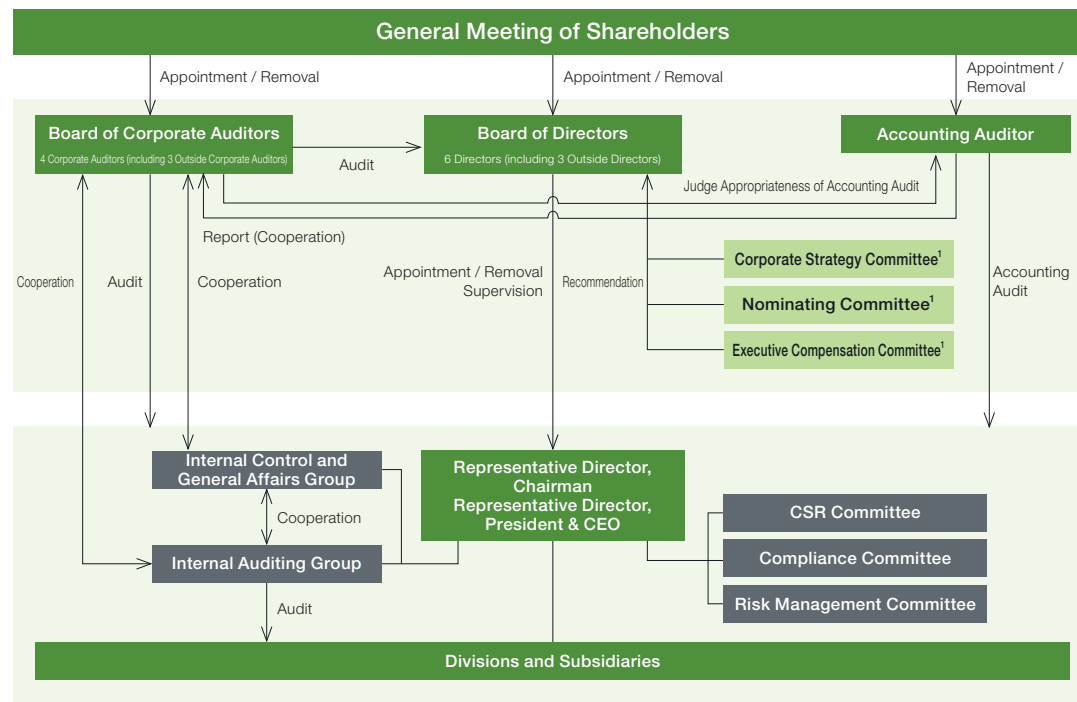
focus on swift and appropriate managerial decision-making. Santen expects its Outside Directors to be actively involved in the Board of Directors in decision-making on individual managerial issues, taking advantage of their wide range of experience and knowledge. Santen will also ask for their opinions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

Furthermore, Santen has some specific steps such as establishing the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, and introducing a corporate

officer system to strengthen management and improve the speed of business execution. Santen will go forward with the aim of improving management transparency and objectivity.

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

Management System (As of June 30, 2021)



Corporate Strategy Committee	Deliberates in a concentrated matter on key strategic issues such as business strategies. The predecessor Management Advisory Committee was established in 1999, and the Corporate Strategy Committee was established in 2005.
Nominating Committee	Deliberates on the selection of candidates for Directors and submits recommendations therefor, as well as provides advice in response to consultations concerning the selection of candidates for Corporate Officers and Corporate Auditors. The committee was established in 2005. Outside Director has chaired the committee since 2019 and Outside Directors are in the majority.
Executive Compensation Committee	Deliberates on the compensation of Directors and Corporate Officers and submits recommendations therefor to the Board of Directors, as well as provides advice to the Board of Corporate Auditors with respect to the compensation of Corporate Auditors with reference to market levels. The predecessor Compensation Committee was established in 1999 and the Executive Compensation Committee was established in 2003. Outside Director has chaired the committee since 2019 and Outside Directors are in the majority.

¹ These committees are voluntary and not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act.

Corporate Governance

Skill Matrix of Directors and Corporate Auditors

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

Meanwhile, based on the WORLD VISION “Happiness with Vision” and new long-term vision “Santen 2030,”

Santen endeavors to solve social issues through vision by standing by medical professionals and patients and providing innovative value as a Social Innovator beyond the borders of the pharmaceutical industry. Also, in these efforts, Santen will exercise leadership globally allowing us to contribute to people around the world based on ophthalmologic medical needs which differ depending on countries and areas.

Santen considers that, in addition to planning and carrying out corporate strategies as well as appropriate business administration, the knowledge, experience and ability described in the schedule below are specifically important from the viewpoint of the aforementioned principles and business orientation of Santen. In addition to the life science business and global viewpoint, Santen will continuously place emphasis on fields such as ESG and

service to society. Upon appointment of Directors and Corporate Auditors, Santen shall 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 limitations. Moreover, Santen respects the balance between Inside and Outside Directors to secure the objectiveness of discussions, and concurrently therewith, especially with regard to the Board of Corporate Auditors, it has been stipulated that a majority of its offices shall be taken by Outside Corporate Auditors who satisfy the criteria of independence to enhance the independence and neutrality of the audit.

Corporate Governance Meeting Composition (◎: Chairpersons of voluntary committees) (As of June 30, 2021)							Skill Matrix ²						
Position	Name	Board of Directors	Board of Corporate Auditors	Corporate Strategy Committee	Nominating Committee	Executive Compensation Committee	Corporate management	Life science business	Understanding medical field and patients	Global leadership	Finance and accounting	Legal affairs and risk control	ESG and service to society
Director	Akira Kurokawa (Representative Director)	○ Chair		○	○	○	●	●	●				
	Shigeo Taniuchi (Representative Director)	○		◎	○	○	●	●		●			
	Takeshi Ito (Director)	○		○				●	●				
	Kanoko Oishi (Outside Director)	○		○	○	◎	●		●				●
	Yutaro Shintaku (Outside Director)	○		○	◎	○	●	●		●			
	Kunihito Minakawa (Outside Director)	○		○	○	○				●	●	●	
Corporate Auditor	Hiroshi Isaka (Standing Corporate Auditor)	○	○ Chair					●	●				
	Yasuyuki Miyasaka (Outside Corporate Auditor)	○	○								●	●	
	Hirofumi Yasuhara (Outside Corporate Auditor)	○	○				●		●	●			
	Yumiko Ito (Outside Corporate Auditor)	○	○						●		●		●
Meetings (April 2020 – March 2021) ¹		14 times	10 times	4 times	5 times	7 times							

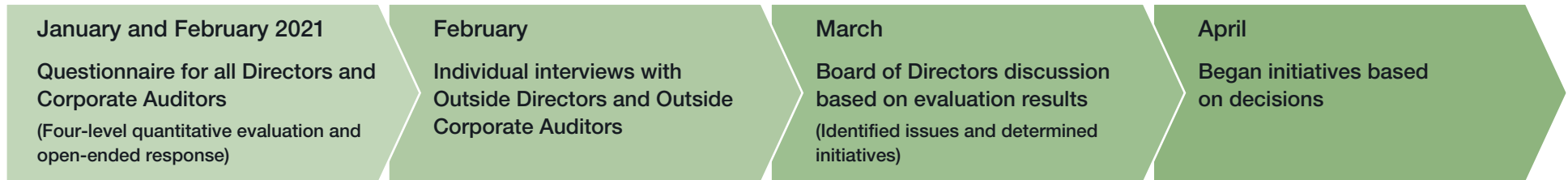
¹ In fiscal 2020, the average attendance rate for Outside Directors and Outside Corporate Auditors at meetings of the Board of Directors was 100%. The average attendance rate for Outside Corporate Auditors at meetings of the Board of Corporate Auditors was 100%.

² Among skills respectively held, two or at most three skills, which are specifically advantageous or those with strong relevance to the businesses of Santen, are described.

Corporate Governance

Analysis and Evaluation of the Board of Directors' Effectiveness

Santen's Board of Directors used the following process to conduct an evaluation of its effectiveness in fiscal 2020, with the aim of further enhancing the role and function of the Board of Directors. The questionnaires addressed the three main areas of : the function of managerial decision-making, the function of managerial monitoring, and the support system for Outside Directors.



Results of the Fiscal 2020 Evaluation	Issues and Future Initiatives
<p>Evaluated as Positive</p> <ul style="list-style-type: none"> • The composition of the Directors is well balanced. • There is a well-organized environment in which multifaceted, free and open exchange of views can take place including a climate where opinions of Outside Directors are accepted, and such exchange of views actually take place • Provision of information to Outside Directors is made in a proactive and appropriate manner. 	<p>Further enhancement of discussions regarding risk evaluation</p> <ul style="list-style-type: none"> • Performance of objective and multifaceted risk evaluations by way of clarifying achievement targets in investment projects where Santen has little experience, as well as strengthening the utilization of independent advisers in the course of evaluating risk • Certain feedback to the Board of Directors regarding discussions of risk evaluation and countermeasures on the executive side • Thorough evaluation using objective financial indicators including cost of capital <p>Strengthening of monitoring research and development projects</p> <ul style="list-style-type: none"> • Strengthening of confirmation of progress from a long-term viewpoint including investment profitability <p>Sharing of the status of internal and external stakeholders with Outside Directors</p> <ul style="list-style-type: none"> • Promptly report and share the shareholders' voices and reactions from the executive to Outside Directors • Increase opportunities for internal on-site personnel, including sales and marketing, production, development and the like, to have a point of contact with Outside Directors.
<p>Evaluated as Improved</p> <ul style="list-style-type: none"> • As for the material matters for deliberation in the meetings of the Board of Directors, appropriate time was secured and sufficient discussions were made. • As for the resolved matters, the monitoring of subsequent progress was appropriately conducted. 	

Santen's Board of Directors has assessed that its effectiveness was ensured for fiscal 2020. We recognize that, in addition to our continuing efforts, the result of our efforts to improve the issues we recognized in the evaluation of the effectiveness of the Board of Directors in fiscal 2019 has contributed to this evaluation.

More specifically, to realize fruitful deliberations in the meetings of the Board of Directors, as for material strategic matters as well as research and development matters, the Board of Directors endeavored to hold organic collaboration for medium- and long-term strategies, business and

development portfolio discussions handled by the "Corporate Strategy Committee," a voluntary committee, and the individual agenda items proposed to the Board of Directors. Concurrently therewith, the Board of the Directors endeavored to clarify the positioning of the individual agenda items in the overall strategies, and made an effort to organize issues. Also, the Board of Directors implemented a mechanism to perform regular and continuous monitoring to steadily link the resolutions at the meetings of the Board of Directors with their outcomes, and concurrently therewith, as for the construction of an internal control system,

endeavored to report on material items such as CSR and compliance more fully.

On the other hand, the necessity of making continuous efforts was discussed from the viewpoint of further enhancing the effectiveness, and further enriching the quality, of decision-making at the Board of Directors, as well as strengthening supervisory functions. In fiscal 2021, Santen will focus on the three points above as key initiatives, and, concurrently therewith, continuously review measures to enhance the effectiveness of the Board of Directors.

Corporate Governance

Strategic Discussion and the Role of the Board of Directors

Santen helps its Outside Directors and Outside Corporate Auditors understand the Company's businesses by creating opportunities for them to exchange opinions with executives in Japan and overseas and to hold interviews and visit sites at Group companies in Japan and overseas. However, COVID-19 curtailed these opportunities in fiscal 2020.

The purpose of the Corporate Strategy Committee, which is one of the voluntary committees of the Board of Directors, is to assemble Inside and Outside Directors to

discuss important policies and strategies such as business strategies and M&A as well as major investments. Inside and Outside Corporate Auditors also participate as observers as much as possible. Specifically, the committee's role is to complement strategy discussions at Board of Directors by serving as a forum for a full contextual understanding and preliminary discussions regarding important matters including discussions of medium-to-long-term business strategies, overall portfolio

strategy and pipeline development status. Santen is improving the quality of Board of Director discussions while incorporating outside knowledge by taking the time to discuss important matters and strategies for the Company's medium-to-long-term growth.

In addition, Outside Directors and Corporate Auditors can also observe the Corporate Management Meeting, which is Santen's highest executive decision-making body.



Corporate Governance

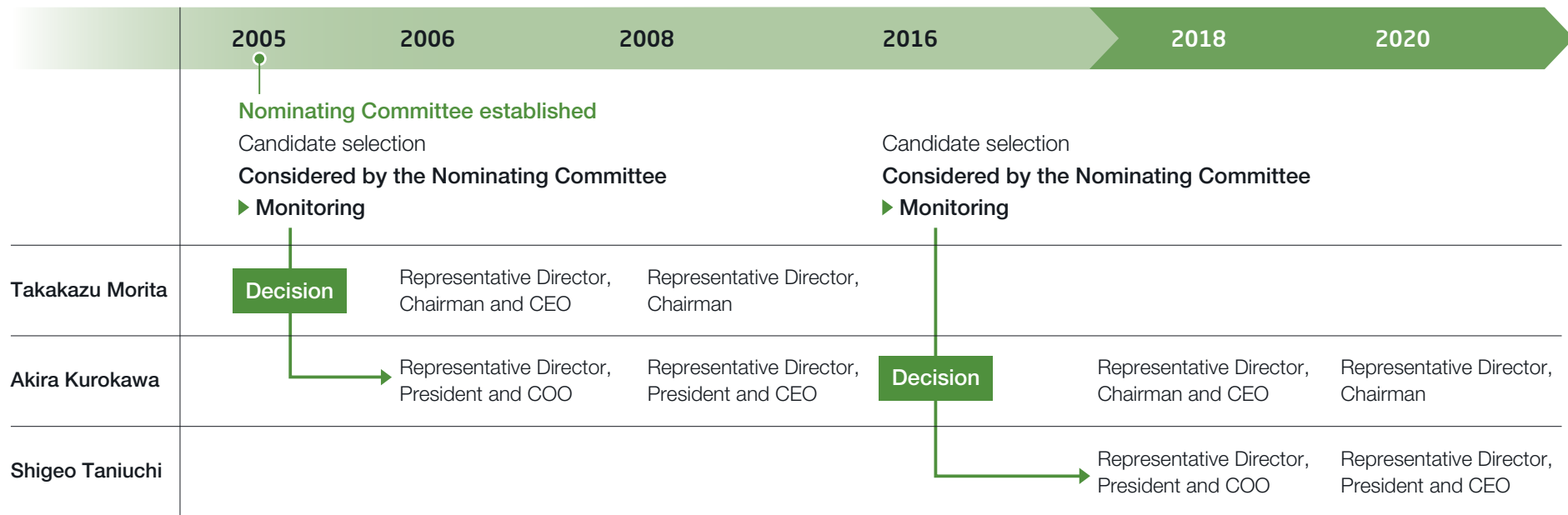
Succession Plan for the CEO and Other Top Executives

Santen's Representative Director recognizes that the preparation of succession candidates for the Chief Executive Officer (CEO) and other top executives is one of the Representative Director's most important responsibilities, and systematically promotes discovery, selection and cultivation of candidates. The Nominating Committee, chaired by an Outside Director and the majority

of which is composed of Outside Directors, provides advice, and oversees the planning and implementation of, such succession plan. In determining successors, the criteria, evaluation, and methods for the selection of successors are determined by the Nominating Committee, which determines a plan for successors after deliberating on whether or not any successor (including those for

outside executives) holds the appropriate credentials, achievements and the like, and then recommends successors to the Board of Directors. The Board of Directors oversees whether or not the succession plan is appropriately progressing, deliberates the succession plan prepared by the Nominating Committee, and determines successors.

New CEO Succession Process



Approach to Strategic-Shareholdings

Santen shall hold shares as strategic-shareholdings when it determines that they will entail medium-to-long-term strengthening of business relationships with the Company and contribute to enhancing its corporate value. Upon shareholding, Santen will verify the propriety of holding each

particular issue of stock 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 shareholdings of stocks that are deemed to

have little meaning. In fiscal 2020, Santen sold shares in two companies, one of which was a complete divestiture. The sale reduced assets on the balance sheet by JPY 3,044 million.

Corporate Governance

Executive Remuneration

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. The Company 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:

Basic Policy

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

Composition of Executive Remuneration

Compensation for Directors (excluding Outside Directors) has three components: base salary, annual bonus, and stock-based remuneration (medium-to-long-term incentives). Outside Directors and Corporate Auditors receive fixed monthly remuneration, and they do not receive performance-linked remuneration so as to promote appropriate supervisory performance. In addition, Outside Directors who chair voluntary committees, including the Executive Compensation Committee, receive allowances for acting as chair.

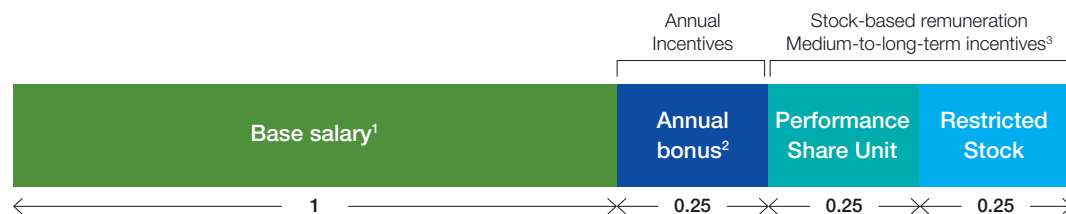
With the start of the medium-term plan MTP2025, performance metrics for annual bonus and Performance Share Unit (PSU) were deliberated by the Executive Compensation Committee and approved by the Board of Directors. The new evaluation metrics promote a shift in

focus from quantity to quality and transformation into a truly global company, which are MTP2025 management themes for the future. The objective is to effectively implement strategies and achieve primary financial and non-financial goals during each year of the plan while also achieving the goals of the medium-term plan and sustainable growth. In addition, PSU incentivize continuous increases in medium-to-long-term corporate value with a focus on indicators related to total shareholders return (TSR) and ESG.

Santen will further strengthen its commitment to ESG management and promote clearly defined initiatives. The Company has therefore decided to set individual performance targets for the CEO beginning in fiscal 2021 that will include ESG-related goals (▶See ★ on page 56).

These goals include making the transition to eye drop containers that use biomass plastics, promoting diversity, equity and inclusion (DE&I) with a focus on making senior management more diverse, and enhancing internal control. In addition, the Company will introduce a globally harmonized performance management and compensation program for all employees, including senior management to promote globalization. The Company will also take a phased approach to further inculcating a performance culture based on performance-linked remuneration. Moreover, the Company plans to improve compensation governance in ways such as reviewing compensation levels and pay mix and making compensation decisions more transparent to help achieve the goals of the medium-term plan and further enhance corporate value.

Composition of Remuneration



- 1 Base salary:** Fixed monthly salary for each grade based on job evaluation
- 2 Annual bonus:** Performance-linked remuneration for steady results that help achieve business performance targets each year. It consists of a company performance-linked component based on single-year performance metrics and an individual performance-linked component. Both components are determined within the range of 0% to 200% of target bonus.
- 3 Stock-based remuneration (medium-to-long-term incentive):** Santen has two stock-based remuneration plans with the aim of encouraging executives to proactively engage in achieving the Company’s vision and strategy, and to promote the further sharing of value with shareholders.
 - Performance Share Unit: Shares are issued at a rate determined in the range of 0% to 200% according to the degree of achievement of the performance metrics set for a certain period, such as the period of the medium-term plan. Shares are issued in a single block after the assessment period ends.
 - Restricted Stock: A stock-based remuneration plan in which restricted shares are granted each fiscal year. Transfer restrictions are lifted three years after each condition such as service for a specified term of office has been satisfied.

Corporate Governance

Executive Remuneration (Fiscal 2020)

Type of Remuneration	Targets	Actual results	Payout ratio	Position	Total remuneration (JPY millions)	Total remuneration (JPY millions)					Number of eligible executives
						Base salary	Annual bonus	Performance Share Unit	Restricted Stock	Non-monetary remuneration included at left	
Annual bonus	Revenue: JPY 235,000 million	Revenue: JPY 249,605 million	69.5%	Directors (excluding Outside Directors)	316	218	48	5	45	48	3
	Core operating profit: JPY 52,000 million	Core operating profit: JPY 50,101 million									
	ROE (IFRS basis) 7.5%	ROE (IFRS basis) 2.2%									
Performance Share Unit	Revenue growth rate (CAGR): 6.0%	Revenue growth rate: 3.5%	39.3%	Corporate Auditors (excluding Outside Corporate Auditors)	26	26	—	—	—	—	2
	Average core operating profit ratio: 20.5%	Average core operating profit ratio: 20.5%		Outside Directors	53	53	—	—	—	—	3
	Average ROE (IFRS basis): 10.7%	Average ROE (IFRS basis): 7.1%		Outside Corporate Auditors	38	38	—	—	—	—	3

The number of recipients is the total who held office during fiscal 2020, including one Corporate Auditor who retired due to the expiration of his term of office at the conclusion of the Ordinary General Meeting of Shareholders held on June 24, 2020. Total non-monetary remuneration for Directors (excluding Outside Directors) was JPY 3 million for the Performance Share Unit and JPY 45 million for Restricted Stock.

Performance Metrics and Weighting of Annual Bonus and Performance Share Unit from Fiscal 2021 (in the case of the CEO)

	Annual bonus		Performance Share Unit			
	Performance metrics	Weighting	Performance metrics	Weighting		
Evaluation metrics and weighting from fiscal 2021 (PSU performance period: 3 years from fiscal 2021 through fiscal 2023)	Company performance (80%)	Revenue	0.2	Company performance (100%)	Relative total shareholders return (TSR) ¹	0.8
		Operating profit ratio (IFRS basis)	0.4		ESG-related indicators ²	0.2
	Individual performance (20%)	ROE (IFRS basis)	0.2			
		ESG-related indicators★	0.2			
(Reference) Performance metrics and weighting through fiscal 2020 (PSU performance period: 3 years from fiscal 2018 through fiscal 2020)	Company performance ³ (100%)	Revenue	1/3	Company performance (100%)	Revenue growth rate	0.4
		Core operating profit	1/3		Average core operating profit ratio for the period	0.4
		ROE (IFRS basis)	1/3		Average ROE for the period (IFRS basis)	0.2

Chairman's annual bonus: Company performance-linked component weighted at 100% of the total annual bonus.

Annual bonus for Inside Directors other than the Chairman and the CEO: Individual performance is evaluated using the Balanced Scorecard based on Group-wide and departmental objectives set from the perspective of Group-wide execution. Corporate Officers are also compensated under the same system, but with different weightings.

¹ Peer group of global life science companies

² Based on results of assessment by an external evaluation organization

³ 80% for Inside Directors other than the Chairman and the President, with the remaining 20% linked to individual performance

Corporate Governance

Development of the Internal Control System

In accordance with Japan's Companies Act and the Ordinance of Enforcement of the Companies Act, Santen has passed a resolution regarding the development of a system to ensure appropriate operations (Basic Policy on Internal Control). The operating divisions regularly report on the status of the development and implementation of the

system to the Board of Directors, while the Board of Directors gives instructions and makes course corrections as necessary, in order to qualitatively enhance the development and implementation of the internal control system and expand its scope. Each Group company is upgrading its internal control system.

In addition, Santen has and uses internal controls related to financial reporting in accordance with assessment and auditing standards and implementation standards for internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

Risk Management

For the Santen Group to respond appropriately to foreseeable major risks of loss related to its business activities, in accordance with the rules on risk management, each of its Group companies and organizations shall endeavor to comprehend and manage risk of loss from normal times, construct systems for formulating policies and countermeasures and for gathering information, and endeavor to avoid or minimize risk of loss.

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, as well as institute measures to prevent a recurrence.

In addition, the Internal Auditing Group shall conduct internal audits of the status of management of the risk of loss within the Santen Group from an independent viewpoint.

Santen is expanding its businesses globally and a high level of compliance with various regulations as well as stable product supply are required from the pharmaceutical industry. The Company must also address various risks. Therefore, it regularly assesses risks to clarify those that

could have a material impact on its businesses and formulates and discusses measures to mitigate major risks in the course of ongoing risk management activities.

In fiscal 2020, Santen conducted an assessment in collaboration with an external investigation company to visualize risks Group-wide and identify and evaluate material risks. As a result, the Company has confirmed that it is appropriately controlling internal and external risk factors, found no material instances of non-compliance or fraud, and reaffirmed that its corporate culture and environment are generally favorable for precluding risk.

Compliance Initiatives

Santen has established the Compliance Committee consisting of officers in charge of each region and functional organization to promote and strengthen compliance Group-wide. In addition, in order to promote activities more effectively, the Company has assigned a compliance officer for each region under the Chief Compliance Officer to foster employee awareness of compliance and ensure compliance with laws and regulations through activities such as thoroughly communicating and inculcating global

compliance policies and providing regular compliance training for all employees.

Santen has made it easier for all employees, including full-time employees, contract workers, temporary workers and others, to consult and report on suspicious actions related to compliance by establishing internal consulting and reporting desks that respond in various languages in its operating countries and regional bases. Additionally, Santen has established external helplines through external third

parties such as lawyers that receive reports in the regions it serves worldwide. Incoming consultations and reports are investigated and addressed appropriately, with regular management reporting. The Compliance Rules applied to all Group companies stipulate that there must be adequate measures in place to protect internal whistleblowers in each region.



Contributing to Santen's Robust and Sustainable Growth

Mika Masunari

Corporate Officer

General Counsel (GC)

Chief Compliance Officer (CCO)

Head of Legal and Compliance Division

Legal and Compliance Initiatives that Support Sustainable Growth

Our CORE PRINCIPLE guides us in doing business with a constant focus on people to achieve “Happiness with Vision” for people all around the world. As a healthcare company, we build appropriate and transparent relationships with healthcare professionals and patients and protect the privacy and rights of individuals in the course of our business. The Santen Group therefore particularly emphasizes “compliance focused on preventing corruption” and “protection of personal information.”

In formulating policies and regulations, we establish global rules all entities and employees in Santen Group must observe to do business in “Santen’s” way in line with our CORE PRINCIPLE. At the same time, for smooth operations at business front lines, we clarify the scope of flexibility which may be adjusted to adapt to the local laws and business operations. We will continue to enhance our globally-optimized compliance program and thorough awareness of employees, thereby contributing to robust business growth.

Santen is expanding into new regions and areas to

generate medium-to-long-term growth. In 2020, we acquired Eyevance to establish a business foundation in the United States. For us to successfully launch businesses in the United States, one of the most important regions for our medium-to-long-term growth strategies, it is critically important to appropriately control legal and compliance risks. By advancing post-merger integration (PMI) from the perspective of legal affairs and compliance, we will make sure that businesses are conducted appropriately in line with our CORE PRINCIPLE and our standards, even at an acquired companies originally having different corporate cultures and processes.


Our role in the Legal and Compliance Division is not limited to risk control, but rather, we should have a perspective of “value creation” for achieving medium-to-long-term growth. As Santen takes on new challenges, we will always consider what kind of professional support we can provide for developing new businesses and what role the Division can play to maximize business value. In doing so, we will continue to contribute to Santen’s robust and sustainable growth.

Corporate Governance


Santen's Response to Business Risks

Assessment points	Potential risks	Status of response
Global compliance	Violations of social norms, laws and regulations could have a material impact on Santen Group management by negatively affecting the Santen Group's operating performance and business continuity.	<ul style="list-style-type: none"> The Group has systemically enhanced global compliance with the Global Compliance Policy. A systematic global education program for all employees is in place and operational. Santen fosters awareness of compliance and strengthens legal compliance by designating a month to inculcate the Santen Code of Practice, supported by messages from the CEO and regional senior management. An integrated Group-wide system to identify issues and ensure appropriate follow-up is in place and operational.
Production and Supply	Pandemics, natural disasters, fires and other incidents may impede or delay global production. (Example: Temporary suspension of production at the Suzhou Plant due to COVID-19)	<ul style="list-style-type: none"> Create processes, systems and other mechanisms to ensure stable supply. Remain abreast of actual conditions and respond to issues by planning, monitoring execution, and assessing risk. Structure product manufacturing and supply for compatibility with rigorous logistics regulations in Europe. Visualize and centralize global inventory management and production planning. <p>Note: The stable supply of products has been Santen's top priority in initiatives to counter COVID-19. The Company has maintained product inventory levels, ensured factory safety, and created an environment that enables factory workers to work remotely.</p>
Investment	Initially expected effects and earnings from alliances with other companies, M&A (introduction of products or technologies, acquisitions and joint ventures, etc.) and capital investment may not materialize. (Example: Acquisition of Eyevance)	<ul style="list-style-type: none"> Implement investment decisions in line with internal evaluation criteria based on cost of capital. Establish Corporate Strategy Committee to discuss key strategic issues. Organically coordinate discussions of medium-to-long-term strategy, businesses and development portfolio with individual projects for submission to the Board of Directors. Clarify the position of individual projects in overall strategy and lay out issues for discussion. Introduce a framework for regular, ongoing monitoring of matters the Board of Directors has resolved to support steady results.
IT Security and Information Management	Possibility of information leakage or system outage due to system weaknesses, cyberattacks or computer viruses	<ul style="list-style-type: none"> Implement and maintain an information security management system based on the ISO 27001 standard to ensure the confidentiality, integrity, and availability of information necessary to maintain operational and regulatory continuity and strategic competitive advantage. Establish internal regulations such as the Global Data Privacy Policy, the Information Security Policy, and the Document Management Policy to address cybersecurity risks. Implement human measures centered on security training and drills, organizationally strengthen security governance, and implement technological measures.
Pharmaceutical Regulatory Trends	Impact on business performance from regional and national government regulations for medical insurance and drug prices (Example: Impact of Volume-Based Purchasing in China)	<ul style="list-style-type: none"> Accelerate the development of new drugs with high added value. Pivot from long-listed products to a portfolio centered on new drugs. Help ensure drug approval and fair pricing by strengthening global regulatory and market access capabilities.

See the following sites for more information on corporate governance.

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



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

