

**Final Update: December 13, 2022**

**Eisai Co., Ltd.**

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<https://www.eisai.com/>

**The status of Eisai's corporate governance is described below.**

## **I. Basic philosophy of corporate governance, capital structure, corporate profile, and other basic information**

### **1. Basic philosophy**

Eisai has adopted the following Corporate Philosophy and incorporated it into the Company's Articles of Incorporation as a commitment to our stakeholders, beginning with our shareholders.

(Corporate Concept)

Article 2.

- (1) The Company's Corporate Concept is to give first thought to patients and the people in the daily living domain, and to increase the benefits that health care provides to them. Under this Concept, the Company endeavors to become a human health care (*hhc*) company.
- (2) The Company seeks to effectively achieve social good in the form of relieving anxiety over health and reducing health disparities as an innovative Japanese company.
- (3) The Company's mission is to increase the satisfaction of patients and the people in the daily living domain, and to empower them to realize their fullest life through an *hhc* ecosystem developed through collaboration with other industries and groups. The Company believes that revenues and earnings will be generated by first fulfilling this mission. The Company places importance on this sequence.
- (4) The Company strives to fulfill its social responsibilities by positioning compliance (i.e., the observance of legal and ethical standards) as the basis of all business activities.
- (5) The Company's principal stakeholders are patients and the people in the daily living domain, shareholders, and employees. The Company endeavors to develop and maintain a good relationship with stakeholders and to enhance the value thereof

through:

- (i) Satisfying unmet medical needs, providing information and services that contribute to the awareness and prevention of diseases, ensuring a stable supply of high-quality products, and providing useful information on a range of topics, such as drug safety and effectiveness;
- (ii) Contributing to a sustainable society with a long-term perspective;
- (iii) Enhancing the common interests of shareholders, improving long-term corporate value, providing a positive return to shareholders, and disclosing corporate management information in a timely manner; and
- (iv) Ensuring stable employment, respecting human rights and diversity, providing full opportunities for growth in support of self-fulfillment, and creating an employee-friendly environment.

This Corporate Philosophy is shared as common knowledge among Eisai's Japanese and overseas Group companies (Eisai Network Companies).

While developing Eisai's global business through their respective operations, they work as one toward the realization of this Corporate Philosophy. To realize the corporate Philosophy, corporate measures and policies must be executed with long-term vision. Such implementation is made possible only with the trust of the Company's stakeholders. Therefore, the Company is always aiming for good corporate governance, and to continually enhance it.

The core of corporate governance is to ensure fair and transparent management and to enhance corporate vitality by respecting the rights of all our stakeholders and clearly separating the supervision of management and the execution of business. The Company will maximize the role of its Outside Directors, starting with their supervision of management and aiming at good corporate governance. In order to increase its corporate value and to increase the common interests and long-term value of stakeholders, the Company strives to enhance corporate governance by stipulating the following basic points of view and code of conduct in its "Corporate Governance Principles" and implementing these principles accordingly.

(1) Shareholder Relations

The Company shall:

- (i) Respect the rights of all stakeholders;
- (ii) Work on increasing and creating corporate value with stakeholders;
- (iii) Keep positive and smooth relations and develop trust with the Company's stakeholders through dialogue;
- (iv) Ensure transparency by properly disclosing Company information in a timely manner; and

- (v) Proactively contribute to achieving a sustainable society.
- (2) Corporate Governance System
- (i) The Company has adopted a Company with a Nomination Committee, etc., System.
  - (ii) The Board of Directors (“the Board”) shall delegate to the Corporate Officers broad powers of decision-making for business execution, to the extent permitted by laws and regulations, and it shall fulfill the function of management oversight.
  - (iii) The majority of the Board shall be independent and neutral Outside Directors.
  - (iv) The Representative Corporate Officer and CEO shall be the only Director who is concurrently a Corporate Officer.
  - (v) To clarify the management oversight function, the positions of the Chair of the Board and the Representative Corporate Officer and CEO shall be separated and held by different people.
  - (vi) The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.
  - (vii) The Chairs of the Nomination Committee, the Audit Committee and the Compensation Committee shall be Outside Directors.
  - (viii) The Company shall have an *hbc* Governance Committee consisting solely of Outside Directors.
  - (ix) The internal control system and its operation shall be enhanced to ensure the credibility of financial reports.

Detailed information regarding Eisai’s corporate governance is available on the corporate website (<https://www.eisai.com/company/governance/index.html>), along with the Company’s Corporate Governance Principles\*, Rules of the Board of Directors, Rules of the Nomination Committee, Rules of the Audit Committee, and Rules of the Compensation Committee.

\* From March 2021, the “Company’s Corporate Governance Guidelines” were revised and renamed “Company’s Corporate Governance Principles”.

[The reason why the Company does not implement each principle of the Corporate Governance Code]

The information in this report is based on the June 2021 revision of the Corporate Governance Code.

In addition, the contents that will be applied in the Prime Market beginning in April 2022 have been included as much as possible. The Company implements all the principles established in the Corporate Governance Code.

[Disclosure based on each principle of the Corporate Governance Code]

[Principle 1-3 Basic Guidelines for Capital Policy]

The Company has established “endeavoring to develop a good relationship with patients, customers, shareholders and employees who are the Company’s principal stakeholders, and to enhance their value” as its Corporate Philosophy in its Articles of Incorporation. The capital policy of the Company is also implemented in accordance with this Philosophy.

In daily operations, the capital policy is conducted with a focus on “medium-to-long-term Return on Equity (ROE) management,” “sustainable and stable shareholder returns,” and “value-creative investment criteria” that contribute to improving shareholder value, on a foundation of ensuring financial soundness.

The Company believes that ROE is an important indicator of the sustainable creation of value for shareholders. In terms of ROE management, the Company aims to attain a high ROE (creation of a positive equity spread[\*1]) level by improving profit margins, financial leverage and asset turnover in the medium-to-long term.

In terms of shareholder returns, the Company stipulates under its Articles of Incorporation that matters related to dividends of surplus will be resolved by the Board of Directors. Based on factors such as a healthy balance sheet and comprehensive consideration of the consolidated financial results, Dividends on Equity (DOE), and free cash flow, as well as taking into consideration the signaling effect, the Company implements the stable and sustainable return of profits to its shareholders. Because DOE indicates the ratio of dividends to consolidated net assets, the Company has positioned it as an indicator that reflects balance sheet management, and, consequently, capital policy. Acquisition of treasury stock will be carried out appropriately after factors such as the market environment and capital efficiency are taken into account. The Company uses the ratio of equity attributable to owners of the parent and net debt ratio as indicators to measure a healthy balance sheet.

In the case of “investment criteria,” in order to ensure value creation through growth investment, the Company invests selectively using the Value-Creative Investment Criteria (VCIC) for strategic investment and sets hurdles for the Net Present Value (NPV) and Internal Rate of Return (IRR) spread by using a risk-adjusted hurdle rate.

Through this type of capital policy, the Group strives to maintain both growth investment and stable shareholder returns, and to improve shareholder value in a sustained manner.

[\*1] (Equity spread) = (ROE) – (shareholder capital cost)

[Principle 1-4 Cross-shareholding]

Considering that an extended period of time is required to progress from basic research/R&D to delivery of the medicine to the patient, we believe that long-term partnerships are crucial to pharmaceuticals manufacturing companies.

The Company's fundamental policy regarding strategic shareholding is to use cross-shareholdings as a means of enhancing cooperation with other companies in ways that promote an increase in its own corporate value.

Shareholdings are kept to the minimum necessary, and estimates of net present value (NPV), etc., are used to carefully investigate whether or not the benefits and risks of shareholding are commensurate with the cost of equity, and to verify the effect on increasing corporate value and economic rationality. This verification is carried out every year, and as a rule, the Company seeks to reduce the amount of shareholding from a corporate governance perspective.

In addition, when exercising voting rights related to strategically held shares, the Company will vote in favor of proposals it judges will contribute to the increase of the value of shares held by the Company, and vote against proposals it judges will damage the value.

As a rule, should any company that holds the Company's shares as strategic shareholding (cross-shareholders) signal an intent to sell those shares, etc., the Company shall not interfere with the sale, etc.

In FY2021, the Company sold a portion of its strategically held shares in 1 listed stock and all its shares of 2 unlisted stocks. In addition, the Company sold a portion of its deemed shareholding in 1 stock and all of its deemed shareholding in another. Aside from these, the Company sold all of its shares held in 1 listed stock among its corporate venture investment (CVC) and other shareholdings.

[Principle 1-7 Transactions between Related Parties]

In order to prevent parties with vested interest in the Company, including its Directors, Corporate Officers, and employees, from abusing their position to harm the interests of the Company or the common interests of shareholders, the Company's Anti-Bribery and Anti-Corruption Policy of Eisai Network Companies (ENW[\*2]) contains provisions prohibiting conflict-of-interest transactions, giving of benefits to shareholders, and bribery. Directors, Corporate Officers, and employees are made thoroughly familiar with the content through compliance training, etc.

[\*2] ENW (Eisai Network Companies) refers to the corporate group comprised of Eisai Co., Ltd., and its consolidated subsidiaries and affiliates.

The existence of transactions between the Company and its major shareholders as well as the nature of such transactions are appropriately supervised by the Company's Board of Directors, and subjected to periodic audits by the Audit Committee. In an effort to prevent conduct that runs counter to the interests of the Company and its shareholders, the Company's Board of Directors stipulates and discloses in the Detailed Rules of the Board of Directors that transactions competitive to the Company and transactions that conflict with the interests of the Company by Directors and Corporate Officers require the approval of the Board of Directors. Furthermore, with regard to such transactions, Directors and Corporate Officers are required to report material facts appropriately to the Board of Directors.

<https://www.eisai.com/company/governance/cgregulations/boardmtg/index.html>

[Principle 2-4-1 Policies and Goals to Ensure Diversity in the Appointment of Core Human Resources]

Acceleration of diversity and inclusion (D&I) is one of the most important themes for our company in order to achieve the *hhc* philosophy. Since the Representative Corporate Officer and CEO issued the Eisai Diversity Declaration in 2012, we have developed a work environment that allows employees with a wide range of values to play active roles regardless of their nationality, gender, age, or other characteristics.

Furthermore, we have established a compliance policy that provides an equal and non-discriminatory work environment for all employees, and we have made it known to more than 10,000 employees globally.

The Company strives to ensure the diversity of Directors and Corporate Officers. The Company appointed a foreign national as a Director in 2002, a foreign national as a Corporate Officer in 2006, a female employee as a Director in 2009, and a female employee as a Corporate Officer in 2013. As of June 17, 2022, five of the Company's 32 officers are foreign nationals and five are female. As a global company the Company appoints local human resources to the management of local subsidiaries. In the Americas, EMEA, and China, the citizens of the respective areas were appointed as Corporate Officers. Globally, approximately 30% of all managers are female.

However, there are still more diversity-related issues, such as gender issues, in Japan than in other countries. There is an urgent need for measures to address these issues from various perspectives. We have formulated and have been working on the following goals and action plans, which are collectively referred to as "Diversity & Inclusion 2021," and which cover the period up to fiscal 2030. Our target is to form autonomous professional groups, achieve the spiral of knowledge generated by diversity, and connect it to the global advancement of innovation, regardless of differences in nationality, gender, age, etc.

<The goals>

(1) Increase the ratio of female employees and managers to 30% or more.

We will become an organization that enables decision-making and human resource development based on a wide range of values and leadership, and develop an environment in which the individuality and strength of each employee is reflected in management and daily operations. (As of the end of April 2022, the ratio of female employees is 27%, and the ratio of female employees in management positions is 11%.)

(2) Increase opportunities for employees to challenge themselves in ways appropriate for veteran employees.

Not only to convey the experience and knowledge accumulated over many years to young employees, but also to fulfill the roles expected from inside and outside the Company, we will develop veteran employees who contribute to the revitalization of organizations and the achievement of a spiral of knowledge as a “shining TAKUMI\*.” (Career training for middle and senior level employees: 5 times in total in FY2021)

\* Veteran employees who find their own significance in taking on the challenge of creating new value and developing next-generation human resources as a frontrunner to embody the *hhc* philosophy

(3) Increase the ratio of managers in their 30s or younger to 20% or more.

We will achieve management diversity more effectively and accelerate the development of an environment where new ideas can be utilized in decision-making. (As of April 2022, 9.9% of organization heads under 30)

In FY2022, the Company have established the following action plan and are working on it.

<The action plans>

(1) Improvement of the working environment and work style reform

- Expanding employee discretion in choosing a work location: The Company increases the choices of work location for employees, such as shared offices and workcations, and is working to realize creative and productive workplaces through an optimal mix of office and remote locations.
- Expanding employee discretion in choosing working hours: The Company considers transitioning to a discretionary labor system that contributes to the development of self-reliant talent.

(2) Facilitating communication in the workplace

- The Company provides training on unconscious bias for all employees.
- The Company provides guidelines and conducts training for managers for improving engagement and maximizing business performance by visualizing the activities of each

employee and vitalizing internal communication, in accordance with recent circumstances under which remote work (work from home) is becoming normal.

- The Company provides managers with a training program on childcare support systems and “IKUBOSS” (a boss sympathetic to male employees spending time with their children and/or taking leave for long-term care, etc.) to create a workplace culture that makes it easier for staff members to take childcare leave.
- The Company have set a goal of achieving 50% of male employees taking spousal maternity leave and childcare leave as soon as possible, and is working to foster a workplace culture that facilitates the use of childcare and nursing care leave for both male and female employees.

### (3) Achieving diverse career paths and developing diverse talent

- The Company is shifting to providing its employees with proactive career development support based on the diverse values and willingness of each employee to take on challenges, instead of company-led career development, through improving the system, conducting various training, and enhancing career enlightenment and education utilizing e-learning.
- The Company is expanding opportunities for each employee to engage in business beyond their departments within the Company as well as to gain work experience outside the Company, and hence provide employees with new opportunities that will lead to their growth and their career development.
- When an employee takes childcare leave, the Company provides them with information on nursery schools, etc., and support their self-development during the leave so that the employee can return to work smoothly.

### (4) Developing diverse leadership

- Early development of younger/female leaders: The Company cultivates and develops diverse leaders by expanding career development programs for younger and female employees and by providing opportunities for them to take on the challenge of career advancement.
- Encouraging the individuality of senior employees: The Company offers opportunities for senior employees to demonstrate their unique abilities, and create a working environment where they can continue to take on challenges regardless of age.

To maximize the human resources base for executing management strategies, we will use People Analytics\* to visualize employee engagement, in addition to qualitative information utilization. Moreover, we will provide opportunities for each employee to maximize his or her performance by executing effective personnel strategies backed by human resources portfolio analysis and an optimum arrangement analysis based on the quantitative information obtained.

\* Data collection and analysis of employees and organizations



To achieve the digital transformation (DX) strategy, which is the core of our new business model, we have been actively hiring specialists such as data scientists and engineers to strengthen our human resources base. Furthermore, we focus on developing leaders who can promote our DX strategy.

In regard to the hiring of foreigners in Japan, we began hiring international students in 2013. The Company aims to continuously secure foreign nationals as human resources. International students have been hired each year since then except in 2014 and 2017. Although there are no specific numerical targets for appointment of mid-career hires to managerial positions, the Company conducts reviews fairly without subjecting them to any disadvantages in promotion/rank advancement. The Company implements a succession planning process annually to select, train, and promote next-generation leaders who ensure diversity in nationality, gender, age, and so on.

[Principle 2-6 Fulfill Function as Corporate Pension Asset Owner]

Given the importance of human capital, the “Eisai Corporate Pension Fund” (“the Fund”) adopted the Corporate Stewardship Code in February 2018. In December 2019, it became a signatory to the Principles for Responsible Investment (PRI) and is making ESG investments that are based on global standards.

Going forward, the Fund will strive to maximize pension returns, and improve the Fund by enhancing human capital, etc. Currently, the Fund does not have sufficient resources for distribution, and there is a framework for the Finance Department to provide support to the Fund. In the future, the Company will work to distribute sufficient resources including the deployment of staff members who have the requisite experience and qualities, and striving to develop such staff, etc., in order for the Fund to be able to fulfill its expected function as asset owner.

Major decision-making on asset management is conducted and approved by a representative committee in light of deliberation by an Asset Management Committee. While the Finance Department provides support as a member of the Asset Management Committee, the representative committee has the Talent Management Department as its core member, and since the Finance Department has no authority to make decisions, the Company believes that this system is able to appropriately manage conflicts of interest.

(Principles related to Welfare Pension Plan "Responsible Institutional Investor")

<https://www.eisai-kikin.or.jp/pop.html>

\* Principles of conduct required for institutional investors to fulfill their responsibilities as consignees of the operation of assets

[Principle 3-1 Full Disclosure]

In regard to Items (i) through (v) given in Principle 3-1, we provide information carefully and in an easy-to-understand manner in the General Meeting of Shareholders reference documents and Business Reports, etc. English-language versions of the Notice of Convocation of the General Meeting of Shareholders, Business Reports, the Integrated Report, etc., are also created. In addition to these materials, we have also created an English-language version of our website.

(i) In addition to establishing a corporate philosophy in its Articles of Incorporation, the Company has established the Corporate Objective and the Charter of Business Conduct of Eisai Network Companies, and has released them on the website.

<https://www.eisai.com/company/philosophy/index.html>

We strive to share the corporate philosophy through broad, general release, including to shareholders, by including it in the Notice of Convocation of the General Meeting of Shareholders, Business Reports, the Integrated Report, etc. In addition, we proactively disclose and release the medium-term and annual business strategy and business plan through financial statement releases, individual shareholder explanation meetings, media press conferences, and information meetings for financial analysts and financial institutions.

(ii) Through the Board of Directors, the Company has established the Company's "Corporate Governance Principles," which stipulate the Company's basic thinking regarding corporate governance, and has disclosed it on the Company's website.

<https://www.eisai.com/company/governance/cgregulations/cgguideline/index.html>

(iii) The Company is a Company with a Nomination Committee, etc., system. The Compensation Committee has the authority to determine the content of compensation of individual directors and corporate officers of the Company. It determines (1) policy concerning decisions on the content of compensation of individual directors and corporate officers, (2) the content of compensation of individual directors and corporate officers, and (3) the evaluation of the level of attainment of Company-wide performance targets and the individual performance targets of each corporate officer for the performance-based compensation of corporate officers. The Compensation Committee may also deliberate on compensation, etc., for directors and corporate officers separately and take exceptional measures in cases where it deems such action necessary. The process for determining compensation, etc., has been disclosed in the Notice of Convocation of the 110th Ordinary General Meeting of Shareholders (the Business Report). In addition, in order to further enhance management transparency, the Compensation Committee annually deliberates on the content of appropriate information disclosure regarding compensation, etc., and makes proposals to the Representative Corporate Officer and CEO, as stipulated in the bylaws.

(iv) The Company is a Company with a Nomination Committee, etc., system. The Nomination Committee has the authority to determine General Meeting of Shareholders proposals related to the election and dismissal of Directors, as well as the basic policy, rules, and procedures, etc., required for the election and dismissal of Directors. The Nomination Committee determines proposals regarding the composition of the Board of Directors for the next fiscal year and the requirements, etc., for the independence and neutrality of Outside Directors and selects candidates for directorship. The duties, contents of activities, etc., of the Nomination Committee have been disclosed in the Notice of Convocation of the 110th Ordinary General Meeting of Shareholders (the Business Report).

The election and dismissal of Corporate Officers is an agenda item to be resolved by the Board of Directors. Regarding the election of Corporate Officers, the Representative Corporate Officer and CEO proposes candidates to the Board of Directors (including the reasons for those candidates), and the Board of Directors elects the individuals

(v) In regard to the election of Directors, the reference documents of the Notice of Convocation for the General Meeting of Shareholders include the reasons for proposal of each candidate for directorship decided by the Nomination Committee. In addition, matters related to the independence and neutrality of Outside Directors confirmed by the Nomination Committee are also included. In regard to the election of Corporate Officers, the reasons for election are included in the agenda items of the Board of Directors, and the Representative Corporate Officer and CEO (the proposer) provides the Board of Directors with sufficient explanation for each selection. In the Reference Document, the Nominating Committee discloses the diversity of director candidates in the form of a "skills matrix," including the principal reasons for nomination as director candidates.

[Supplementary Principles 3-1-3 Initiatives on Sustainability]

The Board of Directors has adopted Article 9 of the Corporate Governance Principles, "Working on Realization of a Sustainable Society," and supervises management in accordance with this provision. The contents of this provision are as follows;

1. The Company will consistently pursue the best corporate governance and proactively work on solving issues related to the environment and society.
2. The Company will carefully monitor trends of global activities which aim at the realization of a sustainable society, and will strengthen the effectiveness of the Company's efforts and endeavor to disclose information proactively.

3. The Company will respect various stakeholders worldwide and make efforts to maintain positive and smooth relations with them, and will contribute to the creation of social value with stakeholders through the Company's business.
4. The Directors and Corporate Officers will respect stakeholders' rights and provide leadership to develop a corporate culture of creating value together with its stakeholders based on the Corporate Philosophy of the Company.

[Consideration for the Environment]

Under the *hhc* philosophy, the Group strives to deliver not just pharmaceuticals but also solutions to “people in the daily living and medical domains (The People).” We believe strengthening activities to ensure the sustainability of the global environment, which provides the foundation for our business activities, is essential to contributing to The People. With this belief, we renewed the “ENW Environmental Protection Policy,” which offers guidelines for our environmental activities, in FY2021. The updated policy clearly states (1) contributing to the creation of a carbon-free society by reducing greenhouse gas emissions, (2) contributing to the creation of a recycling-oriented society through proper disposal of waste and efficient use of resources including water, and (3) contributing to the creation of a symbiotic society through efforts to preserve biodiversity.

Amid increasing societal demands for protection of the global environment, we will fulfill our corporate social responsibility as a participant in the UN Global Compact by pursuing company-wide efforts to reduce environmental impact in every stage of our business operations, and by working to achieve the Sustainable Development Goals (SDGs) adopted by the UN General Assembly.

Our efforts in this area have received external evaluations such as an "A-" rating in both the CDP\*<sup>1</sup> Climate Change Report 2021 and the CDP Water Security Report 2021, the second highest rating out of eight, selection for inclusion in the “Carbon Clean 200\*<sup>2</sup>” ranking of the top 200 listed companies in the world in 2021 that are contributing most to the reduction of fossil fuel energy consumption, and inclusion in the S&P/JPX Carbon Efficient Index.

\* 1 A non-profit organization that requests top ranking market capitalization companies and municipalities in major countries to disclose information on climate change, water, and forests, and discloses it to investors, companies, and governments after analyzing and evaluating the information

\* 2 Selected by media and research firm Corporate Knights (Canada) and NGO As You Sow (U.S.)

(1) Climate Change-related Activities

In June 2019, we announced our support for the Task Force on Climate-related Financial Information Disclosure (TCFD), and performed climate scenario analysis. For further details on scenario analysis, please refer to pages 62-63 of Integrated Report 2020.

<https://www.eisai.com/ir/library/annual/index.html>

(i) Governance Structure for Climate Change Risks and Opportunities

The Board of Directors has established "Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers," under which the Corporate Officer in charge of environment-related risks (Corporate Officer in charge of General Affairs and Environmental & Safety Affairs) establishes and operates internal controls concerning such risks. "Rules of the Board of Directors" stipulate matters related to ESG and SDGs as reportable items, and the Board of Directors receive quarterly progress reports from the corporate officer in charge on the status of company-wide initiatives and issues related to sustainability, including climate change, and monitor them. Under this system, the Corporate Officer in charge of General Affairs and Environmental & Safety Affairs works with the Executive Officer in charge of Stakeholder Communication to identify and address risks and opportunities related to climate change. In addition, significant business risks, including climate-related risks, are managed by the Risk Management Committee, chaired by the Corporate Officer in charge of Internal Control, which reports to the Board of Directors.

(ii) Overview of Climate Change Risks

As a result of analyses on the long-term effects of climate change used the TCFD framework to perform scenario, physical risks such as health risks increased, as did the need for access to medicines in developing countries in particular, and it was judged that expenditures for improvement of those issues would have the most impact. In addition, it was judged that continued investment related to damage and the loss of fixed assets resulting from production impediments caused by natural disasters, as well as production backup systems, would be high, and also that the decrease in revenue resulting from delays in product supply caused by production or logistics stoppages would also be significant.

As for transition risks, it was judged that the reputation risk would have significant impact in the event that reduction of greenhouse gas emissions and related disclosures are insufficient, and sharp increases in costs resulting from increased carbon taxes in carbon pricing would have significant impact as well.

To address these risks, in FY2021, the Company is working toward greenhouse gas emissions reductions based on the Science Based Targets initiative (SBTi) and has set a path that aims to shift the electricity used in business activities to 100% renewable electricity and released a statement of commitment and roadmap for the medium-term target of 100% renewable energy usage by 2030 and long-term goal of achieving carbon

neutrality by 2040. In FY2022, the Company will reduce greenhouse gas emissions further by promoting the introduction of renewable energy and other measures. The Company will also consider the introduction of internal carbon pricing, which promotes effective investment in CO2 emission reductions by converting CO2 emission reductions into monetary values, making them visible, and incorporating them into investment decision criteria as the amount of investment effect.

(iii) Reduction of greenhouse gas emissions

Climate change caused by greenhouse gas emissions is a pressing issue shared by all humankind. To date, more than 120 countries around the world have pledged to become carbon neutral\* by 2050. The Japanese government made the pledge in October 2020. Efforts by companies to become carbon neutral are also accelerating.

The Group has set the target of “reducing CO2 emissions by 30% from FY2016 levels by FY2030” as a science-based medium- to long-term target for the reduction of greenhouse gas emissions, and has made concerted efforts to reduce CO2 emissions.

- Medium-term target: Achieving 100% renewable energy usage by 2030

Eisai will switch all electric energy, which accounts for 65.3% (as of FY2019) of the total energy usage used by the entire corporate group, to renewable energy.

- Long-term goal: Achieving carbon neutrality by 2040

Eisai will ensure the ratio of CO2 emission to absorption across the entire Group is to come out even.

In addition, the Company is preparing to switch to the SBT 1.5°C target.

To further accelerate these efforts, the Group issued a “Statement of Commitment for Carbon Neutrality by 2040” in May 2021 and set new targets. We have also created a roadmap outlining the measures and plans for achieving carbon neutrality by 2040, which we update each year according to our progress and changes in the external environment. In addition to continuing efforts to save energy, we will increase the use of renewable energy, switch sales vehicles to hybrid and electric cars, and actively introduce advanced technology. We will also collaborate with suppliers to boost efforts to reduce greenhouse gas emissions in our supply chains.

\*A state in which greenhouse gas emissions are offset by absorption

(iv) Promotion of the introduction of renewable energy

The Group is actively introducing renewable energy. We switched part of our electricity supply to green power\* at the Head Office, Kawashima Plant, Tsukuba Research Laboratories, and Eisai Distribution. Overseas, we purchase solar power at the Vizag Plant (India), and generate solar energy for captive consumption and source green power at the Exton site (U.S.). We also use green power at the European Knowledge Centre (U.K.). These are some of our main overseas business sites where we have achieved 100% renewable energy usage. Through these initiatives, we expect

renewable energy to constitute approximately 62% of total power consumption in FY2021. We will continue systematic introduction of renewable energy in the future as well, and strive to reduce CO2 emissions further.

\*Electric power generated from sunlight, wind power, hydraulic power, and other renewable energy sources

(v) Efforts related to sales vehicles (domestic group)

The Company's domestic group is steadily switching sales vehicles to hybrid cars in order to reduce CO2 emissions from sales activities. In FY2021, the introduction rate exceeded 70%. We also began introducing electric cars in the second half of FY2019, in an effort to reduce CO2 emissions by transitioning to vehicles with high fuel efficiency.

(2) Initiatives for the Formation of a Recycling-oriented Society

The Company's domestic group strives to dispose of waste properly and use resources efficiently in order to protect the environment. Aiming to reduce the amount of waste generated, increase the amount of recycled waste, and decrease the amount of waste sent to landfills, we are making an effort to enhance our waste-disposal measures. FY2021 will mark the 14th consecutive year that we have attained zero emissions.\*

\*To reduce the percentage of waste sent to landfill to less than 1%.

(3) Initiatives to Protect Biodiversity

As the Group develops and sells pharmaceuticals derived from natural products, we consider the protection of biodiversity a critical issue in conducting business activities sustainably. For this reason, we strive to monitor the impact of our business activities on biodiversity at each stage, and to protect the natural environment at each business site. On the grounds of the Kawashima Plant (Gifu Prefecture), we maintain a Japanese garden, rich with nature, and we cultivate and conserve about 600 types of medicinal and otherwise beneficial plants, including endangered species, in the Medicinal Herbal Garden at the Naito Museum of Pharmaceutical Science and Industry. Eisai Pharmaceuticals India Pvt. Ltd. (India) has undertaken a tree-planting program to promote environmental awareness. In FY2021, about 3,000 trees were planted in the state of Andhra Pradesh, where the office is located, bringing the total number of trees planted through this program to about 8,000.

[Respect for Human Rights]

In 2019, the Company formulated the ENW Human Rights Policy that is in compliance with international rules. On this basis, we have identified risks within our business and supply chain wherein the Company's business activities may have a negative impact on

the human rights of our stakeholders. We have implemented measures to avoid or minimize these risks, and carry out human rights due diligence on an ongoing basis to monitor and disclose the results. Within the Company, we conduct training sessions, offer e-learning, and make calls for slogans. Through these and other awarenessbuilding activities, we endeavor to prevent any kind of discrimination or harassment as well as ensure the thorough enforcement of personal information management. In regard to our supply chain, we try to understand through sustainable procurement, any human rights-related issues that may be present through the state of human rights-related initiatives being undertaken by our business partners. In addition to such activities, in FY2021 we also focused, from the perspective of respecting human rights, on providing support for COVID-19 infection prevention measures, both here in Japan and abroad.

(See page 51 of the Value Creation Report 2021 for more information.

<https://www.eisai.com/ir/library/annual/pdf/epdf2021vcr.pdf> )

#### [Sustainable Procurement]

Companies are required to carry out procurement activities that emphasize sustainability (sustainable procurement) throughout their supply chain. This includes the sustainability of such matters as human rights, labor and safety, the environment and ethics. Sustainable procurement prevents, in the supply chain, the occurrence of human rights violations as well as issues related to the environment. It also enables the building of a robust and sustainable supply chain. Such activities are efficient and effective when carried out together with others in the industry. For this reason, the Company joined the Pharmaceutical Supply Chain Initiative (PSCI), which is a global non-profit organization promoting efforts in the pharmaceutical and healthcare sector. We incorporated PSCI's supplier standards of conduct, which is adopted by PSCI member companies, into the Company's Code of Conduct for Business Partners. At the same time, we share information on human rights and environment-related issues in the supply chains of our industry. In FY2021, we held a business partners briefing for the suppliers of our plants in Japan. We asked for their understanding of the importance of engaging in sustainability efforts. Additionally, we obtained their written consent to comply with our Code of Conduct for Business Partners. We also implemented sustainability assessments of our business partners, which were carried out by a third party.

(See page 51 of the Value Creation Report 2021 for more information.

<https://www.eisai.com/ir/library/annual/pdf/epdf2021vcr.pdf> )

#### [Initiatives to Improve Access to Medicines]

The Group considers making efforts to resolve the global issue of access to medicines to be its duty as well as a long-term investment for the future. It is promoting such



undertakings proactively under public-private partnerships with governments, international organs, private non-profit organizations and others.

#### (1) Elimination of lymphatic filariasis (LF)

LF is one of the neglected tropical diseases (NTD) that is endemic in developing and emergent nations. We manufacture its treatment, diethylcarbamazine (DEC) tablets, at our Vizag Plant in India. Until LF is eliminated in all endemic countries requiring DEC, we will continue to provide the tablet to the World Health Organization (WHO) free of charge at price zero. As of the end of March, 2022, we had supplied 2.05 billion tablets to 29 countries. Through the WHO “Global programme to eliminate lymphatic filariasis,” LF has been eliminated in 17 out of 72 endemic countries (of the 17, we have been providing DEC tablets to 4 countries). The number of patients infected with LF fell by 74% from 2000.

#### (2) Ongoing support toward the elimination of NTDs

The Company was the only Japanese firm to participate in the London Declaration on Neglected Tropical Diseases, announced in 2012. It is an international public-private sector partnership working toward the elimination of 10 NTDs. As such, we have been engaged in efforts to eliminate NTDs, including LF. A 10th anniversary event of the London Declaration was held on January 27, 2022. The Company’s Representative Corporate Officer and CEO, Haruo Naito, took the podium at the event as a representative of pharmaceutical companies. There, he honored the results to date of the activities by the pharmaceutical industry and the partnerships for the elimination of NTDs, and he indicated that support for the elimination of NTDs would be continued going forward toward achievement of the WHO’s new road map for NTDs, 2021-2030. The objective of the event was to confirm the progress made in the 10 years since the London Declaration as well as the strong, ongoing commitment of stakeholders toward elimination of NTDs. At the same time, it was to gather the support of involved parties toward announcement of the Kigali Declaration. This declaration will succeed the London Declaration and will be announced at the Commonwealth Heads of Government Meeting to be held in Kigali, the capital city of the Republic of Rwanda, in June 2022. There was strong response expressed over social media following the event. The importance of eliminating NTDs and the commitment of a wide range of stakeholders toward 2030 were confirmed.

#### (3) Awareness-building in Sudan for mycetoma

We are supporting and cooperating with the Association for Aid and Relief, Japan (AAR Japan), an international NGO that offers aid to refugees, which is based in Japan. AAR Japan has been working actively in Sudan since 2019. Local contributions, including the provision of treatment and surgery to about 100 mycetoma patients, and disease

awareness-building toward more than 2,400 residents, have been made since commencing the activities. Going forward, we will undertake the provision of more comprehensive and sustainable solutions, including providing psychological support for patients following surgery, and building the capabilities of local organizations and communities.

(4) The development of new drugs for the treatment of NTDs and malaria

Through partnerships with international research agencies and others, we are proactively undertaking the development of new drugs for the treatment of NTDs and malaria. We are continuing the development of new drugs for the treatment of NTDs through partnerships that make the most of the respective strengths of those involved. In joint efforts with non-profit research organizations, including Drugs for Neglected Diseases initiative (DNDi) and Medicines for Malaria Venture (MMV), investments by the GHIT Fund and others are being used in addition to ideas input by researchers from academia, etc.

[Investments in human capital]

To nurture business professionals who contribute to global society and earn the trust of society, the Company actively invests in education and training to instill our corporate philosophy and support employee autonomy and self-realization, as well as in the development of the working environment.

1. Establishment of a Global Talent Management System

The Company formulated the Eisai Global Talent Management Policy in 2016, and it has instilled this policy, which proactively embraces diversity and inclusion, and leads to full understanding of patients' needs and to the Company's innovation. Incorporating in the policy the idea of acquiring talented people who sympathize with the *hhc* mindset, and finding and cultivating talent who can develop new business opportunities, the Company clarified globally that collaboration by diverse human resources who demonstrate their individual strengths is essential to achieving the *hhc* philosophy.

<Eisai Global Talent Management Policy>

- Eisai employees understand patients' true needs through a process of "Socialization," giving them strong motivation to innovate. They then think about where and how to put this innovation into practice to meet these needs.
- We endeavor to provide meaningful work that leads to innovation and offers development opportunities.
- We foster the development of a corporate culture free from discrimination or harassment, which embraces diversity and inclusion, and which encourages taking on challenges and achieving success through trial and error.

- We attract and recruit outstanding talent from around the world who identify with the *hhc* mindset to maximize the satisfaction of patients and consumers.
- We find and develop talent who can observe the current real world (in terms of trends, presentations at academic conferences, etc.) and identify new business opportunities (including timing) rather than adhering to the status quo.

## 2. Cultivation of Global Talent who realize the *hhc* philosophy

Under the Medium-Term Business Plan “EWAY Future & Beyond”, the Company greatly expanded the business perspective from "patients and their families" to “people in the daily living and medical domains (people to whom Eisai contributes)” and aims to further evolve the *hhc* philosophy based on the concept of “empowering the People to realize their fullest life.” We shared globally that "finding each people's anxiety through socialization with “people in the daily living and medical domains" is essential for the further evolution of the *hhc* philosophy.

Our greatest strength is the "deep penetration of our corporate philosophy," and our management policies and strategies based on the *hhc* philosophy are shared globally. The basis of our human resource development is understanding and empathy with the *hhc* philosophy, and we provide opportunities for "socialization" in our training programs at all levels. In addition, we continuously conduct more than 500 patient contribution activities per year on a global basis in order to spread the *hhc* philosophy.

## 3. Promotion of Self-Improvement by Autonomous Individuals

### (i) Improvement of Employee Engagement

At the root of our human asset strategy lies the idea that employees love both their work and our company, and will increase their productivity based on fulfillment and job satisfaction, which will lead to patient and customer satisfaction and enhanced performance. The Company introduced a monthly survey of employee engagement in May 2020, and is holding discussions and continuing to make improvements in the workplace based on the scores. In 2022, we introduced a global engagement survey, and are promoting contribution to customers by enhancing job satisfaction across all our global companies. In the first survey, which took place in March 2022, 85% of employees had high engagement.

### (ii) Transformation of Workstyles

As the move to remote work progresses, the Company is redefining the office as “a place that offers employees value that they cannot obtain remotely,” “a place for joint team creation,” and “a place of empathy through *hhc* socialization.” We are harnessing communication tools to implement a stage-by-stage office reform based on the concept of a work style that allows employees to choose their working environment and location

(activity-based working (ABW)), with consideration for the times when/places where each employee is most productive as they carry out their work, and which contribute to realizing creative results. We are also implementing office reforms based on this concept for the Head Office and Head Office functions in the U.S. and the U.K., and are promoting communications reform using digital tools.

(iii) “Learning Style Reform” That Supports Proactive Career Formation

The Company aims to realize an environment that allows the dynamic growth of human assets who will build trust with people inside and outside the Company, take on challenges, and continue to provide value to society. To accomplish this, we have started “learning style reform” that enables employees to make choices, challenge themselves, and improve themselves, based on their own volition and responsibilities. We are moving from a training program style in which the Company stipulates program content and its participants to a style that broadens employees’ choices, including curricula, times, and locations, allowing them to make selections according to their personal characteristics, preferences, and needs, and to voluntarily challenge themselves. We are also expanding opportunities that cross the border between inside and outside the Company, and promoting the provision of opportunities for broader career development. We are implementing a shift from company-led career formation to proactive career formation based on each employee’s diverse values and motivation by working to enhance career development and education using e-learning and other resources. Thus, we are encouraging one-to-one meetings between employees and their supervisors, to enable accelerated personal growth through personal career formation and work. We are engaging in new measures, both concrete and virtual, including the introduction of the special paid vacation system that can be used when carrying out self-development and social contribution activities, and the promotion of online dialogue with members inside and outside of organizations.

(iv) Enhancement of the Health-Consciousness of Employees

For the Company to maximize its contribution to patients on a global scale, maintaining the good health of employees, who will be responsible for this, and their families is paramount. The Company carries out activities to drive the maintenance and promotion of the good health of employees. We work to raise the health awareness of each employee, such as by promoting efforts to have 100% of employees undergo annual health checkups and by achieving no-smoking at all offices as well as no-smoking during work hours.

[Investments in intellectual properties]

Under the Medium-Term Business Plan “EWAY Future & Beyond”, which began in April 2021, the Company is expanding the main role of healthcare that we should contribute not only to the medical field but also to people living in the daily life field. We aim to evolve into an *hhceco* (*hhc* philosophy + ecosystem) company, which empowers the People to realize their fullest life from the time that they are in good health up to the final moments of their lives, by promoting the creation of science-based solutions focused on the areas of neurology and oncology, where the Group’s biggest strengths and unmet medical needs are extremely high, and building an ecosystem in collaboration with other industries.

- Neurology

Aim to provide optimal treatment for neurodegenerative disorders (Alzheimer’s disease, etc.) based on pathophysiology.

- Oncology

Aim to achieve a cure for cancer through personalized medicine based on cancer evolution and genome information.

For details, please refer to the Notice of Convocation of the 110th Ordinary General Meeting of Shareholders (the Business Report), pages 45-46.

[Supplementary Principles 4-1-1 Roles and Responsibilities of the Board (1)]

The Company is a Company with a Nomination Committee, etc., system. The Company’s Board of Directors delegates to Corporate Officers a significant amount of decision-making related to the execution of business, to the extent allowed by relevant laws and regulations, to invigorate operation, and focuses on management oversight.

The main duties, etc. of the Board are as follows;

1. The Board shall determine the material matters required by law, the Articles of Incorporation and the Rules of the Board, including basic management policies, the appointment and dismissal of Corporate Officers and surplus dividends.
2. The Board shall oversee the execution of duties by the Directors and Corporate Officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee, the *hhc* Governance Committee and the Corporate Officers.

The specific matters to be resolved by the Board of Directors and the specific matters that are to be reported to the Board of Directors are stipulated in the Detailed Rules of the Board of Directors. The Rules of the Board of Directors and the Detailed Rules have been disclosed on the Company’s website.

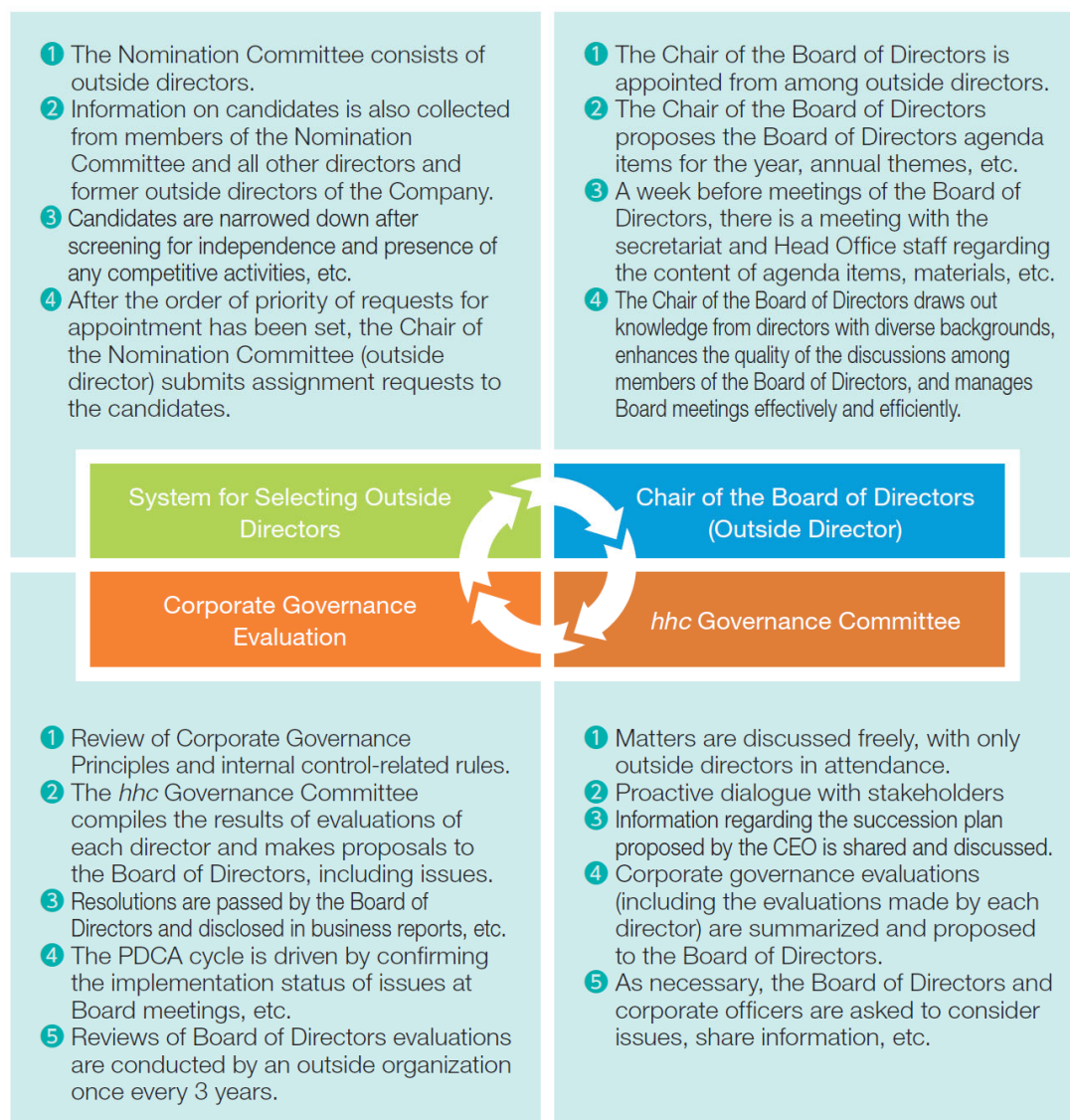
<https://www.eisai.com/company/governance/cgregulations/boardmtg/index.html>

[Principle 4-8 Effective Use of Independent Directors]

(1) A Sustained, Autonomous Mechanism for Enhancement of Corporate Governance Centered on Outside Directors

The presence of 8 independent Outside Directors, who account for the majority of the Board of Directors, supports the effectiveness of the Company's corporate governance structure. The Company has established and is operating a mechanism to enhance sustained, autonomous corporate governance centered on Outside Directors, including (1) a system of electing neutral and independent Outside Directors by a Nomination Committee, (2) operating the Board of Directors, etc., through the leadership of a chair who is an outside director, (3) an "*hbc* Governance Committee" for broad discussion of corporate governance, including dialogues with stakeholders and the consideration of a succession plan, etc., and (4) corporate governance evaluations that drive the Plan-Do-Check-Act (PDCA) cycle of the Board of Directors and each committee. We will continue to work to enhance the content of each of those efforts.

A Sustained, Autonomous Mechanism for Enhancement of Corporate Governance Centered on Outside Directors



(2) *hhc* Governance Committee

The *hhc* Governance Committee is a subcommittee of the Board of Directors, and is composed exclusively of outside directors. It works to enhance corporate governance.

The main duties, etc. of *hhc* Governance Committee are as follows;

1. Actively engage in dialogue with stakeholders and use the knowledge gained to improve discussions in the Board of Directors.
2. Share information and provide advice and other recommendations regarding the Representative Corporate Officer and CEO's proposed plans for grooming candidates to fill the role of Representative Corporate Officer and CEO in the future.

3. Evaluate the effectiveness of the management oversight function of the Board of Directors. If any issues emerge in the operations of the Board of Directors or other boards or committees, propose the relevant improvements to the Board of Directors.
4. Carry out broad discussions on the Company's corporate governance and business matters, and work to make continuing improvements to the Company's corporate governance.

In FY2021, we exchanged information with the assigned corporate officers on multiple themes that involve sustainability, so that the Board of Directors could monitor the various issues related to sustainability, ESG, and other non-financial capital. In addition, the agenda was diverse, including matters such as dialogue with stakeholders (patients, shareholders, employees), consideration of the CEO succession plan, gathering the latest corporate governance information, and consideration of the various issues addressed by the Nomination Committee, the Audit Committee, and the Independent Committee of Outside Directors. Lively discussions were held each time.

Although the COVID-19 pandemic limited our ability to host face-to-face meetings to share information with stakeholders, we utilized online video-conferencing to create opportunities when circumstances allowed it.

In addition, we set up opportunities to reflect on dialogue with stakeholders at the end of the fiscal year, as a new initiative. In this way, we reconfirmed the issues that we should continue to address, and exchanged opinions on how we should leverage the knowledge we gained through dialogue in management oversight in the next fiscal year. In regard to dialogue with stakeholders, we will continue in the future to respond to the expectations of our stakeholders through a cycle of implementing dialogue, reviewing and reexamining relevant matters, sharing knowledge and identifying issues, and reflecting what we learn in management oversight.

### (3) Sharing of Information Related to Efforts toward Sustainability

In addition to being a key management issue, efforts toward sustainability constitute a risk that could affect corporate value. In accordance with Article 9 (Working on Realization of a Sustainable Society) of the "Corporate Governance Principles," the Board of Directors receives reports from the assigned corporate officers regarding individual themes, in addition to regular reports related to ESG, and monitors the efforts. In order to enhance the Board of Directors' discussions regarding sustainability, the *hhc* Governance Committee shared and discussed information on the following themes in FY2021.



- a The background leading to the production of the “Value Creation Report,” which was revamped around the theme of “sustained corporate growth through the enhancement of nonfinancial capital,” and changes in the ESG-related environment
- b The current status and issues of the promotion of the active participation of women based on “Eisai Diversity & Inclusion 2021”
- c The international situation related to demands on companies regarding human rights, the structure of the “Business and Human Rights” project, a human rights due diligence plan directed at the supply chain
- d Consideration and implementation of sustainability strategy and tactics to address the results of evaluation of the Company by the Dow Jones Sustainability Index (an outside evaluation related to ESG) and the results of outside evaluation
- e Reports on the progress of activities aimed at eradicating neglected tropical diseases (NTDs)

#### (4) Dialogues with Stakeholders

The Company engaged in dialogue with patients and the general public, shareholders and institutional investors, and employees, who together constitute Eisai’s main stakeholders, as follows.

Further, in FY2021, we reflected on and discussed such dialogues in order to apply the results in the oversight function of the Board of Directors.

##### a Dialogues with Patients

- Talking with early-onset dementia patients, learning about the way they face the disease and the stern realities of the impact of dementia on their lives provided a renewed recognition of the Company’s social mission. Such dialogue provided a deeper understanding of the importance of empathy with the patient’s emotions, as well as the *hhc* Corporate Philosophy and its practical application.

##### b Dialogues with Institutional Investors

- Institutional investors (analysts) were invited to give lectures on “What I want to tell outside directors as an institutional investor,” followed by a question and answer session and the exchange of opinions.
- An opinion exchange session was held with approximately 70 institutional investors and others through an online conferencing system, featuring roughly 2 hours of questions and answers, as well as discussions.
- Individual dialogues with institutional investors were held via online and telephone conferencing. Eleven of these sessions were held, sharing information and exchanging opinions with about 8 companies overall.
- Discussions with institutional investors offered the opportunity to hear candid opinions from various perspectives. The matters pointed out and knowledge gained

from these dialogues are now being utilized in discussions and management oversight by the Board of Directors.

(5) Information Sharing and Discussion Regarding the Succession Plan

a) View Regarding Selection of the Chief Executive Officer (CEO)

The Company positions the selection of the CEO as one of the most important decisions to be made by the Board of Directors. The CEO's duty is to exhibit strong leadership while also nurturing the next CEO. The Company believes that having Outside Directors participate in this process with such recognition and having them offer advice, etc., increases the objectivity of the CEO's proposal of successor candidates. It rationally ensures the fairness of the CEO selection process as the Board of Directors.

b) Procedures Regarding CEO Selection

Even after becoming a company with a nomination committee, etc., system in 2004, discussions had been repeated under a consistently optimal corporate governance system regarding the CEO succession process. In FY2016, with consideration given to the previous background, discussions were held at an Outside Directors Meeting (now called the *hhc* Governance Committee) on ideal information sharing by the Board of Directors in relation to a succession plan formulated by the CEO and preparations for unexpected situations, and succession procedures, etc., were set out as rules. The outline of the procedures are as follows.

i) Sharing of Information on the Succession Plan

- Information on the succession plan proposed by the CEO is shared two times a year at the Outside Directors Meeting.
- The CEO and inside directors also participate in this Outside Directors Meeting, and information on the succession plan is shared among all directors.

ii) Discussion of the Succession Plan

- The criteria for evaluating candidates are expected to change in accordance with the business environment, etc. For this reason, criteria will be set appropriately when the CEO proposes candidates.
- The CEO evaluates candidates on the criteria that have been set, and presents evaluation results in the succession plan.
- Directors provide advice on the succession plan. The CEO considers the advice provided by Directors and reflects it in the succession plan as appropriate.

c) Preparations for Unexpected Situations

Circumstances, such as unforeseen accidents, that necessitate the sudden selection of a new CEO by the Board of Directors are also possible. Contingency plans for

such unexpected situations are also confirmed when considering the aforementioned succession plan.

[Principle 4-9 Independence Standards and Qualification for Independent Directors]

After the Company transitioned to a Company with Committees system (currently “Company with a Nomination Committee, etc., system”) in 2004, the Nomination Committee held repeated discussions, and in 2006, disclosed the “Requirements for the Independence of Outside Directors” (currently “Requirements for the Independence and Neutrality of Outside Directors”).

When electing Outside Directors, the Nomination Committee places the utmost importance on ensuring the independence and neutrality of Outside Directors. The work of selecting candidates for Outside Directorships begins with creating a list of candidates. In addition to directors who are currently serving, the Nomination Committee asks the Company’s former Outside Directors, who have extensive personal networks, to create a list of candidates, and updates the candidate list every year. The Nomination Committee screens the candidate lists for independence, competition, and other related matters, narrows down the candidates in accordance with the requirements for new candidates for the relevant fiscal year, then determines the candidates for whom requests for appointment will be submitted. After the decision is made, the Chair of the Nomination Committee promptly meets with the candidates and submits requests for appointment to the Company’s directors. The Company’s Nomination Committee consists of only 3 members, all of whom are Outside Directors. Utilizing the process described above, they select director candidates with fairness and transparency. In addition, the Nomination Committee strictly applies the “Requirements for the Independence and Neutrality of Outside Directors,” stipulated by the Committee, for the selection of candidates for Outside Directors. Every year, the Nomination Committee examines each outside director candidate, whether for new election or re-election, to determine whether he or she meets the Requirements and to assess his or her independence and neutrality.

The Company inspects the Requirements each year, and revises them as necessary, to respond to changes in laws and regulations as well as standards of securities exchanges, etc., and also from the perspective of improving corporate governance.

[Supplementary Principles 4-10-1 Use of Optional Approach]

The Company has adopted a Company with a Nomination Committee, etc., System. The majority of the Board shall be independent and neutral Outside Directors. The Nomination Committee and the Compensation Committee shall be entirely composed of Outside Directors, and the majority of the Audit Committee shall consist of Outside Directors.

[Supplementary Principles 4-11 Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Auditors]

[Supplementary Principles 4-11-1 Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Auditors]

- Clear Separation of Functions Between the Oversight of Management and the Execution of Business

The Company fully leverages its system of being a Company with a Nomination Committee, etc., with the Board of Directors entrusting a large portion of the decision-making authority over business execution to Corporate Officers to the extent permitted by relevant laws and regulations in order to devote its attention to the oversight of management.

This enables prompt, flexible decision making and business execution by Corporate Officers, even in environments undergoing dramatic changes. Additionally, in order to achieve a clear separation between the oversight of management and the execution of business, the Company has established that the chair of the Company's Board of Directors shall be an outside director and that the Representative Corporate Officer and CEO shall be the only individual to concurrently serve as a Corporate Officer and a director.

Clearly separating management oversight and business execution in this manner enhances corporate vitality, including business execution by Corporate Officers, while the Board of Directors exercises the function of oversight from the perspective of stakeholders to ensure fairness and transparency in management. At the same time, directors and Corporate Officers communicate with each other and build trust in executing their respective duties and fulfilling their responsibilities, working together to increase corporate value and contribute to the creation of social value.

Mechanisms such as these are important characteristics of the Company's corporate governance.

- Diversity of Directors

The Board will be composed of diverse Directors with differing backgrounds of specialized knowledge, experience, etc., and an appropriate number of Directors shall be maintained so that the Board can exercise its functions most effectively and efficiently.

The majority of the Board shall be independent and neutral Outside Directors.

Currently, the 11 Directors include 7 Outside Directors.

The Nomination Committee places the highest priority on independence and neutrality, and at the same time, Outside Directors who sympathize with the *hbc* philosophy are selected. The background of 7 Outside Directors were experienced in corporate management, financial accounting specialists, legal specialists, corporate governance

specialists, etc., and one Outside Director is a nationality other than Japan, and one is a female. The reason of nominating Directors and the diversity of directors, such as the background of their expertise and experience, and their age, is disclosed on page 13 of the reference materials for the convocation of the 110th Ordinary General Meeting of Shareholders.

[https://www.eisai.com/ir/stock/meeting/pdf/inv110\\_all.pdf](https://www.eisai.com/ir/stock/meeting/pdf/inv110_all.pdf)

- Selection and Assignment of Corporate Officers

The Board of Directors takes a global perspective in selecting the Corporate Officers who will implement our corporate philosophy and improve our corporate value, and assigns them in ways that allow them to effectively, efficiently harness their capabilities. People who are well-versed in the operations in each field of administration, including those with advanced expertise in R&D, science, and the production, quality, safety, and other aspects of pharmaceuticals, as well as those with extensive knowledge in the medical systems and health care markets in particular regions of the world, are selected as Corporate Officers.

- The Executive Board, Advisory Boards, etc.

The Company has established mechanisms to support the decision making of the CEO, including the Executive Board as the highest decision-making body of business execution, the Scientific Advisory Board (comprised of professors and researchers from world renowned research institutions to consider on medium-to-long-term R&D planning and general portfolio strategies and tactics) and the Sustainability Advisory Board (comprised of external specialists from Japan and abroad who are well-versed in international policies in order to improve our non-financial capital initiatives focused mainly on ESG and the Sustainable Development Goals (SDGs) ). Based on authority delegated from the Board of Directors, other meeting bodies include the Compliance Committee, the Risk Management Committee, the Company-Wide Environment and Safety Committee, and the Human Rights Awareness Committee, which report to the Board of Directors on decisions made in the Executive Board as well as the status of their business execution.

- Building and Operating a Global Internal Control System

The Board of Directors determined the Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers, based on which Corporate Officers ensure independence by establishing, preparing and operating an internal control system within the scope of their assigned allocation of duties.

The Company also assigns global Corporate Officers, with the Corporate Officers who are in charge directly building and operating internal control systems at overseas subsidiaries.

- Instilling Management with Accountability and Stakeholder Consciousness

Once every three months, all Corporate Officers attend a Board of Directors meeting and report to the Board of Directors on decisions made in the Executive Board as well as the status of their business execution. Corporate Officers having accountability and reporting to the Board of Directors improves the rationality and transparency of decision making, policies, and initiatives of operational divisions, while instilling stakeholder consciousness in management.

- Management Oversight by the Board of Directors

The Board of Directors has the authority to select and dismiss Corporate Officers. The Board of Directors delegates a large portion of the decision-making authority over business execution to Corporate Officers, and Corporate Officers are responsible for reporting to the Board of Directors in a timely, appropriate fashion.

The Board of Directors confides in Corporate Officers by verifying the appropriateness and efficiency of business execution processes based on their reports while also evaluating the performance results of the business execution, thus fulfilling the role of management oversight by ensuring the appropriateness and efficiency of management.

The Board of Directors also delegates important management oversight functions of the Board of Directors to the Nomination Committee, Audit Committee and Compensation Committee, and oversees the business execution of these committees based on their respective reports. The fairness and transparency of the Board of Directors are also ensured through oversight of each individual director to verify whether they are making fair judgments, exercising their authority in a way that lives up to the confidence placed in them by all shareholders, and executing their business functions appropriately.

The Company's Board of Directors has codified the Company's thinking regarding diversity in the composition of the Board of Directors in the "Corporate Governance Principles," which stipulate the Company's basic thinking regarding corporate governance, and has disclosed it on the Company's website.

<https://www.eisai.com/company/governance/cgregulations/cgguideline/index.html>

The Nomination Committee elects candidates for Outside Director in accordance with the basic thinking stipulated in the "Corporate Governance Principles." In order to enable all shareholders to understand the activities of the Nomination Committee, the Company has disclosed the duties of the Nomination Committee, the details of activities throughout the year and the procedures for electing candidates for directorship, etc., in Notice of Convocation of the 109th Ordinary General Meeting of Shareholders (the Business Report).

[Supplementary Principles 4-11-2 Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Auditors]

The Company's Board of Directors has specified the role of Directors, including Outside Directors, in the "Corporate Governance Principles" as indicated below, such as putting to use their ability to meet the expectations of stakeholders, spending sufficient time on their duties and executing their duties as Directors, so that all Directors, including Outside Directors, will respond to the confidence placed in them by shareholders. The Company's Directors comply with these stipulations and execute their duties as Directors.

- Directors shall assume the duty of care and the duty of loyalty.
- Directors shall request explanations at Board Meetings, actively express their opinions, conduct thorough discussions and exercise their voting rights, as well as collect sufficient information to execute their duties.
- Through the timely and appropriate exercise of their right to propose agenda items and to call for Board Meetings to be convened, the Directors shall seek solutions to issues concerning the management of the Company of which they become aware.
- In responding to the trust placed in them by all shareholders, Directors shall spend sufficient time on the execution of their duties and demonstrate the competence expected of them.
- The Directors will receive sufficient information and request additional information, if necessary, concerning the status of adherence to the Corporate Philosophy of the Company and the current management environment in order to fully perform their duties. The Company will provide the Directors with various training and opportunities for information sharing which will aid in the Board's duty of oversight of management.

In addition, in regard to the location of concurrent assignments of Directors, each year, the Nomination Committee confirms the executives of listed companies and confirms that there are no problems executing duties as a Director of the Company, and in the case of an Outside Director, confirms that there are no problems related to the independence and neutrality as an Outside Director. The status of the main concurrent assignments of Directors is disclosed in the reference documents accompanying the Notice of Convocation for the Ordinary General Meeting of Shareholders and annual securities reports, etc.

[Supplementary Principles 4-11-3 Preconditions for Ensuring the Effectiveness of the Board of Directors and Board of Auditors]

The effectiveness of the Board of Directors' management oversight function is evaluated each year by the *hbc* Governance Committee. If any issues related to the operation of the Board of Directors, etc., are identified, a request and proposal for improvement are submitted to the Board of Directors and operational divisions. In the corporate

governance evaluation, the status of the activities of the Board of Directors and other management councils is inspected and evaluated based on the recognition of issues in the previous fiscal year, issues are identified for the next fiscal year, and improvement measures are presented, thereby implementing the Plan-Do-Check-Act (PDCA) cycle. On April 27, 2022, the Board of Directors deliberated on the Board of Directors evaluation, Self-review of the Corporate Governance Guidelines, and Self-review of Internal Control Regulations compiled by the *hhc* Governance Committee, and approved the FY2021 Corporate Governance Evaluation.

#### 1. Board of Directors evaluation

- (1) The Board of Directors evaluation assesses the Board's overall effectiveness, etc., in performing its management oversight functions.
- (2) The scope of the Board of Directors evaluation also includes the Nomination Committee, Audit Committee, Compensation Committee, and the *hhc* Governance Committee.
- (3) The Board of Directors evaluation is based on self-evaluations by individual directors.
  - \* Each director evaluates and records the discussions, operations, etc., of the Board of Directors at each of its meetings, and the Board of Directors Secretariat compiles the records.
- (4) The results of the Board of Directors evaluation are compiled and summarized by the *hhc* Governance Committee to ensure the objectivity of the evaluation, and the evaluation is determined in a meeting of the Board of Directors.

#### 2. Self-Review of the Corporate Governance Principles

- (1) The Corporate Governance Principles are a code of conduct for corporate governance established by the Board of Directors.
- (2) The Board of Directors conducts reviews each year to evaluate whether the execution of duties by the Board of Directors, etc., is maintained and operated in accordance with these Principles.

#### 3. Self-Review of the Internal Control Regulations

- (1) The Internal Control Regulations were established by the Board of Directors to stipulate matters required for the execution of duties by the Audit Committee and ensure suitable performance of duties by Corporate Officers.
- (2) The Board of Directors conducts reviews each year to evaluate whether systems are established and operated in accordance with the rules.



#### 4. Mechanism Utilizing Outside Organizations to Ensure of the Improvement and the Appropriateness of the Board of Directors Evaluation

- (1) The Company has implemented a mechanism in which an outside organization examines the evaluation process, evaluates it, proposes improvements, and inspects the evaluation results, etc., once every 3 years, with the aim of ensuring the suitability of the Board of Directors evaluation and improving the evaluation.
- (2) After analyzing the Company's past evaluation methods, evaluation decision process, evaluations of each director, and final evaluation, etc., the outside organization points out issues and makes recommendations regarding the systems and their operation.
- (3) The *hhc* Governance Committee and Board of Directors strive to improve the systems and their operation in accordance with the findings and recommendations of the outside organization.
- (4) The outside organization inspects the evaluation process, evaluation results, and other aspects of the Board of Directors evaluation compiled by the *hhc* Governance Committee and submits a report to the Board of Directors.
- (5) The Board of Directors determines the corporate governance evaluation for the applicable fiscal year based on the evaluation compiled by the *hhc* Governance Committee and in reference to the report from the outside organization.

\* Review was conducted by an outside organization in FY2023.

#### 5. FY2021 Corporate Governance Evaluation Results

With regard to the Corporate Governance Principles and Internal Control Regulations, no evidence was found of any operation, etc., that deviated from the rules. It was confirmed that the directors and Corporate Officers, etc., are executing their duties appropriately to improve corporate governance.

In regard to the Board of Directors evaluation, the state of response in FY2021 to the issues identified in the FY2020 Board of Directors evaluation as issues for FY2021 was checked and evaluated, and the issues, etc., for the next fiscal year were recognized.

Board of Directors evaluation have been disclosed on the Company's website.

<https://www.eisai.com/ir/stock/meeting/index.html>

##### (1) The Role and Operations, etc., of the Board of Directors

###### (a) Plan "Challenges in FY2021"

1. The Board of Directors will exercise ingenuity in setting appropriate agendas with priorities in mind, creating easy-to-understand proposals and materials, and providing better prior explanations and clear, concise supplemental explanations and other information on the day of Board of Directors meetings so that these can proceed

more efficiently, and strive to secure sufficient time for deliberating important agenda items.

2. The Board of Directors will use risk maps and other tools to visualize risks, and strive to monitor them such as by identifying risks that could potentially impact corporate value when they arise, such as sustainability which is a key management issue, and mobilizing corporate officers to address them.
3. More opportunities will be provided for directors and corporate officers to communicate more closely and establish mutual understanding through discussion and the sharing of information.
4. Efforts will be made to run stable, highly convenient online video conferences and teleconferences, and to make meetings and related operations more efficient while moving away from paper-based operations.

(b) Do and Check “Confirmation and Evaluation of the Status of Response in FY2021”

1. • The agenda items of the Board of Directors were decided through discussion in the *hhc* Governance Committee. Based on issues identified in the Corporate Governance evaluation of the previous fiscal year, the agenda addressed how oversight and internal audits should be done for the compliance, quality control, and other matters at contractor companies that handle manufacturing and related operations.
  - Regarding other high-priority topics, reports were provided on (1) future initiatives to implement business for The People, (2) intellectual property initiatives focused on patent strategy, and (3) medium- to long-term carbon neutrality goals.
  - Timely information provision using cloud services was established for the Board of Directors agenda items, and proper advance explanations were provided.
  - Reports were received and sufficient time was secured to deliberate the status and issues pertaining to Lenvima, aducanumab/lecanemab and products under development.
  - In order to secure sufficient time for deliberating important issues, proposals and materials for the Board of Directors and other management meetings will need to be created to present the key points accurately in a way that is clear, concise, and easy to understand, while explanations on the days of the meetings must also be devised to be more to-the-point.
2. • Risks were visualized using risk maps and other tools, while improvements were also made including classification of risks identified by corporate officers according to the level of importance and categories.
  - Sustainability initiatives (FY2021 targets and quarterly progress) throughout the company were compiled into a list, while separate reports were received from

the respective corporate officers in charge about the issues and status of initiatives such as promoting active participation by women and addressing results of outside ESG evaluations, and these were monitored.

- Timely reports on key issues in business execution and how they are being handled were received in the quarterly business execution reports and other reports.
3. • Opportunities for dialogue including to hear explanations from corporate officers about initiatives and issues in business execution were secured in the Board of Directors and *hhc* Governance Committee.
- At training sessions for outside directors beginning their terms, directors other than those newly appointed also had the option to participate. Briefing sessions to deepen understanding of the Company were provided by corporate officers in charge (11 times total) about subject matters including the Company's business activities, trends in the pharmaceutical industry, and the current business environment.
  - Since opportunities for dialogue with corporate officers have been limited during the COVID-19 pandemic, more opportunities for dialogue both directly and through online conferencing systems are under consideration.
4. • Directors and other officers have been able to run more stable and efficient meetings by utilizing online conferencing systems to establish a hybrid pattern of in-person and remote attendance.
- Distribution of proposals and materials in paper form for Board of Directors and other management meetings has been abolished starting in April 2022, and it was confirmed that continued logging of the minutes digitally will be considered.

(c) Act "Challenges toward FY2022"

1. In its deliberations on important resolutions such as the business plan outline for the fiscal year and capital strategy including dividends, the Board of Directors is provided with the necessary information and takes sufficient time for deliberation.
2. The Board of Directors agenda items and content of business execution reports are established after considering the priorities based on issues and matters deemed necessary by reflecting on key issues (materiality), risk maps, and dialogues carried out with stakeholders.
3. The Board of Directors continues seeking to improve the quality and efficiency of its deliberations by seeking early submission of proposals and materials, better prior explanations, and clear, concise supplemental explanations and other information on the day of Board of Directors meetings. Additionally, effort must be made to create the proposals and materials for the Board of Directors and other management

meetings to present the key points accurately and communicate the information in a highly effective, visual, clear, concise and easy-to-understand manner.

4. Establish paperless operations in the Board of Directors and other management meetings. Board of Directors and other management meetings can be held either online or in-person by choice depending on the circumstances. Consistent efforts are being made in particular to run online meetings more efficiently with smoother communication.

(2) Outside Directors & the *hhc* Governance Committee

(a) Plan “Challenges in FY2021”

1. Opportunities will continue to be provided for engagement between principal stakeholders (patients, shareholders, employees) and outside directors. Reflecting on dialogues that have taken place, places for discussions will be designated and efforts will be made to utilize the results of dialogues in the oversight function of the Board of Directors.
2. Free discussions with no set topics will continue to be held in the *hhc* Governance Committee to make it easier for outside directors to identify new issues and perspectives that contribute to management oversight.
3. Places for information sharing and discussion with corporate officers on issues related to non-financial capital such as sustainability and ESG are arranged within the *hhc* Governance Committee so that these issues may be monitored by the Board of Directors.
4. Regarding the CEO succession plan, there will be more opportunities for directors to connect with candidates. Directors will be more involved with the grooming and evaluation of candidates, and there will be more in-depth discussions on what will be required for the succession process and related matters going forward.

(b) Do and Check “Confirmation and Evaluation of the Status of Response in FY2021”

1. • For dialogues with patients, group work was conducted after hearing speeches by early-onset dementia patients invited to speak about their experience such as how they face their illness.
  - For dialogues with institutional investors, speeches were given by institutional investors (analysts) invited to speak on the topic of “what we want to communicate to outside directors as institutional investors,” after which a question and answer session was held and opinions were exchanged. There was also a large meeting in December 2021 in which discussions took place between around 70 institutional investors and outside directors to exchange opinions. As for individual discussions, as many as 11 discussions took place

to share information and exchange opinions with 8 institutional investment firms and other companies.

- For dialogues with employees, exchanges of opinions were held with representative members of labor unions. Due to COVID-19, visits to the front lines at worksites (sales, production, laboratories) and opportunities for dialogues with young and middle-ranking employees could not be arranged.
  - Forums were arranged for reflection and discussion about dialogues with stakeholders (patients, stakeholders, employees). Knowledge gained from the dialogues must be utilized to improve the management oversight function of the Board of Directors more than ever.
2. • Free discussions were held at the *hhc* Governance Committee meeting on August 4, 2021. Priorities of proposals to be taken up in the *hhc* Governance Committee must be made clearer, and time needs to be set aside to provide opportunities for free discussions with no set topics.
  3. As issues related to non-financial capital such as sustainability and ESG, explanations on (1) changes in the environment surrounding ESG and an overview of the value creation report, (2) the status of promoting active participation by women and issues faced, (3) the status of human rights due diligence and issues faced, and (4) the latest outside ESG evaluation results were provided by the respective corporate officers in charge.
  4. • Discussions for the CEO succession plan took place in September 2021 and March 2022. Information about the succession plan submitted by the CEO was shared with all directors and discussions took place in the *hhc* Governance Committee.
    - In addition to gathering information about CEO candidates, efforts were also made to improve objectivity including outside directors increasing their own touch points with candidates, and interviewing third parties outside the company for their objective evaluation of the candidates.

(c) Act “Challenges toward FY2022”

1. Forums will be provided for dialogues between stakeholders (patients, shareholders, and employees) and outside directors, while also continuing the cycle of reflecting on forums for engagement and leveraging these for the oversight function of the Board of Directors.
2. Free discussions with no set topics will be regularly held in the *hhc* Governance Committee with the aim of making our corporate governance more effective through closer communication from outside directors and frank exchanges of opinions.

3. Regarding issues related to non-financial capital such as sustainability and ESG, key issues such as promoting active participation by women will continue to be addressed and forums will be provided for sharing information about these issues and discussing them. Measures for improving the value of human capital, which were not implemented the previous fiscal year, and actions to address the status of compliance with the Task Force on Climate-Related Financial Disclosures (TCFD) will be prioritized.
4. Information sharing and considerations about the succession plan proposal by the CEO will continue to take place in the *hhc* Governance Committee. Directors will be given more opportunities to engage with candidates so they can gather information about candidates themselves, while ingenuity will also be exercised as in the previous fiscal year to ensure and improve the transparency and objectivity of the process as the *hhc* Governance Committee is continuously involved in grooming candidates for the next CEO.

(3) Nomination, Audit, and Compensation Committees

(a) Plan “Challenges in FY2021”

1. The Nomination Committee will proceed with tangible considerations on the diversity of directors and initiatives to secure superior outside director candidates on an ongoing basis, based on discussions held in the *hhc* Governance Committee.
2. The Audit Committee will find ways to raise the quality of the content of reports to the Board of Directors in order to enable the Board of Directors to exercise its function of management oversight. The format of audits of international and domestic subsidiaries during the COVID-19 pandemic will also be considered.
3. The Compensation Committee will proceed with specific considerations based on discussion in the *hhc* Governance Committee about revisions to the compensation system for corporate officers.

(b) Do and Check “Confirmation and Evaluation of the Status of Response in FY2021”

1. Information sharing and discussion took place at the *hhc* Governance Committee meeting in November 2021 on issues relating to the selection of director candidates, including the composition of the board of directors at other companies and disclosure of the circumstances and skill matrices of officers, after which considerations were made in the Nomination Committee. In the Nomination Committee, improving the ratio of female directors was recognized as a priority, and it was decided to select multiple female director candidates in the future as considerations for candidates proceeded.
2. For its report to the Board of Directors, the Audit Committee clarified the main points in its deliberation and made effort to provide better supplemental information.

Regarding how subsidiary audits are performed in the challenging environment of the COVID-19 pandemic, the process to conduct interviews after prior verification of documents, logs, and other information has continued as the audits can still only be conducted remotely. In-person interviews and other actions were taken flexibly during periods in which a state of emergency and pre-emergency measures were not in place.

3. No fundamental direction could be established for revising the corporate officer compensation system. As a result, no specific proposal was made. In FY2022, inclusion of non-financial KPIs such as for ESG is desired for the KPIs that determine performance-based compensation.

(c) Act “Challenges toward FY2022”

1. To continuously secure outstanding outside director candidates suitable for the management oversight of the Company, the Nomination Committee will continue its considerations on various issues in director candidate selection. From the perspective of diversity of directors in particular, considerations will also proceed on increasing the ratio of female directors and devising methods and other means for selecting director candidates who are knowledgeable in the medical field and for the board of directors to acquire knowledge in pharmaceuticals and healthcare.
2. The Audit Committee will continue seeking ways to raise the quality of the content of its reports to the Board of Directors in order to enable the Board of Directors to exercise its function of management oversight while considering ways to report to the Board of Directors in a timely manner.
3. The Compensation Committee will incorporate non-financial KPIs such as for ESG in performance metrics (KPIs) for determining FY2022 performance-based compensation, while also proceeding with considerations to revise the corporate officer compensation system for FY2023 and onward, with the aim of developing a concrete proposal by the end of FY2022.

(4) Internal Controls, Risks and Other Matters Related to Corporate Governance

(a) Plan “Challenges in FY2021”

1. Opportunities will be provided on an ongoing basis for information sharing and discussion about internal control and risk with the corporate officers assigned to the Company’s various regions.
2. In order to strengthen quality assurance systems for the products that the Company sells, discussions will continue about how oversight and internal audits should be done for the compliance, quality control, and other matters at contractor companies that handle manufacturing, etc.

(b) Do and Check “Confirmation and Evaluation of the Status of Response in FY2021”

1. In the *hhc* Governance Committee, the corporate officer in charge of the Americas region provided a business overview and explained business plan progress as well as recent business circumstances and issues going forward including internal control. It was confirmed that opportunities will continue to be arranged for information sharing and discussion with corporate officers in charge of each region.
2. The Board of Directors received a report on initiatives for quality control at manufacturing subcontractors, provided by the corporate officer in charge.

(c) Act “Challenges toward FY2022”

1. In addition to compliance and quality control, methodologies and other means for evaluating vulnerability to cyberattacks are also considered in oversight and auditing of manufacturing and other subcontractor companies.
2. Opportunities are continuously provided for information sharing and discussion in order to facilitate communication between directors and corporate officers and establish deeper mutual understanding, and attendance by outside directors as observers at meetings and committees held in operational divisions is also being considered. Information will continuously be shared with corporate officers assigned to the Company’s various regions, with a focus on risk and establishing and operating internal control systems.
3. Experts were invited to the *hhc* Governance Committee in FY2021 to gather the latest information on corporate governance. With active conversation taking place on the topic of corporate governance around the world in recent years, opportunities such as these will be continuously provided, the latest information will regularly be acquired, and revisions and improvements pertaining to corporate governance will be ongoing.
4. Efforts will be made to engage in dialogues with employees, who are principal stakeholders as advocated in the Company’s Corporate Philosophy. Employee-oriented measures will be reviewed and supervised based on the Company’s HR strategies and systems.

[Supplementary Principles 4-14-2 Director and Auditor Training]

In order to deepen the understanding of the Company’s business activities and business environment further, enhance deliberations by the Board of Directors, and fully utilize the oversight function, outside directors plan and carry out various training sessions as well as opportunities to interact with operational divisions (corporate officers, employees, etc.).

1. Training Sessions for Outside Directors

- Before beginning their terms as newly appointed outside directors, these directors were provided with an overview of the Company and explanations of the Company’s



Corporate Philosophy, state of business, important matters concerning corporate governance, various stipulations related to officers, and more.

- After the new directors began their terms, the assigned corporate officers and secretariats held briefing sessions (15 times total) in order to deepen the new directors' understanding of the Company. Subject matters included the Company's business activities, trends in the pharmaceutical industry, the current business environment, and the status of activities of each committee, etc. Directors other than those just beginning their terms also voluntarily joined these briefing sessions to get the latest information.
- Sessions were conducted by outside experts to share and discuss the latest information about corporate governance.
- Compliance training for inside directors and corporate officers was carried out once in the first half and again in the second half of the year, and outside directors also voluntarily participated in this training.

## 2. Communication with Corporate Officers

In regard to communication with corporate officers in FY2021, information on multiple themes related to the status of efforts toward sustainability ((1) the background leading to production of the "Value Creation Report" and information regarding changes in the ESG-related environment, (2) the current status of promotion of active participation by women and related issues, (3) human rights due diligence, (4) the results of recent outside ESG evaluation, and (5) efforts toward eradicating lymphatic filariasis) was shared and discussed.

Further, in addition to an overview of the business, the corporate officer assigned to the Americas Region explained the FY2021 business plan, the latest business circumstances, and issues for FY2022. Moreover, the assigned corporate officers explained, under the title "the overall picture and manner of implementation of business targeting The People," matters currently under consideration, and the directors gave their opinions from a variety of perspectives.

### [Principle 5-1 Policy for Constructive Dialogue with Shareholders]

The Board of Directors has stipulated the necessity of endeavoring to maintain favorable and smooth relationships with stakeholders in order to enhance a long-term corporate value, in the Company's "Corporate Governance Principles" which stipulates the basic guidelines regarding its corporate governance. Based on these basic guidelines, in order to deepen the mutual understanding, the Company continues to implement measures such as visit by Outside Directors for a dialogue with institutional investors, in addition to the regular meetings to exchange opinions between institutional investors and Outside Directors.

Also, the Company has established an Information Disclosure Guidelines. In addition, as persons in charge of information disclosure, the Company has appointed the CEO, CFO, Corporate Officers and responsible persons for IR/PR, as well as the Company group's officers and employees designated by these persons in order to ensure the consistency and uniformity of the Company's information disclosure.

The Company discloses information on the Company's business and financial situations to shareholders and investors in an active, fair, impartial, and timely manner, and promotes IR activities that contribute to further improvement of corporate value. The IR Department collaborates with relevant departments for daily operations, and holds quarterly financial result announcements and a yearly information meeting led by CEO in addition to meetings with individuals, analysts and institutional investors. Furthermore, the IR Department has been issuing the Integrated Report since FY2015 as a tool for constructive dialogue. IR activities, including feedback from investors, are reported to the Board of Directors on a regular basis, and results of periodic investigations of shareholder composition are also reported to the Board of Directors.

We thoroughly conduct information management of insider information when holding dialogues with shareholders, through internal training, non-disclosure agreements and other means.

[Principle 5-2 Determination/Announcement of Management Strategy and Management Plans]

The Company seeks to increase corporate value by putting its corporate philosophy into practice. Accordingly, the Company considers it a top priority to: work to build relationships of trust with a wide range of stakeholders including customers, shareholders and local communities; maximize value for patients, shareholders and employees; and strive to be a socially responsible company.

In the midterm business plan "EWAY Future & Beyond," the Company will expand the main role of healthcare that we should contribute not only to the medical field but also to people living in the daily life field. The Company will provide solution based on science with the idea of empowering everyone to live their lives to the fullest.

The Company has adopted equity spread (ROE in excess of shareholders' cost of capital) as a KPI of corporate value and aims to create a positive equity spread (10-year average) over the medium- to long-term. While pharmaceutical company shares are classified as defensive, the Company conservatively assumes a cost of equity of 8%. Furthermore, the Company has set investment selection criteria for strategic investment (VCIC: Value-Creative Investment Criteria), and ensures value creation by using NPV with approximately 200 types of risk-adjusted hurdle rates, and Internal Rate of Return (IRR) spread as KPIs.

Pursuing value creation exceeding positive-equity spread over the medium- to long-term, under the medium-term business plan “EWAY 2025”, the Company aims to attain ROE at the 10% level and an equity spread at the 2% level for fiscal 2020, as the midpoint of the plan. For fiscal 2025, the final year of the plan, the Company is mindful of attaining ROE at the 15% level and an equity spread at the 7% level.

## 2. Capital structure

**Percentage of Foreign Shareholders: 30% or more**

### [Status of Major Shareholders]

Name/Company name	Number of shares held	Percentage held of all shareholder voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	<b>56,038,000</b>	19.53
Custody Bank of Japan, Ltd. (Trust Account)	<b>35,688,800</b>	12.44
State Street Bank and Trust Company 505001	<b>20,647,688</b>	7.20
Nippon Life Insurance Company	<b>9,030,545</b>	3.15
Saitama Resona Bank Limited	<b>5,800,000</b>	2.02
State Street Bank West Client-Treaty 505234	<b>4,320,377</b>	1.51
The Naito Foundation	<b>4,212,169</b>	1.47
JPMorgan Securities Japan Co., Ltd.	<b>3,770,059</b>	1.31
JP Morgan Chase Bank 385781	<b>3,546,078</b>	1.24
SSBTC CLIENT OMNIBUS ACCOUNT	<b>2,860,013</b>	1.00

**Predominant Shareholders (excluding parent company): -----**

**Parent Company: None**

### **Supplementary explanation:**

- The percentage in the table is calculated in proportion to the number of shares issued and outstanding (excluding treasury stock).
- Treasury stock (9,666 thousand shares, 3.26%) has been excluded from the table as it has no voting rights.
- Although the following Large Shareholding Report (revised report) was received before the end of March 2021, in cases in which it is impossible to make confirmation with the shareholder registry for the end of March 2021, or in which the number of shares held is not ranked among the top 10, it is not included in the table. Further, the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares, including treasury stock.

1) Including the Mitsubishi UFJ Financial Group, Inc., all 4 companies jointly held 16,113 thousand shares (5.43%) as of July 13, 2015 (July 21, 2015, Revised Report).

- 2) Including BlackRock Japan Co., Ltd., all 11 companies jointly held 18,308 thousand shares (6.17%) as of August 15, 2017 (August 21, 2017, Revised Report).
- 3) Including Nomura Securities Co., Ltd., all three companies jointly held 18,380 thousand shares (6.20%) as of July 15, 2020 (July 21, 2020, Revised Report).
- 4) Banks' Shareholdings Purchase Corporation held 14,945 thousand shares (5.04%) as of September 15, 2020 (September 23, 2020, Large Shareholdings Report).
- 5) Including Sumitomo Mitsui Trust Bank, Limited, all three companies jointly held 19,442 thousand shares (6.56%) as of October 29, 2021 (November 5, 2021, Revised Report)
- 6) Wellington Management Company, LLP held 20,752 thousand shares (7.00%) as of August 31, 2022 (September 5, 2022, Revised Report).

### **3. Corporate profile**

**Listed stock markets and market section:** Tokyo, Prime market

**Accounting period:** Ends in March

**Type of business:** Pharmaceuticals

**Employees (consolidated):** 1,000 or more

**Sales (consolidated):** ¥100 billion or more, less than ¥1 trillion

**Consolidated subsidiaries:** 50 or more

### **4. Indicator concerning strategy of protection of minority stockholders when having dealings with predominant stockholders**

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### **5. Other circumstances that may significantly affect corporate governance**

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## II. The status of management decisions, business management organization related to administration and oversight, and other corporate governance systems

### 1. Organizational composition and operation

**Organization type:** Company with a Committees System

#### [Directors]

**Number of directors stipulated in the Articles of Incorporation:** 15

**Term of office stipulated in the Articles of Incorporation:** 1 year

**Chair of Board of Directors:** Outside Director

**Number of directors:** 11

#### [Outside Directors]

**Number of Outside Directors:** 7

**Number of independent directors who are Outside Directors:** 7

#### Relationship to the company (1)

Name	Characteristics	Relationship to the Company [*1]
Yasuhiko Katoh	Came from another company	--
Shuzo Kaihori	Came from another company	--
Hideyo Uchiyama	Certified public accountant	--
Yumiko Miwa	Academic	--
Fumihiko Ike	Came from another company	--
Ryota Miura	Attorney	--
Richard Thornley	Came from another company	--

[\*1] Types of relationship to the company

- a. Person who executes business of a listed company or its subsidiary
- b. Person who executes business or a non-executive director of a listed company's parent company
- c. Person who executes business of a fellow listed company
- d. Person/entity for which a listed company is a major client or a person who executes business for such person/entity
- e. Major client of a listed company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets other than director/auditor compensation from a listed company
- g. Major shareholder of a listed company (in cases where the shareholder is a corporation, a person who executes business of the corporation)

- h. Person who executes business for a client of a listed company  
(excluding persons categorized as d, e, or f above)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the company
- j. Person who executes business for an entity receiving contributions from a listed company
- k. Other

**Relationship to the company (2)**

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
<p>Yasuhiko Kato (Independent officer for notifications to stock exchanges)</p>	<p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p><b>&lt;Reason for Selection&gt;</b>            Mr. Kato has abundant experience as a manager of a global corporation in the shipping and marine industries, etc., as well as a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that he will use his experience and abilities to objectively execute his management oversight duties.            In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, chair of the Board of Directors, and chair of the <i>hbc</i> Governance Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that he is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as outside director.  <b>&lt;Policy for Independence and Neutrality&gt;</b>            Mr. Kato has experience serving as an officer of</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>Mitsui Engineering &amp; Shipbuilding Co., Ltd. (currently Mitsui E&amp;S Holdings Co., Ltd.). However, there is no transactional relationship between said company and the Company. The Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>
<p>Shuzo Kaihori (Independent officer for notifications to stock exchanges)</p>	<p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p><b>&lt;Reason for Selection&gt;</b></p> <p>Mr. Kaihori has abundant experience as the top executive of a global corporation in industrial instruments and process control equipment businesses. He has a high level of insight into management and excellent supervisory capabilities. The Nomination Committee expects that he will use his experience and capabilities to objectively execute his management oversight duties.</p> <p>In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, chair of the Nomination Committee, and member of the Compensation Committee, (2) qualifications and capabilities as a director, (3)</p>



Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>career background, and (4) number of years in office, etc. Having determined that he is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b>  Mr. Kaihori has experience serving as an officer of Yokogawa Electric Corporation. Although there is a history of transaction between the Company and Yokogawa Solution Service Corporation, which is a subsidiary of said company, the amount was negligible (less than 0.01% of the consolidated sales of said subsidiary). He serves as an outside director of HOYA Corporation. There is no steady transactional partnership between said company and the Company.</p> <p>As explained above, the Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>
Hideyo Uchiyama (Independent officer for	Meeting “Requirements for the Independence and	<p><b>&lt;Reason for Selection&gt;</b>  Mr. Uchiyama has expertise and experience as a certified public accountant. At the same time, he has abundant experience as the head of an audit</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
<p>notifications to stock exchanges)</p>	<p>Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p>firm and top executive of a global consulting firm. He also has a high level of insight into management as well as excellent supervisory ability. The Nomination Committee expects that he will use his experience and abilities to objectively execute his management oversight duties.</p> <p>In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director and chair of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that he is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b></p> <p>Mr. Uchiyama has experience serving as an officer of KPMG Japan. Although there is a history of transaction between the Company and KPMG AZSA LLC and KPMG Tax Corporation, both group companies of KPMG Japan, the amount was negligible (less than 0.01% of the consolidated sales of said subsidiary). He currently serves as advisor to Asahi Tax Corporation. However, there is no transactional relationship between said company and the Company.</p> <p>He serves as outside director of Sompo Holdings, Inc. The Company has insurance policy</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>transactions with an insurance company affiliated with said company. However, the value of said transactions is negligible (less than 0.01% of said insurance company’s net premium income).</p> <p>He also serves as an outside audit &amp; supervisory board member of OMRON Corporation. However, there is no transactional partnership between said company and the Company.</p> <p>As explained above, the Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>
<p>Yumiko Miwa (Independent officer for notifications to stock exchanges)</p>	<p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p><b>&lt;Reason for Selection&gt;</b></p> <p>Ms. Miwa is a specialist in ESG and corporate governance. Although she has not been directly involved with management, her field of research has given her deep knowledge of ESG, corporate governance, and socially responsible investment, that gives her a high level of insight into management and excellent supervisory capabilities. The Nomination Committee expects that she will use her knowledge and abilities to objectively execute her management oversight duties.</p> <p>In addition to constructing a Board of Directors composed of diverse members with a variety of</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>specialized knowledge and experience, etc., the Nomination Committee has considered such factors as her (1) practical accomplishments as a director and member of the Audit Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the she is capable of objectively executing her management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated her to continue from the previous year serving as an outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b>  Ms. Miwa is not concurrently employed by any company or organization with a relationship of interest with the Company or its subsidiaries and associated companies. She serves as an outside director of Pigeon Corporation. However, there is no transactional partnership between said company and the Company. The Nomination Committee has confirmed that she meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair her ability to execute her duties as an outside director.</p> <p>In addition, she does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
<p>Fumihiko Ike (Independent officer for notifications to stock exchanges)</p>	<p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p><b>&lt;Reason for Selection&gt;</b>  Mr. Ike has a wealth of experience as the top executive of a global corporation in the automobile industry, as well as a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that he will use his experience and abilities to objectively execute his management oversight duties.  In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director and member of the Nomination Committee and the Compensation Committee, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that the he is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b>  Mr. Ike has experience serving as an officer of Honda Motor Co., Ltd., but there is no transactional relationship between said company and the Company.  He currently serves as outside director of NTT DATA Corporation. Although there is a history of transaction between the Company and said company, the amount was negligible (less than 0.01% of the consolidated sales of said company).  Furthermore, he currently serves as outside</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>director of Resona Holdings, Inc. Although the Company has borrowings from a group bank of said company, the amount is negligible (less than 2% of the consolidated net assets of the Group). As explained above, the Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>
<p>Ryota Miura (Independent officer for notifications to stock exchanges)</p>	<p>Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)</p>	<p><b>&lt;Reason for Selection&gt;</b></p> <p>Mr. Miura is a legal expert and a specialist in the Companies Act. Although he has not been directly involved with management, he has served as an outside officer for another company and has abundant experience related to corporate law, giving him a high level of insight into management and excellent supervisory ability. The Nomination Committee expects that he will use his experience and abilities to objectively execute his management oversight duties.</p> <p>In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) practical accomplishments as a director, member of the Audit Committee, and chair of the Independent Committee of Outside</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
		<p>Directors, (2) qualifications and capabilities as a director, (3) career background, and (4) number of years in office, etc. Having determined that he is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him to continue from the previous year serving as an outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b>  Mr. Miura is a partner at the law firm Miura &amp; Partners, but there is no transactional relationship between said firm and the Company.  He also serves as an outside director and corporate auditor of TechMatrix Corporation and an outside audit &amp; supervisory board member of Tokyo Electron Limited, but there is no steady transactional partnership between either company and the Company.  The Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.  In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>
Richard Thornley (Independent officer for	Meeting “Requirements for the Independence and	<p><b>&lt;Reason for Selection&gt;</b>  Mr. Thornley has abundant global experience as a corporate manager, primarily in the aerospace industry, as well as a high level of insight into</p>

Name	Supplementary Explanation of Conforming Items	Supplementary Explanation of Conforming Items
notifications to stock exchanges)	Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.)	<p>management and excellent supervisory ability. The Nomination Committee expects that he will use his experience and knowledge to objectively execute his management oversight duties.</p> <p>In addition to constructing a Board of Directors composed of diverse members with a variety of specialized knowledge and experience, etc., the Nomination Committee has considered such factors as his (1) qualifications and capabilities as a director and (2) career background, etc. Having determined that the candidate is capable of objectively executing his management oversight duties and is suitable as a director of the Company, the Nomination Committee has nominated him as a new outside director.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b></p> <p>Mr. Thornley is not concurrently employed by any company or organization with a relationship of interest with the Company or its subsidiaries and associated companies.</p> <p>The Nomination Committee has confirmed that he meets the conditions for outside directors stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee, and that there is no related obstacle, problem or other circumstance that would impair his ability to execute his duties as an outside director.</p> <p>In addition, he does not fall under any of the requirements of Article 211 Paragraph 4 Item 6 of the Ordinance for Enforcement of Securities Listing Regulations.</p>



**[Individual Committees]**

**Committee composition and attributes of chair**

	All Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Nomination Committee	3	0	0	3	Outside Director
Compensation Committee	3	0	0	3	Outside Director
Audit Committee	5	0	2	3	Outside Director

**[Corporate Officers]**

**Number of Corporate Officers: 22**

**Status of additional duties**

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Haruo Naito	Yes	Yes	No	No	No
Yasushi Okada	Yes	No	No	No	No
Kenta Takahashi	No	No	No	No	No
Gary Hendler	No	No	No	No	No
Terushige Iike	No	No	No	No	No
Ivan Cheung	No	No	No	No	No
Tatsuyuki Yasuno	No	No	No	No	No
Yanhui Feng	No	No	No	No	No
Masatomi Akana	No	No	No	No	No
Takashi Owa	No	No	No	No	No
Lynn Kramer	No	No	No	No	No
Sayoko Sasaki	No	No	No	No	No
Masayuki Miyajima	No	No	No	No	No
Shohei Kanazawa	No	No	No	No	Yes
Akiko Nakahama	No	No	No	No	No
Yosuke Akita	No	No	No	No	No
Keisuke Naito	No	No	No	No	Yes
Eriko Naito	No	No	No	No	Yes

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nomination Committee Member	Compensation Committee Member	
Kazuhiko Tamura	No	No	No	No	Yes
Akiyuki Masaka	No	No	No	No	No
Mitsuo Kosaka	No	No	No	No	Yes
Shin Ujiie	No	No	No	No	Yes

**[Auditing Structure]**

**Directors and employees responsible for assisting in execution of the duties of the Audit Committee: Yes**

**Independence of said directors and employees from Corporate Officers**

The Management Audit Department has been established as a department specializing in assisting in execution of the duties of the Audit Committee, and maintains its independence from Corporate Officers through the following setup.

- The Management Audit Department shall be organized independent of the Corporate Officers of the Company.
- The director and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee Members of the Company.
- The director and staff of the Management Audit Department shall be appointed, reassigned, and disciplined by the Representative Corporate Officer and CEO of the Company with the consent of the Audit Committee of the Company.
- Decisions on personnel evaluation of the director and staff of the Management Audit Department will be conducted by the Audit Committee of the Company.

## **Status of link between the Audit Committee, Accounting Auditors and Internal Auditors**

### <Auditing Activities of the Audit Committee in Relation to the Accounting Auditor>

The Audit Committee conducted the following auditing activities in relation to the Accounting Auditor.

- The Audit Committee received the yearly accounting audit plans of the Accounting Auditor, confirmed the contents, and deliberated on whether to approve audit compensation, etc.
- The Audit Committee received explanations of the results of audits, etc., conducted by the Accounting Auditor regarding quarterly and year-end financial statements, and confirmed the contents. In addition, the Audit Committee obtained information concerning internal control audits.
- As necessary, the Audit Committee attended the individual audits conducted by the Accounting Auditor and confirmed the status of implementation of the audit.
- The Audit Committee received reports on matters related to the execution of duties of accounting auditors as stipulated in Article 131 of the Rules of Company Accounting, and confirmed the contents.
- In accordance with the stipulations of Auditing Standards Committee Statement 260, a document issued by the Japanese Institute of Certified Public Accountants, the Audit Committee obtained regular reports from the Accounting Auditor and exchanged opinions regarding important findings concerning auditing matters. The Audit Committee also discussed “Key Audit Matters” (KAM) listed as required by the Financial Instruments and Exchange Act of Japan, and requested explanations of the contents as necessary.
- The Audit Committee evaluated the auditing firm to which the Accounting Auditor belongs, as well as the quality of the audits conducted by the Company’s engagement partners and the audit team, etc., in light of the various activities of the Accounting Auditor, the results of investigations by regulatory authorities, and other information.

### <Auditing Activities of the Audit Committee in Relation to Internal Audit Departments, etc.>

The Audit Committee conducted the following audit activities in relation to the Corporate Officer responsible for internal audits and the Internal Audit[\*1] Department, as well as the Corporate Officer responsible for internal control and the Risk Management and Corporate Internal Control Departments.

- The Audit Committee obtained annual audit plans and reports on the results of individual audits carried out by the internal audit departments of the Company and Group companies, confirmed their suitability, and shared information related to Audit

Committee activities through monthly meetings with the corporate officer responsible for internal audits and the Corporate Internal Audit Department\*<sup>1</sup>. Individual audits include evaluation of internal control over financial reporting under the Financial Instruments and Exchange Act of Japan.

- The Audit Committee obtained information on risk-management activities and efforts to promote internal controls through regular meetings with the corporate officer responsible for internal control and the Corporate Compliance and Risk Management Department. In addition, the Audit Committee received monthly reports on the state of operation of the Compliance Counter.

[\*1] In order to strengthen independence, the Company has assigned executive internal auditors who manage the internal auditing of the Company as a whole, overseen by the corporate officer responsible for internal audits. These auditors work with the Corporate Internal Audit Department, as well as internal audit departments in each region including Japan, the United States, Europe, China, and Asia to perform internal audits globally. These internal audits are intended to evaluate objectively from an independent standpoint whether the duties conducted under the direction of each corporate officer are executed properly and efficiently. The audit results are regularly reported to the Board of Directors, Audit Committee, and Executive Board. Further, in addition to evaluating the establishment and operation of internal control related to financial reports required by the Financial Instruments and Exchange Act of Japan, we conduct environment and safety audits at laboratories, plants, and other facilities from the perspective of compliance with the Industrial Safety and Health Act and other various laws and regulations. COVID-19 also impacted FY2021, but we were able to conduct internal audit activities according to plan by implementing remote audits using video and utilizing local outside specialized organizations overseas. In addition, we have established opportunities to share information with the Accounting Auditor on a regular basis and are striving to collaborate toward accurate and efficient internal audits.

The internal audit departments receive evaluations by an external evaluation committee composed of outside experts. These evaluations found that the departments were conducting high-quality internal audit activities compatible with the global standards developed by The Institute of Internal Auditors (IIA), which is headquartered in the United States.

Please see Compliance, Risk Management and Internal Audit on our website.

<https://www.eisai.com/sustainability/management/compliance/index.html>

## **[Independent directors]**

**Number of independent directors: 7**

### **Other matters regarding independent directors**

Our 7 outside directors satisfy the “Requirements for the Independence and Neutrality of Outside Directors” set forth by the Nomination Committee. (Please see the final page of this document.) The Nomination Committee has determined the “independence and neutrality” of each outside director by checking matters related to the requirements based on interviews of the individuals in question as well as investigations of the transactional relationships between the Company and the companies and organizations with which they are affiliated. In addition, the Nomination Committee has selected outside directors based on the “selection criteria for outside directors” established by the Nomination Committee. All 7 outside directors fulfill the requisites for outside director as specified in Article 2, Paragraph 3, Item 7, of the Ordinance for Enforcement of the Companies Act and the criteria for independent officers as established by the Tokyo Stock Exchange.

## **[Incentives]**

### **Status of the implementation of measures to give incentives to directors and Corporate Officers**

Performance-based compensation system implemented.

### **Supplementary explanation of the above **(Update)****

The Corporate Officers are granted bonuses and stock-based compensation as performance-based compensation.

The stock-based compensation system introduced in FY2013 is a medium-to-long-term incentive plan granting the Company’s shares to Corporate Officers through a trust based on the degree of achievement of the Company-wide performance objectives (non-financial). The performance-based compensation of Corporate Officers who have been appointed from an overseas subsidiary utilizes a medium-to-long-term incentive system instead of a stock-based compensation system.

The process of determining bonuses and stock-based compensation is described in [Director/Corporate Officer Compensation].

### **Stock option recipients**

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### **Supplementary explanation of the above**

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## **[Director/Corporate Officer Compensation]**

**Disclosure status of compensation of individual directors:** Not disclosed

**Disclosure status of compensation of individual Corporate Officer:** Only a part of compensation is disclosed

### **Supplementary explanation of the above**

The officers for whom consolidated compensation, etc., was ¥100 million or more in FY2021 are the following 5 individuals. The amounts for each are given below.

- Haruo Naito, Representative Corporate Officer and CEO ¥123 million
- Gary Hendler, Senior Vice President ¥114 million
- Yanhui Feng, Senior Vice President ¥125 million
- Lynn Kramer, Vice President ¥173 million
- Alexander Scott, Vice President ¥138 million

\* Gary Hendler receives compensation from Eisai Europe Ltd. (U.K.), while Lynn Kramer and Alexander Scott each receive compensation from Eisai Inc. (U.S.A.). Yanhui Feng receives compensation from Eisai China Inc. (China). The compensation for each is based on the decision of the Compensation Committee. The total amount of compensation received is shown for these individuals.

### **Policy regarding the determination of compensation and method of calculation**

Yes

#### **Disclosures of policy regarding the determination of compensation and method of calculation (Update)**

1) Determination of Compensation, etc.

Compensation paid to directors and Corporate Officers is determined by the Compensation Committee. The three members of the Company's Compensation Committee including the chair are Outside Directors, and place emphasis on an objective perspective and transparency.

The Compensation Committee has the authority to determine the content of compensation of individual directors and Corporate Officers of the Company. It determines (1) policy concerning decisions on the content of compensation of individual directors and Corporate Officers, (2) the content of compensation of individual directors and Corporate Officers, and (3) the evaluation of the level of attainment of Company-wide performance targets and the individual performance targets of each Corporate Officer for the performance-based compensation of Corporate Officers.

The Compensation Committee may also deliberate on compensation, etc., for directors and Corporate Officers separately and take exceptional measures in cases where it deems such action necessary.

## 2) Basic Policy Regarding the Determination of Compensation

The Compensation Committee has established the following Basic Policy concerning compensation paid to directors and Corporate Officers in the Rules for the Operation of the Compensation Committee.

- (1) Compensation shall be such that it enables the Company to globally attract excellent personnel to the Company's management cadre.
- (2) Compensation shall be reasonable and have a high level of fairness, and shall be such that it can be explained to shareholders and employees as fulfilling those requirements.
- (3) A different system shall be used for compensation for directors who perform management oversight functions and Corporate Officers who perform duties.
- (4) Compensation paid to directors shall be at a level suitable to enable them to perform their management oversight function, which is their duty.
- (5) Compensation paid to Corporate Officers shall be at a level that will strongly motivate them in the performance of their duties, thereby contributing substantially to the Company.
- (6) Directors who serve concurrently as Corporate Officers shall receive only the compensation designated for Corporate Officers.
- (7) Corporate Officers who serve concurrently as employees shall receive only the compensation designated for Corporate Officers.

## 3) Process of Determining the Compensation System

The Compensation Committee examines various issues concerning the compensation paid to directors and Corporate Officers, confirms the level of compensation each year, and determines the compensation system for the following year.

The Compensation Committee actively incorporates and utilizes data, etc., from outside specialized organizations when examining various issues related to compensation and investigating and examining the level of compensation.

## 4) Compensation System for Directors

[Director compensation] -----→ [Base compensation]

- Base compensation is a fixed amount and is paid on a monthly basis.
- The chair of the Board of Directors and each Committee chair receive additional compensation for his or her service as chair.
- Inside directors receive additional compensation for their service as full-time directors.

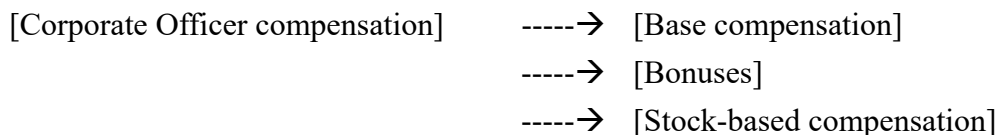
Compensation paid to directors is only fixed base compensation. The duty of directors is to supervise management, and a fixed rate not incorporating performance-based

compensation is used to ensure that directors are able to properly perform their oversight functions. The level is intended to be set at the upper middle range for the industry.

### 5) Compensation System for Corporate Officers

Compensation paid to corporate officers is determined in accordance with these basic policies by the Compensation Committee with an aim to enable the Company to attract excellent personnel to the Company’s management cadre and to strongly motivate corporate officers in the performance of their duties, thereby contributing substantially to the Company, and with a recognition of the differences in the levels and mechanisms of compensation, etc., in each country or region.

Compensation paid to corporate officers is composed of base compensation, bonuses, and stockbased compensation, as shown in the following figure. The level of compensation paid to corporate officers is intended to be set at the upper middle range for the industry.



- Base compensation is a fixed amount by position and paid on a monthly basis.
- Bonuses are paid within the range of 0-225% of the base amount of the bonus by position according to the degree of attainment of Company-wide performance objectives for financial indicators (hereinafter, "Company-wide performance objectives (financial)") and the performance objectives of individual Corporate Officers.
- Stock-based compensation is granted within the range of 0-150% of the base number of shares granted by position according to the degree of attainment of Company-wide performance objectives for non-financial indicators (hereinafter, "Company-wide performance objectives (non-financial)").

The compensation paid to Corporate Officers is made up of base compensation, bonuses, and stock-based compensation at a ratio of 6:3:1, and performance-based compensation accounts for 40% of total compensation.



In the case of compensation, etc., for Corporate Officers who have been appointed from an overseas subsidiary and Corporate Officers who have advanced specializations or qualifications, etc., the compensation paid is determined on an individual basis considering differences in local compensations systems, compensation levels, and



specializations of duties, although the process of determining compensation is the same. In particular, the performance-based compensation of Corporate Officers who have been appointed from an overseas subsidiary utilizes a medium-to-long-term incentive system instead of a stock-based compensation system.

#### ■ Stock-based Compensation System for Corporate Officers

The Company's stock-based compensation system is a medium-to-long-term incentive plan that provides stock-based compensation to Corporate Officers through a trust based on the degree of attainment of Company-wide performance objectives (non-financial). It is designed to motivate the Company's Corporate Officers to share the profit-consciousness of shareholders, and to perform duties from a medium-to-long-term perspective on performance and stock prices.

Stock-based compensation provided to Corporate Officers increases or decreases each year according to the degree of attainment of Company-wide performance objectives (non-financial). In addition, in the medium and long term, when stock prices fluctuate, the actual value of the compensation fluctuates accordingly. Eisai believes that maintaining this mechanism will strengthen the motivation of Corporate Officers to take the perspective of shareholders and strive to increase corporate value.

Company regulations prohibit Corporate Officers from selling Eisai stock while in office and for at least 1 year after the individual has left that position.

#### ■ Process of Determining Performance-based Compensation

Bonuses = A x (B x 50% + C x 50%)

Payout rate of Bonuses: 0-225%

A: Base amount of bonus by position

B: Degree of attainment of Company-wide performance objectives  
(Evaluation: 0-300%)

C: Degree of attainment of individual performance objectives  
(Evaluation: 0-150%)

\* Calculated in accordance with the degree of achievement of the targets for consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE.

Stock-based compensation = A x B

Payout rate of stock-based compensation : 0-150%

A: Base number of shares granted by position

B: Degree of attainment of Company-wide performance objectives (non-financial)\*\*  
(Evaluation: 0-150%)

\*\* Calculated in accordance with the degree of achievement of the targets for relative PBR, R&D indicators, access to medicine, and employee engagement.

The Compensation Committee deliberates and determines the performance evaluations of Corporate Officers and the amount and number of shares granted to each person as performance-based compensation (bonuses and stock-based compensation). The bonuses of Corporate Officers are calculated based on the degree of attainment of Company-wide performance objectives (financial) and the degree of attainment of individual performance objectives by each Corporate Officer, and stock-based compensation of Corporate Officers is calculated based on the degree of attainment of Company-wide performance objectives (non-financial), using the above formulas respectively.

The degree of attainment of Company-wide performance objectives (financial) used in calculation of bonuses is determined based on an evaluation of consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE. Each fiscal year, the Compensation Committee evaluates the achievement of Company-wide performance objectives (financial) in a range of 0% to 300%, based on the degree of achievement of each item.

The Company decided to adopt these four evaluation indicators, which are short-term financial objectives, as Company-wide performance objectives (financial) because they represent management indicators to share with shareholders as published numerical targets for achieving the business plan for the corresponding fiscal year, and because the Company considers consolidated ROE an important indicator of the sustained creation of value for shareholders. The Compensation Committee has deemed the four financial indicators appropriate for evaluating the performance of duties for calculation of bonuses. As for the degree of attainment of individual performance objectives used in calculation of bonuses, after evaluation, the Compensation Committee approves the degree of achievement of individual performance objectives of each Corporate Officer proposed by the Representative Corporate Officer and CEO, in accordance with the degree of achievement of the individual performance objectives of each Corporate Officer. Further, each Corporate Officer sets concrete individual performance objectives and assigns weighted points to each in accordance with the priority of the objectives. After deliberation with the Representative Corporate Officer and CEO, the Corporate Officer submits the objectives to the Compensation Committee, which evaluates their suitability and approves them.

As a result, bonus payments to Corporate Officers are paid in the range of 0% to 225% of the base bonus amount.

The degree of attainment of Company-wide performance objectives (non-financial) used in calculation of stock-based compensation is determined based on an evaluation of relative PBR, R&D indicators, access to medicine, and employee engagement. Each fiscal year, the Compensation Committee evaluates the degree of achievement of Company-wide performance objectives (non-financial) in a range of 0% to 150%, based on the degree of achievement of each item.

The Company decided to adopt the degree of attainment of Company-wide performance objectives (non-financial) for calculation of stock-based compensation beginning in FY2022 because stock prices represent indicators of the increase of profit to shareholders, and because R&D indicators and access to medicine are directly linked to the social good of the Company. In addition, employees are stipulated in the Articles of Incorporation as one of our main stakeholders and enhancement of human assets leads to the creation of corporate value, so the Company views employee engagement as an important indicator related to the medium-/long-term improvement of corporate value. The Compensation Committee has deemed the four non-financial indicators appropriate for evaluating the performance of duties for calculation of stock-based compensation.

As a result, stock-based compensation of Corporate Officers is provided in the range of 0% to 150% of the base number of granted shares.

#### 6) Total Amount of Compensation Paid to Directors and Corporate Officers

The grand total of compensation paid to directors and Corporate Officers in FY2021 (from April 1, 2021 to March 31, 2022) was as indicated below.

#### Total FY2021 Officer Compensation

	Base compensation		Performance-based compensation				Total (Millions of yen)	Portion of the figures to the left that consists of non-monetary compensation, etc. (Millions of yen)
	Number of recipients (No. of officers)	Amount (Millions of yen)	Bonuses		Stock-based compensation			
			Number of recipients (No. of officers)	Amount (Millions of yen)	Number of recipients (No. of officers)	Amount (Millions of yen)		
Directors (inside)	4	113	—	—	—	—	113	—
Directors (outside)	9	103	—	—	—	—	103	—
Corporate officers	28	765	28	348	28	67	1,180	33
Total	41	981	28	348	28	67	1,396	33

(Notes) 1 As the compensation of directors also serving as corporate officers is only the compensation for corporate officers, the compensation of the Director, Representative Corporate Officer and CEO is included in the amount for corporate officers.

2 Figures for base compensation are the total figures for base compensation paid to each applicable director and corporate officer for the respective terms in FY2021.

3 Figures for bonus payments to corporate officers are the total figures

representing the total value of planned accrued bonuses to be paid in July 2022 to eligible corporate officers for the period from April 2021 through March 2022, together with the total value of bonus payments\* paid in July 2021 to eligible corporate officers for the period from April 2020 through March 2021, less the value of the reserve for bonus payments disclosed in the business report for FY2020.

- \* Because it was found that the degree of attainment of Company-wide performance objectives for FY2020 did not reach the level for payment of performance-based compensation, the Compensation Committee formulated exceptional measures in accordance with internal rules and paid an exceptional bonus.
- 4 Figures for stock-based compensation of corporate officers are the total figures representing the total value of planned accrued stock-based compensation to be granted in July 2022 to eligible corporate officers for the period from April 2021 through March 2022, together with the total value of stock-based compensation, etc., granted in July 2021 for the period from April 2020 through March 2021, less the value of the reserve for stock-based compensation disclosed in the business report for FY2020. The stock-based compensation of corporate officers indicated is based on the total amount obtained by multiplying the total number of the Company's common stock granted or scheduled to be granted to the relevant corporate officer by the unit price of the Company's shares held by a trust.
- 5 Stock options have been abolished since the transition to the stock-based compensation system in June 2013, and no necessary expenses for accounting were recorded beginning in FY2015, and are therefore not shown in the table.
- 6 In regard to the stock-based compensation of corporate officers, half of the shares granted based on the decision of the Compensation Committee according to the degree of attainment of Company-wide performance objectives is granted as stock, and half is converted within the trust then paid as a monetary amount equivalent to the shares converted to cash. No shares were granted for the period from April 2020 through March 2021 during the fiscal year in question in accordance with the decision of the Compensation Committee.
- 7 See the tables on pages 108 and 109 in Notice of Convocation of the 110th Ordinary General Meeting of Shareholders for the performance indicators (consolidated revenue, consolidated operating profit, consolidated profit for the year (attributable to the parent company), and consolidated ROE) used to calculate performance-based compensation during this fiscal year.

- 8 Four outside directors who are members of the Compensation Committee examined and reviewed the contents of the individual compensation, etc., for directors and corporate officers related to the current fiscal year and confirmed that they conform to the basic policy for compensation, etc., determined by the Committee.

### **[Outside Director Support System]**

#### Support Structure for the Board of Directors and Committees

##### (1) Board of Directors

The Board of Directors Secretariat has been established as a department to support the Board of Directors and carry out the following duties.

- a. Preparing agenda items and related materials for the Board of Directors and holding prior discussions with the Chair of the Board of Directors
- b. Providing information to directors in a prompt manner and explaining agenda items in advance

##### (2) Nomination Committee, Compensation Committee, and *hhc* Governance Committee

The Board of Directors Secretariat carries out the following secretariat duties for the Nomination Committee, Compensation Committee, and *hhc* Governance Committee.

- a. Preparing agenda items and related materials for the Committees and holding prior discussions with the Chairs of the Committees
- b. Explaining agenda items to members of the Committees in advance

##### (3) Audit Committee

The Company has established a Management Audit Department independent of operational divisions as a specialized organization to provide support for the Audit Committee. As the secretariat for the Audit Committee, the Management Audit Department is responsible for the following duties.

- a. Preparing agenda items and related materials for the Audit Committee and holding prior discussions with the Chair of the Audit Committee
- b. Providing information to members of the Audit Committee in a prompt manner and explaining agenda items in advance
- c. Providing the necessary information on matters for deliberation by the Audit Committee to directors not on the Audit Committee

### **[Status of Persons retired from the office of President & Representative Director, etc.]**

Name, etc., of the Senior Advisor, Advisor, etc. who was President & Representative Director, etc.

Name	Title/ Position	Job	Working Style/Conditions (Full-time/Part-time, Remuneration, etc.)	Date of retirement from office, such as President	Term of Office
-	-	-	-	-	-

Total number of Senior Advisors, Advisors, etc., who were President & Representative Director, etc.: None (0)

Other matters

We sometimes appoint our former Corporate Officers/Directors to Senior Advisor/Advisor positions. Their role is to give advice as needed in accordance with requests from the management and to engage in specific duties.

## **2. Business execution, auditing/oversight, nomination, compensation determination, etc., functions**

### 1) Overview of the Company's corporate governance system

The core aspect of Eisai's corporate governance is the clear separation between the management oversight function and the management implementation function, through which maximum benefit is obtained from Eisai's status as a Company with a Nomination Committee, etc., System. To ensure that this is carried out as thoroughly as possible, the Company appoints independent, neutral Outside Directors. That is to say, while the Board of Directors grants wide discretionary authority to the Company's Corporate Officers, in order to enhance the effectiveness and flexibility of operational execution, at the same time, while ensuring autonomy and enhancing management vitality through the establishment of internal controls by Corporate Officers, the whole of the execution of operation by the Corporate Officers is supervised by the Board of Directors (more than half of whose members are Outside Directors), which enjoys the trust of shareholders, thereby ensuring that management is conducted fairly through the best possible decision-making.

Please refer to the "Requirements for the Independence and Neutrality of Outside Directors" prescribed by the Company's Nomination Committee, which are presented on the final page of this document.

### 2) About the Company's corporate organs

As a Company with a Nomination Committee, etc., System, Eisai has established the Board of Directors and Nomination, Audit, and Compensation Committees required by law, with the Corporate Officers required by law being appointed by the Board of Directors. Furthermore, although such a committee is not required by law, the Company has also established an Outside Directors Meeting and an Independent Committee of Outside Directors (ICOD), the membership of them is composed of the company's Outside Directors. The chairman of the company's Board of Directors and the chairs of the Nomination, Audit, and Compensation Committees are all appointed from among the Outside Directors, creating an organizational framework that permits highly transparent operation. The makeup and main responsibilities of the Company's corporate organs are as described below.

(1) Board of Directors (11 directors (including 1 woman); 7 Outside Directors and 4 internal directors; the Chairman of the Board of Directors shall be appointed from among the Outside Directors, for a term of one year)

a. The Board of Directors shall aim to achieve the Corporate Philosophy through the construction of good corporate governance. The Board of Directors shall fulfill the oversight function and conduct the best decision-making through

fair judgment.

- b. The Board of Directors shall determine the material matters required by law, the Articles of Incorporation, and the Rules of the Board of Directors, including basic management policies and the appointment of Corporate Officers.
  - c. In order to accelerate and increase the flexibility of business execution and to enhance the vitality of management, the Board of Directors shall, except for the matters provided in the preceding clause, delegate the decision-making function on business conduct to the Corporate Officers.
  - d. The Board of Directors shall strive to apply a multi-dimensional risk management approach to the business execution by the Corporate Officers, and will oversee the system design and operation of internal control measures by the Corporate Officers
  - e. The Board of Directors shall oversee the execution of duties by the Directors and Corporate Officers on the basis of reports from the Nomination Committee, Audit Committee, the Compensation Committee and the Corporate Officers.
  - f. The Board of Directors shall strive to implement the Corporate Philosophy, create corporate value, and achieve the long-term enhancement of the common interests of the shareholders, and shall have a duty to make fair decisions and take action on such conduct that may possibly damage such goals.
  - g. In order for the CEO (Representative Corporate Officer) to be elected by the Board of Directors, all directors shall share information related to the plan to develop the future CEO (Representative Corporate Officer).
  - h. The Board of Directors, together with the Nomination, Audit, and Compensation Committees, shall execute their duties with mutual consideration of their respective authority and without infringing on each other, and shall engage in good communication.
  - i. The Board of Directors and Corporate Officers shall fulfill their responsibilities, and engage in good communication.
- (2) Nomination Committee (3 Members, all of whom must be Outside Directors; the chairman shall be an Outside Director, appointed for a term of one year)
- a. Determine the content of the proposals related to the selection or retirement of directors made to the General Meeting of Shareholders.
  - b. Based on the awareness that the viability of the Company's corporate governance system is supported by the presence of Outside Directors who constitute a majority of the Board of Directors, establish the "Requirements



- for the Independence and Neutrality of Outside Directors” for the selection of independent and neutral Outside Directors.
- c. Decide on director candidates with diverse backgrounds to enable the Board of Directors to meet the expectations of various stakeholders as well as execute oversight functions.
  - d. Establish basic policies, rules, and procedures necessary for the execution of duties by the Nomination Committee.
  - e. The Nomination Committee shall report on the status of execution of its duties to the Board.
- (3) Audit Committee (5 Members (including 1 woman), of which 3 shall be Outside Directors and 2 shall be internal directors; the chairman shall be an Outside Director, appointed for a term of one year)
- a. Audit the execution of duties by directors and Corporate Officers, create audit reports, and execute accounting audits and other matters stipulated by applicable laws.
  - b. Determine proposals related to the selection, dismissal, and non-reappointment of accounting auditors to be submitted to the General Meeting of Shareholders.
  - c. Confirm that the Accounting Auditor’s independence is assured, and that the quality control of audits is managed systematically, and strive to collect relevant information regarding audit corporations other than the Company’s Accounting Auditor.
  - d. Endeavor to achieve efficient and higher-quality auditing, e.g., by receiving timely and appropriate reports from the officers and employees of the Group and the Accounting Auditor of the Company related to the execution of their duties, as well as by investigating the business and assets of the Group and sharing necessary information with the Accounting Auditor and internal audit department.
  - e. Establish basic policies, rules, and procedures, etc., necessary for the execution of its duties, and review them each year.
  - f. Ensure the objectivity of audits by guaranteeing the independence of the Management Audit Department, which executes duties under the resolution of the Audit Committee and the direction of members of the Committee, from Corporate Officers in relation to directions related to the execution of their duties, personnel evaluations, etc.
  - g. The Audit Committee shall report on the status of execution of its duties to the Board.
- (4) Compensation Committee (3 Members, all of whom must be Outside Directors; the chairman shall be an Outside Director, appointed for a term of one year)

- a. Determine the policy related to deciding the content of the compensation, etc., of directors and Corporate Officers and the content of the compensation, etc., for each individual with fairness and transparency.
- b. Make the compensation, etc., of directors suitable for directors who can sufficiently execute the oversight functions of management, and determine the content of the compensation, etc., of Corporate Officers such that it will strongly motivate Corporate Officers in the performance of their duties and by giving consideration to the degree of attainment of performance indexes.
- c. Actively utilize outside research data, etc., as well as examine the adequacy of the process for determining compensation, etc., in order to ensure objectivity in the compensation, etc., of directors and Corporate Officers.
- d. Establish basic policies, rules, procedures, etc., necessary for the execution of the duties of the Compensation Committee.
- e. The Compensation Committee shall report on the status of execution of its duties to the Board.

(5) *hhc* Governance Committee (7 Members (including 1 woman), all of whom shall be Outside Directors, appointed for terms of one year)

The composition and roles of the *hhc* Governance Committee are as follows.

- a. Actively engage in dialogue with stakeholders and use the knowledge gained to improve discussions in the Board of Directors.
- b. Share information and provide advice and other recommendations regarding the Representative Corporate Officer and CEO's proposed plans for grooming candidates to fill the role of Representative Corporate Officer and CEO in the future.
- c. Evaluate the effectiveness of the management oversight function of the Board of Directors. If any issues emerge in the operations of the Board of Directors or other boards or committees, propose the relevant improvements to the Board of Directors.
- d. Conduct broad discussions on the Company's corporate governance and business matters, and work to make continuing improvements to the Company's corporate governance.
- e. The matters discussed at the *hhc* Governance Committee shall be reported to the Board or notified to the Corporate Officers as necessary.

### **3. The reasons for choosing the current corporate governance system**

In June 2004, the Company revised its Articles of Incorporation at the Ordinary General Meeting of Shareholders and adopted the Company with Committees System (the current Company with a Nomination Committee, etc., System) in order to further enhance

corporate governance.

With the adoption of the Company with Committees System, the Company increased the number of Outside Directors to comprise more than half of the Board of Directors. The Company aimed to increase the transparency and fairness of management, strengthen the supervisory function of the Board of Directors for overall management, enhance the quality of management, and improve benefits to shareholders, customers, employees, and other stakeholders. Meanwhile, by granting Corporate Officers the authority to make wide-ranging decisions related to management, the Company aimed to promote flexible management, heighten competitiveness, create a structure that enables the achievement of *human health care (hhc)*, which is the Company's Corporate Philosophy, and revitalize corporate management by securing autonomy through internal control by Corporate Officers.

**III. Status of the implementation of measures related to shareholders and other interested parties**

**1. Status of implementation of measures for revitalization of the general meeting of shareholders and smoothing of the execution of voting rights**

	Supplementary Explanation
Early notification of convocation of general meeting of shareholders	As a rule, we strive to send notification of convocation at least four weeks prior to the meeting. Since FY2015, the Japanese version has been published on the Tokyo Stock Exchange and Company websites prior to mailing.
Scheduling of general meeting of shareholders away from “concentrated days”	We avoid “concentrated days” to make it possible for as many shareholders as possible to attend.
Electronic execution of voting rights	Electronic execution of voting rights from PC, mobile phone, etc., via a voting website
Implementation of a voting rights execution platform and effort to improve the exercising a voting rights system	A voting rights execution platform for institutional investors has been implemented since the regular general meeting of shareholders held in June 2006.
Offer in English of Notice of Convocation (summary)	The notice of convocation is made in English, and made public on our website.
Other	To provide a thorough explanation at the General Meeting of Shareholders, the Chairperson himself makes a presentation on performance reports and business strategies. Furthermore, shareholders may actively engage in discussions and a Q&A session is also included in this regard. In order to ensure an environment in which each shareholder is able to exercise his or her voting rights, a voting website with a shareholder registry system is provided by a shareholder registry administrator as well as other electronic voting platforms. In addition, the notices of convocation are thorough in conveying the relevant information, are distributed in both English and Japanese versions, and are published on the Company’s website.

## 2. Status of activities related to IR

	Supplementary Explanation	Explanation from the Representative
Hold regular meeting for personal investors.	The Eisai Group holds explanatory meetings as needed, in cooperation with securities firms, etc. Then, through an IR-style presentation, we explain the content of those meetings to shareholders at the General Shareholder Meeting.	Yes
Hold regular meetings for analysts and institutional investors.	The Eisai Group settles accounts quarterly. In conjunction with this, a settlement explanation meeting for analysts and institutional investors is held four times annually. Further, a yearly information meeting is held separately from the settlement explanation meeting to explain the Group's strategy. After issuing the integrated report, a roundtable discussion about the integrated report in which CFO mainly gives explanations is held for analysts, institutional investors, and the media with high interest in ESG. In addition, the Group holds specialized explanation meetings when appropriate to explain R&D issues. At this meeting, the Corporate Officer in charge of research and development explains the status and results of research and development, as well as strategy, and answers questions.	Yes
Hold regular meetings for investors outside Japan.	We conduct regular visits to investors outside Japan. In addition, Eisai representatives actively participate in conferences, large meetings, and small meetings organized by individual securities companies for institutional investors outside Japan, providing explanations and answering questions.	Yes
Post IR materials on the website.	A website for shareholders and investors has been created on the company website. Along with posting the articles of incorporation, financial statements, reference materials, and materials of	Yes

	Supplementary Explanation	Explanation from the Representative
	<p>explanation meetings for analysts and institutional investors, videos of representatives from explanation meetings are posted in both Japanese and English as soon as they are released. In addition, performance highlights/research and development status summarizing the status of business performance and research and development, the Integrated Report, yearly IR schedules, stock procedures/stock prices, announcement of financial statements / electronic announcements, etc., are posted on the website. Moreover, a system has been set up making it possible to send questions related to IR directly to the IR Department via the Internet.</p> <p><a href="http://www.eisai.com/ir/index.html">http://www.eisai.com/ir/index.html</a></p>	
Establish departments (responsible parties) for IR.	<p>Investor Relations Department is set up under the Corporate Officer of Investor Relations. IR activities are being conducted with the cooperation of the Research and Development Section, the Corporate Management Planning Department, the Finance &amp; Accounting Division and the General Affairs Department as well as other related departments.</p>	-

### 3. Status of efforts to consider the standpoint of stakeholders

	Supplementary Explanation
<p>Rules regarding consideration of the standpoint of stakeholders through company regulations, etc.</p>	<p>Consideration of the standpoint of stakeholders is clearly prescribed in Eisai’s corporate philosophy which has been established in the text of the articles of incorporation. A summary is given below.</p> <p>Eisai believes that its stakeholders are patients and their families, shareholders, and our employees. Through the following activities, Eisai strives to increase the value for our stakeholders as well as develop and maintain good relationships.</p> <ol style="list-style-type: none"> <li>1. Satisfying unmet medical needs, providing information and services that contribute to the awareness and prevention of diseases, ensuring a stable supply of high-quality products, and providing useful information on a range of topics, such as drug safety and effectiveness;</li> <li>2. Contributing to a sustainable society with a long-term perspective;</li> <li>3. Enhancing the common interests of shareholders, improving long-term corporate value, providing a positive return to shareholders, and disclosing corporate management information in a timely manner; and</li> <li>4. Ensuring stable employment, respecting human rights and diversity, providing full opportunities for growth in support of self-fulfillment, and creating an employee-friendly environment.</li> </ol> <p>The Company aims to nurture human assets who can continually generate innovation even under a rapidly-changing business environment. (The Company sees employees as important assets and refers to human resources as “human assets.”) The foundation of the Company’s human resources development is having each employee gain an understanding of the true needs of patients through sharing time with them. This generates motivation to know the joys and sorrows of patients and to create solutions to eliminate their anxieties. The Company has incorporated sharing with patients in a variety of internal training programs and is strengthening human resources development.</p> <p>To open the way for the vision of the medium-term business plan</p>

	Supplementary Explanation
	<p>“EWAY Future &amp; Beyond,” the Company promotes self-innovation and works to develop independent human resources with a sense of ownership.</p> <p>In FY2020, as group, in-person training became difficult due to the COVID-19 pandemic, we executed various training online. Utilizing the benefits of online sessions, each training session was short and the content was given continuity, with sessions being held regularly. Furthermore, due to an increase in those working remotely from home, we needed to implement a reform of our management style. In FY2020, we held practical management courses with a focus on department managers, and we are promoting initiatives to revitalize communication within organizations.</p> <p>In addition, in October 2012, the Eisai Group released the “Eisai Diversity Declaration” and worked to familiarize all officers and employees with the Declaration. We have established the Diversity Committee, and will promote the provision of a workplace in which women are able to flourish, the establishment of an environment in which the human resources who support global development can play an active role, and the creation of a system under which middle-aged individuals, senior citizens, and young people work together to create new value.</p>
<p>Implementation of environmental protection activities, CSR activities, etc.</p>	<p>Non-financial value, such as ESG (Environment, Social and Governance) must be taken into account in addition to financial value when determining a company’s value. As the Group expands business based on the <i>hbc</i> philosophy, it has been strengthening its ESG initiatives, such as reducing the burden on the global environment (Environment), improving access to medicines and developing human resources of the Company (Social), and ensuring fairness and transparency of management (Governance). In addition, the Company positions initiatives for ESG as consistent with the SDGs (Sustainable Development Goals), which are international goals adopted at the United Nations summit.</p> <p>Among ESGs, in particular, Eisai considers making efforts to resolve the global issue of access to medicines to be its duty as well as a long-term investment for the future. Eisai is promoting</p>



	Supplementary Explanation
	<p>such efforts proactively under public-private partnerships with governments, international organizations, private non-profit organizations and others. For the elimination of lymphatic filariasis, a neglected tropical disease endemic in developing and emerging countries, the Group is providing the lymphatic filariasis treatment diethylcarbamazine (DEC) tablets to the World Health Organization (WHO) for price zero (free of charge). These DEC tablets are manufactured at the Group's Vizag Plant in India. The Group will continue to supply DEC tablets until lymphatic filariasis is eliminated in all endemic countries that need DEC tablets. As of the end of March 2021, 2.01 billion tablets had been supplied to 28 countries.</p> <p>Furthermore, the Group is carrying out new drug development for tuberculosis, malaria and other neglected tropical diseases such as mycetoma. The Group is also supporting activities to raise awareness and enable early detection of non-infectious diseases, such as dementia and cancer. Affordable pricing, which makes it easier for patients to purchase medication, and tiered pricing, which sets prices according to income levels, are also being implemented as part of activities carried out by the Group to improve access to medicines around the world.</p> <p>Regarding the environment, Eisai has set a scientifically based greenhouse gas reduction target for FY2030 and obtained approval from the Science Based Targets (SBT) initiative. In addition, the entire Group is actively working for the formation of a low-carbon society with initiatives such as systematically increasing the rate of renewable energy. Furthermore, the Group has endorsed the Task Force on Climate-related Financial Disclosure (TCFD), an international framework for analyzing the risks and opportunities of climate change impacts on companies, and disclosed the results of our analysis of the financial impact of climate change based on this framework. The Company have also set medium- and long-term goals of achieving 100% renewable energy use by 2030 and carbon neutrality by 2040. In the future, the Company will promote the effort to achieve carbon neutrality and disclose the results.</p> <p>Regarding human rights, the Group has been working on further</p>

	Supplementary Explanation
	<p>to improve non-financial value by creating a human rights policy and constructing a due diligence mechanism based on the United Nations' "Guiding Principles on Business and Human Rights," which is internationally recognized as a guideline.</p> <p>Information regarding non-financial value of the Group, including ESG, is disclosed in the Integrated Report and Environmental Report, based on the framework of the IIRC (International Integrated Reporting Council).</p> <p><a href="https://www.eisai.com/ir/library/annual/index.html">https://www.eisai.com/ir/library/annual/index.html</a></p>

#### **IV. Basic philosophy and status of preparation of internal control systems**

##### **1. The system for assurance of appropriate business operations**

The Company, in accordance with Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act, stipulated “Rules Concerning Matters Necessary for the Performance of Duties by the Audit Committee” and “Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers” at the Eisai Board of Directors meeting. Both rules are given below.

##### 1) Rules Concerning Matters Necessary for the Performance of Duties by the Audit Committee

(Objective)

Article 1 The purpose of these rules is to establish matters necessary for the performance of duties by the Audit Committee of the Company, in accordance with Companies Act Article 416 Section 1 Part 1 Subparagraph b), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 1.

2 In these rules, “ENW” means a group of corporate entities consisting of the Company and its subsidiaries and affiliates, and “ENW company” means each entity that is part of the ENW.

(Matters regarding the directors and employees of the Company who assist in the duties of the Audit Committee of the Company)

Article 2 The Company shall establish a Management Audit Department to assist in the duties of the Audit Committee of the Company. The directors of the Company shall not be assigned to assist in the duties of the Audit Committee of the Company.

2 The director and staff of the Management Audit Department shall follow employment and work regulations for matters not established by these rules.

(Matters regarding the independence of the employees in the preceding article from the Corporate Officers of the Company and matters regarding ensuring the effectiveness of the instructions of the Audit Committee of the Company to such employees)

Article 3 The Management Audit Department shall be organized independent of the Corporate Officers of the Company.

2 The director and staff of the Management Audit Department shall perform their duties under the direction of the Audit Committee and Audit Committee Members of the Company.

- 3 The director and staff of the Management Audit Department shall be appointed, reassigned and disciplined by the Representative Corporate Officer and CEO of the Company with the consent of the Audit Committee of the Company.
- 4 The decision on personnel evaluation of the director and staff of the Management Audit Department will be conducted by the Audit Committee of the Company.

(The system for officers and employees of ENW companies to report to the Audit Committee)

Article 4 The Corporate Officers of the Company shall report monthly to the Audit Committee of the Company regarding the following matters related to their assignments and organization under their oversight, supervision or management, including whether or not such relevant matters exist, and shall report immediately highly important matters of the items such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation to the Audit Committee.

- (1) Disasters and accidents related to operations
- (2) The fact that operations have been stopped for a half day or longer
- (3) The fact that a lawsuit has been brought, and its status
- (4) Cases that violate compliance policies (including facts subject to investigation)
- (5) Requests for cooperation in an investigation, investigation, summons, visits (excluding regular investigations), warnings, guidance, orders, recommendations, suspension of operation, or other measures taken by public officials
- (6) Infringement or the danger of infringement of assets or rights by a third party
- (7) Bankruptcy, the danger of bankruptcy, or termination of a contract, by a major customer
- (8) Matters or information other than the above (1) through (7) that may cause the ENW company serious damage or have significant effect
- (9) Facts that Officers and employees of the ENW company, who made reports or provided information pursuant to Sections through 2 to 6 of this Article, were treated disadvantageously because they made the reports or provided the information
- (10) Other matters to be reported as stipulated by the Audit Committee of the Company

- \*1 “Oversight” shall mean having the general oversight responsibility as the head of the reporting line.
  - \*2 “Supervision” shall mean having supervision of the relevant organization or business not as the head of the reporting line.
  - \*3 “Management” shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.
- 2 If the officers and employees of the ENW companies become aware of any item provided in each item of Paragraph 1 of this Article (except for (4)), they shall immediately report to the Corporate Officer of the Company who supervises, controls or manages such item and contact the Compliance Counter when they become aware of an item in Paragraph 1 (4) of this Article.
  - 3 The Corporate Officer who supervises the promotion of ENW’s compliance shall immediately make a report to the Audit Committee of the Company in the case of highly important matters, out of the matters which are reported to the Compliance Counter, such as incidents that cause or may cause ENW significant damage, or that violate or may violate laws or the Articles of Incorporation.
  - 4 The Auditors or the Audit Committee of the ENW companies in Japan, the People’s Republic of China, South Korea, and Taiwan, except for the Company, shall periodically report information regarding internal audits, compliance and risk management, etc., in such ENW company to the Audit Committee of the Company.
  - 5 The officers and employees of the ENW companies shall promptly make a proper report when a report on matters regarding the execution of business is requested by the Audit Committee of the Company.
  - 6 The Corporate Officers and employees of the Company shall inform the Audit Committee of the Company of the schedules of important meetings.

(Systems for ensuring that the person making a report in the preceding Article does not receive disadvantageous treatment on the grounds of having made such report)

Article 5 The Representative Corporate Officer and CEO of the Company shall prepare and operate a system in order to ensure that the officers and employees of the ENW companies who make a report to the Audit Committee or Corporate Officer of the Company or contact the Compliance Counter under the preceding Article do not receive disadvantageous treatment on the grounds of having made such report or contact.

(Matters regarding policies for the processing of expenses and obligations that arise with

respect to the execution of duties of the Audit Committee Members of the Company)

Article 6 The Company shall process such expenses or obligations for the execution of duties of the Audit Committee Members of the Company which are recognized as necessary by the Audit Committee of the Company under the Companies Act Article 404 Section 4.

(Other systems for ensuring the effective performance of audits of the Audit Committee of the Company)

Article 7 The Representative Corporate Officer and CEO of the Company shall prepare a system between ENW companies under which the Audit Committee of the Company enables the investigation, etc., of the accounting and operations of ENW companies.

2 Departments and officers in charge of audits, including the internal audits of ENW companies, shall share necessary information regarding audit activities with the Audit Committee, Audit Committee members, and the Management Audit Department of the Company through regular meetings, etc., in order to operate an efficient and suitable auditing system.

3 The Company's accounting auditor shall report to the Audit Committee regarding audits by the accounting auditor, as well as other investigations, on a regular basis or as requested by the Audit Committee.

(Familiarization with these rules)

Article 8 The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the officers and employees of the ENW companies with the content of these rules.

(Revisions)

Article 9 These rules can be revised through resolution by the Board of Directors.

\* ENW (Eisai Network Companies) refers to the corporate group comprised of Eisai Co., Ltd., and its consolidated subsidiaries and affiliates.

2) Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers

(Objective)

Article 1 The purpose of these rules is to establish matters necessary for establishment and operation of a system for ensuring that execution of duties at ENW by Corporate Officers of the Company is in accordance with laws and the Articles of Incorporation, and to establish other systems necessary to

maintain the suitability of operations, in accordance with the Companies Act Article 416 Section 1 Part 1 Subparagraph e), as well as the Ordinance for Enforcement of the Companies Act Article 112 Section 2.

- 2 In these rules, “ENW” means a group of corporate entities, consisting of the Company and the subsidiaries and affiliates of the Company. “ENW company” means each entity within the ENW. “Corporate Officer in Charge of ENW companies” means a Corporate Officer who has been appointed by the Representative Corporate Officer and CEO of the Company to oversee\*1, supervise\*2 and manage\*3 each ENW company other than the Company. “Officers of ENW companies, who execute business operations” shall mean Corporate Officers of the Company and directors of the ENW companies other than the Company.

\*1 “Oversee” shall mean having the general oversight responsibility as the head of the reporting line.

\*2 “Supervise” shall mean having supervision of the relevant organization or business not as the head of the reporting line.

\*3 “Manage” shall mean having a grasp of the situation by receiving report(s) from the relevant business or organization.

(Authority)

Article 2 The Board of Directors of the Company receives reports, regarding establishment and operation of the systems set forth in these rules, from the Corporate Officers or the Audit Committee of the Company in order to supervise the performance of duties of the Corporate Officers pursuant to these rules.

- 2 The Representative Corporate Officer and CEO of the Company shall assign the particular duties set forth in these rules to a Corporate Officer of the Company who will be responsible for such assigned duties.

- 3 The Corporate Officer of the Company shall perform such duties that have been assigned to him/her in compliance with these rules and provide reports, regarding establishment and operation of the systems set forth in these rules, to the Board of Directors and the Audit Committee of the Company.

(The system for storage and management of information related to the performance of duties of Corporate Officers)

Article 3 The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the

Company, who shall supervise ENW with respect to and be in charge of storage and management of information related to the performance of duties of Corporate Officers of the Company, and shall have such Corporate Officer establish a system and necessary rules on storage and management of information.

- 2 The Corporate Officer of the Company, who has been appointed pursuant to the previous section, shall establish and operate the storage and management rules for prepared information, and report the status thereof to the Board of Directors and the Audit Committee of the Company.

(The rules and other systems regarding management of the risks of loss in ENW)

Article 4 The Corporate Officers of the Company shall be responsible for managing risk of loss in ENW in his or her area of assignment. A Corporate Officer in Charge of ENW companies shall establish and operate a system to manage risk of loss in ENW depending on the type, size, significance and other aspects of the businesses of ENW companies which he/she has been assigned to oversee, supervise, and manage.

- 2 With respect to management of risks of loss that may possibly result in significant loss to ENW, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, for each area of risk of loss (financial, legal, environmental, disaster, product quality, and adverse effect, etc.), and such appointed Corporate Officer shall establish and operate rules, etc. regarding the risk.
- 3 The Corporate Officers, who have been assigned to be in charge of promoting establishment and operation of an internal control system as stipulated in Article 6, shall establish and promote the operation of a system for the Corporate Officers and employees of the Company to self-evaluate risks related to their assigned duties.

(The system for ensuring that the duties of Directors, Corporate Officers and employees of ENW are conducted efficiently)

Article 5 The Board of Directors of the Company shall delegate to the Representative Corporate Officer and CEO of the Company decision-making for the performance of the Directors' duties, excluding those matters to be resolved by the Board of Directors pursuant to the laws, the Articles of Incorporation, and the Rules of the Board of Directors.

- 2 The Board of Directors of the Company shall appropriately establish a



division of duties and mutual relationships among the Corporate Officers of the Company.

- 3 The Representative Corporate Officer and CEO of the Company shall establish decision-making procedures for important matters in the ENW and establish and operate a system under which duties are executed appropriately and efficiently.
- 4 With respect to matters other than those set forth in the previous section, the Corporate Officers of the Company shall establish decision-making procedures for their assigned duties and establish and operate a system so that such duties are executed appropriately and efficiently.
- 5 The Corporate Officer, who has been assigned to be in charge of promoting establishment and operation of the internal control system set forth in Article 6, shall monitor the establishment and operation of the systems pursuant to the previous two sections. The Corporate Officer, who has been assigned to oversee the execution of internal audit, shall audit the establishment and operation of such systems.

(The system for ensuring that performance of duties by officers of ENW companies, who execute business operations, and employees of ENW companies is in accordance with laws and the Articles of Incorporation)

Article 6 The Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge of promoting compliance, including the system for ensuring that the execution of duties by officers of ENW companies, who execute business operations, and employees of ENW companies is in accordance with laws and the Articles of Incorporation, and shall establish a department, etc., to support such Corporate Officer in the performance of his or her duties.

- 2 The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish a Compliance Handbook and a business behavior charter applicable to ENW, clarify norms and behavioral standards so that officers of ENW companies, who execute business operations, and employees of ENW companies take actions in compliance with laws and the Articles of Incorporation, and promote compliance by taking necessary measures such as training of officers of ENW companies, who execute business operations, and employees of ENW companies.
- 3 The Corporate Officer, who has been assigned to be in charge of promoting compliance, shall establish and operate a Compliance Counter as a point of

contact for consulting about compliance and reporting of compliance matters both inside and outside the Company to strive for the prevention and early resolution of risks related to compliance. With respect to ENW companies other than the Company, the Corporate Officer, who has been assigned to be in charge of promoting compliance, shall cooperate and perform above with each Corporate Officer in charge of ENW companies, each officer in charge of compliance at each ENW company and the department in charge of compliance.

- 4 The Corporate Officer who has been assigned to be in charge of promoting compliance shall implement a policy of opposing anti-social forces in the ENW business behavior charter, and shall take necessary measures so that the officers of ENW companies, who execute business operations, and employees of ENW companies strictly observe such policy and give their best effort on a daily basis in their conduct in this regard.
- 5 The Representative Corporate Officer and CEO of the Company shall appoint Corporate Officers, from among the Corporate Officers of the Company, to be in charge of promoting establishment and operation of an internal control system and to be in charge of executing internal audits, respectively, and shall establish a department, etc., to support such Corporate Officers in the performance of their duties.
- 6 Corporate Officers who have been assigned to be in charge of promoting establishment and operation of an internal control system shall establish policies regarding internal controls applicable to ENW, and shall have Corporate Officers and employees of the Company develop a deeper understanding for internal controls by taking necessary measures such as training, and shall promote the establishment and operation of an internal control system. With respect to ENW companies other than the Company, the Corporate Officers who have been assigned to be in charge of promoting establishment and operation of an internal control system shall cooperate and perform above with each Corporate Officer in charge of ENW companies, each officer in charge of internal control at each ENW company and the department in charge of internal control.
- 7 Corporate Officers who have been assigned to be in charge of executing internal audits, shall establish rules for internal audits applicable to ENW, devise a plan for internal audits, and execute appropriate and efficient internal audits. With respect to ENW companies other than the Company, Corporate Officers who have been assigned to be in charge of executing internal audits shall have each Corporate Officer in charge of ENW

companies, each officer in charge of internal audits at each ENW company, and the department in charge of internal audits perform the audit of each ENW company and receive reports.

- 8 With respect to professional fields, the Representative Corporate Officer and CEO of the Company shall appoint a Corporate Officer, from among the Corporate Officers of the Company, to be in charge, as necessary, of ensuring compliance with laws and the Articles of Incorporation in such field, and shall establish a department, etc., to support such Corporate Officer in the performance of his or her duties.

(The system for reporting to the Company about matters related to execution of duties of officers and employees of ENW companies other than the Company)

Article 7 The Corporate Officer in charge of ENW companies shall establish a system under which the Company receives reports from ENW companies about important managerial matters and the matters set forth in Articles 4, 5, and 6 of these rules depending on the type, size, significance, and other aspects of the businesses of ENW companies, with respect for the autonomy and the independence of ENW companies which the Corporate Officer has been assigned to oversee, supervise, and manage.

- 2 The Corporate Officer in charge of ENW companies shall report important matters contained in the report received from ENW companies to the Board of Director and the Audit Committee of the Company.

(Familiarization with these Rules)

Article 8 The Representative Corporate Officer and CEO of the Company shall take measures to familiarize the officers and employees of ENW companies with the content of these rules.

(Revisions)

Article 9 These rules shall be revised through resolution by the Board of Directors.

### 3) Status of Establishment and Operation of Systems for Ensuring Proper Business Operations

The status of establishment and operation of both sets of rules are given below.

#### 1. Status of Operation of the “Rules Concerning Items Necessary for the Performance of Duties by the Audit Committee” (hereinafter the “Rules”)

- a) Items regarding the directors and employees of the Company who assist in the duties

of the Audit Committee of the Company

The Company has established the Management Audit Department as a department with responsibilities to aid the duties of the Audit Committee. Staff of the Management Audit Department perform their duties under the direction of the Audit Committee and according to the rules established by the Audit Committee and the audit plan for the individual fiscal year. Their service is governed by the provisions of work regulations. Note that there is no director in place to aid the duties of the Audit Committee.

- b) Items regarding the independence of the Management Audit Department from the corporate officers of the Company and items regarding ensuring the effectiveness of the instructions of the Audit Committee of the Company to the Management Audit Department

The director and staff of the Management Audit Department have performed their duties under the direction and orders of the Audit Committee, in accordance with the Rules. Evaluations of the director and staff of the Management Audit Department have all been conducted by the Audit Committee. Management Audit Department staff have been appointed and reassigned with the consent of the Audit Committee.

- c) System for officers and employees of ENW\* companies to report to the Audit Committee

All corporate officers report monthly to the Audit Committee regarding items stipulated in the Rules. Important matters have been reported as needed. In addition, important internal meetings have been established in the audit plan of the Audit Committee to monitor the status of discussions and resolutions.

A system is established to ensure highly important compliance-related matters reported to the Chief Compliance Officer and/or the Compliance Counter are immediately reported to the Audit Committee. In addition, matters related to the Company's corporate officers can be reported directly to the whistleblowing hotline that has been established by the Audit Committee. In addition, the Audit Committee obtains information related to the internal control of ENW companies from their corporate auditors.

- d) Systems for ensuring that the person making a report in the preceding paragraph does not receive disadvantageous treatment on the grounds of having made such report

The Compliance Handbook requires ENW executives and employees to report any concerns related to compliance, and prohibits retaliation against the person making the report. The Compliance Counter has established and implements operational rules, including the protection of persons making a report. Retaliatory and other similar acts toward persons making a report are also strictly prohibited in work regulations. The Audit Committee carries out monthly confirmations of the state of operation of the Compliance Counter, including the presence of prejudicial treatment.

- e) Items regarding policies for the processing of expenses and obligations that arise with respect to the execution of duties of Audit Committee members

All expenses for the execution of duties of the Audit Committee are processed without any restrictions being placed by operational divisions.

- f) Other systems for ensuring the effective performance of audits of the Audit Committee

The Audit Committee obtains audit plans and audit results from the Accounting Auditor and the internal audit departments to ensure audits by the Audit Committee are effectively performed. Through these audit activities, the Audit Committee also shares necessary information with the Accounting Auditor, internal audit departments, and other related parties.

## 2. Status of Operation of the “Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers”

- a) System for storage and management of information related to the performance of duties of corporate officers

A corporate officer in charge of the storage and management of information has been appointed. Said corporate officer has taken steps to ensure confidential information is handled correctly. Rules for the Protection of Personal Information and the Company-wide Standard Work Procedures and other rules for the storage and management of information related to the performance of duties by corporate officers have been prepared and workshops are held on an ongoing basis. The status of these measures is reported to the Board of Directors and Audit Committee.

- b) Rules and other systems regarding management of the risks of loss in ENW

The corporate officer responsible for internal control has introduced a system called control self-assessment (CSA), in which risks of loss in ENW are managed and self-assessed, thereby supporting risk management at all organizational levels including corporate officers, and the establishment and evaluation of internal control. Corporate officers use CSA and other means to identify important risks of loss (important risks) in duties to which they have been assigned (in Japan and abroad) and important risks at subsidiaries (in Japan and abroad). An appropriate system of management has thus been prepared and is under operation.

In particular, with regard to the risks of loss related to a number of departments that may result in significant loss to the Company, the Chief Financial Officer (finance), General Counsel (legal affairs), corporate officer assigned to general affairs and environmental affairs (environment, disasters), Quality (product quality), and Safety (side effects) bear the responsibility. Accordingly, they have created and operate necessary documents and rules, including rules concerning consolidated accounting, rules for the prevention of insider trading, a business continuity plan, a procedure

manual for guaranteeing product quality, and rules relating to the management of side-effect information.

By posting them on the Company's internal website and holding workshops for the relevant parties, they take countermeasures, operate the rules, and ensure that the appropriate parties are thoroughly familiar with the rules.

In addition, the Risk Management Committee, chaired by the corporate officer responsible for internal control, centrally manages the status of risks of loss by ENW and the response to those risks, and promotes the establishment and maintenance of internal control.

c) System for ensuring that the duties of ENW are conducted efficiently

The Company's Board of Directors delegates a significant amount of the decision-making related to the execution of business to corporate officers. At the same time, the Board appropriately establishes the division of duties and mutual relationships between corporate officers. The Chief Talent Officer has established and thoroughly implemented decision-making procedures for important matters at ENW. These procedures define the drafter, parties to be consulted, person responsible for implementation, person responsible for the outcome, etc., related to important matters at ENW to establish a system that enables such decision-making to be conducted efficiently. The procedures are reviewed and revised as needed. Further, the corporate officers establish decision-making procedures for their assigned duties so that such duties are conducted efficiently. The status of important decision-making by corporate officers is reported to the Board of Directors as needed.

d) System for ensuring that performance of duties by directors of ENW other than the Company and corporate officers and employees of ENW companies is in accordance with laws and Articles of Incorporation

The Chief Compliance Officer, who is also a corporate officer responsible for internal control, promotes compliance and the establishment of internal control.

Compliance is promoted by establishing and putting into practice a compliance program.

The Company lists its policies of opposing anti-social forces in its Charter of Business Conduct and Compliance Handbook and ensures that ENW is familiar with the policies through compliance training and other measures.

With regard to internal control, all corporate officers establish, develop, and operate internal controls within the scope of their responsibilities in accordance with the Internal Control Policy established by the corporate officer responsible for internal control.

Aiming to support the internal controls established, developed, and operated by corporate officers, the Corporate Compliance and Risk Management Department

works to reduce everyday operational risks (1) by assessing important company-wide risks through interviews with all corporate officers and (2) by implementing CSA for all ENW department managers. For CSA, Eisai has established a regional management organization or appointed a regional manager in each of the Japan, Americas, Europe, Asia, and China regions to globally promote internal control through support for risk management.

Internal audits are conducted by the Corporate Internal Audit Department and the internal audit departments of each region from an objective point of view and independently of the audited organization. The results of all internal audits are periodically reported to the Board of Directors, Audit Committee, and Executive Board.

A corporate officer who confirms that ENW are in compliance with laws, regulations, and the Articles of Incorporation in regards to specialized areas specific to a pharmaceutical company is appropriately appointed.

- e) System for reporting to the Company about matters related to execution of duties of officers and employees of ENW companies other than the Company

The Company determines the corporate officer to be assigned to oversee, supervise, or manage ENW companies through the division of duties. The corporate officer assigned to be in charge of ENW companies has established a system for receiving reports from ENW, through decision-making procedures provided for each ENW company, attendance at important meetings, periodic reports, etc. The corporate officer in charge reports the status of ENW companies to the Board of Directors and the Audit Committee as needed.

## **2. The basic philosophy and status of preparation for elimination of any form of organized criminal activity**

The Eisai Group established the Charter of Business Conduct to carry out their compliance activities. We stand firm against any form of organized criminal activity as provided in Article 9 of the ENW Charter of Business Conduct.

All directors, officers, and employees of ENW shall at all times and in all daily activities act strictly in accordance with the Charter, and work towards achieving the corporate goals that the Charter defines. Specifically, we educate our directors, officers, and employees on the following points regarding groups engaged in organized criminal activity, such as corporate racketeers and organized crime groups. ENW should never provide any kind of benefit or advantage to such groups.

- Under the Japanese Companies Act, it is prohibited to provide benefit or any kind of benefit or advantage to such groups.
- ENW should not associate with or enter into any kind of relationship with any form

of advantage to any specific shareholders. Depending on the circumstances, there are various forms of requirements for benefit or advantage. The request for such benefit or advantage is in itself prohibited under the law.

- To entertain any form of request from any organized crime group is a violation of the Charter and any director, officer, or employee found to be entertaining such requests may be charged with breach of trust.
- If any of the aforementioned situations come to the knowledge or attention of an officer or employee, it shall be reported promptly to the Compliance Counter (a tool designated to help employees seeking compliance advice and reporting).

The Company collects information about any form of organized criminal activity and establishes internal systems in cooperation with outside institutions.

\* ENW (Eisai Network Companies) refers to the corporate group comprised of Eisai Co., Ltd., and its consolidated subsidiaries and affiliates.



## V. Other

### 1. Adoption of takeover prevention

No

“Basic Policies related to the Way a Person Is to Control Decisions on Financial and Business Policies” is as follows.

#### ① Eisai’s Basic Policy Regarding Individuals Who Control Decisions on Financial and Business Policies

The Company had previously stipulated a corporate philosophy “to give first thought to patients and their families, and increase the benefits that health care provides to them” (*hhc* philosophy: human health care), and we shared this philosophy with our stakeholders. In our “EWAY Future & Beyond” medium-term business plan launched in April 2021, the Company shifted perspectives to greatly expand the scope of the beneficiaries of our social contributions, from “patients and their families” to “patients and the general public.” As such, we are striving to create solutions that help people, with our vision of “empowering The People to realize their fullest life.” We see the ecosystem model as our business model to put this philosophy and approach into practice. An ecosystem is a framework in which various living organisms coexist in a set environment and develop by cooperating with each other. As the nucleus of ecosystems such as these, we collaborate with academia and startups on drug discovery, and we are also building the Eisai Universal Platform (EUP) on which many different solutions can be created and provided based on clinical data as well as data on biomarkers and more.

The solutions generated by EUP are also producing major synergy effects with other industries. We believe that by greatly expanding the scope of people to whom we contribute by providing value directly and building an ecosystem, we can help increase the sophistication of products and improve services offered not only by the Company but in other industries as well, leading to even more contributions by providing value. Our ambition is to be an *hhceco* company, which operates on a business model that integrates our Corporate Philosophy of *hhc* with these ecosystems.

Furthermore, the Company focuses on the reduction of health disparities and continues to engage in initiatives to improve access to medicines, including the free-of-charge provision of drugs for the treatment of lymphatic filariasis. In research and development of drugs for the treatment of tropical diseases as well, we are building rich pipelines through various partnerships. The Company will not spare any efforts to deliver hope and our products to people in the daily living and medical domains.

However, considering the escalating competition surrounding the Company, and the changes and transformations in the Japanese legal system and corporate culture relating to M&A in Japan, we can anticipate the potential for acquisitions of the Company’s

shares that will materially affect the Company's management policy.

The Company does not necessarily reject acquisitions that are intended to obtain a large volume of our shares or that permit a third party to participate in the management of our business, if such acquisitions will substantially increase the corporate value of the Company. Based on this perspective, as a company generating made-in-Japan innovation the Company considers the sources of our corporate value to include our *hhc* philosophy and the employees motivated to deliver it, as well as our knowledge creation activities (*hhc* activities) that put our philosophy into practice, and business operations to efficiently achieve the social good (to relieve anxiety over health and reduce health disparities). Individuals who control decisions on the Company's financial and business policies must therefore sufficiently understand these sources of value in order to strive toward securing and increasing the Company's corporate value and the common interests of our shareholders over the medium to long term.

② Initiatives Contributing to Implementation of the Basic Policy and to Prevent Decisions on the Applicable Company's Financial and Business Policies from Being Controlled by Individuals Who are Improper in Light of the Basic Policy

a. Initiatives Contributing to Implementation of the Basic Policy

As stated in ① above, we are moving forward with initiatives based on our "EWAY Future & Beyond" medium-term business plan. For specific details, please see "2. Medium- to Long-Term Corporate Management Strategy and Issues that Need to be Addressed" on pages 44 through 46 in Notice of Convocation of the 110th Ordinary General Meeting of Shareholders (the Business Report).

Additionally, in 2004 the Company adopted a "Company with Committees System" (currently "Company with a Nomination Committee, etc. System") and believes that the focus of corporate governance is to ensure fairness and transparency of management through clear separation of functions between management oversight and business execution, while also increasing the vitality of business. The Company always aims to exercise the best corporate governance and strives continually to enhance it as well.

b. Initiatives to Prevent Decisions on the Applicable Company's Financial and Business Policies from Being Controlled by Individuals Who are Improper in Light of the Basic Policy

At its April 27, 2022 meeting, the Board of Directors resolved to discontinue the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders" effective June 30, 2022, when the Policy expires. However, when there are acquisition proposals or share purchases that risk damaging the Company's corporate value and the common interests of shareholders, we secure sufficient time and information for examination by shareholders, and when necessary, we take any available measures (so-called takeover defense measures) deemed appropriate at that

point in time in order to secure the Company's corporate value and the common interests of shareholders.

③ Decisions by Our Board of Directors on Initiatives in ②) and the Reasons

As indicated in ① above, we believe that improving our corporate value and the common interests of shareholders is achieved by increasing the benefits to patients and the general public, and that the initiatives indicated in ② above contribute to increasing these benefits to patients and the general public.

There are acquisitions that are inappropriate, including those that do not give sufficient time and information to the Company and shareholders to examine the substance of the proposed acquisition and consider alternatives. There are also acquisitions that obstruct bold long-term business measures, including research and development systems for new drugs essential for the Company to deliver increased benefits for patients and the general public, provision of information and services that aid awareness and prevention of diseases, stable supply of high-quality products, and ensuring the management and provision of information on the safety and efficacy of drugs. Such acquisitions will damage the Company's corporate value and the common interests of our shareholders. For this reason, we consider it appropriate from the perspectives of our corporate value and the common interests of shareholders to take the measures indicated in ② above to prevent such acquisitions.

Based on this reasoning, the Company's Board of Directors concluded that the initiatives indicated in ② above are aligned with the basic policy indicated in ① above, serve the purpose of securing our corporate value and the common interests of our shareholders, and are not intended to maintain the position of our directors and corporate officers.

## **2. Other matters related to the corporate governance system**

### **1. About the Eisai articles of incorporation**

1) Number of directors, qualifications and restrictions, and requirements for resolutions for election and dismissal stipulated by the articles of incorporation

(1) Number of directors (Article 20)

The Company shall have no more than fifteen (15) directors

(2) Requirements for resolutions for the election of directors (Article 21 Paragraph 2)

Resolutions for the election of directors shall be approved by an affirmative vote of a majority of the voting rights held by shareholders present, where such shareholders present hold shares representing one-third (1/3) or more of the exercisable voting rights of shareholders.

(3) Elimination of cumulative voting (Article 21 Paragraph 3)

Cumulative voting shall not be used for a resolution to elect directors.

Moreover, no stipulations of the articles of incorporation applicable to resolutions regarding qualifications and restrictions for directors, or for their dismissal, differ from the Companies Act.

2) Decision to allow resolution of General Meeting of Shareholders resolution items by the Board of Directors and stipulations in the Articles of Incorporation to forbid resolution of Board of Directors resolution items by the General Meeting of Shareholders

(1) Exemption of directors and Corporate Officers from liability (Article 38 Paragraph 1)

Within the legally stipulated limitations, the Company may, by resolution of the Board of Directors, exempt directors and Corporate Officers (including former Corporate Officers) from liability for damages due to negligence of their duties, as per Article 426, Paragraph 1, of the Companies Act.

(2) Dividend (Article 40)

The Company shall determine the matters listed in each item of Article 459, Paragraph 1, of the Companies Act, including dividend, by the Board of Directors, without a resolution by a General Meeting of Shareholders, unless otherwise stipulated by law.

3) Modification of requirements for special resolutions of the general meeting of shareholders

(1) Special resolutions of the general meeting of shareholders (Article 17 Paragraph 2)

Resolutions stipulated in Article 309, Paragraph 2, of the Companies Act shall be adopted by an affirmative vote of two-thirds (2/3) of the voting rights held by shareholders present, where such shareholders present hold shares representing one-third (1/3) or more of the exercisable voting rights of the shareholders.

## 2. Outline of disclosure systems

Our internal system for timely disclosure of Eisai information is as follows.

### 1) Financial Information

Every quarter, after the Chief Financial Officer has approved the financial statements on which the disclosure will be based, said statements are submitted to the CEO and approved by the Board of Directors.

Accounting section → Chief Financial Officer → CEO → Board of Directors

The financial information is disclosed via the following procedure. The Corporate Officer in charge of public relations prepares disclosure documents based on financial information from the section(s) in charge of settling accounts as submitted through a committee set up for disclosures on the financial statements and, after the Chief Financial Officer has reviewed the documents, the documents are proposed to the CEO, who then approves the disclosure following a Board of Directors resolution.

Committee set up for disclosure of financial statements → Corporate Officer in charge of public relations → CEO → Disclosure

**[Members of committee on disclosure of financial statements]**

- Chief Financial Officer
- Corporate Officer in charge of investor relations
- Corporate Officer in charge of public relations
- Corporate Officer in charge of general affairs
- Investor relations section
- Public relations section
- Corporate planning and strategy section
- Accounting section
- Financing section
- General affairs section
- Product creation section

**2) Submission of securities reports, etc.**

Securities reports, etc. are disclosed via the following procedure. After related sections draft the reports and the accounting section compiles them, the Chief Financial Officer reviews the proposal and the CEO approves the report, etc.

Related sections → Accounting section → Chief Financial Officer → CEO → Submission

**[Members attending meetings for related sections on securities reports, etc.]**

- Corporate Officer in charge of investor relations
- Corporate Officer in charge of public relations
- Corporate Officer in charge of legal affairs

- Corporate Officer in charge of general affairs
- Board of Directors Secretariat
- Investor relations section
- Public relations section
- Legal section
- Accounting section
- Financing section
- General affairs section

**3) Other Information (other than in “1.” and “2.” above)**

All other information is disclosed via the following procedure. The Public Relations Section gathers information for potential disclosure and reports it to the Corporate Officer in charge of public relations. In addition, when internal sections (including subsidiaries) become aware of or possess information for disclosure, they notify the public relations section. The Corporate Officer in charge of public relations reviews whether disclosure of the information received is appropriate, including regarding information from other meetings such as the Executive Committee, and sets a date and procedure to be discussed with related Corporate Officers. The Public Relations Section is responsible for the disclosure, and the Corporate Officer in charge of public relations manages the timely and appropriate disclosure of information in accordance with regulations and the guidelines of the Tokyo Stock Exchange.

In addition, in case of any information that may pertain to important facts, an information management supervisor will hold an Information Management Committee meeting and decide on how to manage internal information while working to prevent insider trading issues.

Sections with the information ⇔ Public Relations section → Corporate Officer in charge of public relations → CEO → Disclosure

## [Appendices]

### **Requirements for the Independence and Neutrality of Outside Directors**

(Revised on August 2, 2017)

1. An Outside Director must neither currently be nor in the past have been an officer (see Note 1 below) or an employee of Eisai or any of its affiliated companies (“Eisai Group”).
2. An Outside Director’s economic independence and neutrality from the Eisai Group and specified enterprises, etc., is ensured by satisfying the following requirements.
  - 1) None of the following shall be applicable to the Outside Director within the past five years.
    - a. The individual has been an officer or employee of an enterprise, etc., of a major business partner (see Note 2 below) of the Eisai Group, or otherwise an officer or employee of an enterprise, etc., conducted by a major business partner of the Eisai Group.
    - b. Regardless of the value of the transaction, the individual has been an officer or employee of an enterprise, etc., with which Eisai conducts necessary transactions, Eisai’s audit corporation, or any other enterprise, etc., that has a relationship of substantive interest with the Eisai Group.
    - c. The individual has been an officer or employee of a corporate person or an enterprise, etc., that is a major shareholder (see Note 3 below) of Eisai or of an enterprise, etc., of which the Eisai Group is a major shareholder.
    - d. Excluding officer compensation from the Eisai Group, the individual has received a direct payment of a large amount (see Note 4 below) of money or other property as a provider of professional services, etc. (i.e., a consultant, a lawyer, an accountant, etc.).
    - e. The individual has received a large amount of money or other property from the Eisai Group as a contribution or has been an officer or employee of an entity, organization, etc., that has received such a contribution.
    - f. The individual has been an officer or employee of an enterprise, etc., which enterprise, etc., had an officer, etc., who was at the same time an officer, etc., of the Eisai Group.
  - 2) Even if more than five years has passed, the Nomination Committee must evaluate (see Note 5 below) the relationship with the enterprise, etc., in each item of the preceding clause 2(1) and determine that independence and neutrality are ensured.
  - 3) In addition, from the perspectives of independence and neutrality, there must not be any other reason that would impede the performance of duties as an Outside Director.
3. An Outside Director must not be a close relative of, or have a similar relationship

to (see Note 6 below), or otherwise derive his or her sole livelihood through a relationship with, any of the following persons.

- 1) An officer or important employee (see Note 7 below) of the Eisai Group
  - 2) Individuals whose independence and neutrality from the Eisai Group or from specified enterprises, etc., are not ensured, as determined by the Nomination Committee, based on the requirements of Paragraph 2 of this Article 13 above.
4. An Outside Director must not have the possibility of a significant conflict of interest in the performance of duties as a director, and the judgment of an Outside Director must not be in danger of being affected by a relationship of interest.
  5. The requirements for the independence and neutrality of Outside Directors provided in this Article continue to apply after the appointment as Director.

Note 1: “Officer” means director, Corporate Officer, statutory auditor, and other officers, etc.

Note 2: “Major business partner” means an enterprise, etc., for which 2% or more of its or the Eisai Group’s sales in any of the past five fiscal years have been sales, or compensation for work or transactions, to or from, as applicable, the Eisai Group, and a financial institution which has outstanding loans to the Eisai Group whose principal aggregate amount equals or exceeds 2% of the Eisai Group’s consolidated total assets.

Note 3: “Major shareholder” means a corporate person or an enterprise, etc., that directly or indirectly held the voting rights to 10% or more of the general voting rights in any of the past five fiscal years.

Note 4: “Large amount” means ¥10 million in the case of remuneration for professional services or compensation for work or transactions, ¥10 million in the case of contributions, or the greater of 2% of the total income or operating income of entities or organizations receiving contributions, in any of the past five fiscal years.

Note 5: “Evaluate” means the Nomination Committee’s evaluation regarding the Outside Director’s relationship with the relevant enterprise, etc., based on the following factors.

- 1) Shareholding or stock option ownership in the relevant enterprise, etc.
- 2) Post-retirement remuneration, company pension, etc., from the relevant enterprise, etc.
- 3) Human interaction between the Eisai Group and the relevant enterprise, etc.

Note 6: “A close relative of, or have a similar relationship to” means a relative within two degrees of kinship or having a human relationship that can be reasonably recognized as that which would impede the execution of the individual’s duties as an Outside Director, such as a personally interested individual.

Note 7: “An important employee” means an employee with a title of at least the head of a section.