

**Final Update: December 23, 2024**

**Eisai Co., Ltd.**

**Haruo Naito, Representative Corporate Officer and CEO**

**Contact: Sayoko Sasaki, Vice President, Corporate Communications,**

**Securities Code: 4523**

**<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 *h/c* 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 Company implements all the principles established in the Corporate Governance Code.

[Disclosure based on each principle of the Corporate Governance Code] **(Update)**

[Principle 1-3 Basic Guidelines for Capital Policy]

Aiming to improve shareholder value, the Group's capital policy revolves around "medium- to long- term Return on Equity (ROE)\* management," "stable and sustainable shareholder returns," and "value-creative investment criteria," on a foundation of ensuring financial soundness.

\* ROE (Profit ratio to equity attributable to owners of the parent) = Profit attributable to owners of the parent/ Equity attributable to owners of the parent

#### (1) Medium- to Long-term ROE Management

The Group views ROE as an important indicator related to the creation of sustained shareholder value. In terms of medium- to long-term ROE management, the Group aims for an ROE that exceeds the cost of capital to create a truly positive equity spread\* by continually improving profit margins, financial leverage, and asset turnover in the medium to long term.

\* Equity spread = ROE - Cost of shareholders' equity

#### (2) Stable and Sustainable 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 Group implements the stable and sustainable return of profits to its shareholders. Because DOE indicates the ratio of dividends to consolidated net assets, the Group 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 Group uses the ratio of equity attributable to owners of the parent and net debt equity ratio (Net DER) as indicators to measure a healthy balance sheet.

\* DOE (Dividend on equity attributable to owners of the parent ratio) = Total amount of dividends/ Total equity attributable to owners of the parent

### (3) Value-Creative Investment Criteria

To ensure that strategic investments create shareholder value, the Group invests selectively using its Value-Creative Investment Criteria based on Net Present Value and the Internal Rate of Return spread using a risk-adjusted hurdle rate.

#### [Principle 1-4 Cross-shareholding]

Our fundamental policy regarding strategic shareholding is to use cross-shareholdings only as a means of enhancing cooperation with other companies in ways that promote an increase in corporate value. Shareholdings are kept to the minimum necessary, and the benefits of shareholding are weighed against the corresponding risks via estimates of Net Present Value (NPV), etc. Such verification will be carried out every year, and from the perspective of corporate governance, the balance of shares held will be decreased as a general rule.

In addition, when exercising voting rights related to strategically held shares, the Company will vote in favor of proposals it judges will contribute to an increase in the value of shares held by the Company, and vote against proposals it judges will damage the value. In cases where companies holding strategically held Company stock (strategically holding shareholders) express an intention to sell, etc., said Company stock, the Company does not, as a general rule, prohibit said sale, etc.

In FY2023, the Company sold its strategic shareholdings in 3 listed stocks (of which all its shares of 2 of the stocks). In addition, the Company sold all of its shares in 1 unlisted stock, and a portion of its deemed shareholding in 4 stocks.

#### [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\*) 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.

\* 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>

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

As we evolve into an *hhæco* company that contributes to a wide range of people, from patients to consumers, and strive to achieve greater social good, promoting diversity, equity and inclusion (DE&I) is one of our most important themes. 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. In 2023, the Representative Corporate CEO communicated a new DE&I message both internally and externally, and the Company formulated the slogan "We see difference, we see potential," and the following statement which outline Eisai's *hhc* concept and stance on DE&I. From FY2024, we have been instilling this slogan and statement as a common core value for all employees around the world and strengthen our global unified promotion in order to translate it into concrete actions and outcomes. We have also been focusing on improving our organizational management capabilities to embody this in the daily actions of each employee and create synergy. 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 March 31, 2024, four of the Company's 31 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 are appointed as Corporate Officers. Additionally, at the head office, in each global region, and in each division, we continue to take steps to ensure employee diversity, such as setting up bottom-up committees and promoting projects that address issues at each site. As a result, the global ratio of female managers is now approximately 35%.

Nevertheless, 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. Starting with the "Eisai Diversity Declaration" in 2012, we have been working on reforming our personnel system to eliminate general positions and consolidate them into career positions, expanding the recruitment of international students and mid-career hires, building a domestic DE&I promotion system with the aim of quickly cultivating a culture that embraces DE&I, and establishing various training programs, a mentor system and career counseling functions, all of which we continue to implement. In particular, to increase the ratio of female managers, which is an important indicator of employee impact\*, we have made it our top priority to foster women's career outlook and develop management candidates. With the keywords "early," "regular," and "specific," we are focusing on creating opportunities for women to envision themselves as leaders at an earlier stage and on developing career support measures that enable both men and women to participate in the child-rearing period. As a result, the ratio of female managers in Japan was 12.8% as of March 31, 2024, maintaining an upward trend.

Regarding the appointment of foreign personnel to our company, we began hiring international students in FY2013, with the goal of continually securing human resources. Since the start of the program, this initiative has been implemented every year except for FY2014 and FY2017. We are working to secure external human resources by promoting mid-career hires to managerial positions and introducing a referral hiring system. Additionally, we continue to hire people with disabilities in Japan, using legal requirements as a guide.

Leveraging our strengths as a global company that strives to realize our *hhc* concept, the Group is working to promote DE&I on a global scale by integrating the knowledge from regions and functions outside Japan.

| Index   | The goal                          | Results<br>(FY2023)       |
|---|-----------------------------------|---------------------------|
| Female employee ratio   | FY2030: 30% or more               | 27.9%                     |
| Ratio of women<br>in management positions                                   | FY2030: 30% or more               | 12.8%                     |
| Ratio of organization heads under 30  | FY2030: 20% or more               | 8.0%                      |
| Percentage of male employees who took<br>maternity leave or childcare leave | FY2030:<br>100% (30 days or more) | 88.2% (5 days or<br>more) |

\* The targets and results for each indicator are our own targets and results. Although specific initiatives are being implemented at our company, they are not being implemented at all companies in the consolidated group, so it is difficult to provide a statement on a consolidated group basis.

\* "Employee impact accounting" is an accounting method that shows how much of an impact the wages paid by a company to its employees have provides on society.

[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 manage pension assets safely and efficiently in order to ensure benefits in the future, taking into account the best interest of beneficiaries and improve the Fund by enhancing human capital, etc. Currently, the Fund has appointed an investment manager with knowledge and experience in pension asset management and utilizes an asset management consulting firm. In addition, the Finance Department provides support to the Fund. In the future, the Company will continue working 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 approved by the Board of Directors and approved or approved for reporting 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 112th 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 112th Ordinary General Meeting of Shareholders (the Business Report). 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.

[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 (NTDs) 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. As of the end of March, 2023, we had supplied 2.28 billion tablets to 30 countries. Through the WHO “Global programme to eliminate lymphatic filariasis,” LF has been eliminated in 19 out of 72 endemic countries (of the 17, we have been providing DEC tablets to 5 countries). From 2000 to 2018, the number of patients infected with LF globally fell by 74%.

### (2) Development of a new treatment and awareness-building for Mycetoma

Aiming to develop a treatment for mycetoma, one of NTDs we conducted clinical trials of the antifungal agent fosravuconazole (E1224), which we developed in-house, in Sudan, an endemic country, with the Mycetoma Research Centre, the Drugs for Neglected Diseases initiative (DNDi), and the Global Health Innovative Technology Fund (GHIT Fund). We are preparing for an application for approval.

In order to create a drug for mycetoma, the Group worked with the Mycetoma Research Centre in Sudan (one of the endemic countries), the Drugs for Neglected Diseases initiative (DNDi), and the Global Health Innovative Technology Fund (GHIT Fund) to conduct clinical studies of E1224, our in-house developed anti-fungal drug fosravuconazole. Now, we are preparing for an application for approval.

Starting in 2019, we engaged in activities to combat mycetoma through cooperation with the Association for Aid and Relief, Japan (AAR Japan) an international NGO based in Japan. Since the start of our activities, we have provided treatment and surgery to over 190 patients with mycetoma, conducted disease awareness-raising activities for more than 2,800 residents, and promoted a holistic and sustainable approach that includes capacity-building for local organizations. However, due to the unrest in Sudan that occurred in April 2023, activities are currently suspended. We hope for a speedy recovery in the area.

<https://www.eisai.com/sustainability/atm/ntds/mycetoma/index.html>

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

Through partnerships with international research agencies and others, the Company is 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 specializations of those involved. In joint efforts with non-profit research organizations, including the 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.

#### [Consideration for the Environment]

As a human health care (*hhc*) company, the Group strives to accomplish the social good of “relieving anxiety over health” and “reducing health disparities.” We view the global environment as the foundation of business activities aimed at achieving the social good. There is a relationship between the global environment and people’s health. Based on these ideas, the Group has established the “Eisai Network Companies (ENW) Environmental Protection Policy,” and has made concerted efforts to protect the environment.

And so in April 2022, because it is our responsibility as an *hhc* company to simultaneously address social good and environmental protection, we established the “Eisai Environmental Management Vision.” Based on this Vision, in addition to climate change countermeasures aimed at achieving “2050 Net-Zero\*” and SBT 1.5°C target, we have established medium-term targets to address the environmental issues established as major activities in the “ENW Environmental Protection Policy” including sustainable use of water, recycling of resources, preservation of biodiversity, and proper management of chemical substances. We are systematically advancing our efforts in these areas in our aim to efficiently meet the Company’s target of achieving the social good.

\*Net Zero (as defined by the Science Based Targets initiative’s Corporate Net-Zero Standard)

- Either reduce Scope 1, 2 and 3 emissions to zero or reduce them to a residual volume of emissions consistent with the achievement of net zero emissions on a global or sector level in line with the eligible 1.5°C target.
- Neutralize residual emissions at the time of the net zero target and all GHG emissions released into the atmosphere from that point onwards.

#### <Eisai Environmental Management Vision>

(1) We will work sincerely to realize the Company’s 2 goals for the social good, and at the same time to protect the global environment as set forth in the basic policy and action guidelines of the Eisai Network Companies (ENW) Environmental Protection Policy.

(2) We will become a leader in environmental protection activities, clearly demonstrating our significance to society.

(3) As leaders in environmental protection activities, each of us will pursue the most efficient ways of achieving the social good by changing the way we work and the structure of our business.

(4) We will contribute to society's sustainability through our environmental protection efforts, which will also lead to increased non-financial value.

(1) Business activities that give consideration to the global environment

(i) 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, improve the recycling rate, and decrease the amount of waste sent to landfills, we are making an effort to enhance our waste-disposal measures. FY2023 will mark the 16th consecutive year that we have attained zero emissions.\*

\* To reduce the percentage of waste sent to landfills to less than 0.5%.

(ii) Initiatives for the Sustainable Use of Water

We aim to contribute to the formation of a recycling-oriented society through the sustainable use of resources, including water. As a medium-term target, we seek to reduce the use of water by 7% (by revenue intensity) by FY2030 compared to FY2023 levels by promoting the reduction of water usage through recycling and other efficient ways of using water resources. In addition, as another medium-term target, we aim to maintain high-quality wastewater treatment that contributes to the preservation of water quality, thereby complying with environmental standards related to water and continuing our record of zero legal violations by FY2030.

(iii) Initiatives to Protect Biodiversity

We aim to contribute to the realization of a society coexisting with nature in accordance with harmony with the global environment through the sustainable use of biological resources and the preservation of biodiversity. Having established the "Biodiversity Guidelines" in August 2020, we are striving to not only comply with laws and regulations, but also to monitor and improve the impact of our business activities on biodiversity at all stages. Each business site is making efforts for the environmental conservation of forests, woodlands, rivers, oceans, etc. As a medium-term target by FY2030, almost all of the business sites are aiming to identify an important species and engage in activities to preserve it. In FY2023, we identified the following as medium- to long-term risks that our business activities pose to biodiversity.

① The impact of the emission of hazardous substances into the water and atmosphere on biodiversity in the neighboring areas of places where we operate, and ② The impact of waste generated from the use of our products on the environment as a whole.

On the grounds of the Kawashima Plant (Gifu Prefecture), we maintain a Japanese garden, rich with nature, and we cultivate and conserve about 700 types of medicinal and otherwise beneficial plants in the Medicinal Herbal Garden at the Naito Museum of Pharmaceutical Science and Industry. The Fukushima Business Office of EA Pharma Co., Ltd. preserves planted forests such as Somei Yoshino cherries and weeping cherries on its premises. Since FY2020, the Vizag site (India) has undertaken a tree-planting program to promote environmental awareness, and they have planted a total of approximately 11,000 trees to date.

## (2) Climate Change-related Activities

### (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) Information Disclosures Based on TCFD Recommendations

In June 2019, the Group declared support for the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD)\*, carried out the recommended analysis of climate scenarios, and disclosed the results in FY2020. With the purpose of reassessing the potential impact of climate change-related risks and opportunities on the Group, we carried out another analysis considering multiple climate scenarios in FY2022. As a result of a climate scenario analysis, regarding Physical Risk, we identified "Stagnation of production activities", "Increased costs due to carbon tax /Increased energy costs", "Damage from natural disasters", "Increased health risks" as important risk, and regarding Transition Risk, we also identified "Increased costs due to carbon tax/Increased energy costs", "Additional

capital investment”, “Responding to the demand for low-carbon products”, “Lower trust from stakeholders” as important risk. We understand addressing healthcare needs resulting from climate change as an opportunity. Under the risk management system, we are working to prevent these risks from materializing, and we aim to realize the opportunities through our business activities.

\* The Task Force on Climate-related Financial Disclosures (TCFD) is a working group of the Financial Stability Board (FSB) made up of central bank governors and finance ministers from various countries. Led by the private sector, the task force encourages the efficient disclosure of climate-related financial information in order to promote appropriate investment decisions by investors and others.

### (iii) Reduction of greenhouse gas emissions

The mitigation of climate change is a pressing issue shared by all humankind, and is an indispensable element in the realization of a sustainable society. The Group is engaged in initiatives aimed at achieving the globally-shared goal of “Keeping the rise in the average global temperature to 1.5°C or less compared to pre-industrial levels” which is the 1.5°C reduction goal, as well as the achievement of “2050 Net Zero\*2.” which is an extension of the first goal. Since FY2019, the Group has set an SBT\*3 2.0°C target (reducing greenhouse gas (GHG) emissions by 30% by FY2030 compared to FY2016). Up until FY2022, we met our targets for 3 years running, and we have successfully reduced our GHG emissions by over 60% compared to FY2016. Therefore we set an even stricter SBT 1.5°C target which was approved by the SBT Initiative\*4 in November 2023. Furthermore, in December 2023, we received approval from the JCI\*5 (Japan Climate Initiative) to participate in the JCI Race to Zero Circle which is committed to achieving net zero by 2050.

Going forward, in addition to continuing efforts to save energy, we will engage in a variety of initiatives including increasing the adoption of renewable energy, reducing and eliminating carbon emissions from sales vehicles, and actively promoting the introduction of advanced technology. The Company joined the RE100 initiative, which aims to switch all electrical energy used for business activities to renewable energy, and we aim to achieve this target by FY2030. We also introduced Internal Carbon Pricing (ICP) to promote investments that are effective at reducing CO2 emissions by converting and visualizing the volume of CO2 emission reductions into monetary amounts. We are also making steady progress with reducing GHG emissions in our supply chains by strengthening engagement to better understand emission volumes and set appropriate targets.

- \*1 ENW (Eisai Network companies) refers to the corporate group composed of Eisai Co., Ltd., and its subsidiaries and associated companies.
- \*2 Net Zero (as defined by the Science Based Targets initiative's Corporate Net-Zero Standard)
  - Either reduce Scope 1, 2 and 3 emissions to zero or reduce them to a residual volume of emissions consistent with the achievement of net zero emissions on a global or sector level in line with the eligible 1.5°C target.
  - Neutralize residual emissions at the time of the net zero target and all GHG emissions released into the atmosphere from that point onwards.
- \*3 SBT (Science Based Targets) are medium- to long-term greenhouse gas emission reduction targets based on scientific grounds and reviewed and certified by the SBT initiative. It is currently the de facto international standard.
- \*4 The SBT initiative is an international joint initiative between the CDP (an international NGO that manages information disclosure programs in the environmental sector), the United Nations Global Compact (UNGC), the Worldwide Fund for Nature (WWF), and the World Resources Institute (WRI).
- \*5 Japan Climate Initiative (JCI) is a loose network of diverse bodies outside the national government, such as corporations, local governments and NGOs, which are actively involved in taking measures against climate change. Eisai Co., Ltd. joined in December 2020.

(iv) Promotion of the introduction of renewable energy

The Group is actively introducing renewable energy and engaging in efforts to reduce CO<sub>2</sub> emissions. We switched part of our electricity supply to green power\* at the Head Office, Kawashima Plant, Tsukuba Research Laboratories, Sunplanet, and EA Pharma, while at Kashima Business Office, we have installed small-scale solar power generation equipment. Overseas, a mega solar power plant with 3MW capacity started full-fledged operation in our Vizag Plant, India, and we generate solar energy for captive consumption at the Exton site (U.S.), Suzhou plant (China), etc. 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 achieved the adoption rate of renewable energy over 99% of total power consumption in FY2023.

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



#### [Investments in human capital]

At the Ordinary General Meeting of Shareholders held in 2022, we stipulated the concepts of “respecting human rights and diversity,” “providing full opportunities for growth to support self-fulfillment,” and “creating an employee-friendly environment” as pillars of human capital in the Articles of Incorporation. On the occasion of amending our Articles of Incorporation, we formulated our “integrated human resource strategy” and have set out to maximize the value of human assets in the Group. Ever since it was made mandatory to include human capital-related metrics in the securities reports of all listed companies, we have been actively disclosing this information, and in July 2023 we disclosed a report on our management of human capital called the Human Capital Report on the Company’s website. We have disclosed multifaceted, diverse initiatives and main evaluation parameters concerning human assets to many stakeholders, including our shareholders. As a result, we were rated first among the Nikkei 225 companies in the “Human Capital Disclosures Ranking by the Human Capital and Corporate Value Study Group,” took silver in the Nikkei Business Publications Human Capital Disclosure Awards, and were selected as Human Capital Leaders 2023 and Human Capital Management Gold Quality in 2023. Then in March 2024, we were selected as a Nadeshiko Brand as a listed company excelling at promoting active participation by women in the workplace. In July 2024, we disclosed the Human Capital Report 2024.

#### [Respect for Human Rights]

In 2019, the Company formulated the ENW Human Rights Policy which complies with international standards. On this basis, we have identified risks within our business and supply chain wherein the Group’s business activities may have a negative impact on the human rights of our stakeholders, and we carry out human rights due diligence on an ongoing basis to avoid or minimize these risks, monitor them, and disclose the results. Within the Company, we conduct training sessions, offer e-learning, and make calls for slogans. Through these and other awareness-building activities, we endeavor to prevent any kind of discrimination or harassment. 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.

#### [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 preemptively 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. We explain sustainable procurement to our business partners and urge them to comply with our Code of Conduct for Business Partners which lists our expectations. We also request our business partners to conduct sustainability evaluations through self-assessment questionnaires and provide the evaluation results as feedback. At the FY2023 briefing session for domestic business partners, an external expert gave lectures on global standards for respect for human rights and environment to raise awareness. Also, we are implementing sustainable procurement at our overseas plants, Vizag plant in India, Suzhou plant in China, and Bogor plant in Indonesia.

[Investments in intellectual properties]

The legal protection and effective utilization of the proprietary technologies and products we have developed through our investments in R&D and business activities are indispensable to the sustainable growth and development of the Group and the stable delivery of pharmaceuticals to patients. For this reason, the Group is strategically pursuing various activities related to intellectual property, such as patent acquisition.

For more on the Group's intellectual property investment initiatives, visit our website at the following address:

<https://www.eisai.com/company/business/research/ip/index.html>

[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 *h/hc* 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.

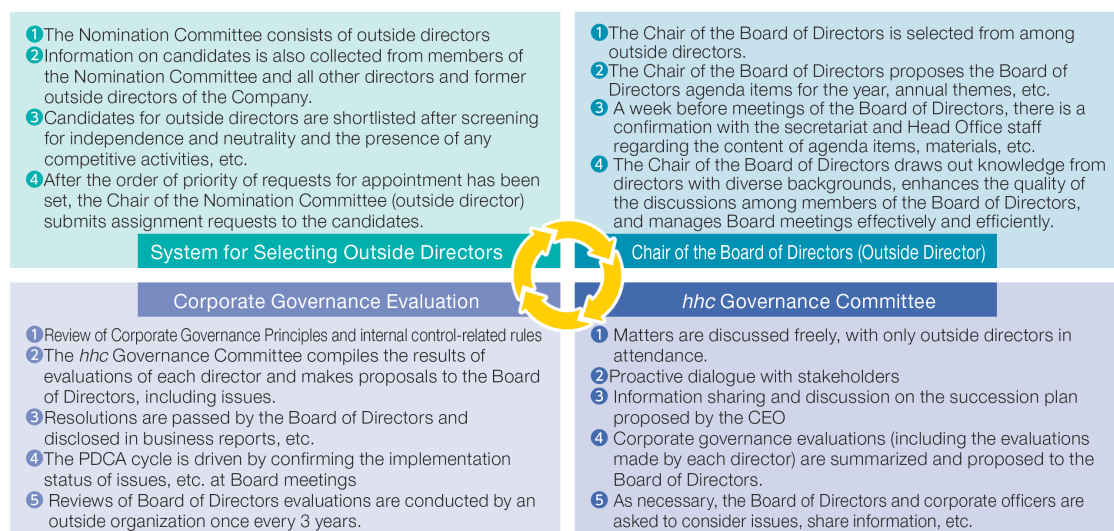
<https://www.eisai.com/company/governance/cgregulations/boardmtg/index.html>

#### [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 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 “*hhc* 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

For FY2023, we decided to consider the direction of strengthening the management oversight function under the theme of “enhancement of the management oversight (monitoring) function,” which had been identified as an issue in last year's Board of

Directors evaluation. The *hhc* Governance Committee deliberated on the matter on multiple occasions.

While we will continue to work on improvement of governance and resolution of issues through the “PDCA cycle” based on the Board of Directors evaluation, we also examined mechanisms needed for further strengthening of the management oversight function. This included discussions on how to establish and operate such mechanisms.

One result of consideration of this matter is that, in order to further enhance the management oversight function of the Board of Directors, we have introduced a system that allows directors to observe important decision-making bodies in the operational divisions, such as the Executive Board. In addition, the Board of Directors introduced mechanisms to collect opinions and information from outside experts and outside organizations to obtain information and decision-making materials needed for management oversight. We believe that this initiative has enabled us to progress in strengthening the management oversight (monitoring) function.

Further, the *hhc* Governance Committee conducted discussions and examinations aimed at improving corporate governance, such as considering CEO succession plans, evaluating the effectiveness of the Board of Directors, and sharing and considering various issues in the Nomination Committee.

### (3) Dialogues with Stakeholders

In FY2023, the Company engaged in dialogue with patients and the people in the daily living domain, shareholders and institutional investors, and employees, who together constitute Eisai’s main stakeholders, as follows. Further, in the *hhc* Governance Committee meeting held at the end of the year, we reflected on and discussed such dialogues in order to apply the results in the oversight function of the Board of Directors.

#### 1) Dialogues with Patients

- We conducted individual dialogues with individuals with early-onset Alzheimer’s disease, during which we specifically asked about their experiences and emotions at various times. Through these dialogues, we came to recognize the difficult situations and societal realities faced by people with dementia, that cannot be understood just from appearances, as well as the joys and hopes they hold in such environments, which reinforced our 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 Concept and its practical application.

## 2) Dialogues with Institutional Investors

- In FY2023, we held individual dialogues with institutional investors to deepen discussions aimed at enhancing the management oversight function. We shared information and exchanged opinions with 6 companies, primarily analysts and fund managers, via online conferencing.
- We were able to exchange deep opinions on management issues, the roles that institutional investors expect outside directors to play, and other matters. The insights and observations obtained through these dialogues are utilized to enrich discussions in Board of Directors meetings and to enhance the management oversight function.

## 3) Dialogues with Employees

- We held a face-to-face dialogue session with representative members of the labor union, who represent the employees, to share information and exchange opinions on various topics such as the status in the first year of the personnel system changes, employee working conditions, corporate culture, and expectations and requests for management.
- During a visit to the Kashima Business Office, we received an overview of the business office and explanations of the activities of API research and development, efforts toward stable supply in the API Manufacturing Department, and the data integrity measures of the Quality Control Department's QC Lab. Following a question and answer session, we toured the facility to deepen our understanding of the API base with research, development, and commercial production capabilities.
- Directors visited Tsukuba Research Laboratories to view the facilities and receive a briefing on the research and development system Deep Human Biology Learning (DHBL), deepening their understanding of the concept of drug discovery and the organizational system. In addition, during dialogues with domain heads responsible for drug discovery execution from hypothesis building to approval, research and development functions supporting domains efficiently, and heads of foundations responsible for identifying drug discovery targets and building biological hypotheses through data analysis, each director provided comments on expectations for the organization and employees, along with advice based on experience, leading to lively discussions. Further, Director Yumiko Miwa exchanged frank opinions on issues faced by female employees, with 5 women in management positions.
- Directors visited the Kawashima Plant and received an overview of the plant and the Formulation Research Department, as well as a briefing on the clinical sample injection formulation manufacturing area and the launch of the secondary packaging process for LEQEMBI (generic name: lecanemab). A question and answer session

was held, and opinions were exchanged. Then, in addition to viewing the formulation and packaging processes, the directors visited the state-of-the-art injection and research buildings of Eisai Medicine Innovation Technology Solutions (EMITS) and the Naito Museum of Pharmaceutical Science and Industry, deepening their understanding of the Company's production environment and production system.

- Directors visited the Tokyo Communication Office and received explanations of the current status of dementia treatment and the issues concerning the administration of LEQEMBI and the status of efforts to address them to contribute to patient welfare. Further, we were briefed on various training and project activities aimed at enhancing organizational capabilities conducted at the Tokyo Metropolitan Area Headquarters. Through question and answer sessions and discussions, we deepened our understanding of Eisai Japan's MR activities.

#### (4) Information Sharing and Discussion Regarding the Succession Plan

##### a) History of the Consideration of the Succession Plan

After the transition to a company with a nomination committee, etc., system in 2004, the succession plan was set as one of the annual performance goals of the CEO, and all directors shared information about the goal. In addition, detailed reports were provided by the CEO to the outside directors meetings (currently called the *hhc* Governance Committee) from time to time as requested by the outside directors. Subsequently, in 2017, rules for the implementation of the succession plan were compiled under the lead of the then Chair of the Board of Directors (outside director), and based on these rules, information sharing and discussions on the succession plan are held twice a year on an ongoing basis. In addition, the Company continues to consciously expand opportunities for contact and dialogue among candidates and directors, as well as conduct interviews and discussions regarding objective evaluations of candidates by third parties outside the Company.

##### b) Current Status of Information Sharing and Discussions on the Succession Plan

The *hhc* Governance Committee is presented with a detailed report on an ongoing basis from the CEO, describing the overall status of the Company's management, the status and evaluation of candidates for the next CEO (multifaceted evaluation with multiple evaluation items), and the story toward succession. Since the current CEO has led the entire company as the top executive for more than 30 years, the directors expect the CEO not only to develop candidates, but also to make suggestions on the ideal management structure under the new CEO, and discussions are underway.

In addition, the Board is also taking steps to provide directors with direct access to information on candidates by increasing contact with candidates at various venues, including Board of Directors meetings, *hbc* Governance Committee meetings, and training sessions, as well as observing Executive Board and other meetings. Through these efforts, the Board also provides advice and requests to the CEO regarding the development of candidates.

c) The Role of Outside Directors

I understand that the CEO Succession Plan is an important issue with a significant impact on the Company's corporate value, that it is highly confidential and sensitive, and that fairness is required in its determination. In particular, as all of the Company's outside directors are independent outside directors, their strong involvement in the process of the succession plan developed by the CEO will reasonably ensure the fairness of the CEO selection process to be resolved by the Board in the future. Therefore, I am aware that each and every one of the outside directors must meet the expectations of the Company's stakeholders by providing candid opinions and advice with a view to the further growth of the Company.

[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 law, so that they can concentrate on management supervision.

This enables prompt, flexible decision making and business execution by Corporate Officers, even in environments undergoing turbulent 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 the oversight of management and the execution of business enhances corporate vitality.



The Board of Directors exercises the function of oversight from the perspective of stakeholders to ensure fairness and transparency in management.

Also, the Board of Directors passes resolutions on rules related to “systems for ensuring proper business operations,” and establishes the specific rules for internal controls that should be put in place and operated by corporate officers, in accordance with the stipulations of the Companies Act. In addition to the matters stipulated in those rules, corporate officers ensure their autonomy by establishing and operating internal control in their assigned duties, thereby increasing the speed and flexibility of business execution. Under this structure, the Board of Directors also checks the status of execution of duties by corporate officers and inspects the appropriateness of the status of internal controls such as the business execution and decision-making processes from the perspective of shareholders and society.

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 Company shall select Director candidates with diverse backgrounds in order for the Board to meet the various expectations of stakeholders and to fully perform its oversight function. In particular, with regard to outside directors, we aim to ensure diversity in terms of tasks, including experience in corporate management, global business, and financial accounting and legal experts, as well as diversity in nationality, gender, age, etc., over the medium to long term.

- 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 Corporate Strategy Committee and Growth & Operating Committee as the highest decision-making body of business execution, the Eisai Scientific Advisory

Board (comprised of professors and researchers from world-renowned research institutions) for consideration of the direction of medium-to-long-term R&D and general portfolio strategies and tactics and the Sustainability Advisory Board (comprised of outside 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). Other meeting bodies include the Compliance Committee, the Risk Management Committee, the Company-Wide Environment and Safety Committee, and the Human Rights Awareness Committee.

- Building and Operating a Global Internal Control System

The Board of Directors has established “the Rules for Preparing Necessary Systems for Ensuring the Suitability in the Performance of Duties by Corporate Officers.” The Corporate Officers implement, maintain, and operate internal control systems in their assigned duties in accordance with the Rules. 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 operational divisions, 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 112th 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 *hhc* 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.

In FY2017, it was decided that an outside organization would conduct an inspection and review of the processes and evaluation results once every 3 years to ensure the appropriateness of corporate governance evaluation in a continuous and stable manner. Such an inspection and review were carried out in FY2023. On April 25, 2024, the Board of Directors discussed the Board of Directors evaluation, Self-review of the Corporate Governance Principles, and Self-review of Internal Control Regulations\* compiled by the *hhc* Governance Committee, and approved the FY2023 Corporate Governance Evaluation.

#### 1. Board of Directors evaluation

- (1) Evaluates the effectiveness, etc. of the Board of Directors and each Committee (Nomination/Audit/Compensation/ Governance) in performing the management oversight functions of the Board of Directors
- (2) Considered based on the self-assessments of each 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.

(3) Compiled by the Governance Committee and decided at the Board of Directors

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

- (1) 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 these regulations..

## 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.

\* A review by an outside organization was carried out in FY2023.

## 5. FY2023 Corporate Governance Evaluation Results

In regard to the Corporate Governance Principles and Internal Control Regulations, no evidence was found of any operation, etc., that deviates 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 FY2023 to the issues identified in the FY2022 Board of Directors evaluation as issues for FY2023 was checked and evaluated, and the issues, etc., for the next fiscal year were recognized.

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

#### (a) Plan “Issues in FY2023”

- 1 In its deliberations on important resolutions, the Board of Directors is provided with the necessary information at an early stage and takes sufficient time for deliberation. When examining important matters, the Board of Directors will implement measures to conduct management oversight, which is the role of a monitoring board, effectively and efficiently.
- 2 We will achieve early submittal of agenda items/materials and improved advance explanations particularly for important matters, in order to strengthen discussions and make deliberation more efficient in meetings of the Board of Directors. In regard to reports in meetings of the Board of Directors, we will request explanations that are concise and to-the-point.
- 3 The Board of Directors agenda items will continue to be established in light of the order of priority, after consideration of legally stipulated items as well as timely important issues, matters requested by the *h/hc* Governance Committee, and matters deemed necessary based on reflection on dialogue with stakeholders, etc., in order to enable the Board of Directors to increase the effectiveness of its management oversight. Even in cases in which discussions by the Board of Directors extend into the details of business execution, the Board of Directors will strive to engage in discussions that contribute to management oversight.
- 4 As for reports regarding the execution of business, we will precisely show the important points and make the content concise and easy to understand, in order to enable the Board of Directors to exercise its management oversight function.

#### (b) Do (Execute) and Check (Evaluate) “Confirmation and Evaluation of the Status of Response in FY2023”

- 1 Some agenda items were provided just before the Board meeting. We have introduced a system to enable directors to observe important decision-making bodies in the operational divisions.
- 2 In some cases, Board meetings were lengthy due to many explanations of proposals given on the day of the meeting. From the next fiscal year, we will change to a group format for advance explanations to make further improvements.
- 3 The agenda for Board of Directors' meetings was decided based on the consideration of the direction to strengthen the management oversight function. The Board of Directors deliberately conducted discussions that contributed to management oversight.
- 4 Further work needs to be done to improve both the format and content of reports.

(c) Action (Improvement) "Issues for FY2024"

- 1 The Chair of the Board of Directors will select a timely agenda for the Board of Directors' meetings to be reviewed and decided upon by the *hhc* Governance Committee, along with an annual agenda schedule.
- 2 Observation of important meetings of operational divisions by directors is extremely useful for directors to monitor the execution of duties of corporate officers, and will be continued. In addition, video/audio recordings of the meetings will be shared for the benefit of directors who were unable to attend.
- 3 The reporting on business execution will be oriented toward concise reporting focused on the essentials. The content of materials should be of uniform granularity, organized in terms of issues, and designed to clarify the issues to be discussed.
- 4 Ensure early distribution of the agenda for the Board of Directors meetings. The advance explanations of the agenda items will be conducted in a group format, and the corporate officer or department manager who submits the agenda item will provide the explanation. This will secure sufficient time for substantial deliberations at the Board of Directors meetings.
- 5 After a Board of Directors meeting, the *hhc* Governance Committee will review the Board of Directors meeting of the day, confirm items to be followed up, and request reports from corporate officers as necessary, in order to improve the effectiveness of management oversight.

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

(a) Plan "Issues in FY2023"

- 1 Information sharing and consideration of the succession plan proposed by the CEO will continue to take place in the *hhc* Governance Committee with all directors

participating in the discussion. Outside directors will play the central role in being deeply involved in developing members of the management team, including candidates for the next period's CEO. We will establish more opportunities for face-to-face interaction, such as exchanging opinions with candidates. In addition, we will consider objective and transparent ways to evaluate candidates.

- 2 Forums will continue to 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.
- 3 We will systematically establish multiple opportunities for free discussion without set themes in meetings of the *hhc* Governance Committee. We will proactively request reports from operational divisions to the Board of Directors and the *hhc* Governance Committee, etc., regarding important matters necessary for the oversight of management, based on the things discussed in free discussions.
- 4 The subcommittees of the *hhc* Governance Committee will not only gather information, but will also examine the contents of reports from operational divisions, identify issues, etc., and monitor progress, thereby contributing to enhancement of discussions regarding the themes that are handled. Moreover, we will establish a process that leads effectively to better discussions in meetings of the *hhc* Governance Committee and monitoring of business by the Board of Directors.

(b) Do (Execute) and Check (Evaluate) “Confirmation and Evaluation of the Status of Response in FY2023”

- 1 Information sharing and review of the CEO succession plan was conducted 3 times. It was confirmed that there is a need to devise ways to be more involved in the development of future management team members, and to consider objective and transparent methods of evaluating candidates.
- 2 Organized opportunities for dialogue with stakeholders and established opportunities to reflect on the forum for engagement.
- 3 Free discussion was conducted at the *hhc* Governance Committee. Only 1 meeting was held, as there was no need to hold multiple meetings.
- 4 It was confirmed that further enhancement of the operation of the subcommittee and clarification of its role in relation to the *hhc* Governance Committee should be considered.



(c) Action (Improvement) “Issues for FY2024”

- 1 Regarding the CEO succession plan, the hhc Governance Committee will continue to share information and review the succession plan proposed by the CEO. In addition, opportunities will be provided for directors to engage in direct dialogue with candidates for the purpose of developing and evaluating future management team members.
- 2 Dialogue with stakeholders (patients and the people in the daily living domain, shareholders, and employees) will continue to be planned and conducted, and the cycle of reflecting on the dialogue and reflecting insights obtained to the management oversight of the Board of Directors will be maintained and continued.
- 3 The subcommittees of the hhc Governance Committee will strive to enhance their activities. All of the subcommittees are tasked with important themes, and the roles and operations of the subcommittees will be considered, including how they should be organized in the future.
- 4 With regard to the evaluation of corporate governance, the Company will improve the system by reviewing the routine and uniform operation of the system as it becomes more established.
- 5 A forum will be provided for outside directors to freely discuss issues without setting a theme, as necessary.
- 6 Outside directors will utilize the knowledge of inside directors to further deepen their understanding of the details pertaining to business execution.

(3) Nomination, Audit, and Compensation Committees

(a) Plan “Issues in FY2023”

- 1 The Nomination Committee will again make the roles expected of outside directors and inside directors clear, and otherwise continue considering the basic thinking and issues related to the election of candidates for directorships in Eisai, which is a company with a nomination committee, etc., system. In the future as well, the Committee will strive to ensure diverse candidates for outside directorships who have a variety of experience and backgrounds.
- 2 The Audit Committee will continue efforts to make substantial improvements in the contents of reports to the Board of Directors and will provide reports in a timely manner, and will request separate reports according to theme in meetings of the Board of Directors, etc., in order to improve further the management oversight function of the Board of Directors.

- 3 The Compensation Committee will strive to operate the new director compensation system and corporate officer compensation system appropriately, and will inspect issues related to operation, which will be to further improve and enhance the system.

(b) Do (Execute) and Check (Evaluate) “Confirmation and Evaluation of the Status of Response in FY2023”

- 1 Decided to enhance the content of the criteria for appointing inside and outside directors and the skill matrix, and disclose them in the reference documents of the Notice of Convocation of the General Meeting of Shareholders.
- 2 Improved the quality and timeliness of reports to the Board of Directors, and shared matters deemed important with the Board of Directors in a timely manner.
- 3 Confirmed issues related to the new compensation system for corporate executives and further improved and enhanced the system.

(c) Action (Improvement) “Issues for FY2024”

- 1 The Nomination Committee will continuously consider various issues related to the selection of director candidates (diversity of directors, increasing the number of women directors, board succession, etc.) and strive to select director candidates in order to provide more effective management oversight.
- 2 The Audit Committee will continue to further improve the quality and timeliness of its reports to the Board of Directors.
- 3 The Compensation Committee will strive to properly administer the compensation system for directors and corporate officers introduced in FY2023, and to further improve and enhance the system.

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

(a) Plan “Issues in FY2023”

- 1 We will continue requesting reports on issues related to cybersecurity and the handling of those issues.
- 2 We will establish many opportunities for face-to-face dialogue, including not only meetings of the Board of Directors and each Committee, but also training meetings and onsite visits, etc., to facilitate communication between directors and corporate officers and to establish deeper mutual understanding.
- 3 We will continue to request that assigned corporate officers share information regarding efforts related to human capital, including the active participation of women.
  - We will continue to establish opportunities for dialogue with employees.

- We will gain a sufficient understanding of the status of employee engagement in meetings of the Board of Directors or the hhc Governance Committee.

4 In regard to the oversight of management by outside directors, the Board of Directors will, as necessary, consider holding lectures, etc., on individual themes by outside experts.

(b) Do (Execute) and Check (Evaluate) “Confirmation and Evaluation of the Status of Response in FY2023”

1 A report on IT security enhancement measures and other matters was presented to the Board of Directors and discussed.

2 Many opportunities were provided for face-to-face dialogue, including workshops and visits to business sites.

3 A report on human capital initiatives, including women’s advancement and employee engagement, was presented to the Board of Directors and the hhc Governance Committee and discussed. Dialogue with employees was also actively conducted.

4 Lectures were held by outside experts on the themes of “acquiring knowledge on cybersecurity” and “management oversight.”

(c) Action (Improvement) “Issues for FY2024”

1 Request reports to the operational divisions as necessary to provide ongoing oversight of the progress of the digital transformation and the development of the IT infrastructure, including cybersecurity measures.

2 Seek timely information sharing from operational divisions regarding important disclosures related to management, and strive to provide appropriate oversight as the Board of Directors.

3 Ensure appropriate risk management and internal controls in the process of enhancing the benefits to patients and the people in the daily living domain and the corporate value of the Company.

[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 the candidates for the new outside directors, these directors were provided with an overview of the Company and explanations of the

Company's Corporate Concept, 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 department managers held briefing sessions (17 times in 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 concrete examples of hhc activities, 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 benefit corporations.
- Compliance training for inside directors and corporate officers was carried out. Outside directors also voluntarily participated in this training.

## 2. Communication with Corporate Officers

- Training for newly appointed outside directors was based on in-person briefings, with corporate officers providing individual explanations of their areas of responsibility and sharing information on the Company's business contents and activities. Lively discussions were also held.
- In addition to the in-person briefings, these training sessions utilized online conferences. Outside directors besides the newly appointed ones also voluntarily participated. In addition, by filming the corporate officers' briefings and Q&A sessions, we have made the sessions available for on-demand viewing by directors.
- The corporate officer in charge of the China region visited Japan together with the local top management team to share information and hold discussions on the risks present in the region, such as government-concentrated purchasing.
- Director Richard Thornley paid a visit to Eisai Europe Ltd. in Hatfield, U.K., where in addition to viewing the facilities, he also held a dialogue with the corporate officer in charge of the EMEA region.

### [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 and Value Creation Report since FY2021 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 and Action to Implement Management That is Conscious of Cost of Capital and Stock Price] [Measures to realize management that takes into account capital costs and stock prices] [Update date 12/23/2024]

In order to enhance corporate value through the realization of our corporate concept of efficiently achieving the social good of “relieving anxiety over health” and “reducing health disparities,” we endeavor to build relationships of trust with a broad range of stakeholders, including customers, shareholders, and members of the community. In addition, we conduct our corporate activities by treating both the practice of corporate social responsibility and the maximization of shareholder value, employee value, and value for patients and people in the daily living domain as material issues for management. Furthermore, under the “EWAY Future & Beyond” medium-term business plan, we have expanded the key players of the healthcare to which we must contribute to include not only those in the medical domain, but also the people in the daily living domain. With the desire to “empower people to realize their fullest life” as our vision,

we endeavor to offer science-based solutions.

Moreover, we consider equity spread (ROE in excess of the cost of shareholders' equity) as a KPI of corporate value, and aim to generate a positive equity spread on average over 10 years in the medium- to long-term. Although pharmaceutical companies are often considered defensive stocks in the stock market, the Company conservatively estimates an 8% cost of shareholders' equity. With the aim of achieving these goals, our capital policy revolves around "medium- to long-term Return on Equity (ROE) management," "stable and sustainable shareholder returns," and "value-creative investment criteria." With regard to strategic investments in particular, the Company has established Value-Creative Investment Criteria (VCIC), with net present value (NPV) and internal rate of return (IRR) spreads using approximately 200 different risk-adjusted hurdle rates as the KPIs to ensure value creation.

In addition, as we maximize long-term shareholder value, we believe it is important to emphasize not only "financial capital" but also the "non-financial capital" that leads to expanded value-add in the market, and to strengthen disclosures regarding non-financial capital. We believe that the value of non-financial capital can be determined by the market using PBR (Price Book-value Ratio) as market value added that exceeds financial capital, and that PBR is an important indicator. We will strive to increase market value-added by quantifying and carefully disclosing the many social impacts produced by our diverse business activities through impact-weighted accounting and other methods.

Through these activities, we will pursue the creation of a positive equity spread over the medium- to long-term and value creation in excess of the cost of shareholders' equity. In addition, we hold various dialogues with institutional investors, assuming an appropriate level of stock price. We aim to maximize intrinsic corporate value (social impact + financial value) while the company is in rapid growth with the growth of Alzheimer's disease treatment LEQEMBI.

## 2. Capital structure

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

**[Status of Major Shareholders] (Update)**

| Name/Company name                                    | Number of shares held | Percentage held of all shareholder voting rights (%) |
|--|-----------------------|--|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 51,728                | 18.32  |
| Custody Bank of Japan, Ltd. (Trust Account)          | 30,128                | 10.67  |
| State Street Bank and Trust Company 505001           | 25,248                | 8.94   |
| Nippon Life Insurance Company                        | 6,500                 | 2.30   |
| State Street Bank West Client - Treaty 505234        | 5,190                 | 1.84   |
| The Naito Foundation                                 | 4,212                 | 1.49   |
| The Chase Manhattan Bank, N.A. London                | 4,064                 | 1.44   |
| Saitama Resona Bank, Limited                         | 3,800                 | 1.35   |
| JP Morgan Chase Bank 385781                          | 3,748                 | 1.33   |
| Goldman Sachs Japan Co., Ltd. BNYM                   | 3,339                 | 1.18   |

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

**Parent Company:** None

### **Supplementary explanation(Update):**

- \* Number of shares has been rounded down to the nearest thousand.
- \* The percentage of shares held is calculated in proportion to the number of shares issued and outstanding (excluding treasury stock).
- \* Treasury shares (14,284 thousand shares, the percentage of treasury shares calculated in proportion to the number of shares issued and outstanding: 4.82%) has been excluded from the table as it has no voting rights.
- \* While the large shareholding reports (amendment reports) received up until March 31, 2024 are listed below, in cases where large shareholdings cannot be confirmed by the shareholder registry as of March 31, 2024 or where the number of shares held does not account among the top 10 shareholders, such shareholders are not listed in the above table. Furthermore, the percentage of shares held (rounded down) given inside the brackets is calculated in proportion to the number of shares issued and outstanding including treasury shares.

- (1) As of August 15, 2017, eleven companies including BlackRock Japan Co., Ltd. hold 18,308 thousand shares (6.17%).(Amendment report dated August 21, 2017)
- (2) As of July 15, 2020, three companies including Nomura Securities Co., Ltd. jointly hold 18,380 thousand shares (6.20%). (Amendment report dated July 21, 2020)
- (3) As of August 31, 2022, the Wellington Management Company, LLP holds 20,752 thousand shares (7.00%). (Amendment report dated September 5, 2022)
- (4) As of September 29, 2023, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. jointly hold 16,353 thousand shares (5.51%). (Amendment report dated October 5, 2023)
- (5) As of August 30, 2024, Bank's Shareholdings Purchase Corporation holds 11,156 thousand shares (3.76%). (Amendment report dated September 3, 2024)

### **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:** more 10, less than 50

### **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] |
|------------------|-----------------------------|----------------------------------|
| Yumiko Miwa      | Academic                    | --                               |
| Fumihiko Ike     | Came from another company   | --                               |
| Ryota Miura      | Attorney                    | --                               |
| Richard Thornley | Came from another company   | --                               |
| Toru Moriyama    | Came from another company   | --                               |
| Yuko Yasuda      | Came from another company   | --                               |
| Takuji Kanai     | Certified public accountant | --                               |

[\*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  |
|---|---|--|
| Yumiko Miwa<br>(Independent officer for notifications to stock exchanges) | Meeting “Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b></p> <p>Ms. Miwa is a specialist in ESG and corporate governance. She possesses deep knowledge of fields ranging from research (securities market theory, institutional investor theory) to engagement with institutional investors in corporations, corporate governance, ESG investments, and socially responsible investments. She also has a high level of expertise in finance and accounting, as well as a keen understanding and supervisory ability in management. The Nomination Committee expects that she will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively. In the Board of Directors, she fulfills her responsibility in overseeing management based on specialized and extensive knowledge of ESG and corporate governance, providing opinions with reference to other companies’ cases, and seeking explanations, etc. In the hhc Governance Committee, she heads a subcommittee to inspect efforts toward sustainability and points out issues and makes recommendations, etc., from a medium- to-long-term perspective. As a member of the Audit Committee as well, she formulates audit plans and requests explanations regarding the results of investigations and subsequent follow-up actions, while also presenting her opinions at meetings of the Audit Committee, as needed, thereby fulfilling her expected role. In addition, she actively participates in dialogue with female employees</p> |

| Name   | Supplementary Explanation of Conforming Items  | Supplementary Explanation of Conforming Items   |
|--|--|---|
|  |  | <p>and engages in activities such as exchanging various opinions from a female perspective.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/> There is no transactional relationship between Pigeon Corporation and the Company. The Nomination Committee has confirmed that Ms. Miwa 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. Based on the above, the Nomination Committee has determined that she is suitable as a director of the Company. 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>   |
| Fumihiko Ike<br>(Independent officer for notifications to stock exchanges) | Meeting<br>“Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b><br/> Mr. Ike has experience being responsible for overseas operations and IT, serving as CFO and chairman at Honda Motor Co., Ltd., as well as extensive experience in management of a company that conducts operations globally and serving as the chair of an industry association, giving him a high level of insight and supervisory capabilities in management. The Nomination Committee expects that he will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively. As the chair of the Board of Directors, he constantly strives to enhance the effectiveness of the Board of Directors by demonstrating leadership through implementation of new initiatives rather than adhering only to conventional approaches</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items  |
|------|---|--|
|      |   | <p>and methods. In addition, he makes requests and points out issues to operational divisions from a medium- to long-term perspective, and expresses candid opinions to the management team. As chair of the hhc Governance Committee, he leads discussions aimed at improving the management oversight function, and strives for continuous enhancement of corporate governance. Further, he actively listens to frank opinions from institutional investors, employees, and others, and takes the initiative in dialogue with stakeholders, such as carefully explaining the activities of the Board of Directors, etc.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/> Although there is a history of transactions between the Company and NTT Data Group Corporation, as well as a group bank of Resona Holdings, Inc., the amount was less than 2% of the consolidated sales of the Company and those 2 companies. Moreover, although the Company also has borrowings from a group bank of Resona Holdings, Inc., the amount is less than 2% of the consolidated net assets of the Group. As indicated 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. Based on the above, the Nomination Committee has determined that he is suitable as a director of the Company.</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> |

| Name  | Supplementary Explanation of Conforming Items  | Supplementary Explanation of Conforming Items  |
|---|--|--|
| Ryota Miura<br>(Independent officer for notifications to stock exchanges) | Meeting<br>“Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b></p> <p>Mr. Miura is an expert in law and the Companies Act, and has abundant experience and a history of working as an attorney focusing on corporate legal affairs. In addition, he has a high level of knowledge of corporate governance, risk management, and compliance, etc., and experience as an outside officer at other companies. The Nomination Committee expects that he will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties.</p> <p>At meetings of the Board of Directors, he utilizes his broad knowledge as an expert in law and the Companies Act, as well as deep insight regarding corporate governance, to point out issues and provide his opinions as necessary. In addition, he organizes, ethically and logically, thinking regarding the direction of discussion in situations in which discussions cross each other, providing highly convincing opinions that contribute to consensus-building and decision-making within the Board of Directors. As a member of the Audit Committee as well, he formulates audit plans, requests explanations regarding the results of investigations and subsequent follow-up actions, while also presenting his opinions and advice at meetings of the Audit Committee as needed, fulfilling his expected role. On the hhc Governance Committee, he leads a subcommittee that conducts information gathering on activism trends and institutional investors’ exercise of voting rights, as well as examining various responses by operational divisions. He provides</p> |

| Name   | Supplementary Explanation of Conforming Items   | Supplementary Explanation of Conforming Items   |
|--|---|---|
|  |   | <p>specialized and timely recommendations to ensure the continuous improvement of corporate value and the protection of stakeholders' interests.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/> There is no transactional relationship between Miura &amp; Partners, TechMatrix Corporation, Tokyo Electron Ltd., 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. Based on the above, the Nomination Committee has determined that he is suitable as a director of the Company.<br/> 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<br>(Independent officer for notifications to stock exchanges) | Meeting "Requirements for the Independence and Neutrality of Outside Directors" that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b><br/> Mr. Thornley has abundant global experience as a corporate manager in the aerospace and defense industries. Currently, he holds a position of responsibility in a consulting firm, providing support for the entry of foreign companies into the Japanese market, demonstrating a high level of business acumen and supervisory capabilities in management. The Nomination Committee expects that he will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively. At meetings of the Board of Directors, he utilizes his abundant</p>   |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items   |
|------|---|---|
|      |   | <p>experience and knowledge of international business and risks as a corporate manager and his unique values and perspective as a foreigner as he offers candid observations and opinions, etc., as needed. He also provides opinions on IT security and other areas of expertise, and contributes by setting up opportunities to gather information from outside experts, etc. Further, as the chair of the Compensation Committee, he strives to ensure the appropriate operation of the new compensation system for officers, identify operational issues, demonstrate leadership in improving and enhancing the system, report the results to the Board of Directors, and respond to questions during meetings of the Board of Directors. In the <i>hlc</i> Governance Committee and the Nomination Committee, he makes various proposals and provides opinions and advice as needed, fulfilling the expected role.</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. 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. Based on the above, the Nomination Committee has determined that he is suitable as a director of the Company.</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> |

| Name  | Supplementary Explanation of Conforming Items  | Supplementary Explanation of Conforming Items  |
|---|--|--|
| Toru Moriyama<br>(Independent officer for notifications to stock exchanges) | Meeting<br>“Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b></p> <p>Mr. Moriyama has extensive global experience in management, including leading efforts to utilize M&amp;A, etc., to enter new sectors and activities to transform a business from an intermediate food distribution into a comprehensive food trading company that involves business investment, during his tenure at Mitsubishi Shokuhin Co., Ltd. He also demonstrated leadership in promoting digital transformation (DX) by utilizing vast amounts of data in food wholesale and stabilizing data distribution for reducing food loss. He possesses a high level of insight into management and strong supervisory capabilities. The Nomination Committee expects that he will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively. On the Board of Directors, he utilizes abundant experience and knowledge gained working in management of a company that implements business related to comprehensive trading companies and the food industry globally to point out issues and provide opinions, etc., with an understanding of the essence and key points of issues, as necessary, thereby contributing to management oversight. Further, as the chair of the Nomination Committee, he demonstrates leadership by reconstructing fundamental thinking regarding the election of director candidates and exploring a roadmap for increasing the ratio of female directors. He reports the results to the Board of Directors and responds to questions, etc., during the Board’s meetings. In the <i>hhc</i></p> |



| Name  | Supplementary Explanation of Conforming Items  | Supplementary Explanation of Conforming Items  |
|---|--|--|
|   |  | <p>Governance Committee and the Compensation Committee, he makes various proposals and provides opinions and advice as needed, fulfilling the expected role.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/> Although there is a history of transactions between the Company and Mitsubishi Shokuhin Co., Ltd., the amount was less than 2% of the consolidated sales of both companies. As indicated 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. Based on the above, the Nomination Committee has determined that he is suitable as a director of the Company.<br/> 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> |
| Yuko Yasuda<br>(Independent officer for notifications to stock exchanges) | Meeting<br>“Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b><br/> Ms. Yasuda has served as the Japan representative for a foreign executive search firm for many years, accumulating rich experience in executive development and talent assessment. Currently, she works for a consulting firm and is engaged in activities such as board of directors evaluation of the boards of directors and management teams, support for nomination committee activities, and CEO succession planning for Japanese companies. She possesses abundant global experience in corporate management, as well as a high level of</p>  |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items   |
|------|---|---|
|      |   | <p>insight into management and excellent supervisory capabilities. The Nomination Committee expects that she will use this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively. On the Board of Directors, she actively engages in questioning with positivity and candor, drawing on her specialized knowledge in leadership development, organizational management, human resources, and corporate governance, along with rich experience and knowledge as a member of a corporate management team. She contributes to management oversight by pointing out issues and, as necessary, providing opinions, etc., that sometimes challenge fundamental principles and ideologies. In addition, as a member of the Nomination Committee and the Compensation Committee, she offers opinions and recommendations based on her experience in director appointments and provides specialized opinions and advice on compensation systems for corporate executives. On the <i>hnc</i> Governance Committee, she fulfills the expected role by providing various proposals, opinions, and advice, as needed, based on a high level of expertise in corporate governance.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/> The Company has no transactional relationship with Board Advisors Japan, Inc., Murata Manufacturing Co., Ltd., or Nissui Corporation. The Nomination Committee has confirmed that she meets the conditions for outside directors</p> |

| Name   | Supplementary Explanation of Conforming Items  | Supplementary Explanation of Conforming Items  |
|--|--|--|
|  |  | <p>stipulated by the Companies Act and the “Requirements for the Independence and Neutrality of Outside Directors” established by the Nomination Committee. Based on the above, the Nomination Committee has determined that she is suitable as a director of the Company.</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>   |
| Takuji Kanai<br>(Independent officer for notifications to stock exchanges) | Meeting<br>“Requirements for the Independence and Neutrality of Outside Directors” that were stipulated by the Nomination Committee. (See the final page for details.) | <p><b>&lt;Reason for Selection&gt;</b><br/>Mr. Kanai has experience as a certified public accountant and an auditor who has conducted audits in the telecommunications, automobile, pharmaceutical, heavy machinery, food, retail, railroad, and other industries. In addition, he has abundant experience gained working in management of an audit firm and a global professional 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 this knowledge and experience to contribute to decision-making regarding management as well as executing management oversight duties objectively.</p> <p><b>&lt;Policy for Independence and Neutrality&gt;</b><br/>There is no transactional relationship between KPMG Asia Pacific and the Company. Although there is a history of transactions between the Company and KPMG AZSA LLC, the amount was less than 2% of the consolidated sales of both companies. As indicated above, the Nomination Committee has confirmed that he meets the</p> |

| Name | Supplementary Explanation of Conforming Items | Supplementary Explanation of Conforming Items   |
|------|---|---|
|      |   | 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. Based on the above, the Nomination Committee has determined that he is suitable as a director of the Company. 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. |

#### [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: 21

##### 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                            |
| Keisuke Naito  | Yes                      | No                            | No                          | No                            | No                            |
| Terushige Iike | No                       | No                            | No                          | No                            | No                            |
| Gary Hendler   | No                       | No                            | No                          | No                            | No                            |

| Name             | Representative Authority | Additional Duties as Director |                             |                               | Additional Duties as Employee |
|------------------|--------------------------|-------------------------------|-----------------------------|-------------------------------|-------------------------------|
|                  |                          |                               | Nomination Committee Member | Compensation Committee Member |                               |
| 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                            |
| Shohei Kanazawa  | No                       | No                            | No                          | No                            | Yes                           |
| Akiko Nakahama   | No                       | No                            | No                          | No                            | No                            |
| Kazuhiko Tamura  | No                       | No                            | No                          | No                            | Yes                           |
| Teruyuki Masaka  | No                       | No                            | No                          | No                            | No                            |
| Mitsuo Kosaka    | No                       | No                            | No                          | No                            | No                            |
| Shin Ujiie       | No                       | No                            | No                          | No                            | No                            |
| Toshitaka Asano  | No                       | No                            | No                          | No                            | Yes                           |
| Mitsuru Shomon   | No                       | No                            | No                          | No                            | Yes                           |
| Makoto Hoketsu   | No                       | No                            | No                          | No                            | Yes                           |
| Shin Kato        | No                       | No                            | No                          | No                            | No                            |

#### **[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 (Update)**

#### **<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 audit procedures and other 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 in charge of the Company, 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 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 Group, 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 Compliance Department 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 the executive internal auditor who manages the internal auditing of the Group, overseen by the corporate officer responsible for internal audits. The auditor 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. In regard to global audits, the manner in which key risks to achievement of the Corporate Concept are being managed for the Group and the locations of issues are being managed centrally, efforts are being made to encourage improvements, and the results are reported to the Board of Directors, the Audit Committee, and Growth & Operating Committee. Further, in addition to being responsible for 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 in Japan and overseas from the perspective of sustainability and compliance with the Industrial Safety and Health Act and other various laws and regulations. Moreover, in order to improve the quality of the Group's audits, we have established multiple opportunities to share information with the Accounting Auditor on a regular basis and are striving to collaborate toward accurate and efficient internal audits. In addition, an external evaluation committee composed of outside experts meets regularly for wide-ranging evaluation of major internal audit reports and the results of self evaluation of internal audit activities, etc. 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**

As a company that offers performance-based compensation, we grant bonuses and stock-based compensation to corporate officers.

The Company’s stock-based compensation system is a medium- to long-term incentive plan that annually provides company stock to corporate officers through a trust based on the achievement level of ESG EBIT, relative P/B ratio, and Materiality Company-wide performance targets.

Moreover, the performance-based compensation for corporate officers who have been appointed from overseas subsidiaries consists of a medium- to long-term incentive system instead of stock-based compensation.

The process for determining bonuses and stock-based compensation is given on the page [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 FY2023 are the following 5 individuals. The amounts for each are given below.

- Haruo Naito, Representative Corporate Officer and CEO    ¥211 million
- Yasushi Okada, Representative Corporate Officer and COO    ¥120 million
- Gary Hendler, Senior Vice President    ¥218 million
- Yanhui Feng, Senior Vice President    ¥189 million
- Lynn Kramer, Vice President    ¥297 million

\* Gary Hendler receives compensation from Eisai Europe Ltd. (U.K.). Lynn Kramer receives compensation from Eisai Inc. (U.S.A.). Yanhui Feng receives compensation from Eisai China Holdings Ltd. (China). The compensation for each is based on the decision of the Compensation Committee. The total amount of compensation received is shown for each individual.

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

Yes

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

#### **1) Determination of Compensation, etc.**

Compensation paid to directors and corporate officers is determined by the Compensation Committee. All 3 members of the Company's Compensation Committee, including the chair, are outside directors, and the Compensation Committee places 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 degree 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 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. In regard to consideration of issues related to compensation, etc., and the level of compensation, etc., the Compensation Committee shares information during meetings of the *hbc* Governance Committee, which consists of all outside directors, considers the issues in light of the discussions held in that setting. In addition, the Committee proactively incorporates and utilizes data, etc., from outside specialized organizations.

### I. Compensation System for Directors

#### 1) Basic policy concerning compensation, etc., paid to directors

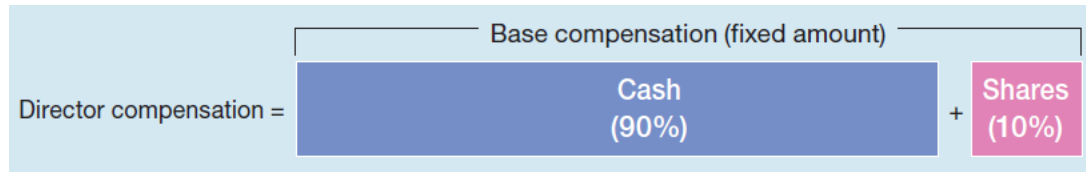
The basic policy concerning compensation, etc., paid to directors shall be as follows. Set the compensation, etc., of directors so that the contents are suitable to motivate them to fully carry out their management oversight function, which is their duty, in order to improve the common interests of stakeholders and increase long-term corporate value.

Pay compensation, etc., to directors with a portion of it consisting of stock, from the perspective of sharing profit-consciousness that is the same as shareholders.

#### 2) Overview of the compensation system for directors

- Base compensation (cash) is a fixed amount and is paid on a monthly basis.
- The shares granted upon retirement is vested each year that the director has served a full term of office after taking office, accumulated and managed annually for the duration of the director's term of office, and granted upon retirement as a director.
- The level of base compensation of outside directors and inside directors is aimed at the upper middle range for the industry.
- The Chair of the Board of Directors and each Committee Chair receive additional compensation for their service as Chair.

- The proportion of compensation, etc., for directors is as shown below.



## II. Compensation System for Corporate Officers

### 1) Basic policy concerning compensation, etc., paid to corporate officers

The basic policy concerning compensation, etc., paid to corporate officers shall be as follows

1. Set the contents of the compensation, etc., of corporate officers to be competitive, with the importance and heaviness of the duties assigned to the corporate officer sufficiently reflected. This will make it possible to contribute to achievement of the *hhc* concept, attract excellent human resources that can play an active role globally, and improve the morale of corporate officers regarding execution of business.

2. Determine the compensation, etc., of corporate officers with weight placed on performance/outcomes obtained as a result of fulfilling the Company's Charter of Business Conduct as an *hhceco* company as stipulated in the Articles of Incorporation. This will increase the convincingness of the compensation of members of the management team.

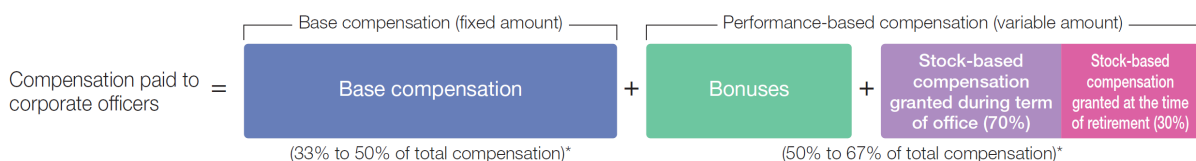
3. Set the contents of the compensation, etc., of corporate officers so that they are strongly motivated to contribute not only to short-term performance based on the results of each fiscal year, but also to improvement of the Company's medium- to long-term corporate value, achievement of social good, and the sustainability of society. This will respond broadly to the expectations of stakeholders and contribute to achievement of the Corporate Concept.

4. Determine compensation, etc., of corporate officers using objective and suitable evaluation criteria and a fair and transparent process, after setting appropriate performance targets and incentives that strike a balance between "risk, return, and impact."\* Through this, set fair and convincing contents of compensation and motivate corporate officers to take on challenges, while being accountable to stakeholders.

\* Risk (aggressive investment of resources, etc., in research and development, etc.), return (Company-wide financial performance indicators), and impact (the social impact of business activities)

## 2) Overview of the new compensation system for corporate officers

- Compose the compensation, etc., of corporate officers with base compensation (fixed amount), performance-based compensation (variable amount) in the form of bonuses, and stock-based compensation.
- Base compensation is a fixed amount and is paid by cash on a monthly basis.
- Bonuses are calculated based on the attainment of performance targets set each year and are generally paid in July (once a year).
- The portion granted during the term of office of the stock-based compensation will be granted after the end of the period subject to evaluation according to the attainment of medium- to long-term (3-year) performance targets.
- The shares granted upon retirement is vested each year that the corporate officer has served a full term of office after taking office, accumulated and managed annually for the duration of the corporate officer's term of office, and granted upon retirement as a corporate officer.
- The proportion of compensation, etc., for directors is as shown below.



- \* The ratio of the base compensation and performance-based compensation of corporate officers from overseas subsidiaries is set in accordance with the market data for each country, so actual amounts may differ from those given in the figure.

The contents of the compensation, etc., of corporate officers are set by global job grade and at a level intended to be in the upper middle range for the industry, in order to make the contents of compensation, etc., competitive, with the importance of corporate officers' duties and the size of their responsibilities reflected.

### Job Grade of Corporate Officers

- An indicator of the size of the required duties and the standard for determining compensation, etc.
- The job grades of corporate officers are determined by using the Willis Towers Watson Global Grading System to measure job grades in an objective manner, and reflecting the Company's own evaluation of job responsibilities, etc., on the objectively measured job grades.

In order to sufficiently reflect Company-wide performance in management compensation, performance-based compensation is aimed to constitute at least 50% of total compensation, using a mechanism that increases its percentage of total compensation as

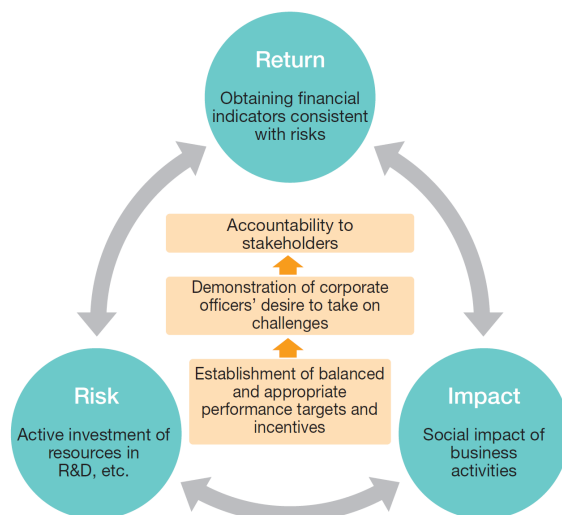
the job grade gets higher.

Bonuses consist of bonuses that are determined based on the degree of attainment of Company-wide performance targets (Bonus A) and bonuses that are calculated based on the degree of attainment of individual performance targets (Bonus B). The ratio of the base amount for calculation of Bonus A and Bonus B shall be 50:50.

$$\text{Bonuses} = \text{Bonus A} + \text{Bonus B}$$

Bonus A: Bonus determined according to the degree of attainment of Company-wide performance targets (50%)  
 Bonus B: Bonus determined according to the degree of attainment of individual performance targets (50%)

The degree of attainment of Company-wide performance targets for Bonus A is determined based on an evaluation of financial indicators (return) and non-financial indicators (risk and impact), and Bonus A is paid in a range of 0% to 250%.



#### Reasons for selection and evaluation points

|   |  |
|---|--|
| <b>Return<br/>(Financial Indicator)</b>     | Evaluation of management indicators that are shared with shareholders by disclosing numerical values as Company-wide financial performance targets |
| <b>Risk<br/>(Non-Financial Indicator)</b>   | Evaluation of continued growth through aggressive investment of resources (appropriate risk-taking) in R&D and hhceco themes.                      |
| <b>Impact<br/>(Non-Financial Indicator)</b> | Evaluation of the social impact of the LEQEMBI (generic name: lecanemab) business activity.  |

#### 《Company-wide Performance Targets, etc.》

|   | Target Item  | Weight | Basic Concept of Calculating the Degree of Attainment of Plan and Evaluation Points  |
|---|--|--------|--|
| <b>Return<br/>(Financial Indicator)</b>     | Consolidated revenue   | 2/3    | <p>50% achievement 100% achievement 150% achievement</p> <p>50P 100P 250P</p> <p>Actual performance</p>  |
|   | Consolidated operating profit  |        |  |
|   | Consolidated profit for the year (Ratio attributable to of the parent) |        |  |
|   | Consolidated ROE   |        |  |
| <b>Risk<br/>(Non-Financial Indicator)</b>   | R&D themes<br>hhceco themes  | 1/3    | <p>《Basic Concept of Calculating the Degree of Attainment of Plan and Evaluation Points》</p> <ul style="list-style-type: none"> <li>• 100 points for achieving 100%</li> <li>• 0 points for achieving less than 50%</li> <li>• Incentives kick in at achievement of 100%</li> <li>• 250 points for achieving 150%</li> </ul> |
| <b>Impact<br/>(Non-Financial Indicator)</b> | Contribution to patients with LEQEMBI                                  |        |  |

The degree of attainment of individual performance targets for Bonus B is determined based on an evaluation of the individual performance targets, and the bonus is paid in the range of 0% to 150%. The individual performance targets of all corporate officers include

at least 20% of the targets in the following aspects as social good targets for the realization of the corporate image stipulated in the Articles of Incorporation.

- DE&I (Diversity, Equity, & Inclusion) initiatives
- Ensuring cyber security to protect patient information and ensure a stable supply
- Contributing to social impact through improved access to pharmaceuticals

Corporate officers' stock-based compensation is linked to medium- to long-term (3-year)

$$\text{Stock-based compensation} = \begin{array}{c} \text{Portion granted during the term of office} \\ \text{Base number of shares to be delivered} \times 70\% \times \text{Degree of achievement of performance targets} \end{array} + \begin{array}{c} \text{Portion granted at the time of resignation} \\ \text{Base number of shares to be delivered} \times 30\% \end{array}$$

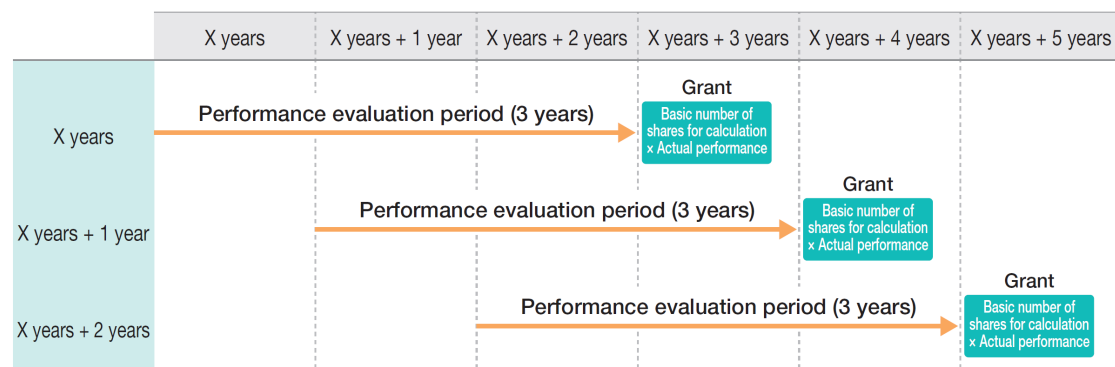
performance, and consists of a portion to be granted at the end of the period subject to evaluation (portion granted during the term of office) and a portion that vests at the end of each 1-year term of office and is granted upon retirement (portion to be granted upon retirement).

The portion granted during the term of office is performance-based compensation that can reflect medium- to long-term performance and contributions to ESG. The 3 evaluation indicators are listed in the table below, and are designed to ensure objectivity and transparency by balancing the concept of performance targets of “risk, return, and impact” as stated in the Basic Policy on Compensation, etc. for Corporate Officers, and by reflecting medium- to long-term performance in a simple and appropriate manner. The evaluation period is set at 3 years. The portion granted during the term of office will range from 0% to 150% based on the attainment of these goals.

The portion granted upon retirement is vested each year that the corporate officer has served a full term of office after taking office, accumulated and managed annually for the

|          | Target Item   | Weight | Concept of Each KPI and Evaluation Points   |
|----------|---|--------|---|
| ESG EBIT | ESG, EBIT for 3 years including the subject year<br>Average of (operating profit before personnel | 1/3    | ESG EBIT: R&D expenses (investment risk) + personnel expenses (investment risk) + |

《Shares issued for the portion granted during the term of office》



\* Each year, the number of shares that will form the basis for the granting of shares (the basic number of shares for calculation) is determined, and the shares are granted after the completion of the 3-year evaluation period, reflecting the evaluation of performance.

duration of the corporate officer's term of office, and granted upon retirement as an officer. If the term of office as an officer is less than 3 years, the officer is not eligible.

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

The grand total of compensation paid to directors and corporate officers in FY2023 (from April 1, 2023, to March 31, 2024) was as indicated below.

#### Total FY2023 Officer Compensation

##### Total Amount of Compensation Paid to Corporate Executives in FY2023

|                     | Base compensation    |                             | Performance-based compensation |                             |                          |                             | Total<br>(Millions of yen) | Portion of the figures to the left that consists of non-monetary compensation, etc.<br>(Millions of yen) |
|---------------------|----------------------|-----------------------------|--------------------------------|-----------------------------|--------------------------|-----------------------------|----------------------------|--|
|                     |                      |                             | Bonuses                        |                             | Stock-based compensation |                             |                            |  |
|                     | Number of recipients | Amount<br>(Millions of yen) | Number of recipients           | Amount<br>(Millions of yen) | Number of recipients     | Amount<br>(Millions of yen) |                            |  |
| Directors (inside)  | 3                    | 129                         | —                              | —                           | —                        | —                           | 129                        | 5  |
| Directors (outside) | 9                    | 134                         | —                              | —                           | —                        | —                           | 134                        | 5  |
| Corporate officers  | 21                   | 591                         | 22                             | 282                         | 22                       | 291                         | 1,164                      | 146  |
| Total               | 33                   | 855                         | 22                             | 282                         | 22                       | 291                         | 1,428                      | 156  |

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

2 The base compensation amount is the total amount of base compensation paid to each applicable director and corporate officer for their term in office in FY2023. The base compensation for directors includes shares to be granted upon retirement.

3 The amount of bonus shown for corporate officers is the sum of the total amount of accrued bonuses to be paid to eligible corporate officers in July 2024 for the period from April 2023 to March 2024, and the difference between the total amount of bonuses paid to eligible corporate officers in July 2023 for the period from April 2022 to March 2023 and the amount of bonus allowance disclosed in the FY2022 business report. The degree of attainment of Company-wide performance targets (financial) used for stock-based compensation granted in July 2023 was 135%, and the average of the degree of attainment of individual targets was 101%.

4 The amount of stock-based compensation shown for corporate officers is the sum of “(1) one-third of the total amount of accrued stock-based compensation to be granted to eligible corporate officers in July 2026 for the period from April 2023 to March 2026,” “(2) the total amount of accrued stock-based compensation to be granted in July 2024 for the period from April 2023 to March 2024 as a transitional measure in connection with the change in the stock-based compensation system,” “(3) one-half of the total amount of accrued stock-based compensation to be granted in July 2025 for the period from April 2023 to March 2025, similarly as a transitional measure,” and “(4) the difference between the total amount of stock-based compensation and other compensation granted in July 2023 for the period from April 2022 to March 2023 and the amount of stock-based compensation allowance disclosed in the FY2022 business report” ((1) + (2) + (3) + (4)). The degree of attainment of

Company-wide performance targets (non-financial) used for the stock-based compensation granted in July 2023 was 88%. The stock-based compensation of corporate officers includes the shares to be granted upon retirement. The amount 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 had been recorded since FY2015, and are therefore not shown in the table.

6 A total of 6,953 shares of the Company's stock were granted during the fiscal year to 17 corporate officers as compensation for the execution of duties during the period from April 2022 to March 2023, in accordance with the decision of the Compensation Committee. 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 targets (non-financial) is granted as stock, and half is converted within the trust then paid as a monetary amount equivalent to the shares converted to cash.

7 See page 121 for the performance indicators (Company-wide performance targets, etc.) used to calculate performance-based compensation during this fiscal year.

8 Three 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
- c. Drafting, keeping, and controlling the minutes from meetings of the Board of Directors
- d. Appropriately managing confidential information related to the Board of Directors and ensuring its security



(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 committee members and meeting attendees in advance
- c. Drafting, keeping, and controlling the minutes from meetings of the Committees
- d. Implementation of measures, etc., in accordance with instructions from Committees and Committee members (requesting corporate officers to give reports to Committees and receiving such reports, supporting the use of external consultants, external experts, etc. and acting as a point of contact)

(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. Carrying out surveys, etc. in accordance with instructions from the Audit Committee and members of the Audit Committee (requesting corporate officers to give reports to the Audit Committee and receiving such reports, attending important meetings, monitoring and verification of the activities of the auditing team from the Accounting Auditor, drafting audit plan proposals, etc.)
- b. Preparing agenda items and related materials for the Audit Committee and holding prior discussions with the Chair of the Audit Committee
- c. Providing information to members of the Audit Committee in a prompt manner and explaining agenda items in advance
- d. Drafting, keeping, and controlling the minutes from meetings of the Audit Committee
- e. Providing the necessary information on matters for deliberation by the Audit Committee to directors who are not members of 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/<br>Position | Job | Working<br>Style/Conditions<br>(Full-time/Part-time,<br>Remuneration, etc.) | Date of<br>retirement from<br>office, such as<br>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 *hhc* Governance Committee the membership of it 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 2 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. Determine the important matters required by law, the Articles of Incorporation, and the Regulations of the Board of Directors, including basic management policies, the appointment of corporate officers, and determination of dividends, etc.
  - b. Oversee the execution of duties by directors and corporate officers on the basis of reports from corporate officers, as well as reports from the Nomination Committee, the Audit Committee, the Compensation Committee, and the *hhc* Governance Committee.
- (2) Nomination Committee (3 Members (including 1 woman); 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 demonstrate oversight functions.

- d. Establish basic policies, rules, and procedures necessary for the execution of duties by the Nomination Committee.
- (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. Conduct audits in accordance with laws and regulations, the Articles of Incorporation, and rules established by the Board of Directors and the Audit Committee.
  - b. Primarily conduct the following audits and create audit reports.
    - Audits of the execution of duties by directors and corporate officers
    - Audits of business reports and annexed detailed statements
    - Accounting audits of financial statements (including confirmation of the appropriateness of audit methods and results by monitoring and verifying the activities of the Accounting Auditor)
    - Audits of the status of the maintenance and operation of internal controls conducted by corporate officers in accordance with the rules adopted by the Board of Directors
    - Audits of the adequacy of internal audit activities performed by the internal audit departments
    - Audits of the status of business, operations, and assets of Group companies other than the Company (Audit of the corporate officer in charge)
  - c. Determine proposals related to the selection, dismissal, and non-reappointment of accounting auditors to be submitted to the General Meeting of Shareholders. In addition, give consent to the amount of compensation and other conditions for the Accounting Auditor.
  - d. Conduct audits in accordance with the audit plan established for each fiscal year by directing the Management Audit Department, an organization independent from corporate officers.
- (4) Compensation Committee (3 Members (including 1 woman); 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. Determine the compensation, etc., of directors so that the contents are suitable

to motivate them to fully carry out their management oversight function, which is their duty, in order to improve the common interests of stakeholders and increase long-term corporate value.

- c. Determine the compensation, etc., of corporate officers to be competitive, fully reflecting the importance of the duties and weight of responsibility of corporate officers, to enhance the acceptability of the compensation as management compensation, and to strongly motivate corporate officers to improve the medium- to long-term corporate value of the Company, realize social good, and contribute to the sustainability of society.
- d. 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.
- e. Establish basic policies, rules, procedures, etc., necessary for the execution of the duties of the Compensation Committee.

(5) *hhc* Governance Committee (7 Members (including 2 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. 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.

### **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        | Commencement date of measures for electronic provision in Japanese: May 16, 2024 (29 days before the general meeting)<br>Japanese booklet shipping date: May 28, 2024 (17 days before the general meeting)  |
| Scheduling of general meeting of shareholders away from "concentrated days" | The dates for the Ordinary General Meeting of Shareholders for the past three years have been as follows, with efforts to avoid "concentrated days".<br>110th Ordinary General Meeting of Shareholders: Friday, June 17, 2022<br>111th Ordinary General Meeting of Shareholders: Wednesday, June 21, 2023<br>112th Ordinary General Meeting of Shareholders: Wednesday, June 14, 2024 |
| Electronic execution of voting rights                                       | Electronic execution of voting rights from PC, mobile phone, etc., via a voting website   |

|  | Supplementary Explanation   |
|--|---|
| 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. Since the general meeting in June 2020, the Company will be broadcasting the meeting live over the Internet and accepting questions in advance via the website. |

## 2. Status of activities related to IR **(Update)**

|  | Supplementary Explanation  | Explanation from the Representative |
|--|--|-------------------------------------|
| Establishment and publication of disclosure policy | Management information is disclosed proactively, fairly, impartially and in a timely manner to ensure corporate transparency. In this way, we hope to meet the expectations of our stakeholders, including patients, families, caregivers, consumers, medical professionals, |                                     |

|  | Supplementary Explanation  | Explanation from the Representative |
|--|--|-------------------------------------|
|  | payers, shareholders, and employees, gain their understanding of the Group, and maintain and improve their trust. This basic stance has been established and disclosed as the Eisai Group Information Disclosure Policy.   |                                     |
| 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.<br>After issuing the integrated report, a roundtable discussion about the value creation and ESG 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  | Yes                                 |



|   | Supplementary Explanation  | Explanation from the Representative |
|---|--|-------------------------------------|
|   | outside Japan, providing explanations and answering questions.   |                                     |
| 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 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 via the Website.<br><a href="http://www.eisai.com/ir/index.html">http://www.eisai.com/ir/index.html</a> | Yes                                 |
| Establish departments (responsible parties) for IR. | 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 & Accounting Division and the General Affairs Department as well as other related departments.  | -                                   |

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

|   | Supplementary Explanation   |
|---|---|
| Rules regarding consideration of the standpoint of stakeholders through company regulations, etc. | <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> |

|   | Supplementary Explanation  |
|---|--|
|   | <p>To open the way for the vision of the medium-term business plan “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> |
| Implementation of environmental protection activities, CSR activities, etc. | <p>As a human health care (<i>hhc</i>) company, the Group strives to accomplish the social good of “relieving anxiety over health” and “reducing health disparities.” We view the global environment as the foundation of business activities, and established the “Eisai Environmental Management Vision.” Based on this Vision, in addition to climate change countermeasures aimed at achieving “2050 Net-Zero” and SBT 1.5°C target by FY2030, we are working on sustainable use of water, recycling of resources, preservation of biodiversity, and proper management of chemical substances.</p> <p>We believe that a corporate value is determined by taking into account not only its financial value but also non-financial value, including ESG (environment, social, and governance) factors.</p>   |

|  | Supplementary Explanation   |
|--|---|
|  | <p>The Group is conducting business based on the <i>hhc</i> concept, and has strengthened our ESG initiatives, including business considering global environment (environment), improving access to medicines, developing human resources, as well as ensuring Diversity, Equity and Inclusion (social), and ensuring transparency in management (governance).</p> <p>We position these initiatives as being consistent with the Sustainable Development Goals (SDGs), the international goals adopted at the United Nations Summit.</p> <p>Please refer to the "Value Creation Report" for detailed information on our activities.</p> |
| Establishment and publication of disclosure policy | <p>Management information is disclosed proactively, fairly, impartially and in a timely manner to ensure corporate transparency. In this way, we hope to meet the expectations of our stakeholders, including patients, families, caregivers, consumers, medical professionals, payers, shareholders, and employees, gain their understanding of the Group, and maintain and improve their trust. This basic stance has been established and disclosed as the Eisai Group Information Disclosure Policy.</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 Items 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 Items Necessary for the Performance of Duties by the Audit Committee (Objective)

Article 1 The purpose of these rules is to establish items 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 Entity” means each entity within ENW.

(Items 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 items not established by these rules.

(Items regarding the independence of the employees in the preceding Article from the Corporate Officers of the Company and items 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 Entity 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 items related to their assignments and organization under their oversight, supervision or management, including whether or not such relevant items 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 Entity serious damage or have significant effect
- (9) Facts that Officers and employees of the ENW Entity, 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 Entity become aware of any item provided in each item of Section 1 of this Article, they shall immediately report to the Corporate Officer of the Company who oversees, supervises, or manages such item. In the case where it would be inappropriate to report to the Corporate Officer himself/herself is concerned in the event, for example, the Officers and employees of the ENW entity shall report to (i) the Corporate Officer of the Company other than the Corporate Officer at issue or (ii) the

Compliance Counter.

- 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 Officers and employees of the ENW Entity may report to the Audit Committee of the Company concerning the above item (4) of Section 1 of this Article, which is related to the Corporate Officers of the Company.
- 5 The Auditors or the Audit Committee of the ENW Entity in Japan, the People's Republic of China, South Korea, and Taiwan, except for the Company, shall periodically report information regarding audits results by the auditors, etc., in such ENW Entity 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 items 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 Entity 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.

(Items 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 Entity under which the Audit Committee of the Company enables the investigation, etc., of the accounting and operations of ENW Entity.

2 Departments and officers in charge of audits, including the internal audits of ENW Entity, 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 items 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



Entity” means each entity within the ENW. “Corporate Officer in Charge of ENW Entities” 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 Entity 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 Entities shall establish and operate a management system of a risk of loss in ENW depending on the type, size, significance and other aspects of the businesses of ENW Entities 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 set forth 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 conducted 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 Entities, who execute business operations, and employees of ENW Entities 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 Entities, who execute business operations, and employees of ENW Entities 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 Entities, who execute business operations, and employees of ENW Entities.
- 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, and shall cooperate and perform the foregoing with each Corporate Officer in charge of ENW Entity each officer in charge of compliance at each ENW Entity and the department in charge of compliance with respect to ENW Entities other than the Company.

- 4 The Corporate Officer who has been assigned to be in charge of promoting compliance, shall demonstrate a policy of opposing anti-social forces in the ENW business behavior charter, and shall take necessary measures so that Officers of ENW Entities, who execute business operations, and employees of ENW Entities strictly observe such policy and use 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 his or her duties.
- 6 The 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, and shall cooperate and perform the foregoing with each Corporate Officer in charge of ENW Entities, each officer in charge of internal control at each ENW Entities and the department in charge of internal control with respect to ENW Entities other than the Company.
- 7 The 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, and shall have each Corporate Officer in charge of ENW Entities, each officer in charge of internal audit at each ENW Entity, and the department in charge of internal audit to perform the audit of each ENW Entities and receive reports with respect to ENW Entities other than the Company.
- 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 Entities 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 Entities about managerial important matters and 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 Entities, with respect for the autonomy and the independence of ENW Entities which the Corporate Officer has been assigned to oversee, supervise, and manage.

2 The Corporate Officer in Charge of ENW Entities shall report important matters out of the the report received from ENW Entities 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 Entities with the content of these Rules.

(Revisions)

Article 9 These Rules shall be revised only by 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” **(Update)**

- 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. The “ENW Confidential Information Security Policy,” “Information Security Regulations,” 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), Chief Quality Officer (product quality), and corporate officer responsible for 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 HR 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 Officers of ENW Entities, who execute business operations, and employees of ENW Entities 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 Compliance Department and Risk Management Department



assesses important Company-wide risks by CSA through interviews with all corporate officers, picks up risks that are common across all departments including external factors, and has the Risk Management Committee deliberate them and follow up as a system to reduce everyday operational risks. 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 Growth & Operating Committee.

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 Entities 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**

At its meeting held on April 27, 2022, the Company's Board of Directors resolved to discontinue the "Policy for Protection of the Company's Corporate Value and Common Interests of Shareholders," and the Policy was abolished as of the end of its effective period on June 30, 2022. In conjunction with the abolishment of the Policy, the content stipulated in Article 118, Item 3 of the Regulations for Enforcement of the Companies Act ("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 concept "to give first thought to patients and their families, other natural benefits that health care provides to them" (*hhc* concept: human health care), and we shared this concept 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 people in the daily living domain." 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 concept 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 Concept 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* concept and the employees motivated to deliver it, as well as our knowledge creation activities (*hhc* activities) that put our concept into practice, and business operations to efficiently deliver 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.

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 people in the daily living domain, and that the initiatives indicated in ②a above contribute to increasing these benefits to patients and the people in the daily living domain. 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 people in the daily living domain, 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 ②b 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 the Company's corporate executives.

## **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 **(Update)**

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.

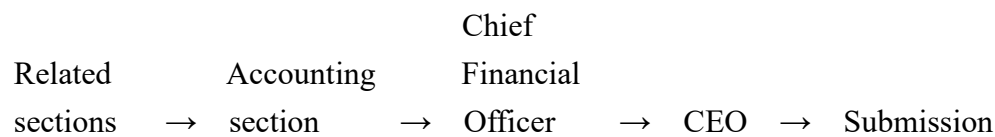
Committee set up for disclosure of financial statements → Corporate Officer in charge of public relations → CEO → Disclosure

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

- Corporate Officer in charge of public relations
- Chief Financial Officer
- Corporate Officer in charge of investor relations
- Corporate Officer in charge of corporate planning
- Corporate Officer in charge of corporate strategy
- Public relations section
- Investor relations section
- Financing and Accounting section
- Corporate planning section
- Research and development 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.



**[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
- Board of Directors Secretariat
- Investor relations section
- Public relations section
- Legal section
- Financing and Accounting section
- Sustainability section

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

Information other than that included in 1) and 2) above is disclosed via the following procedure. The Public Relations Section regularly gathers information for potential

disclosure and reports it to the Corporate Officer in charge of public relations. In addition, when internal organizations (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 the information received, including information from meetings such as the Corporate Strategy Committee and Growth & Operating Committee, to determine whether disclosure is appropriate, consults with relevant Corporate Officers to determine the disclosure date and procedures, and proposes it to the CEO for approval. The Public Relations Section is responsible for the practical disclosure process, and the Corporate Officer in charge of public relations manages the timely and appropriate disclosure of information in accordance with regulations and guidelines of the Tokyo Stock Exchange.

In addition, regarding information that may pertain to significant facts, the information management supervisor holds an Information Management Committee meeting to decide how to manage internal information while working to prevent insider trading.

|               |           |                   |   |     |              |
|---------------|-----------|-------------------|---|-----|--------------|
| Sections      | Public    | Corporate Officer |   |     |              |
| with the      | relations | in charge of      |   |     |              |
| information ⇔ | section → | 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.