

Chairman's Message

Eye health is an important part of happy and prosperous lives around the world. Many issues relate to the eyes in terms of a sustainable society. All of this suggests that the potential in ophthalmology is enormous, and that there is still much for Santen to do as a specialized company dedicated to ophthalmology.

Developing the capabilities of each employee and team is essential to achieving a recovery in near-term performance, as well as for medium- to long-term corporate growth. Moreover, the leaders at the forefront of this endeavor must be goal-oriented and have the right sense of determination. Most important of all is an open corporate culture where all employees are able to focus on their work. Santen has specialized in ophthalmic products, taking on common challenges hand-in-hand with all employees, and established an excellent reputation among customers for providing the best products and services. Now, Santen will require even greater capabilities and cooperation to grow worldwide. In order to realize our CORE PRINCIPLE, *Tenki ni sanyo suru*, on a global scale, it is time to mobilize the various knowledge and experience of all Santen's employees, Directors, and Corporate Auditors.

As Chairman of the Board of Directors, I will strive to improve the effectiveness of the Board to support the executive side of our business, and by extension, contribute to our patients, medical professionals, and employees.



Akira Kurokawa
Representative Director
Chairman



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The Role of the Board of Directors

In addition to a supervisory function, the Board of Directors makes decisions that impact business management. We are aware of the challenges and risks faced by executives, and we do our part to assist in resolving these challenges. To achieve what we have laid out in our medium-term management plan, we need a robust structure for execution. This structure relies on the development of human resources and appropriate task allocations in each functional department. I see the Board's role as one of supporting execution by sharing diverse opinions between the Board and executives, offering the Company constructive suggestions. In so doing, we come to have a deeper understanding of the Santen business and foster a like-minded environment based on the Company's CORE PRINCIPLE. Discussions supported by the individual experiences and skills of Board members also improve the effectiveness of the Board of Directors.

Expectations for Execution

While we expect those responsible for execution to consider and implement a wide range of opinions to solve problems and achieve goals, it is very important for the Board to discuss issues with executives from the same perspective and in an impartial manner. The same is true for the relationships between employees and their supervisors. While we understand the need for structural reform and other top-down initiatives, bottom-up

initiatives are equally important for improving productivity in day-to-day operations and reforming our corporate culture. Santen is a company that emphasizes steady, daily efforts. We ask employees around the world to think deeply about patients, changes in the competition and other aspects of the operating environment, and the needs of society, seeing from the customer's point of view and discussing the added value he or she must offer, taking action promptly with goals in mind. Challenging ourselves through a repeated cycle of PDCA is also very important. It can be tiring to try again and again, but we want Santen to be a place where employees and all stakeholders are excited about the struggle toward realizing the goals that lie ahead. I want employees to embrace the desire to grow together with the Company. I also want Corporate Officers and other leaders to think deeply about how to share the excitement of the Company with other members of the organization. I can assure you that the Board of Directors is committed to supporting those involved in execution and aspiring for growth, guiding discussions toward the best way to achieve this growth.

Today's business environment is daunting, but we will continue to take on challenges in a positive manner. I ask you, our patients, employees, investors, and other stakeholders, for your continued support.

Akira Kurokawa
Representative Director
Chairman

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Corporate Governance Basic Approach and Related Initiatives

Santen believes that it is vital to enhance and strengthen its corporate governance system in order to maintain and increase corporate value, and thus returns to shareholders. Santen has adopted a “Company with a Board of Corporate Auditors” system as defined in Japan’s Companies Act. The functions of the Board of Directors are to make decisions on important matters relating to the execution of business and to supervise the execution of business by the management team and the Directors. Santen’s Board shall operate in a manner that maximizes the effectiveness of both these functions.

Santen expects Outside Directors to leverage their diverse

experience and knowledge through active involvement in decision-making on specific managerial issues at Board of Directors meetings. Santen also asks them to provide opinions and recommendations from the perspective of strengthening the management supervisory function. When appointing Directors and Corporate Auditors, Santen shall consistently ensure balance and diversity by selecting people with a variety of backgrounds in terms of expert knowledge and experience, which ensures their capacity to provide advice and supervise management with a multifaceted perspective, and shall value individuals without any other distinctions based on such

attributes as gender, age, nationality, race, or ethnicity. Furthermore, a majority of the Board of Directors and the Board of Corporate Auditors shall consist of Outside Directors and Outside Corporate Auditors, respectively, to enhance independence and neutrality.

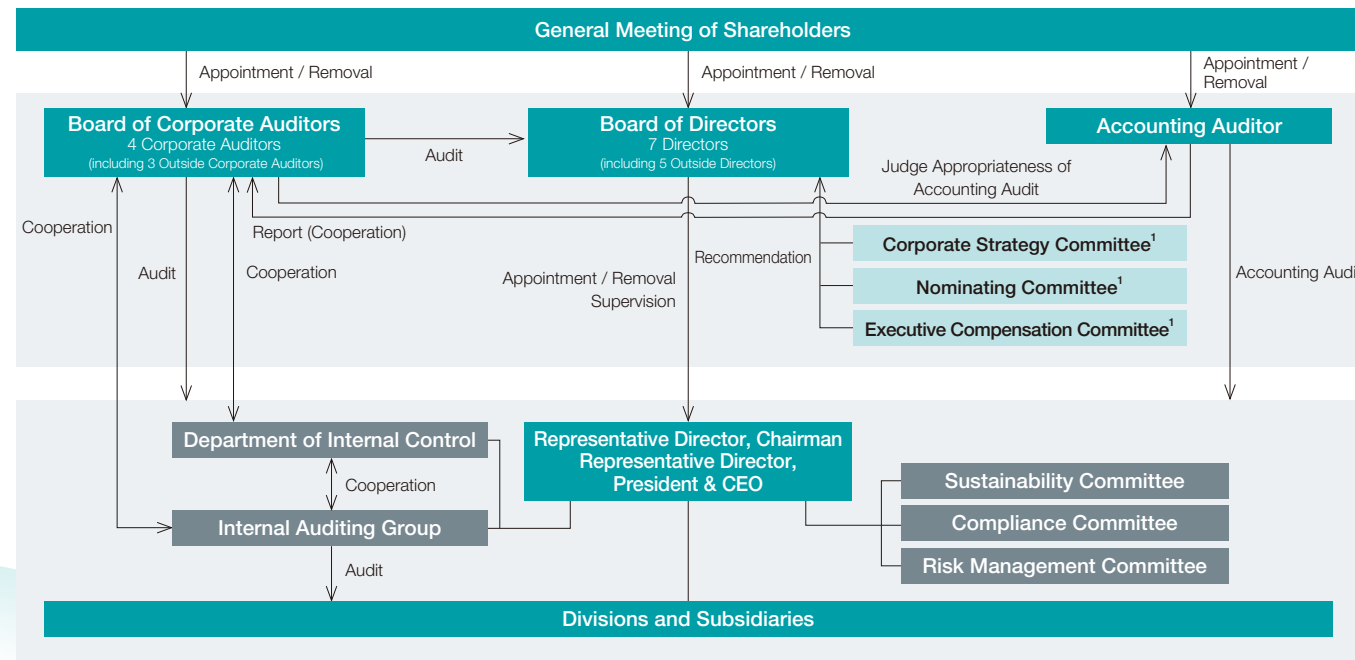
Santen has also established the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, each of which is a voluntary committee comprising Inside and Outside Directors, with the aim of improving management transparency and objectivity.

Corporate Auditors audit the Board of Directors and executives by working through the Office of the Corporate Auditors and collaborating with the Internal Auditing Group, from the perspective of not only the status of legal compliance but also appropriateness and effectiveness in the performance of duties, through which Santen endeavors to strengthen the functions of the Board of Directors and executives.

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Management System (As of August 31, 2023)



For more detailed information on Corporate Governance, please see the Company’s website.

For more on Compliance, please see the Company’s website.

For more on Governance Data, please see the Company’s website.

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

Board of Directors and Respective Committees

Board of Directors

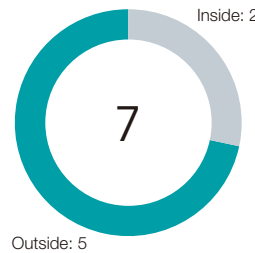
Makes decisions regarding important matters relating to the execution of business and supervises the management team and the Directors in the execution of their duties.

Meetings 13 Attendance 100%

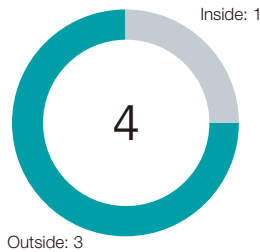
Major topics of deliberation

- Management policies and strategies: New medium-term management plan; business plan and budget for next fiscal year; quarterly reports on execution of business; policy on business in the U.S.; progress in digital transformation initiatives; important strategic projects; progress in important projects
- Capital policy and shareholder returns: Share buybacks and cancellation of treasury shares; dividends
- Governance and sustainability: Agenda concerning compensation including policies for determining executive compensation; report on committee activities; amendment of Basic Policy on Corporate Governance; evaluation of Board of Directors' effectiveness; strategic shareholdings; Sustainability Policy; sustainability-related disclosure
- Internal control and risk management: Report on improvement and operation of internal controls; report on improvement and operation of global compliance system

Composition of Directors



Composition of Corporate Auditors



Note: Composition of Directors and Corporate Auditors as of June 27, 2023

Corporate Strategy Committee

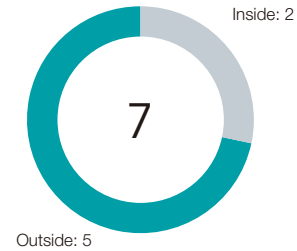
Deliberates on matters with a focus on key strategic issues such as business strategies.

Meetings 6 Attendance 100%

Major topics of deliberation

- Rolling over items from previous medium-term management plan
- Development portfolio strategy
- Strategy in North America
- New medium-term management plan

Composition of Corporate Strategy Committee



Nominating Committee

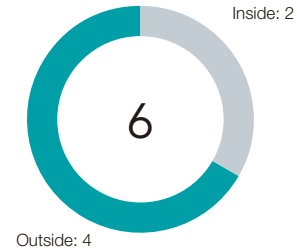
Deliberates and makes recommendations on the selection of candidates for the positions of Director and Corporate Auditor, and provides advice in response to requests concerning the selection of candidates for the position of Corporate Officer.

Meetings 8 Attendance 100%

Major topics of deliberation

- Composition of the Board of Directors, appropriate governance, and related topics
- Response following resignation tendered by former CEO, and appointment of new CEO
- Nurturing of succession candidates for the position of CEO, with regard to the management team under the new CEO
- Proposal of Directors and Outside Corporate Auditors for approval at the 11th Annual General Meeting of Shareholders

Composition of Nominating Committee



For information about the Executive Compensation Committee, see page 52.

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Skill Matrix of Directors and Corporate Auditors

Santen believes that, when nominating candidates for the positions of Director and Corporate Auditor, it is important to establish an effective governance system that supports the sustainable enhancement of corporate value by ensuring: (i) At Board of Directors meetings, Directors and Corporate Auditors in attendance engage in multifaceted deliberations on the appropriateness of business strategies, risks relating to the realization of those strategies, and other topics, and also appropriately supervise the status of execution thereof; and (ii) The Board of Corporate Auditors conducts audits from the

perspective of not only the status of legal compliance but also appropriateness and effectiveness of the Board of Directors and executives, and thereby fulfills its function.

Meanwhile, based on its long-term vision Santen 2030 and FY2023–2025 New Medium-Term Management Plan, Santen endeavors to resolve social issues through ophthalmology to maximize its contribution to patients and medical professionals. In these efforts, Santen will exercise global leadership in contributing to people around the world based on answering ophthalmic medical needs that differ depending on country and region.

Santen considers that, in addition to planning and carrying out corporate strategies as well as appropriate business administration, the knowledge, experience, and abilities described in the skills matrix below are specifically important for Directors and Corporate Auditors, from the perspective of the aforementioned principles and business direction of Santen. When selecting candidates, in addition to knowledge of the life science business and a global viewpoint, Santen will emphasize fields such as ESG and service to society.

Position	Composition of Corporate Governance Organizations (◎: Chairpersons of voluntary committees) (As of June 27, 2023)						Skill Matrix ¹						
	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)		○	○	○	●	●	●				
	Takeshi Ito (Representative Director)	○		◎	○	○	●	●	●				
	Kanoko Oishi (Outside Director)	○		○	○	◎	●		●				●
	Yutaro Shintaku (Outside Director)	○		○	◎	○	●	●		●			
	Kunihito Minakawa (Outside Director)	○		○	○	○				●	●	●	
	Noboru Kotani (Outside Director)	○		○	○	○	●	●					
	Tamie Minami (Outside Director) ²	○		○		○		●		●			
Corporate Auditor	Hiroshi Isaka (Standing Corporate Auditor)	○	○ (Chair)					●	●				
	Masahiko Ikaga (Outside Corporate Auditor)	○	○				●			●		●	
	Junichi Asatani (Outside Corporate Auditor)	○	○					●		●		●	
	Yaeko Hodaka (Outside Corporate Auditor)	○	○						●		●		●

¹ Among the skills of each person, only two or three skills that are particular strengths or have strong relevance to Santen's businesses are listed. ² Australian nationality

Reasons for Appointment of New Corporate Auditors

Junichi Asatani (Outside Corporate Auditor)	Mr. Asatani has abundant experience and expertise from his involvement in the business of a pharmaceutical company, including that relating to sales and marketing in Japan, financial and accounting affairs, risk and compliance management, as well as internal auditing practices. Furthermore, he has extensive international experience and knowledge, including from overseas postings and involvement in local business in areas such as business planning, accounting, and financial affairs.
Yaeko Hodaka (Outside Corporate Auditor)	Ms. Hodaka has abundant experience and expertise as a lawyer, especially in relation to corporate legal practices, and has extensive international legal experience and knowledge gleaned from her responsibilities as a long-time partner in a U.S.-affiliated law firm.

Given the amount of time required for dedication to Company-related duties, Santen limits the number of entities other than the Company at which Outside Directors and Outside Corporate Auditors can hold concurrent outside/external officer or other positions, to four, in principle. Furthermore, in order to ensure their ability to fulfill their roles and responsibilities, Directors and Corporate Auditors are each required to attend no less than 75% of Board of Directors meetings, in principle.

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Analysis and Evaluation of the Board of Directors' Effectiveness

The Company's Board of Directors conducts an evaluation of its effectiveness every year, with the aim of further enhancing the role and function of the Board of Directors.

The evaluation uses a questionnaire of items scored on a four-point scale, with the opportunity for write-in comments. Furthermore, to understand the content of questionnaire responses in greater depth, individual interviews were

conducted with all Outside Directors and Outside Corporate Auditors. Based on the foregoing, the evaluation results were discussed at the Board of Directors meeting held in March 2023. To enhance the evaluation in qualitative terms, the support of a third-party organization was employed in the implementation and analysis of the evaluation of effectiveness.

Major Categories of the Questionnaire Items

1. Operation and composition of the Board of Directors
2. Managerial strategy and business strategy
3. Corporate ethics and risk control
4. Monitoring of business performance and evaluation-based compensation for the management team
5. Dialogue with shareholders and other stakeholders

Initiatives to Address Issues Recognized through Board of Directors Evaluations

	FY2019 evaluation (FY2020 initiatives)	FY2020 evaluation (FY2021 initiatives)	FY2021 evaluation (FY2022 initiatives)	FY2022 evaluation (FY2023 initiatives)
Key business decisions	Clarify division of functions and improve cooperation with the Corporate Strategy Committee Conduct discussions based on overall strategy (Clarify positioning of specific matters in overall strategy, and conduct discussions based on that)	Enhance discussion on risk assessment <ul style="list-style-type: none"> • Clarify goals (plan of investment return) • Adopt quantitative indicators for greenlighting strategic investments • Control risk comprehensively on a company-wide basis 	Ensure accuracy in executing strategic investments <ul style="list-style-type: none"> • Expand opportunities to share the status of execution, challenges, capabilities, etc. in each business • Clarify KPIs when making investment decisions 	
Supervision	Start regular reporting of progress on strategic investments	Strengthen supervision of R&D projects	Expand scope and content of supervision <ul style="list-style-type: none"> • Confirm conditions, causes, and countermeasures if challenges to progress arise 	Strengthen evaluation metrics and enhance discussion of progress <ul style="list-style-type: none"> • Gain a quantitative understanding and enhance discussion by promoting use of KPIs (side-by-side comparison of KPI progress at time of investment decision and current situation, etc.) • Provide timely reporting of changes in environment (changes from assumptions) from time of investment decision and reassess investments based on that
Internal controls	Enhance frequency and content of regular reporting on establishment and implementation of internal control system; begin regular reporting on compliance system	Continue regular reporting and strengthen perspectives taking into account global control status	Continue initiatives under renewed management framework (establish dedicated organizations to promote internal controls and risk management)	Confirm and monitor progress of measures ¹ for strengthening global internal controls
Governance system and operation	Revise categories of agenda items and matters for discussion at Board of Directors meetings	Quickly share shareholder/market trends and feedback with Board of Directors	Strengthen information sharing between the Nominating Committee, the Executive Compensation Committee, and the Board of Directors, and cooperation with committee secretariats	Reinforce cooperation between committees and the Board of Directors regarding compensation (share content of discussions on compensation, etc.)
Other key matters	Establish framework for participation of Board of Directors regarding discussion of important strategic matters and internal controls, which had been ongoing issues	Enhance quality of discussions on important strategic matters Respond to globalization of internal controls	Continue innovation to make discussion of important strategic matters more substantive Strengthen internal control promotion system	Further strengthen supervisory function Aim to make timely, effective decisions on whether to continue major investments based on the Company's current circumstances Confirm what should be done to foster organizational culture through both top-down and bottom-up approaches from the perspective of internal control.

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¹ Fostering shared values by expanding dissemination of messages from the CEO and common global training on internal controls

In addition, the Company has separately implemented peer reviews in the Nominating Committee whereby all the Directors evaluated each other’s performance.

On the basis of the evaluation, the Company’s Board of Directors deems that its effectiveness was confirmed for fiscal 2022. The reason 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%).

In fiscal 2022, by increasing the number of Independent Outside Directors, who comprise a majority of the Directors, the Company aspired to achieve a higher level of governance in both decision-making and the supervision of operations. The Company believes that this year’s evaluation is evidence that an appropriate structure and level of governance of the Board of Directors have been achieved.

On the other hand, the evaluation indicated some urgency in the need to enhance the decisiveness of decision-making

and the capabilities of the Company as an organization, both of which are vital to all aspects of business execution, to be able to confidently achieve business goals. The Board of Directors intends to direct and supervise executives in implementing the necessary improvements while clarifying task priorities. Concurrently, the Board of Directors will work with the executives in an integrated manner to realize the benefits of such improvements.

Executive Compensation

Compensation for Directors (excluding Outside Directors) has three components: base salary, annual bonus (annual incentive), and stock-based compensation (medium- to long-term incentives). Outside Directors and Corporate Auditors receive fixed monthly compensation only, and do not receive performance-linked compensation, so as to promote the appropriate performance of supervisory duties. In addition, allowances are paid to Outside Directors who chair voluntary

committees, including the Executive Compensation Committee.

In order to prevent the Company’s system of executive compensation from providing financial incentives that encourage excessive risk-taking, and ensure the soundness of the system’s operation, Santen has established a clause (“malus and clawback clause”) that, in the event of a legal violation or improper accounting requiring retraction of or correction to the Company’s financial statements, allows the

Board of Directors, following discussion by the Executive Compensation Committee, to cancel or demand repayment of incentive compensation, in part or in full, regardless of whether that compensation has already been paid or not, based on such reasons.

Composition of Compensation



¹ Fixed monthly salary based on grade and job

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Annual Incentive

The annual bonus is paid based on three evaluation factors: single-year consolidated financial performance metrics, non-financial performance metrics, and individual metrics based on divisional performance and individual targets. Performance metrics for the CEO and Chairman consist of

only two evaluation factors: financial and non-financial. The final payout amount is calculated by multiplying the target amount for each position by the payout ratio for each evaluation factor. Bonuses are paid after the end of each fiscal year.

For fiscal 2023, non-financial performance metrics (ESG-related targets) will include items relating to promoting DE&I, conducting initiatives to enhance employee engagement, and reinforcing global risk management.



¹ There were no eligible Directors in fiscal 2023. Corporate Officers operate under a similar system that uses operating profit margin as the core basis, with the payout ratio set in the range of 0-248%.

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Medium- to Long-term Incentives

Medium- to long-term incentives have the following two components.

Performance Share Unit	<ul style="list-style-type: none"> A performance-based stock compensation system in which the number of shares granted varies according to the level of achievement of target performance metrics set for a certain period (the "Performance Evaluation Period"), such as the period of the medium-term management plan. Shares are issued within a range of 0-200% determined according to the achievement of targets for total shareholder return relative to global life science companies as the peer group (80% weighting) and ESG metrics (20% weighting). Shares are issued after the Performance Evaluation Period ends, subject to conditions including that the individual remains an eligible Director at the time of at vesting.
Restricted Stock	<ul style="list-style-type: none"> A stock-based compensation plan in which restricted shares are granted each fiscal year. Selling restrictions are lifted three years after the grant, subject to conditions including that the participant remains an eligible Director at the time of vesting.

Performance Metrics and Evaluation Criteria of Performance Share Unit (FY2021-2023/FY2022-2024 Targets)

Performance metrics	Weighting	Evaluation criteria and payout ratio
Relative total shareholder return (TSR)	80%	Upper 1/4 (75th percentile): 200% Upper 1/2 (50th percentile): 100% Upper 3/4 (25th percentile): 50% Lowest 1/4: 0%
ESG-related metrics	20%	Inclusion in "World Index" or equivalent score: 200% Inclusion in "Asia Pacific Index" or equivalent score: 150% Increase in score of 10 points or more: 100% Increase in score of 5-9 points: 50% Increase in score of 4 points or less: 0%

Executive Compensation Committee

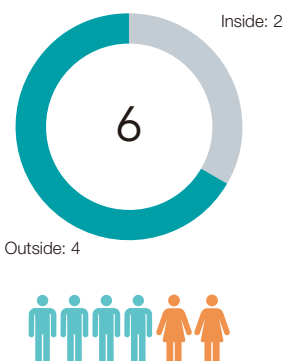
Deliberates on compensation for Directors and Corporate Officers and submits recommendations to the Board of Directors, and also provides advice to the Board of Corporate Auditors regarding the compensation of Corporate Auditors, taking into account market standards.

Meetings **10** Attendance **100%**

Major topics of deliberation

- Determination of the draft compensation philosophy (basic policy for determining compensation for officers including Directors)
- Level and composition of compensation for Directors
- Establishment of targets for non-financial metrics (ESG-related targets) for annual bonus in fiscal 2022, and other details
- Introduction of malus and clawback clause
- Reviews in accordance with the succession of CEO (revision of the amount of compensation for new CEO, treatment of annual bonus in accordance with the mid-term assumption of the office, and other relevant matters)

Composition of Executive Compensation Committee



Total Compensation and Eligible Executives (FY2022)

Position	Total compensation (JPY millions)	Total by type (JPY millions)					Number of individuals ¹
		Base salary	Annual bonus	Performance Share Unit	Restricted Stock	Non-monetary compensation included at left	
Directors (excluding Outside Directors)	312	190	37	6	79	82	3
Corporate Auditors (excluding Outside Corporate Auditors)	28	28	—	—	—	—	1
Outside Directors	80	80	—	—	—	—	5
Outside Corporate Auditors	38	38	—	—	—	—	4

¹ Includes officers whose term expired or who resigned

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Annual Bonus Performance Targets and Results (FY2022)

Financial Performance Metrics

Targets	Results	Payout ratio
<ul style="list-style-type: none"> • Revenue: JPY 264,000 million • Operating profit ratio (IFRS): 13.0% • ROE (IFRS): 7.4% 	<ul style="list-style-type: none"> • Revenue: JPY 279,037 million • Operating profit ratio (IFRS): -1.1% • ROE (IFRS): -4.7% 	<ul style="list-style-type: none"> • CEO: 48.4% • Chairman: 40.6% • Directors (excluding Outside Directors) other than the CEO and Chairman: 70.3%

Non-Financial Performance Metrics

ESG-related targets	Payout ratio
<ul style="list-style-type: none"> • Strengthening the system for stable supply • Promoting DE&I through wider participation in the Blind Experience program • Conducting initiatives for enhancing employee engagement • Reinforcing global risk management • Reducing environmental impact through measures such as switching to electric vehicles 	<p>106%</p> <p>Evaluation by the Executive Compensation Committee in May 2023</p>

After discussion by the Executive Compensation Committee, it was decided not to pay an annual bonus for fiscal 2022 to a Director who retired due to resignation on September 12, 2022.

Strategic Shareholdings

Santen shall hold shares as strategic shareholdings only when it determines that doing so will contribute to enhancing the Company's corporate value over the medium to long term. These holdings are verified by the Board of Directors, and Santen works to reduce them on an ongoing basis. In fiscal 2022, the total sale value of liquidated shares was JPY 2,148 million.

Number of Shares Held

	FY2018	FY2019	FY2020	FY2021	FY2022
Unlisted shares	9	9	8	8	8
Other than unlisted shares	15	14	14	11	11

Balance Sheet Amounts

	FY2018	FY2019	FY2020	FY2021	FY2022
Unlisted shares	492	488	128	122	122
Other than unlisted shares	26,501	26,840	26,098	20,866	19,425

(JPY millions)

Risk Management

Risk Management System

In accordance with our internal rules for risk management, we identify, evaluate, and monitor risks regularly in each region and division to deal with assumed major risks of loss related to the execution of our business activities, striving to avoid or minimize the risk of loss during times of normal business operations. At the same time, we have been building an effective risk management system to improve the sophistication of risk management. To this end, in fiscal 2022, we began dividing risks into risks attributable to internal factors and risks attributable to external factors,

identifying and categorizing each risk factor in an integrated manner, and communicating this information throughout the company.

As our business expands globally, we are required to comply with various regulations at stringent levels. In addition, we must take appropriate measures to ensure stable supply of products, quality control, IT security, and compliance, as well as to ensure management of risks such as pandemics, natural disasters, and conflicts.

To address the variety of risks that may affect our business in particular, we continue to strengthen risk management activities under the leadership of the Chief

Risk Officer (CRO), who is responsible for identifying major risks, formulating preventive measures, and encouraging discussion.

In the event of or report of an event that has the potential to develop into a serious crisis, we convene the Crisis Management Committee, chaired by the President and CEO. This committee responds to and works to contain the situation in question as we implement measures to prevent recurrence.

In its independent capacity, the Internal Auditing Group verifies the status of risk management through internal audits.

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Specific Risks

Assessment points	Risk scenario	Impacts on corporate value	Countermeasures and current progress	Risk category	
Supply chain	<ul style="list-style-type: none"> Suspension of operations at a specific plant (the Noto, Shiga or Suzhou Plants, in particular) or at external contractors, or the suspension of raw material supply from a supplier due to a pandemic, natural disaster, fire or other factors 	<ul style="list-style-type: none"> Adverse impacts of disruption or suspension, etc. of production activities on stable product supply, and on Santen's business performance and financial condition 	<ul style="list-style-type: none"> Creating processes, systems and other mechanisms to ensure stable supply Maintaining a full understanding of actual conditions and responding to issues through planning, monitoring of execution, and risk assessment Structuring product manufacturing and supply for compatibility with rigorous logistics regulations in Europe Visualizing inventory management and production planning Introducing centralized global management Establishing and strengthening the contract manufacturer management system and backup supplier system 	External factor	Operational risk
Global compliance	<ul style="list-style-type: none"> Violations of social norms, laws, regulations, etc. 	<ul style="list-style-type: none"> Decline in public trust and brand image Damage to corporate value due to a stock price decrease Decline in Santen's business performance or difficulty in business continuity due to decreased revenue or payment of compensation for damages, etc. 	<ul style="list-style-type: none"> Established the Global Compliance Policy; systemically enhancing the structure for global compliance Introduced and began implementing an organized global education program for all employees Reinforcing compliance awareness and ensuring compliance with laws and regulations by designating Awareness Month for Santen's Code of Practice, supported by messages from the CEO and regional senior management Introduced the Speak Up Portal as a global internal reporting system, and established a globally unified risk management system 	Internal factor	Operational risk
IT security and information management	<ul style="list-style-type: none"> Malfunction of IT systems used in business activities Cyberattacks, computer virus infection, etc. Leakage of personal or other kinds of information 	<ul style="list-style-type: none"> Adverse impacts of suspension of or delays in business activities, decline in public trust, etc. on Santen's business performance 	<ul style="list-style-type: none"> Operating and maintaining an information security management system that meets the ISO/IEC 27001 standard Established the Global Data Privacy Policy, the Global Information Security Policy, the Document Management Policy, and other policies to address cyber security risks Enhancing security governance through personnel and organizational measures centered around security training and drills and through technical measures (providing global anti-phishing training as one measure to enhance cyber security) Ensuring appropriate risk management not only within the Santen Group but also throughout its supply chain and at its business partners Established a system by which the Chief Digital & Information Officer (CDIO) serves as the Chief Information Security Officer (CISO), who is in charge of formulating and implementing global information security strategies and reports directly to the CEO and the Board of Directors 	Internal factor	Operational risk

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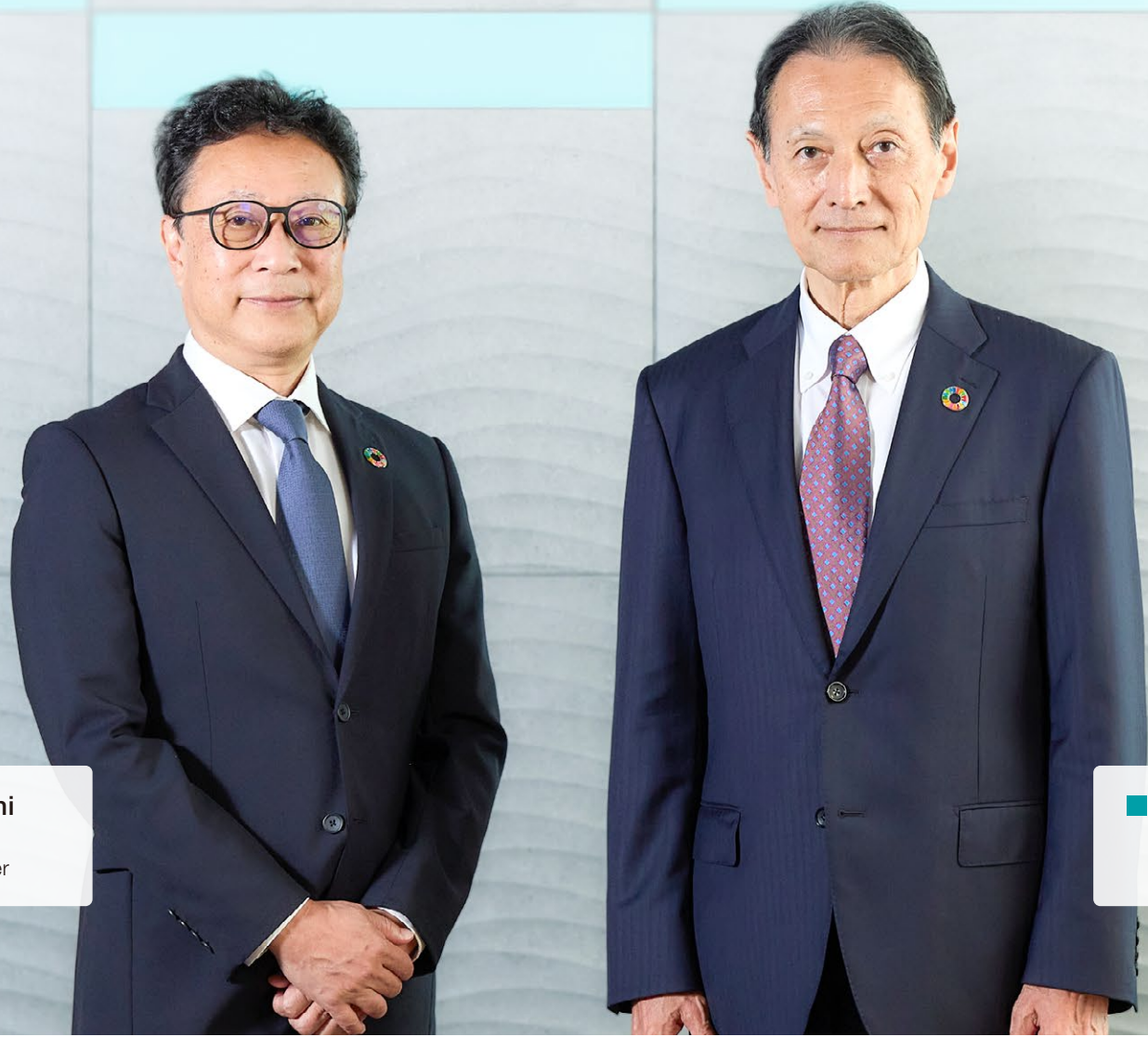
Assessment points	Risk scenario	Impacts on corporate value	Countermeasures and current progress	Risk category	
Investment	<ul style="list-style-type: none"> Failure to realize expectations or profits from proactive investments with the aim of sustainable global growth in the ophthalmic field, due to changes in the external environment or other unfavorable circumstances 	<ul style="list-style-type: none"> Impairment loss on tangible or intangible assets and adverse impacts on Santen's business performance 	<ul style="list-style-type: none"> Implementing investment decisions in line with internal evaluation criteria based on cost of capital Established the Corporate Strategy Committee to discuss key strategic issues; organically coordinating discussions of medium- to long-term strategy, businesses and development portfolio with individual projects for submission to the Board of Directors; clarifying the position of individual projects in overall strategy and laying out issues for discussion Introduced a framework of regular, continuous monitoring of items resolved by the Board of Directors to obtain steady results 	Internal factor	Strategic risk
Global operations	<ul style="list-style-type: none"> Revisions to laws or regulations in the countries where Santen operates Political instability and/or economic uncertainties Cultural differences in business practices 	<ul style="list-style-type: none"> Difficulty in achieving initially expected effects and/or profits 	<ul style="list-style-type: none"> Strengthening the crisis management system through global collaboration Established global policies and operational rules Ensuring continued monitoring 	Internal factor	Strategic risk
Pharmaceutical regulatory trends	<ul style="list-style-type: none"> Drug price revisions beyond the scope of those predicted, mainly in the Japanese market Other revisions to healthcare insurance systems Measures by governments or revisions to pharmaceutical insurance systems to encourage the use of generic drugs, such as volume-based purchasing in China, and other companies' launch of generic drugs 	<ul style="list-style-type: none"> Adverse impacts on Santen's business performance and financial condition 	<ul style="list-style-type: none"> Accelerating the development of new drugs with high added value Pivoting from long-listed products to a portfolio centered on new drugs Expanding sales channels to include markets for treatments that are not listed under healthcare insurance systems, etc. Helping to ensure drug approval and fair pricing by strengthening global regulatory and market access capabilities 	External factor	Strategic risk
Research and development	<ul style="list-style-type: none"> Suspension of or delays in development, refusal of submitted drug approval applications, failure to obtain expected efficacy, etc. 	<ul style="list-style-type: none"> Difficulty in achieving revenue commensurate with research and development investment costs 	<ul style="list-style-type: none"> Enhancing development functions, mainly in the U.S. and China Prioritizing and optimizing the development pipeline Consulting closely with authorities to refine clinical trial design and improving the process for selecting institutions where clinical trials are conducted 	Internal factor	Strategic risk
	<ul style="list-style-type: none"> Unexpected side effects, leakage of personal information, etc. during clinical trials 	<ul style="list-style-type: none"> Decline in public trust and adverse impacts on Santen's business performance 	<ul style="list-style-type: none"> Establishing and holding meetings of the Research Ethics Committee as a deliberating body to ensure scientifically and ethically appropriate research and development Implementing necessary measures to ensure patients' participation in clinical trials of their free will, with their fully informed consent, and with the protection of their personal information ensured 		Operational risk
Environment	<ul style="list-style-type: none"> Occurrence of environmental issues, such as environmental pollution Legal measures or obligations to pay damages due to revisions to environmental laws or regulations, or other circumstances Accelerated shift to low-carbon energy Mandatory or regulatory shift to bioplastic or biomass plastic in materials for eye drop bottles and other packages Decline in the supply of plant-based materials Floods or drought at major production sites due to changes in rainfall patterns, and resulting delays in or suspension of product supply 	<ul style="list-style-type: none"> Adverse impacts on Santen's business performance Incurrence of countermeasure costs Increase in capital investment, procurement costs, etc. 	<ul style="list-style-type: none"> Operating an environmental management system that not only complies with environmental laws and regulations but also meets higher in-house standards Formulated the Environmental Vision and set environmental targets; implementing the action plan based thereon (including promoting the use of biomass plastic as a material for eye drop bottles) Planning capital investments necessary to realize a low-carbon society, including investments in the installation of hydrogen boilers and hydrogen fuel storage facilities 	External factor	Strategic risk
			Operational risk		

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53 Risk Management

Dialogue with Outside Directors

The Role of the Board of Directors: Toward a New Medium-Term Management Plan and Further Growth



Noboru Kotani
Outside Director
Independent Officer

Kunihito Minakawa
Outside Director
Independent Officer

- Corporate Governance

55 Dialogue with Outside Directors

Improving communication and effectiveness within the Board of Directors is necessary to successfully implement measures for re-growth. Santen will additionally continue to contribute to society and pursue sustainable growth by assisting patients and their families and responding to social issues through its core business.

Assessment of Board Effectiveness and Issue Recognition

Minakawa: What I like about the Board of Directors is the atmosphere in which we can say anything. The atmosphere is highly rated in the effectiveness assessment every year, and this year was no different.

Kotani: I agree. I think it is wonderful that the Board of Directors has strong personalities and different beliefs, but can also take advantage of that diversity and freely discuss issues without holding back in any way.

Minakawa: On the other hand, I believe the process for following up on the issues discussed by the executive team and at Board meetings has much room for improvement. This is a very difficult subject that every company probably struggles with through trial and error. Very few companies do not struggle at all. It is an extremely challenging topic that requires communication between Outside Directors, the Chairperson, and Inside Directors, as well as the secretariat to play the proper role, to make it effective in nature.

Kotani: I agree with you. We must also raise awareness on the quality of discussions and how to proceed with them. For example, delays and failures in development

projects are, in a sense, a given in the pharmaceutical industry. As an industry constantly battling such risks, it proves difficult to eliminate them completely. We need to think about how we can balance this among other projects and businesses to make the Company work as a whole. We can discuss each issue individually and take action if a report on a project is raised as an agenda item by the executive team. **But when multiple issues are up for discussion, it is also extremely important for management to make decisions based on overall balance, such as refraining from certain discussions. To that end, I believe that we must make sure to receive necessary information from the executives, and discuss it with a holistic approach.**

Minakawa: You are exactly right. In terms of effectiveness, the most significant discussion at the Board of Directors meeting was the September organizational change.

Kotani: When the former President stepped down, the Nominating Committee took swift action to shift to the new organization under President Takeshi Ito, even though it was in the middle of the term. Historically, the Company has enthusiastically promoted globalization, but at this time, the Board decided that a major course correction was necessary.

Changes under the New Organization

Minakawa: President Ito has been implementing measures for re-growth since he took office. These measures under his own leadership are from the three perspectives of improving profitability, building pillars for growth, and establishing an optimal operational and organizational structure. These are significant changes, so we have very high expectations. Perhaps due to his cautious and certainty-seeking nature, President Ito never says he can do something that cannot be done, even at Board meetings. He does what he can, and thinks very cautiously and seriously about what he cannot do. I think that attitude is extremely beneficial for the Company at this point in time.

Kotani: Improvements will certainly happen under the new organization. However, even the best of us have our weaknesses. The Board of Directors may have to support President Ito in a different way than before.

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55 Dialogue with Outside Directors

The New Medium-Term Management Plan

Kotani: One of the main things we discussed at Board of Directors meetings last year was the new medium-term management plan. Our first priority was to establish a firm foundation through making choices on cost reductions and improving profitability. We can see the pipeline and we know that the next major new drug will be several years away. It is important for the Company to manage this well to successfully deliver products to the patients who will need them. This basic path leaves little room for discussion. **Instead, we are taking factors such as Santen's current capabilities into account and**

discussing whether the Company can do better and whether it needs to invest more again. I believe the role of Outside Directors is to encourage executives to take the necessary risks.

Minakawa: I actively express my opinions on the following three points, which I consider important in the formulation of the new medium-term management plan. The first is regarding last year's review of Santen's business in the U.S. I have to admit that I was surprised when I heard the proposal. However, I recognize that the decision is appropriate for the Company at this stage, as it must establish a firm foundation before any re-growth can take place. That being said, we have been, and will continue to discuss capturing the U.S. market to catalyze the growth of the Group in the long term.

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I believe the role of Outside Directors is to encourage executives to take the necessary risks.

My second point is **on the approach to management indicators. Although core operating profit is of course important, I personally want to speak about the importance of how to increase capital productivity.**

I will continue these discussions with everyone on the Board, including those on specific efforts. My third point is on sustainability. We must think about how the Company can treat this as the most important management issue.

Sustainability

Kotani: **In a healthcare business like Santen, it is important to be thorough in the core business to know how to help people and society.** I also believe that the current greatest priority should be improving profitability, and I want to ask investors to look at the Company in the long run. The Board needs to prioritize what management should be doing in the first place.

Minakawa: You frequently bring up the need for prioritization at Board meetings, and this is true for all companies. At the same time, the importance of sustainability transformation (SX) is a big topic in the world, and it is something that cannot wait. Even when Company earnings were higher than expected, the impact on stock prices was limited. This may be due to insufficient provision of materials that long-term investors are looking for.

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55 Dialogue with Outside Directors

If long-term investors evaluate the Company's efforts, results should gradually be reflected in the stock price. Therefore, management needs to have a higher awareness of this topic.

Kotani: Human resource development is also important. Santen tends to rely on external hires when it needs new capabilities, such as for globalization and advancement into new fields. However, if those doing the hiring are not competent in the first place, they cannot evaluate the people they are hiring, nor can they utilize and develop the capabilities of those external hires. I think people should be hired from outside the Company in moderation as the Company focuses on the internal development of human resources, especially executives and global human resources.

Minakawa: Digital transformation (DX) is also extremely important for increasing the added value of the Group and is an area that should be thoroughly discussed by the Board of Directors going forward.

Medium- to Long-Term Outlook

Kotani: In the long term, I personally believe that what the Company previously considered as its long-term vision for 2030 is not wrong in itself. If Santen wants to help patients with myopia, presbyopia, and ptosis, its business model itself will have to go beyond the traditional prescription pharmaceuticals business and take on a new form. This will slightly change the corporate culture, requiring different talents than before. I think there will be another opportunity for business in the U.S., which is

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The most important topic for management and the Board to work on should be finding sustainable stories and ways to show how corporate value increases through contributions to society.



natural for business in the long run. **The Company will probably do things differently from the past, so it will change as people grow through trial and error, and as those who can take on challenges and think flexibly become the next leaders.** I believe Santen will become stronger if it can change organically in this way.

Minakawa: I agree. We can expect Santen's value to patients and their families to increase as a result of the value creation process. Corporate value increases when customers happily use and purchase a company's products, resulting in higher profits. In other words, when the company addresses social issues through its core business.

The most important topic for corporate and the Board

to work on should be finding sustainable stories and ways to show how corporate value increases through contributions to society. As members of the Board of Directors, we will continue to focus on the long term and contribute to value enhancement through our discussions.

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55 Dialogue with Outside Directors

Corporate Executives (As of June 27, 2023)

Directors

Corporate Auditors



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7
Tamie Minami
 Outside Director
 Independent Officer

5
Kunihito Minakawa
 Outside Director
 Independent Officer

3
Kanoko Oishi
 Outside Director
 Independent Officer

1
Akira Kurokawa
 Representative Director
 Chairman

9
Masahiko Ikaga
 Outside Corporate Auditor
 Independent Officer

11
Yaeko Hodaka
 Outside Corporate Auditor
 Independent Officer

6
Noboru Kotani
 Outside Director
 Independent Officer

4
Yutaro Shintaku
 Outside Director
 Independent Officer

2
Takeshi Ito
 Representative Director
 President and Chief Executive Officer

8
Hiroshi Isaka
 Standing Corporate Auditor

10
Junichi Asatani
 Outside Corporate Auditor
 Independent Officer

For more about the corporate executives please see the Company's website.

Directors



Akira Kurokawa
Representative Director
Chairman

1977 Joined the Company
1997 Director, General Manager, Head of the Office of Sales and Marketing Division, Prescription Pharmaceuticals
2001 Corporate Officer, Head of Sales & Marketing Division, Prescription Pharmaceuticals
2004 Senior Corporate Officer, Head of Sales and Marketing Division, Prescription Pharmaceuticals
2006 Representative Director, President & COO
2008 Representative Director, President & CEO
2018 Representative Director, Chairman & CEO
2020 Representative Director, Chairman (incumbent)



Takeshi Ito
Representative Director
President and Chief
Executive Officer

1982 Joined the Company
2012 Corporate Officer, Head of Prescription Pharmaceuticals Sales Department, Sales & Marketing Division, Prescription Pharmaceuticals
2014 Senior Corporate Officer, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
2016 Executive Corporate Officer, Japan Business, Head of Japan Sales & Marketing Division, Prescription Pharmaceuticals
2017 Director, Executive Corporate Officer, Japan Business, Head of Japan Sales and Marketing, Prescription Pharmaceuticals
2019 Director, Executive Corporate Officer, Head of Japan Business, Head of Japan Sales & Marketing Division
2022 Representative Director, Executive Vice President, Head of Japan Business, Head of Japan Sales & Marketing Division
Representative Director, President & CEO (incumbent)



Kanoko Oishi
Outside Director
Independent Officer

1993 Partner, McKinsey & Company, Inc.
2000 Established Mediva Inc. Representative Director (incumbent)
Established Seinan Mediva Co., Ltd. (currently, C's One Co., Ltd.); Representative Director (incumbent)
2004 Established Platanus Medical Corporation; COO (incumbent)
2010 Outside Director of Astellas Pharma Inc.
2015 Outside Director of the Company (incumbent)
Outside Director of Ezaki Glico Co., Ltd. (incumbent)
Outside Director of Suruga Bank Ltd.
2016 External Director of Shiseido Company, Limited (incumbent)



Yutaro Shintaku
Outside Director
Independent Officer

2010 Representative Director, President and CEO of Terumo Corporation
2017 Corporate Advisor of Terumo Corporation
Outside Director of J-Oil Mills, INC.
Outside Director of the Company (incumbent)
2018 Outside Director of Kubota Corporation (incumbent)
Visiting Professor, Business Administration, Hitotsubashi University Business School
2019 Project Professor, Business Administration, Hitotsubashi University Business School (incumbent)
Outside Director of KOZO KEIKAKU ENGINEERING Inc. (incumbent)



Kunihito Minakawa
Outside Director
Independent Officer

1997 Senior Vice President and Chief Financial Officer, Ricoh Americas Corporation
2010 Corporate Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.
Outside Audit & Supervisory Board Member, Ricoh Leasing Company, Ltd.
2012 Corporate Senior Vice President, and General Manager of Finance and Accounting Division, Ricoh Company, Ltd.
2013 Audit & Supervisory Board Member, Ricoh Company, Ltd.
2017 Outside Director of Sony Corporation (currently, Sony Group Corporation)
2018 Outside Director of the Company (incumbent)
2019 Financial Services Agency, Certified Public Accountants and Auditing Oversight Board, Commissioner (incumbent)
2020 External Director of Nippon Sheet Glass Co., Ltd. (incumbent)



Noboru Kotani
Outside Director
Independent Officer

1991 Vice President of Boston Consulting Group
2000 Representative Director of Dream Incubator Inc.
2005 Representative Director of Vehicle Inc. (incumbent)
Outside Director of the Company
2006 Outside Director of JINS HOLDINGS Inc. (incumbent)
2013 External Director of SanBio Company Limited (incumbent)
2018 External Director of Medley, Inc. (incumbent)
2022 Outside Director of the Company (incumbent)



Tamie Minami
Outside Director
Independent Officer

2008 Vice President and General Manager, Home Care Division, 3M Company
2013 Vice President, Southeast Asia Region, 3M Company
2015 Vice President, Latin America, 3M Company
2017 Vice President, Asia, 3M Company
2019 Senior Vice President, Safety & Industrial Business Group, Asia, 3M Company
2022 Outside Director of the Company (incumbent)
2023 Outside Director of TEIJIN LIMITED (incumbent)

Corporate Auditors



Hiroshi Isaka
Standing Corporate
Auditor

2010 Joined the Company
2012 Head of Corporate Development Division
2013 Deputy Head of Human Resources Development and CSR Division
2015 Head of Surgical Division
2019 General Manager, IOL Business Planning Group
2020 Standing Corporate Auditor (incumbent)



Masahiko Ikaga
Outside Corporate
Auditor
Independent Officer

2000 Representative Director and President of Tohmatsu Consulting Co., Ltd. (currently Deloitte Tohmatsu Consulting LLC)
2010 Director and Chairman of Deloitte Tohmatsu Consulting LLC
2016 Representative Accountant, Masahiko Ikaga Certified Public Accountant Office (incumbent)
Representative Director of PrajnaLink Co., Ltd. (incumbent)
External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. (incumbent)
2017 Outside Audit & Supervisory Board Member of Yamaha Motor Co., Ltd.
Outside Director of RYOBI LIMITED (incumbent)
2022 Outside Corporate Auditor of the Company (incumbent)



Junichi Asatani
Outside Corporate
Auditor
Independent Officer

2010 Vice President & CFO of Eisai Inc.
2012 Executive Director, Corporate Internal Audit Department of Eisai Co., Ltd.
2014 Chief Compliance Officer and Vice President, Internal Control of Eisai Co., Ltd.
2020 Vice President, Internal Audit of Eisai Co., Ltd.
2021 Corporate Advisor to Eisai Co., Ltd.
2023 Outside Corporate Auditor of the Company (incumbent)



Yaeko Hodaka
Outside Corporate
Auditor
Independent Officer

1992 Registered as an attorney-at-law and joined ISHII LAW OFFICE
2005 Joined Morrison & Foerster, Partner
2011 Joined Baker & McKenzie, Partner
2020 Fellow of Centre for the Fourth Industrial Revolution Japan, World Economic Forum
2021 External Corporate Auditor of Sumitomo Heavy Industries, Ltd. (incumbent)
2023 Joined ISSHIKI & PARTNERS, Partner (incumbent)
Outside Director of YASKAWA Electric Corporation (incumbent)
Outside Corporate Auditor of the Company (incumbent)

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59 Corporate Executives

Messages from Newly Appointed Corporate Auditors



Junichi Asatani
Outside Corporate Auditor

I have many years of experience working for pharmaceutical companies in various capacities, including corporate planning, finance, and the management of overseas subsidiaries. I am committed to using my experience in the area of internal controls, including compliance and risk management in particular, serving as an Outside Corporate Auditor to monitor the structure and implementation of governance at Santen from the perspective of compliance (legal and ethical).

Even as the world changes in drastic ways, Santen remains unwavering in its commitment to contribute to patients on a global basis through the Best Vision Experience, and I believe that achieving this goal will lead naturally to an increase in corporate value. The Company must strike a balance between business execution and supervision to ensure that the organization identifies as many business opportunities as possible, takes on new challenges fearlessly, minimizes related risks, and maximizes output.



Yaeko Hodaka
Outside Corporate Auditor

I have been practicing law for almost 30 years, and for the last five, I have represented a global law firm in Asia Pacific on a mission to provide legal services to manufacturing clients with global operations. The pharmaceutical industry is new to me, and I find that I discover more every day. I also recognize that Santen is at a major turning point, particularly with regard to global strategy. Today, every company struggles with how to position their China business in light of geopolitical risks. Many companies face major transformations, including supply chain restructuring and a shift from *monozukuri* (manufacturing) to *kotozukuri* (services). I hope to use my experience and knowledge to help Santen in their response and solutions to these and other issues.

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61 Messages from Newly Appointed Corporate Auditors

Corporate Officers (As of July 1, 2023)

Name	Title
Rie Nakajima*	Chief Operating Officer, Head of North America Business
Ippei Kurihara*	Head of Japan Business, Head of Japan Sales and Marketing Division, Head of Marketing Department
Marianthi Psaha	Head of Europe, Middle East and Africa (EMEA) Business
Shinichi Teramachi	Head of Sales Department, Japan Sales and Marketing Division
Takayuki Yamada	Head of China Business
Chris Reindel	Chief Commercialization & Portfolio Officer
Robert Wagner	Global Head, Medical Tech Solutions Business Segment
Yoshinori Watanabe	Head of Sales and Marketing Division - OTC Products
Reza Haque*	Head of Ophthalmology Innovation Center
Peter Sallstig*	Chief Medical Officer
Fumiyasu Ako*	Chief of Staff to CEO
Ken Araki*	Global Head of Business Development
Frank Binder	Head of Supply Chain Division
Mark Dawson*	Chief Product Supply Officer
Minori Hara*	Chief Digital & Information Officer
Nobuko Kato	Chief Communications Officer
Kazuo Koshiji*	Chief Financial Officer & Chief Risk Officer
Mika Masunari*	General Counsel & Chief Compliance Officer
Takahiro Morita	Global Head of Core Principle & Sustainability
Yoko Saiki*	Global Head of Corporate Strategy

* Corporate Management Member (CMM)

Message from the COO



Rie Nakajima
Chief Operating Officer,
Head of North America Business

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I was appointed Chief Operating Officer on March 1, 2023. In my career, I have served in positions in the automotive, consulting and prescription pharmaceutical industries, with responsibilities across production, business strategy, new business development, marketing, sales, logistics, and public relations. For the last four years, I worked for an American pharmaceutical company based in Asia and Europe. I joined Santen with a strong desire to help Japanese manufacturers make meaningful strides in overseas markets.

At Santen, I have been asked to take charge of strategy and business in Japan and overseas. My work will focus on three areas: (1) to implement strategy promptly in each regional business; (2) to enhance our organizational capabilities for sustainable growth; and (3) to accelerate the development of human resources who will drive success in each region.

In terms of organizational capability, I believe the most urgent need is to strengthen commercial excellence to deliver valuable products and services more quickly and reliably to consumers, patients, and healthcare professionals around the world. I have always felt that the source of value creation in a company is its human resources. And the quality of a company's leadership is what draws out the full potential of human resources. As a member of the executive management, I intend to encourage collaboration and friendly competition among our departments, while doing my utmost to contribute to Happiness with Vision.

Stakeholder Engagement

Santen aims to create shared value with its stakeholders by building a relationship based on mutual trust and communication.

Shareholders and Investors

For dialogue with shareholders, investors and analysts, we work to maintain and enhance both the quality and quantity of communication, and make active use of online tools to do so, through financial results briefings and one-on-one meetings.

Following the change in management centered on the appointment of Takeshi Ito as President and CEO in September 2022, we held a presentation on the new medium-term management plan in April 2023. We are also continuing our engagement initiatives, including through one-on-one meetings with Outside Directors and a Board of Directors meeting with the opportunity for shareholder dialogue.

Suppliers

To maintain a stable supply of pharmaceuticals and fulfill our responsibility to society throughout the supply chain, we strive for dialogue with our suppliers through supplier evaluations and other means. In fiscal 2022, we received responses from primary and secondary suppliers we surveyed during the fiscal year. We also obtained the

For presentation materials and videos, please see the Company's website.

agreement of suppliers to our Sustainable Procurement Policy and Guidelines, including conditions related to indirect purchases. In spring 2023, we established the Multi-Stakeholder Policy and disclosed our Declaration of Partnership Building.

Employees

We hold "townhall meetings" mainly by the CEO as an online event open to employees worldwide. These meetings provide an opportunity for dialogue between employees and management, and promote understanding and participation in the new medium-term management plan. Employees are able to ask questions via the in-house portal and receive answers at a later date, which helps convey management's thinking throughout the Company.



CEO Townhall Meeting

For more about Santen's activities in the supply chain, please see the Company's website

A Partner Working to Improve the Skills of Medical Professionals and Access to Healthcare

We have partnered with the Singapore National Eye Centre (SNEC) in the co-development and international rollout of an innovative educational program for ophthalmic technicians that blends online and offline components. This program is aimed at expanding access to eye care in Southeast Asia by upgrading the skills of healthcare professionals other than doctors and appropriately delegating certain aspects of medical practice to make efficient use of limited personnel. As our first initiative in Southeast Asia, we have started activities to establish a training center under a partnership agreement with Vietnam National Eye Hospital, which is the central hospital under the jurisdiction of Vietnam's Ministry of Health and serves as a clinical training facility for Hanoi Medical University.



Ceremony in Vietnam

For more about Santen's activities on access to healthcare, please see the Company's website

Corporate Governance


Dialogue with Shareholders and Investors

We proactively exchange opinions with institutional investors and analysts in Japan and overseas at events such as financial results presentations, one-on-one meetings, and conferences. Our aim is to help them deepen their understanding of our management, business and ESG initiatives.

In fiscal 2022, the more than 250 occasions that arose for dialogue included IR meetings with top management and IR staff, and ESG-related meetings also attended by the members

from sustainability, general affairs or legal departments, all of which have led to improvements in the quality of our management.

Below are some of the questions and opinions we receive most frequently during these exchanges. Click on the page links for content relating to these questions and opinions in this report. Pages containing related content are denoted by the letter Q and the corresponding number in the upper right corner.

Category	Question/Opinion	 Corresponding Pages in <i>Santen Report 2023</i>
Management	Q1 Please explain the growth strategies of the new medium-term management plan and the challenges you foresee in achieving its goals.	<ul style="list-style-type: none"> ➔ CEO's Message (Page 6) ➔ CFO's Message (Page 21) ➔ FY2023–2025 New Medium-Term Management Plan (Pages 11–16) ➔ Establishing Commercial Excellence in All Regions (Pages 24–25)
	Q2 While structural reforms feature as a prominent topic of discussion, investments for future growth are also essential. What is your approach to capital allocation?	<ul style="list-style-type: none"> ➔ CEO's Message (Page 10) ➔ CFO's Message (Page 23) ➔ Product Manufacturing Ensuring High Quality and Stable Supply (Pages 30–32)
	Q3 Santen has demonstrated a proactive approach to shareholder returns, including through two consecutive years of share buybacks. What policies form the basis for distributing shareholder returns?	<ul style="list-style-type: none"> ➔ CEO's Message (Page 10) ➔ CFO's Message (Page 23)
Business/R&D	Q4 What impacts do you foresee and what countermeasures are you taking with regard to drug pricing revisions and patent expirations for mainstay products in the Japan business?	<ul style="list-style-type: none"> ➔ Product Development Aimed at Providing Value to Patients (Pages 26–29) ➔ Overview by Region (Page 65)
	Q5 Although Santen has decided to maximize streamlining of the Americas business, the growth of overseas businesses remains important. Please share your outlook on the China business, where COVID-19-related restrictions have had a significant impact, and other businesses outside Japan.	<ul style="list-style-type: none"> ➔ CFO's Message (Page 21) ➔ Establishing Commercial Excellence in All Regions (Pages 24–25) ➔ Overview by Region (Pages 65–66)
	Q6 Please tell us about the status of pipeline projects that will drive growth in the short, medium, and long terms, respectively.	<ul style="list-style-type: none"> ➔ Product Development Aimed at Providing Value to Patients (Page 29)
	Q7 Santen is working to address the out-of-pocket markets in the myopia and ptosis areas. What is your outlook, and have these initiatives produced any results so far?	<ul style="list-style-type: none"> ➔ FY2023–2025 New Medium-Term Management Plan (Pages 14–15)
	Q8 Where can we find basic information, such as data on the ophthalmic market, disease areas, and patient numbers, that will allow us to evaluate Santen's potential?	<ul style="list-style-type: none"> ➔ Overview of Eye Diseases (Pages 67–68) ➔ Ophthalmology Market Data (Page 69) ➔ FY2023–2025 New Medium-Term Management Plan (Page 13)
Sustainability	Q9 What issues and themes are discussed at the Board of Directors meetings? What opinions do Outside Directors proffer in these discussions?	<ul style="list-style-type: none"> ➔ Chairman's Message (Pages 44–45) ➔ Corporate Governance (Page 47) ➔ Dialogue with Outside Directors (Pages 55–58)
	Q10 What risks and opportunities do you currently anticipate given significant changes in the market environment?	<ul style="list-style-type: none"> ➔ Sustainability Strategy (Pages 34–35) ➔ Risk Management (Pages 53–54)
	Q11 New rules requiring the disclosure of information on human capital came into effect in fiscal 2023 and investors are paying close attention to this topic. Please describe initiatives particular to Santen relating to human resource development, recruitment, and some of the other driving forces behind the Company's strengths.	<ul style="list-style-type: none"> ➔ Sustainability Strategy (Page 35) ➔ Human Capital (Pages 36–37) ➔ Blind Experience (Page 38–39) ➔ Health and Productivity Management (Pages 40–41)
	Q12 Where can we find Santen's policy on environmental initiatives? What specific actions are under way?	<ul style="list-style-type: none"> ➔ Conservation of the Global Environment (Pages 42–43)

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