

Sustainability Strategy



Takahiro Morita
Global Head of Core Principle & Sustainability

Based on our CORE PRINCIPLE of *Tenki ni sanyo suru* (exploring the secrets and mechanisms of nature in order to contribute to people’s health), we have always sought to contribute to the sustainable development of society and to enhance our corporate value over the medium to long term, pursuing the happiness of patients and their loved ones through our businesses. This commitment will never change.

To achieve our WORLD VISION, to achieve the Happiest Life for every individual through the Best Vision Experience, we focus on our business as a specialized pharmaceutical company dedicated to ophthalmology. At the same time, we place great importance on inclusion, emphasizing balance in gender, nationality, and other attributes, as well as more active participation by visually impaired persons (→ Page 38). Furthermore, we seek to make strides in ESG, such as by reducing CO₂ emissions in the manufacturing process and using water resources effectively (→ Page 42).

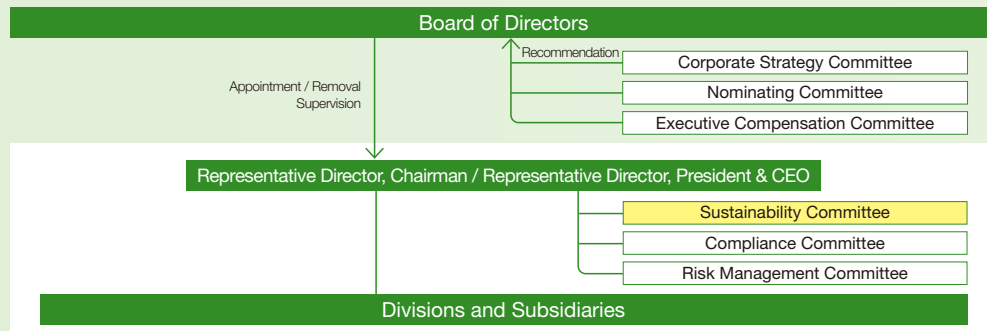
Individual divisions may find it challenging to address issues such as those relating to human rights, labor, the environment, and anti-corruption on their own. These issues require a company-wide, global response across divisions and regions.

Moreover, expectations and demands for disclosure will only become increasingly sophisticated in the future. Taking this trend into consideration, we endeavor to contribute to the sustainability of society and Santen by implementing the measures required of us as a company appropriately and steadily, working in cooperation with related divisions and striving for transparency.

• Social & Environment

33 Sustainability Strategy

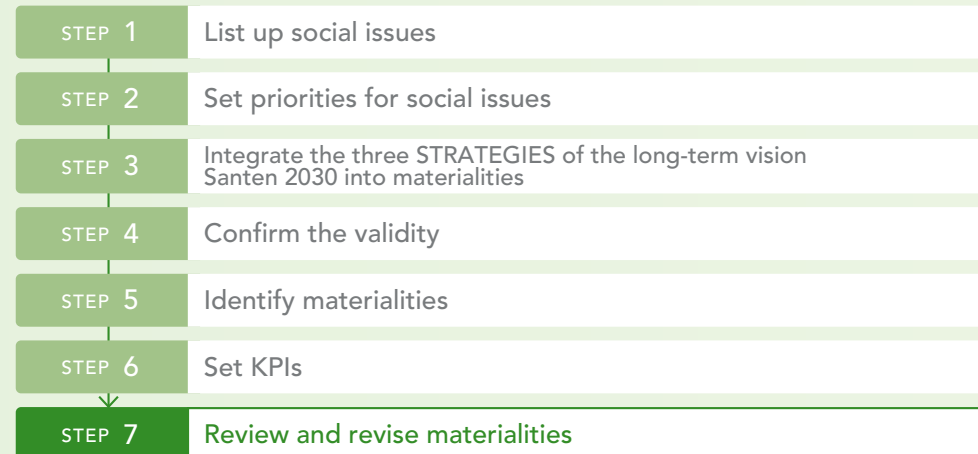
Sustainability Promotion System



Santen has established a Sustainability Committee, chaired by the CEO and composed of Corporate Officers from relevant departments. The committee deliberates and determines Group-wide policies and targets for sustainability promotion activities. These targets are based on the CORE PRINCIPLE, Sustainability Policy, Group strategies, and social issues that include human rights, labor, environment, and anti-corruption. The Sustainability Committee is also responsible for specific sustainability initiatives and deliberations on important related matters.

We communicate decisions and other information through the executive management of each department. Matters related to Group management strategies are proposed to the executive committee for approval, and important matters are referred to the Board of Directors. We appoint a Corporate Officer as Global Head of Sustainability to oversee company-wide sustainability activities.

Materiality Identification Process



In March 2023, we reviewed our 13 materialities. We revised them based on discussions with external experts, evaluation criteria used by ESG evaluation organizations, importance to Santen,¹ and importance to society, and the Board of Directors identified our two current most important materialities to be *Market penetration of products with social significance* and *Human resource development and promotion*.

¹ Foreseen impact of risks/opportunities: Large (JPY 3.0 billion or more), medium (JPY 1.0 billion or more but less than JPY 3.0 billion), or small (less than JPY 1.0 billion)



Market Penetration of Products with Social Significance

KPI Contribute to more than 50 million patients¹ (FY2025)

The cornerstone of our growth strategy and the very reason for our existence as a company is to respond to unmet needs through product and service innovations in the field of ophthalmology, contributing to patients through the pursuit of commercial excellence. We strive to achieve wider market adoption of our valuable products based on the strategies outlined in our new medium-term management plan.

Risks

- The impact on profits could be significant if we fall behind competitors in either of the following areas and are unable to gain market share due to a decline in competitiveness in relevant markets.
 - Addressing the needs of patients faced with issues relating to inadequate early detection, diagnosis, or adherence to treatment.
 - In the medium- to long-term, market penetration activities for patients who do not have access to medical care due to inadequate healthcare systems in developing countries, etc.
- Drastic changes in the market environment due to government policies, such as not including the Company's mainstay products in the volume-based purchasing list in China and other countries, could have a major impact.

Opportunities

- In the short term, we will strengthen our activities aimed at commercial excellence in existing markets, provide information that creates value in medical processes, seek further product market penetration, and better treatments.
- In the medium term, we will continue to pursue commercial excellence, and provide products for underserved diseases such as myopia and ptosis.
- In the long term, we will continue to develop and offer new products and services to serve more patients.

Response Measures

- Improve treatment adherence rates for chronic diseases, such as glaucoma and dry eye, in existing markets.
- Introduce new products that address unmet needs, and develop and expand sales channels in the field of out-of-pocket medical treatments for diseases such as myopia and ptosis, areas not previously addressed by the Company.
- Eliminate bottlenecks in the patient journey from diagnosis through ongoing treatment for diseases and in regions with large numbers of untreated patients, thereby expanding access to medical care for more patients.

External Impact

Reduce social and economic opportunity losses around the world arising from eye diseases and conditions. Minimize economic losses due to vision impairment—estimated at USD 410.7 billion² annually—to the greatest extent possible.

- In the short term, contribute to the treatment of more patients in existing markets.
- In the medium to long term, contribute to the treatment of patients with myopia, ptosis, and other underserved or unmet medical needs, as well as patients in countries and regions we have not served in the past.

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33 Sustainability Strategy



Wishes and expectations regarding eye care received at the 36th World Ophthalmology Congress (WOC2018)



¹ Estimated total no. of patients to which Santen has contributed (disease areas: inflammation/allergies, cornea, glaucoma, cataracts) in FY2019 was approx. 43 million, calculated based on JMDC's estimated total no. of patients for Santen's Rx products and Santen's shipment data. We revised the previously announced target when the new medium-term management plan was formulated.

² The Lancet Global Health Commission on Global Eye Health: vision beyond 2020



Human Resource Development and Promotion



- Complete human resource development program restructuring in FY2023, and have all employees complete the relevant training programs by FY2025
- Evaluate and coach all managers in key positions by FY2025
- Clarify successor candidates for key positions by FY2023 and implement specific measures to systematically secure, train, and assign successor candidates by FY2025
- Raise the ratio of female managers in Japan to at least 20% by FY2025

Our most important assets are people who understand our CORE PRINCIPLE and strategy, and who aim to achieve the Happiest Life for every individual, through the Best Vision Experience. It is essential that we educate, train, and promote such people to responsible positions. We consider diversity as we systematically develop and promote employees who are people- and patient-centered, who contribute to the sustainable growth of the Company on a global basis, and who are ready to rise to the most appropriate positions at the right time and place.

Risks

- The Company could face major obstacles in employee motivation and business growth if it does not strategically and systematically train, reskill, and promote employees from within, in addition to being able to recruit personnel from outside who can contribute immediately.
- A strategic portfolio of human resources is essential. Failure to hire the right people at the right time and assign them to the right place could lead to significant business losses.
- Human resource losses due to an increase in turnover or other factors, could lead to organizational dysfunction.

Opportunities

- A strategic and systematic training system to increase engagement and attract talent may contribute significantly to profits and reduce the cost of sourcing talent from external sources.
- Increased operational productivity could have a positive impact on earnings.

Response Measures

- Develop human resources with a deep understanding of the CORE PRINCIPLE, WORLD VISION, and the strengths we need, and who can execute our strategy globally.
- Provide human resource management education to improve leadership skills for those in key management positions responsible for strategy planning, implementation, and reform.
- Clarify successor candidates for key positions and implement specific actions for systematic recruitment, training, and assignment.
- Promote women to managerial positions in Japan as one specific component in diversity.

External Impact

Contribute to society through human resource mobility

- The mobility of highly skilled human resources resulting from human resource development will have a positive impact on society.

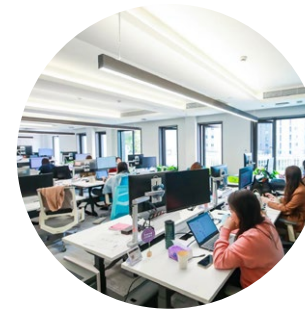


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33 Sustainability Strategy



Human Capital



Santen works to strengthen organizational capabilities and achieve sustainable growth based on an organizational culture that promotes value creation.

The Human Resources We Most Seek

In order to realize Happiness with Vision

Human resources that always act "people-centric" and think about "people's happiness"

Human resources that are attentive to changes in environment surrounding ophthalmology and people's needs, and think with a viewpoint considering all possibilities and Santen's unique strengths driving our strategy

Human resources that co-create, continue to innovate and take on new challenges to solve problems globally

Autonomous human resources who lead by example and strive for personal growth and career development to maximize the value of their contributions

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36 Human Capital

Human Resources Needed to Achieve Sustainable Growth

Santen defines the human resources we look for based on our CORE PRINCIPLE and Happiness with Vision. We aim to help solve social issues caused by eye diseases and defects by leveraging our strengths as a healthcare company specialized in ophthalmology. Each Santen employee drives the Company to achieve medium- to long-term growth and increases corporate value. We recognize this and focus on securing and developing human resources to execute our strategies.



Ensuring Diversity as Our Source of Organizational Strength

It is necessary for employees with diverse values and experiences to gather, engage in discussions, and respect each other's opinions for us to respond quickly to changes in the internal and external environment, as well as increasingly complex social issues. As such, Santen established the Diversity, Equity & Inclusion Policy and actively works to introduce a personnel system to encourage the activities of visually impaired employees, in addition to securing global human resources. We will focus on gender diversity and improving the ratio of female managers in Japan, as domestic issues still remain regardless of the country meeting certain global standards. Going forward, we are planning activities to raise awareness and will invite female leaders to serve as role models and speakers.

For details on Diversity, Equity & Inclusion, please see the Company's website.



Creating a High-Value-Added and Productive Work Environment

A work environment where diverse human resources play active roles serves as an important foundation in achieving organizational strength. In fiscal 2021, we introduced the Work from Anywhere Guideline. This guideline allows employees to flexibly choose where and when to work and enables each employee to proactively consider his or her own work style, thus improving individual and team productivity.

To further foster a healthy and quality organizational culture, we will conduct regular engagement surveys and work to identify any issues. Based on these survey results, we will build a system for each department to implement a PDCA cycle for improvement. In doing so, we aim not only to improve employee engagement, but also to maximize results associated with individual growth and improve the collective organizational capabilities of the group. In fiscal 2022, Santen conducted a company-wide engagement survey. Through this survey, **our branches in several countries were each certificated as a Great Place To Work[®], but the survey confirmed that we have room for improvement in our communications and collaborations. Santen will work to resolve these issues in the future.**



As part of this effort, we will create and expand opportunities for dialogue between management and members to encourage communication within each organization. Our approach will foster awareness in management to ensure their timely communication. In addition, we will encourage them to share the future of our business and organization with employees, as well as ensure active discussions on individual careers in the workplace. Career discussions are already a part of the system and are held during employee interviews with superiors. Conversations include past professional experiences, future career goals, and the opportunities and skill development necessary to achieve them.

We aim to maximize our contribution value to consumers and patients by continuing to improve the work environment while ensuring that each employee feels satisfied in their job in an optimal work environment that also guarantees psychological safety.



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36 Human Capital

For details on Employee Growth and Organizational Culture, please see the Company's website.



Blind Experience

Strengthening Organizations with a Program to Experience Working without Sight

What is it like to work without sight?

If you suddenly went from being able to see to losing your sight, how would you finish everything you need to get done today?

What can we do to “see” the world even with our eyes closed?



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38 Blind Experience

As a company specialized in ophthalmology, we want to bring about a society where people can interact meaningfully and lead active lives regardless of their visual ability. Part of that is about building positive and productive work environments for everyone. One of our initiatives is the Blind Experience program, which is designed to give a feel for blindness based on experiences of working together with visually impaired employees.

Participants first watch a video to learn how visually impaired employees operate personal computers and smartphones using speech input, and for many it is a novel realization to see how smoothly it is possible to work in this way. In the workshop afterward, participants are divided into two teams, and attempt to explain real presentation materials to the other team using voice alone, within a time limit.

Adjusting to not being able to use sight can initially be challenging, but as the teams share tips for communicating plainly and clearly, they come to appreciate how to devise methods of expression that are not reliant on documents and charts, or think of how to “see” the world even with their eyes closed. **In the end, all participants can experience for themselves how methods of communication that are suitable for employees with visual impairments to gain a good understanding are also better for everyone else’s understanding, regardless of disability.** This provides an opportunity to think of ideas for improvement and ways to use digital tools to enable more efficient communication.

At Santen, which aims to deliver happiness through vision, this activity focusing on the sense of sight serves not only as training to improve work productivity, but also as an

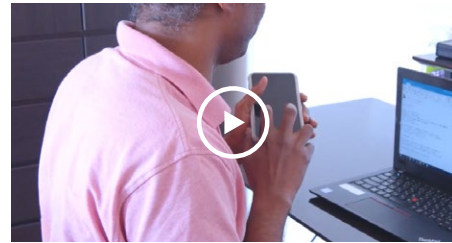
opportunity for every employee to revisit the importance of eye health, and what it means to work in this field.

The Blind Experience Advanced Course is conducted at each of our organizations globally, and a total of 3,885 people have participated as of April 1, 2023, with a participation rate of 91%. Through this and other programs, we are raising the level of employee engagement, and are enhancing interactive skills to promote understanding of visual impairments and better collaborate with diverse colleagues, thereby enhancing the organizational strength of the Santen Group as a whole.



Blind Experience Advanced Course (Excerpt of FY2022 content)

1 Watch this video showing one of our visually impaired employees working from home.

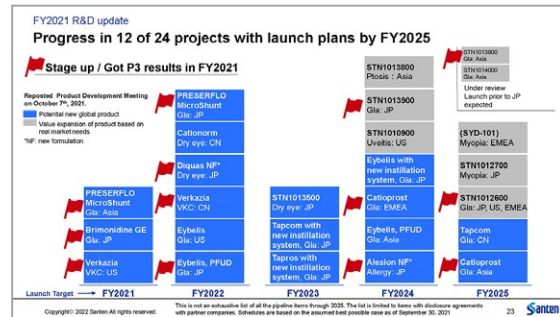


2 Explain part of the following financial briefing document to a visually impaired colleague. Then, listen to the verbal-only explanation and try to imagine the content being described.

Financial Results Presentation Materials

Task
Explain this slide in three minutes.

Note: This is a document used in the 2022 program, and is not the latest information. See Development Status (→Page 29) for the latest information on the development pipeline.



3 As you were giving the explanation what were you careful about to ensure ease of understanding? When receiving the explanation, what would you have liked the speaker to be careful about?

4 Consider the WORLD VISION, which describes the world Santen ultimately aspires to achieve, and share the role your job plays and any insights you have gained.

Taking the Blind Experience



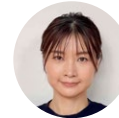
Yu Kajiwara
Translational Product Development, Ophthalmology Innovation Center

The program gave us time to think about the considerations necessary when working together with visually impaired colleagues. In relation to my actual work, the experience has made me more conscious of whether my presentations and explanations are easily understandable for all of our diverse team, which includes members from different language and cultural backgrounds.



Tetsuya Tsuji
Plant Administration Team, Manufacturing Division

Our role was to support each department's implementation of the program. The preparations for conducting it remotely were a bit challenging, but it was a great training opportunity overall. Our mission is to contribute to society through our products. For this reason, I feel it is very important to use such activities to think about how best to understand visual impairments and make reasonable accommodations for them, and to eliminate barriers due to unconscious assumptions.



Yoriko Yamashita
Solution Support Team, Japan Sales and Marketing Division

The experience of not being able to see made me more aware of the patient journey.¹ Understanding the daily lives, difficulties and feelings of patients, beyond just superficial knowledge of diseases, has helped us to earn the trust of doctors, foster empathy, and engage in deeper communication. I feel that this has made them more receptive to and happy with our new proposals.



Kenneth Li
Asia Region, Digital & Information Technology

The Blind Experience workshop is an eye-opening experience! I was very impressed by the great contributions our visually impaired colleagues are making to the Company and society. Through designing digital solutions, we can contribute to building a society with equity and inclusion. I look forward to the next program!

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38 Blind Experience



¹ A timeline representation of the patient's thoughts, behavior, treatment regimen, condition, and other aspects of the process from recognition of a disease through to treatment

Health and Productivity Management

Santen issued the Santen Declaration on Health in November 2018 to help ensure the health and well-being of all employees. We actively work to maintain and improve the physical and mental health of employees through health support measures in four areas: work style reform, mental health, eye health and lifestyle improvement. Here we feature one of Santen’s unique initiatives, eye examinations for all employees in Japan.

In addition to supporting the eye health of employees, Santen’s eye exams deepen employee understanding of eye disorders, and this understanding can then be reflected in products and services. These exams, which started as an initiative to contribute to society, are conducted once every three to four years. Although voluntary, about 60 percent of employees took advantage of the examination in fiscal 2022, the third time it was conducted (the first two were in 2015 and 2018), contributing to early detection of diseases and improvement of health awareness.

Detailed Nine-Point Eye Exam

Santen’s eye exam includes a standard vision test, objective refraction test (ref/keratometer), Amsler grid test, dry eye test (breakup time test), slit lamp exam, and fundoscopic exam (indirect ophthalmoscopy), but is distinctive in that it also includes the following three tests.

Intraocular pressure test (non-contact)

For this test, a non-contact tonometer uses a light jet of air from the testing device to measure the intraocular pressure (i.e. hardness) of the eye. Regular eye pressure checkups are useful for early detection of glaucoma and ocular hypertension.



Intraocular pressure test conducted using a non-contact tonometer

Humphrey visual field test

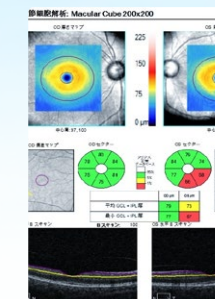
This test measures the sensitivity of the retina to light, examines the extent of the visual field and determines whether there are any areas with defects. During the test, which takes about five minutes for both eyes, patients hold a buzzer in one hand and press it to indicate when they perceive a light source in their visual field. In addition to detecting glaucoma, it can lead to the diagnosis of optic nerve and intracranial diseases, psychogenic visual disorders, and retinal diseases.



Humphrey visual field test

Ocular fundus three-dimensional computerized tomography

Using a device capable of computerized tomography (CT) scanning of the eye, a cross-section of the retina is taken to check the condition of the retina and optic nerve. It is useful for early detection and accurate diagnosis of glaucoma, age-related macular degeneration, and other conditions.



Example of the left eye of a patient with anterior segment glaucoma requiring observation (image courtesy of Taki Ophthalmology Clinic)

Santen Declaration on Health

Santen colleagues’ health and happiness lead to “Happiness with Vision” for people all over the world.

Under our CORE PRINCIPLE, *Tenki ni sanyo suru*, which means exploring the secrets and mechanisms of nature in order to contribute to people’s health, and as a company specialized in the field of eye health, we aim to bring about a world of Happiness with Vision that realizes the Happiest Life for every individual, through the Best Vision Experience.

One of the most important factors in realizing Happiness with Vision is that each and every colleague supporting Santen’s business activities is in a state of physical and mental health and well-being, and is able to work with purpose to fulfill their potential.

Santen always recognizes that colleague health is inseparable from improvement of the Company’s management foundations, and actively tackles the promotion of colleague mental and physical health.

Santen will continue to work on realizing the healthy and fulfilling life of colleagues and the continuous growth of Santen toward even greater contribution to the eye health of people worldwide.

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40 Health and Productivity Management





The Importance of Early Detection and Eye Health through Examinations

Santen has consistently worked to raise awareness of eye diseases and support treatment by means of early detection and treatment of eye-related diseases with the aim of preventing reduced quality of life and visual impairment. We have reinforced that commitment by encouraging our employees to have their eyes examined. With a renewed awareness of the importance of eye health, **our people have the opportunity to think more deeply about eye health from the viewpoint of disease awareness and prevention (namely, at the**

pre-examination and pre-treatment stage), and thus better take the perspective of patients into account when considering what kind of new added value Santen can provide to patients and ophthalmologists. Our employees can then connect this to their daily work.

Santen will continue contributing to better ophthalmic care through ongoing in-house education on eye health and provision of eye exams for employees.

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40 Health and Productivity Management

Feature

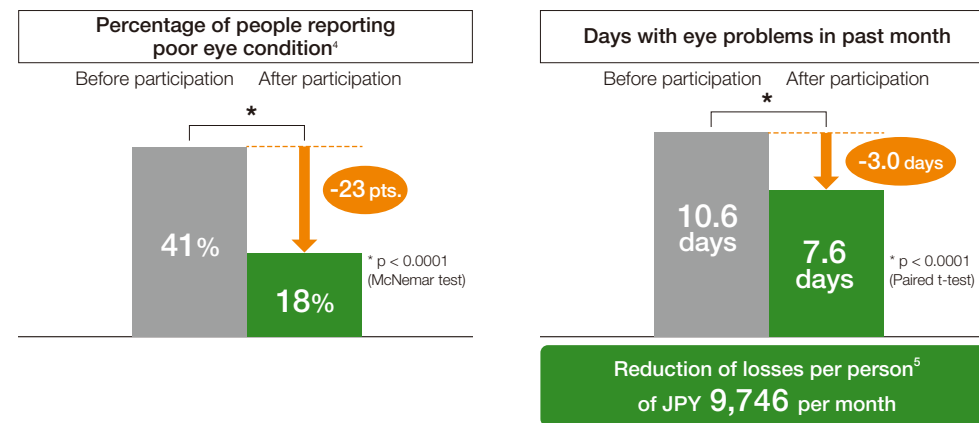
Actively Promoting Eye Health Outside the Company

Eye care program reduces presenteeism¹ losses, improving productivity by approx. JPY 9,700 per month per employee

Santen provides the Eye Care Challenge! Monthly Program² for companies practicing health and productivity management.

The program is designed to promote eye health by eliminating eye strain. During a one-month period from June to July 2022, Santen conducted the program at the Konica Minolta Health Insurance Society. Survey findings indicated that reduced presenteeism could be expected as a result.

Reduction of Losses Due to Eye Problems and Presenteeism³



¹ Presenteeism occurs when an employee attends work with an illness or other condition that results in reduced job performance and productivity.

² Co-developed by Santen and Cordbook Inc., this is a one-month program focusing on eliminating eye strain for employees of companies engaged in health and productivity management. Specific components of the program include: 1) Lectures by an ophthalmologist on dealing with tired eyes and dry eye syndrome, and useful knowledge about eye diseases, 2) Exercises to reduce eye strain and neck/shoulder strain under the supervision of an athletic trainer and physical therapist, 3) A self-check using Santen OptiNavi under the supervision of ophthalmologists, and 4) Follow-up provision of eye care information, exercise videos and other content for one month to encourage the formation of self-care habits. This service has been introduced at major Japanese companies in industries such as telecommunications, survey and research, and manufacturing.

³ Online questionnaire (conducted by Santen) ⁴ People who responded 0-4 in a self-assessment on an 11-point scale from 0 for "very bad" to 10 for "very good"

⁵ Amount of loss = JPY 3,200 × 8 hours × number of days with symptoms × decline in performance (Calculated using modified QQ method; JPY 3,200: Labor cost per person-hour of large manufacturers (Source: 2021 Basic Survey on Wage Structure))



Conservation of the Global Environment

Santen recognizes that conservation of the global environment is not only an important aspect of corporate social responsibility but also a means to strengthen the foundation of sustainable business growth. Under the environmental vision, Santen Vision for the Earth 2050, we are focusing on two areas: “measures against climate change” to realize a carbon-free society, and “environmental load reduction” to establish a recycling-oriented society.

Toward the Realization of a Sustainable Society

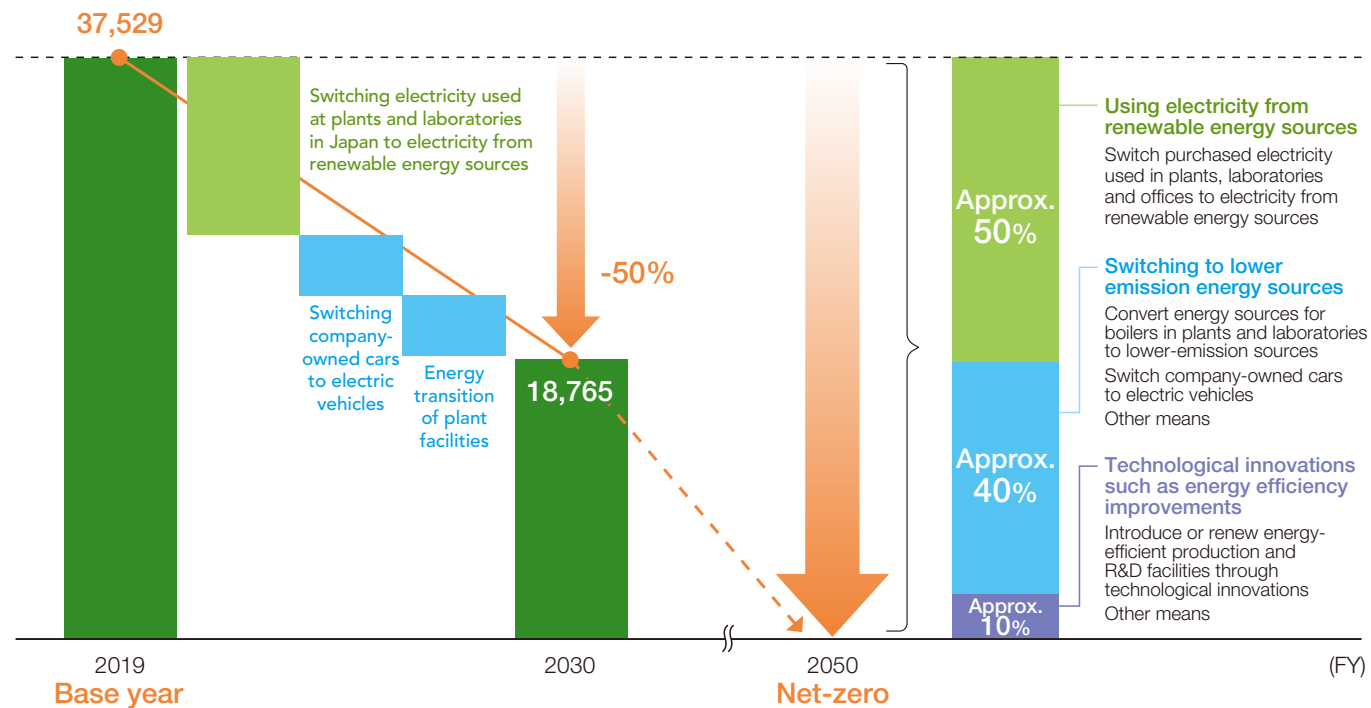
We are committed to achieving net-zero greenhouse gas emissions by 2050. Our CO₂ emission reduction targets for fiscal 2030 have been scientifically determined and approved by SBT. **By switching all purchased electricity for our plants and laboratories in Japan to electricity from renewable energy sources**, CO₂ emissions in fiscal 2022 decreased by approximately 25% compared to the previous year, an approximate reduction of 23,000 tons. We will continue to explore specific action plans to achieve a carbon-free society, including expanding the transition to electricity from renewable energy sources, switching to energy sources with lower emissions, and introducing technological innovations such as those enabling high-efficiency resource use.

Furthermore, our switch to eye drop containers made of biomass plastic is under way. As of March 2023, for 12 product items we have substituted ophthalmic plastic containers with containers made of biomass plastic without compromising patient-centered design and quality, and created new value through environmental load reduction.

Products that provide value not only to patients but also to the global environment have become a new source of competitiveness for Santen.

■ Roadmap to Achieving Net-Zero Greenhouse Gas Emissions by 2050

Scope 1 and Scope 2 (t-CO₂)



For more detailed information on climate change countermeasures, please see the Company's website.

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42 Conservation of the Global Environment





Environmental Initiatives at Production Sites

Santen recognizes the importance of not only ensuring high-quality, stable production capacity but also reducing environmental load in order to build a sustainable supply system.

In Japan, the Shiga Product Supply Center worked to transition to using a combination of electricity and gas for chilled water facilities, as well as to improve the water supply system so that it could use excess cold water, which reduced the need to operate conventional gas chillers, reduced CO₂ emissions and water consumption, and established a backup system in the event of a breakdown. Furthermore, when replacing refrigeration equipment at the Noto Plant, we introduced equipment with higher energy

efficiency, resulting in significant energy savings. At the same time, we were able to reduce the use of fossil fuels, instead using electricity. The plant also replaced wastewater piping in the filter system with a new system that enables wastewater to be reused, and is investigating the reuse of water from the cooling system used in the production process for eye drops.

At the Suzhou Plant in China, water recycling facilities have been installed in accordance with national regulations, and we already reuse more than 90% of water. In recognition of ongoing water-saving activities, the plant received a water-saving enterprise award from the local government of Jiangsu Province. In addition, we decided to begin the use of solar panels at the site in October 2023, which is expected to further reduce greenhouse gas emissions and electricity costs.



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42 Conservation of the Global Environment



Air cooled chiller at the Shiga Product Supply Center



Chilled water backup circulation pump at the Shiga Product Supply Center



Refrigeration equipment with improved energy efficiency at the Noto Plant

