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Corporate Governance Report

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Santen Pharmaceutical Co, Ltd.

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The corporate governance of Santen Pharmaceutical Co., Ltd. (“Santen”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

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

Santen has adopted a “Company with a Board of Company Auditors” system as defined in Japan’s Companies Act. Santen will continuously be working to upgrade and strengthen corporate governance by making the most of the current system.

First, the function of the Board of Directors is to make decisions concerning the vital execution of the business as well as to monitor the execution of the business by the management and Directors. Santen will operate with a focus on swift and appropriate managerial decision-making.

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

Furthermore, Santen has taken some specific steps such as establishing the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, and introducing a corporate officer system to strengthen management and improve the speed of business execution. Santen will go forward with the aim of improving management transparency and objectivity.

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

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Santen implements all the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] UPDATED

[Principle 1.4]

[Policy on the Holding of Shares of Other Listed Companies as Strategic-Shareholdings]

As to strategic-shareholdings, Santen shall hold shares as strategic-shareholdings when it determines that they will entail medium- to long-term strengthening of business relationships with Santen and contribute to enhancing its corporate value.

Upon shareholding, Santen will verify the propriety of holding each particular brand at least once a year at the Board of Directors, taking into consideration the economic rationality based on circumstances such as collaborative contracts, business development and business environment or the like, and sell out brands that are deemed to be rarely meaningful.

[Outline of the Verification of Propriety of the Strategic-shareholdings of Each Particular Brand]

Santen has established the maximum amount of investment securities to be held by it as a whole under transaction price standard and market price standard, within the scope of which Santen holds shares limiting to those of partners, which are imperative for its business development, as strategic-shareholdings. The Board of Directors verifies whether or not such shareholdings are within such maximum amount under the abovementioned standards and whether or not, for each particular brand of strategic-shareholding, the benefit of having ties to strengthen business relationships with Santen through such shareholding should be given priority even taking into account the investment amount and investment risk involved in the strategic shareholdings, and Santen has implemented the sell out of brands that were deemed to be rarely meaningful.

[Criteria for the Exercise of Voting Rights of Strategic-Shareholdings]

With regard to the exercise of voting rights of strategic-shareholdings, Santen will, upon exercise thereof, determine whether or not to approve the items to be resolved based on a comprehensive assessment, taking into account whether or not it would lead to an enhancement of the corporate value of the issuing company or Santen.

[Principle 1.7]

[Framework for Related Party Transactions]

In case Santen is to engage in transactions with its officers or major shareholders (*i.e.*, related party transactions), then the Board of Directors will make a resolution thereon after deliberating on the material facts, manner of the transaction and other matters, in order to ensure that such transactions do not harm the interests of Santen or the common interests of its shareholders, and to prevent causing any concern with respect to such harm.

[Principle 2-6]

[Efforts regarding the Management of Corporate Pension Funds]

Santen is fully aware that the management of the accumulated corporate pension funds impacts asset formation for employees and Santen's own financial standing. As such, in the course of managing the corporate pension funds, Santen has recruited and assigned, in a well-planned manner, the CFO and other qualified persons with expertise in financial matters as the persons in charge, and, in regard to the management, Santen places importance on the coverage ratio of the projected benefit obligation (PBO) as a measure of the integrity of the funds. Santen also flexibly makes additional contributions to pension assets, and concurrently therewith, implements changes to the portfolio or other measures depending on the circumstances. In addition, Santen has been appropriately dealing with ensuring the integrity of the pension assets through taking measures, as it thinks proper, including reporting on the operational status of pension assets at meetings of the Board of Directors.

[Principle 3.1]

(i) Santen has formulated its values and long-term management visions, and disclosed them on its website:

<http://www.santen.com/en/about/>

Santen has also disclosed its mid-term management plan on its website:

<http://www.santen.com/en/ir/document/plan.jsp>

(ii) Santen has disclosed on its website its basic policy on and approach to corporate governance:

<http://www.santen.com/en/about/governance/>

(iii) Santen has disclosed its policy and procedures in deciding the remuneration for the top management and Directors in the "Outline of the policy on the determination of the amount of remuneration of officers and the method of calculation thereof" as described in its securities report:

<http://www.santen.co.jp/ja/ir/document/securities.jsp> (Japanese report)

(iv) Santen has disclosed its policy and procedures in selecting candidates for Directors and Corporate Auditors in the “Outline of the policy on the selection of candidates for Director and Corporate Auditor” as described in its securities report:

<http://www.santen.co.jp/ja/ir/document/securities.jsp> (Japanese report)

Furthermore, Santen appoints Corporate Officers by a resolution of the Board of Directors. In selecting them, Santen applies its guidelines, such as, that they positively endeavor as senior managerial personnel to address managerial issues in the key affairs of Santen and the conduct of its business, as well as that they have the capability and experience appropriate in providing solutions or conducting the business concerning current managerial issues arising from the managerial circumstances around them.

When dismissing a senior management, Santen has stipulated in its internal rules that he or she may be dismissed by a resolution of the Board of Directors in the event he or she commits any act that is suspected as unjust, unfair or constitutes a betrayal; if he or she is determined to lack qualification; if he or she falls under disciplinary events according to the rules of employment; or if it is deemed that he or she is not appropriate as a member of the senior management or it is deemed appropriate to change his or her position as senior management.

(v) With respect to the individual appointments and nominations of candidates for Directors and Corporate Auditors, Santen has disclosed the reasons for appointing and nominating them in the “Convocation Notice of the Annual General Meeting of Shareholders”:

<http://www.santen.com/en/ir/document/meeting.jsp>

In addition, an individual explanation of each dismissal shall be made through respective external disclosures.

[Supplementary Principle 4.1.1]

[Brief Summary of the Scope of Entrustment to Management]

In addition to various statutory functions, Santen has stipulated in the Rules of the Board of Directors the matters to be decided by the Board of Directors such as management policies, strategies, business plans, the acquisition and disposal of material assets as well as decisions to be made on important organizational or personnel-related matters.

Furthermore, Santen endeavors to improve the quality and speed of the decision-making process by delegating to Corporate Officers authority concerning the conduct of the business. More specifically, Corporate Officers will make and execute decisions including the formulation of the business plans of the organizations they control, management of the business activities of the organizations they are in charge of, as well as the formulation and execution of the fiscal budget.

[Principle 4.8]

[Effective Use of Independent Directors]

Since the function of the Board of Directors is to make decisions concerning the vital conduct of the business as well as to monitor the conduct thereof by the management and Directors, Santen will operate with a focus on swift and proper managerial decision-making. Santen expects its Outside Directors to be actively involved in the Board of Directors in decision-making on individual managerial issues, taking advantage of their wide range of experience and knowledge. Santen will also ask for their opinions from the view of strengthening the monitoring of Santen’s management. Thus, Santen’s approach to the composition of the Board of Directors is to appoint plural numbers of Outside Directors thereto.

[Supplementary Principle 4.8.2]

Santen seeks the appropriate opinion and advice of each of the Independent Outside Directors at the meetings of the Board of Directors based on the variety of their experience and knowledge. Moreover, considering that Santen provides opportunities from time to time for each Independent Outside Directors to cooperate with the management, Corporate Auditors or the Board of Corporate Auditors, Santen has endeavored to establish a framework for cooperating therewith.

[Principle 4.9]

[Independence Standards and Qualifications of Independent Outside Directors]

Santen has determined the “Criteria of Independence of Outside Directors and Outside Corporate Auditors,” and has disclosed the same in the Convocation Notice of the General Meeting of Shareholders and securities reports.

<http://www.santen.com/en/ir/document/meeting.jsp>

<http://www.santen.co.jp/ja/ir/document/securities.jsp> (Japanese report)

[Supplementary Principle 4.11.1]

[Approach to the Composition of the Board of Directors, etc.]

Santen will appoint plural numbers of Outside Directors who will maintain a degree of distance from the conduct of our business and does not have close ties with the management. On such basis, the Board of Directors of Santen will consist of a number of Directors as allowed by Japan's Companies Act and Santen's Articles of Incorporation. The said Board of Directors will be well balanced in terms of knowledge, experience and skills in order to fulfill and discharge its roles and responsibilities efficiently, and it will be constituted in a manner to that would achieve both diversity and the appropriate size.

[Supplementary Principle 4.11.2]

[Positions Concurrently Held by Directors and Corporate Auditors]

Santen has disclosed in its Business Reports and Reference Materials for the General Meeting of Shareholders the material posts concurrently held by each of the Directors and Corporate Auditors in other juridical persons including listed companies.

<http://www.santen.com/en/ir/document/meeting.jsp>

[Supplementary Principle 4.11.3]

[Summary of the Results of the Analysis and Evaluation of the Board of Directors' Effectiveness]

The role and function of Santen's Board of Directors are to make decisions concerning the vital conduct of the business as well as to monitor the conduct thereof by the management and Directors. Based on Santen's Values, Santen has also been continuously exerting efforts to enhance corporate governance to achieve sustainable growth and increase of its corporate value over the mid to long term.

As a part of such efforts, with the aim of further improving the role and function of its Board of Directors, Santen has conducted an evaluation of the effectiveness thereof as a whole in the fiscal year 2017 based on the results of the assessment questionnaires and individual interviews of all Directors and Corporate Auditors, and discussed the evaluation at the meeting of the Board of Directors held in March 2018.

[Outline of the Items Evaluated]

- Function of managerial decision-making
- Function of managerial monitoring
- Operation of the Board of Directors
- Support system for Outside Directors and/or Corporate Auditors

As to the "continuous monitoring of material matters that are decided at meetings of the Board of Directors" that was recognized as being vital to Santen as a result of the previous evaluation, Santen enhanced this process through regularly supervising the progress and verifying the issues at meetings of the Board of Directors, and as to "further strengthening discussions from the viewpoint of risk management," Santen has clarified the risk points of material matters and discussed them.

In the analysis and evaluation of the Board of Directors' effectiveness conducted this time for the fiscal year of 2017, Santen has assessed that the Board of Directors is effective and well-functioning as a whole. In addition, just as last year, it was affirmed that our Board of Directors has a climate where opinions of Outside Directors and Outside Corporate Auditors are accepted and free and open discussions take place.

On the other hand, as to points that needs to be strengthen, recognizing that further enhancement of efforts toward strengthening of governance and discussions relating to strategies are becoming more and more important in the midst of change in the surrounding environment and the global expansion of its business, Santen has decided to further strengthen discussions from the viewpoint of risk management as well as to work on several items including those listed below:

- With the aim of further enhancing the quality of decision making in strategic matters and further strengthening its governance, Santen will endeavor to enhance the quality of discussions;
- In the midst of the global expansion of Santen's business, lead to strengthening of Santen's governance through further understanding and embodying Santen's Values and its Code of Practice based on specific case studies; and
- In addition, strengthen the function of the secretariat and clarify the summary of issues in the meeting materials for the enhancement of the quality of discussions.

Santen aims to continuously improve the function of the Board of Directors.

[Supplementary Principle 4.14.2]

[Training Policy for Directors and Corporate Auditors]

Santen will timely provide the information and opportunities necessary for each Director and Corporate Auditor to fulfill his or her role and responsibility, the expenses for which shall be borne by Santen.

[Principle 5-1]

[Policy concerning the Improvement of the System and Efforts to Enhance Constructive Dialogue with Shareholders]

Santen will determine the division in charge of IR, and will be thorough in the swift, precise and fair disclosure of corporate information from the standpoint of the shareholders and investors, and commits to disclose information proactively and in a manner easily understandable.

More specifically, Santen holds financial results meeting presentations after the release of interim and full-year results for analysts and institutional investors, and also conducts conference calls to such audiences after its first- and third-quarter results announcements. Furthermore, Santen participates in conferences hosted by securities companies around the world and visits overseas shareholders and investors. Moreover, Santen conducts presentations for individual investors and other events such as small meetings, with the aim of explaining corporate information to a wide range of investors.

With respect to the opinions of the shareholders, investors and analysts, Santen positively considers such viewpoints in reviewing its management strategies and the like, and will control insider information in all dialogues with such stakeholders.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders] **UPDATED**

Name / Company Name	Number of Shares Owned (shares)	Percentage (%)
Japan Trustee Services Bank, Ltd. (Trust account)	33,045,900	8.12
State Street Bank and Trust Company 505223	32,496,199	7.98
The Master Trust Bank of Japan, Ltd. (Trust account)	25,603,200	6.29
RBC 1ST 15 PCT LENDING ACCOUNT – CLIENT ACCOUNT	11,772,867	2.89
Nippon Life Insurance Company	10,661,710	2.62
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,604,930	2.60
Ono Pharmaceutical Co., Ltd.	9,306,525	2.29
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,383,000	1.81
National Mutual Insurance Federation of Agricultural Cooperatives	7,041,000	1.73
Trust & Custody Services Bank, Ltd. as trustee for Eisai Co., Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	6,862,500	1.69

Controlling Shareholder (except for Parent Company)	--
Parent Company	None

Supplementary Explanation

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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Pharmaceutical
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From JPY 100 billion to less than JPY1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with a Controlling Shareholder

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5. Other Special Circumstances which may have a Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Conduct of the Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with a Board of Company Auditors
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[Directors] **UPDATED**

Maximum Number of Directors Stipulated in the Articles of Incorporation	Twelve (12)
Term of Office Stipulated in the Articles of Incorporation	One (1) year
Chairperson of the Board	Chairman
Number of Directors	Six (6)
Appointment of Outside Directors	Appointed
Number of Outside Directors	Three (3)
Number of Independent Directors	Three (3)

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with Santen*										
		a	b	c	d	e	f	g	h	i	j	K
Kanoko Oishi	From another company											

Yutaro Shintaku	From another company											
Kunihito Minakawa	From another company											

- * Categories of “Relationship with Santen”
- * “○” when the director presently falls or has recently fallen under the category
- “△” when the director fell under the category in the past
- * “●” when a close relative of the director presently falls or has recently fallen under the category
- “▲” when a close relative of the director fell under the category in the past

- a. Executive of Santen or its subsidiaries
- b. Non-executive director or executive of a parent company of Santen
- c. Executive of a fellow subsidiary company of Santen
- d. A party whose major client or supplier is Santen or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from Santen besides compensation as a director/corporate auditor
- g. Major shareholder of Santen (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of Santen (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and Santen outside directors/corporate auditor are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from Santen (the director himself/herself only)
- k. Others

Outside Directors’ Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kanoko Oishi	Designated	Representative Director, Mediva Inc. Representative Director, Seeds I External Board Member, Ezaki Glico Co., Ltd. External Director, Shiseido Company, Limited	Considering that she has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, and that she has contributed to enhance the quality of the discussions in the Board of Directors by expressing her opinions actively throughout the proceedings at meetings, the Board of Directors believes that she is well-qualified to be an Outside Director, and Santen has appointed her as such. Furthermore, since she is not an appointee from Santen’s subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Yutaro Shintaku	Designated	External Director of J-Oil Mills Inc.	Considering that he has extensive knowledge and experience amassed through long years of involvement in

		Outside Director of Kubota Corporation Visiting Professor, Business Administration, Hitotsubashi University Business School	management in the country and overseas, including as a management executive of a major company manufacturing and distributing medical equipment and pharmaceutical products, and that he has contributed to enhance the quality of the discussions in the Board of Directors by expressing his opinions actively throughout the proceedings at meetings, the Board of Directors believes that he is well-qualified to be an Outside Director, and Santen has appointed him as such. Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Kunihito Minakawa	Designated	Outside Director of Sony Corporation	Considering that he has extensive knowledge and experience amassed through long years of involvement in management in the country and overseas, as well as extensive insight and business experience in finance and auditing, and that he is expected to enhance the quality of the discussions in the Board of Directors, the Board of Directors believes that he is well qualified to be an Outside Director, and Santen has appointed him as such. Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of the Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominating Committee	Executive Compensation Committee

All Committee Members	Five (5)	Five (5)
Full-time Members	None	None
Inside Directors	Two (2)	Two (2)
Outside Directors	Three (3)	Three (3)
Outside Experts	None	None
Others	None	None
Chairperson	Inside Director	Inside Director

Supplementary Explanation

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[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	Five (5)
Number of Corporate Auditors	Four (4)

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

(Cooperation between Corporate Auditors and Accounting Auditors)

The Corporate Auditors hold a meeting with the accounting auditors at the beginning of each fiscal year to receive presentations on the financial auditing plans for the year and any key audit-related issues as well as to exchange opinions, including requests from the Corporate Auditors. The accounting auditors present audit findings to the Corporate Auditors at the quarterly reviews and fiscal year-end audit result briefings four (4) times a year to exchange opinions.

In addition, the Corporate Auditors attend each review meeting with the accounting auditors held after the conclusion of the quarterly reviews and fiscal year-end audit to exchange opinions on the quarterly reviews and fiscal year-end audit results and procedures. During the fiscal year, the Corporate Auditors perform audits of the auditing methods of the accounting auditors and exchange information with the accounting auditors as necessary.

(Cooperation between Corporate Auditors and the Internal Audit Departments)

Santen's Corporate Auditors and the Internal Auditing Group cooperate closely at all times. For instance, they hold regular meetings at which they share progress with their respective audit plans and audits, and items to confirm, while also simultaneously visiting business sites and subsidiaries to conduct audits as necessary.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	Three (3)
Number of Independent Corporate Auditors	Three (3)

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with Santen*												
		a	b	c	d	e	f	g	h	i	j	k	l	M
Yutaka Mizuno	From another company													
Seiichiro Adachi	From another company													
Yasuyuki Miyasaka	A certified public accountant													

* Categories of “Relationship with Santen”

* “○” when the director presently falls or has recently fallen under the category

“△” when the director fell under the category in the past

* “●” when a close relative of the director presently falls or has recently fallen under the category

“▲” when a close relative of the director fell under the category in the past

a. Executive of Santen or its subsidiary

b. Non-executive director or accounting advisor of Santen or its subsidiaries

c. Non-executive director or executive of a parent company of Santen

d. Corporate auditor of a parent company of Santen

e. Executive of a fellow subsidiary company of Santen

f. A party whose major client or supplier is Santen or an executive thereof

g. Major client or supplier of Santen or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from Santen besides compensation as a corporate auditor

i. Major shareholder of Santen (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of Santen (which does not correspond to any of f, g, or h) (the corporate auditor himself/herself only)

k. Executive of a company, between which and Santen outside directors/corporate auditor are mutually appointed (the corporate auditor himself/herself only)

l. Executive of a company or organization that receives a donation from Santen (the corporate auditor himself/herself only)

m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Yutaka Mizuno	Designated	None	Since he has extensive knowledge and experience amassed through long years of involvement in management in country and overseas, it is promising that, at the meetings of the Board of Corporate Auditors and the Board of Directors, he will express appropriate audit opinions in line with the managerial viewpoint from the standpoint of Santen as a whole, and Santen has appointed him as its Outside Corporate Auditor. Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business

			partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Seiichiro Adachi	Designated	Professor, Yokohama College of Commerce	Since he has extensive knowledge and experience amassed through long years of involvement in management in country and overseas, and he has been involved in auditing services as a standing corporate auditor of a company listed on the First section of the Tokyo Stock Exchange, Inc., it is promising that, at the meetings of the Board of Corporate Auditors and the Board of Directors, he will express appropriate audit opinions in line with the managerial viewpoint from the standpoint of Santen as a whole, and Santen has appointed him as its Outside Corporate Auditor. Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.
Yasuyuki Miyasaka	Designated	Outside Director of ITOCHU SHOKUHIN Co., Ltd.	Since he has extensive knowledge and experience amassed through long years of involvement in audits as a certified public accountant in the country and overseas, it is promising that, at the meetings of the Board of Corporate Auditors and the Board of Directors, he will express appropriate audit opinions from the standpoint of Santen as a whole, the Board of Directors believes that he is well-qualified to be an Outside Corporate Auditor, and Santen has appointed him as such. Furthermore, since he is not an appointee from Santen's subsidiaries or affiliates, major shareholders or leading business partners, fulfills all of the independence standards of stock exchanges in Japan, and it is deemed that there is no likeliness to cause conflicts of interest with ordinary shareholders, Santen believes that independence is secured.

[Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors	Six (6)
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Matters relating to Independent Directors/Corporate Auditors

Santen has designated as Independent Directors and Independent Corporate Auditors all of its Outside Directors and Outside Corporate Auditors who fulfill the qualifications of independent directors/corporate auditors.

[Incentives]

Incentive Policies for Directors	Introduction of A Performance-linked Stock Remuneration System
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Supplementary Explanation

At the Annual General Meeting of Shareholders held on June 26, 2018, for the purpose of encouraging the Directors of Santen, excluding Outside Directors, to proactively engage in achieving Santen's vision and strategy, and to promote the further sharing of value with shareholders from the perspective of enhancing the stock-linked remuneration program's functions and effectiveness by further clarifying the message conveyed by the program so that it contributes to Santen's continuous growth and the improvement of its corporate value on a medium- to long-term basis, it was resolved that Santen will introduce the stock-linked remuneration program. This program consists of two types of systems, namely, the "performance share unit system" (a performance-linked stock remuneration system), a type of remuneration that is linked to the achievement rate of numerical targets or the like during a certain performance evaluation period, and the "restricted stock-linked remuneration system," a stock-linked remuneration with a transfer restriction that is lifted by satisfying conditions such as holding the target director position continuously for a certain period.

Recipients of Stock Options	--
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

- 1) Directors (except Outside Directors): JPY 226 million in the aggregate
 - (1) Basic compensation and performance-based compensation: JPY 116 million (total of five (5) recipients)
 - (2) Amount of the right to subscribe for new shares as stock options of the share-based payment type granted pursuant to the resolution of the Annual General Meeting of Shareholders held on June 25, 2014 and recorded as expenses during the then current fiscal year: JPY 110 million (total of four (4) recipients)
- 2) Outside Directors: JPY 40 million in the aggregate

Basic compensation: JPY 40 million (total of four (4) recipients)

The maximum amounts of compensation in accordance with the resolution of the General Meeting of Shareholders are annual JPY 430 million as compensation for Directors and an annual of JPY 160 million as

stock options of the share-based payment type. At the Annual General Meeting of Shareholders held on June 26, 2018, the revision of the limit of the monetary remuneration for Directors and the stock-linked remuneration program for Directors excluding Outside Directors (“Target Directors”) was resolved. As to the limit of the monetary remuneration for Directors, as a result of objective acknowledgement of the remuneration level of the industry to which Santen belongs and comprehensive consideration including the number of Directors, the limit was revised to JPY 600 million or less per year for Target Directors (of which JPY 400 million or less is base salary and JPY 200 million or less is annual bonus), and to JPY 60 million or less per year for Outside Directors as monetary remuneration of only a fixed base salary, in addition to the remuneration for Target Directors, in consideration of the increase in the roles and responsibilities of Outside Directors. Also, for Target Directors, (a) for the “performance share unit system (a performance-linked stock remuneration system)”, Santen has set the total amount of remuneration to be paid during the performance evaluation period at no more than JPY 100 million per year, multiplied by the number of years of each performance evaluation period, and the total amount of cash for tax payment purposes to be paid during the performance period at no more than 100 thousand shares per year multiplied by the number of years of each performance evaluation period, which is then multiplied by the share price at the time of issuance, and (b) for the “restricted stock-linked remuneration system”, Santen has set the total amount of remuneration to be paid in one fiscal year at no more than JPY 100 million per year.

As to Directors who receive compensation and other payments in an aggregate amount of more than JPY 100 million, disclosure has been made individually in securities reports in compliance with statutory requirements.

Securities reports are posted on Santen’s website and made available for public inspection.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Santen has established an Executive Compensation Committee as one of the voluntary committees (albeit these committees are not part of the statutory “Company with a Nominating Committee, etc., System” under Japan’s Companies Act), which is also attended by the Outside Directors. It has stipulated the basic policy on the determination of compensation and other payments to be received by Directors, Corporate Auditors and Corporate Officers as follows:

1. Provide a competitive average of compensation capable of recruiting outstanding human resources.
2. Aim for a compensation system that allows accountability towards shareholders and employees to be achieved.
3. Establish definite corporate and individual goals as well as compensation based thereon, which enable Directors and Corporate Officers to increase or raise morale upon the performance of their duties.
4. Classify into four (4) categories of systems *i.e.*, those for Directors and Corporate Officers, Outside Directors, Standing Corporate Auditors and Outside Corporate Auditors.

[Support System for Outside Directors and/or Corporate Auditors]

General Affairs Group is in charge of supporting Outside Directors.

- Coordination of the agenda and materials for the Board of Directors and various committees.
- Provision of internal and external information including internal newsletters and news releases.

The Corporate Auditor’s Group is in charge of supporting Outside Corporate Auditors.

- Coordination of the agenda and materials for the Board of Corporate Auditors as well as prior explanations.
- Support in the investigation and analysis of, preparation of materials and the like for audit activities as a whole.
- Provision of internal and external information including internal newsletters and news releases.

As to the key items of the agenda of the meetings of the Board of Directors, sufficient explanations thereon are made in advance to Outside Directors and Outside Corporate Auditors.

[Status of persons who have retired from a position such as Representative Director and President]

Name and other details of corporate counselors, advisors, etc., who have formerly served as Representative Director and President, etc., of the Company

Name	Title/Position	Duties	Working Arrangements / Conditions (Full-time / Part-time, With or Without Remunerations, or the like)	Date of Retirement as President or from other Position	Term
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Total Number of Corporate Counselors, Advisors, etc., Who Have Formerly Served as Representative Director and President, Etc.	None
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Other Matters

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2. Matters on Functions of Conduct of the Business, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) UPDATED

Santen has adopted a “Company with a Board of Company Auditors” system as defined in Japan’s Companies Act, and, within such framework, has introduced a corporate officer system to further strengthen management while improving the quality and speed of decision-making processes.

Santen’s management structure in and after October 2018 comprises of six (6) Directors (*i.e.*, five (5) males and one (1) female) including three (3) Outside Directors, four (4) Corporate Auditors (*i.e.*, four (4) males) including three (3) Outside Corporate Auditors, and twelve (12) Corporate Officers excluding some serving concurrently as Directors.

Santen’s Board of Directors features well-balanced knowledge, experience and the ability to effectively fulfill its role and responsibilities with a structure that satisfies both diversity and an adequate number of the members. Moreover, Santen has appointed as its Corporate Auditors persons with the expertise necessary to properly perform audits, including in financial affairs and accounting.

All of Santen’s Outside Directors and Outside Corporate Auditors are independent officers who maintain neutrality as they are independent from Santen and its subsidiaries or affiliates.

The term of office of Directors and Corporate Officers is one (1) year.

The number of meetings of the Board of Directors convened in this fiscal year, including extraordinary meetings, is eleven (11). The average attendance rate of both the Outside Directors and the Outside Corporate Auditors is 97%. To promote meaningful discussions at the meetings of the Board of Directors, for important agenda to be taken at the meetings of the Board of Directors, materials for the meeting and the relevant information were provided to the Outside Directors and the Outside Corporate Auditors, and thereafter, sufficient explanations were made to them prior to such meetings concerning the background, purposes and details of the agenda of the said meetings.

Furthermore, Santen has established the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees, composed of Inside and Outside Directors.

The Corporate Strategy Committee aims to deliberate on key strategic issues such as business strategies, and is composed of six (6) Directors, including three (3) Outside Directors.

The Nominating Committee aims to deliberate on the selection of candidates for Directors and submit recommendations thereof, as well as to provide advices in response to consultations concerning the selection of candidates for Corporate Officers and Corporate Auditors. This committee is composed of five (5) Directors, including three (3) Outside Directors.

The Executive Compensation Committee aims to deliberate on the compensation of Directors and Corporate Officers and submit recommendations thereof, as well as to provide advices to the Board of Corporate Auditors with respect to the policy on determining the compensation of Corporate Auditors with reference to market levels. This committee is composed of five (5) Directors, including three (3) Outside Directors.

3. Reasons for Adoption of Current Corporate Governance System

Santen's governance is based on the corporate organizational form of a "Company with a Board of Company Auditors" as defined in Japan's Companies Act. This structure enables us to have objective audits by Corporate Auditors who are in independent positions in the conduct of the business by the Directors. Furthermore, to secure transparency, objectivity and appropriateness of management, Santen believes that making the most of systems such as the voluntary committees on business strategy, nomination of officers, executive compensation and the like will contribute to the strengthening of the current corporate governance system. As a material management matter, Santen commits to continuously review the improvement and strengthening of the said system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Santen dispatches the document three (3) weeks in advance.
Scheduling AGMs Avoiding the Peak Day	The Annual General Meeting of Shareholders for the fiscal year of 2017 was held on June 26, 2018.
Allowing Electronic Exercise of Voting Rights	Voting rights can be exercised via the Internet by accessing the voting rights exercising website.
Participation in Electronic Voting Platform	Santen has participated in and made available to investors the electronic voting platform operated by ICJ, Inc., a joint venture company established by the Tokyo Stock Exchange, Inc. and another company.
Providing Convocation Notice in English	The Convocation Notice in English has been posted on Santen's website.
Others	Business reports at the General Meeting of Shareholders are made with explanations accompanied by projected images. Also, the convocation notices are posted on Santen's website. A brief summary of the General Meeting of Shareholders and the results of the exercise of the voting rights on the items for resolution are posted on Santen's website.

2. IR Activities

	Supplementary Explanations	Explanations by Santen's Representatives Themselves
Preparation and Publication of Disclosure Policy	In Santen's Disclosure Policy on the disclosure of information, it has stipulated to be thorough in the swift, precise and fair disclosure of corporate information from the standpoint of the shareholders and investors, and commits to disclose information proactively and in a manner easily understandable.	

Regular Investor Briefings for Individual Investors	Santen timely holds briefings and its representatives conduct briefings as appropriate.	Available
Regular Investor Briefings for Analysts and Institutional Investors	Santen holds financial results meeting presentations after the release of interim and full-year results for analysts and institutional investors, and also conducts conference calls for them after its first- and third-quarter results are announced.	Available
Regular Investor Briefings for Overseas Investors	Santen does not hold regular briefings.	Not Available
Posting of IR Materials on Website	Santen's website (http://www.santen.co.jp/ja/ir/ and http://www.santen.com/en/ir/) carries a host of information, including flash reports, data books, financial result meeting presentations, and video or voice conference records and scripts of financial result meeting presentations. The website also carries annual securities reports, annual reports, convocation notices and resolution notices for the General Meetings of Shareholders as well as other materials including Notices to Shareholders.	
Establishment of Department and/or Manager in Charge of IR	Department in charge: Corporate Communications Group Person responsible for IR administration contact: General Manager of Corporate Communications Group	
Others	Santen members visit shareholders and investors overseas, and conduct briefing sessions on corporate information. Moreover, Santen conducts briefing sessions on an irregular basis through other events such as small meetings, with the aim of explaining corporate information to a wide range of investors.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In the Santen Code of Practice, Santen represents its basic approaches in conducting its business activities as specified under the titles "Building Trust with Customers," "Promoting Employee Responsibility and Growth" and "Maintaining Harmony with Society."
Implementation of Environmental Activities, CSR Activities, etc.	Santen has established a CSR Committee across the entire company based on activities concerning compliance, preservation of the environment as well as occupational safety and health. The CSR & Internal Control Division continuously endeavors to develop CSR activities. Santen engages in CSR activities as a whole, including social contribution activities, and such CSR activities have been given the position as one of the vital measures in conducting business activities. Also, Santen has integrated the former "Annual Report" and "CSR Report" into an "Annual Report" that has been prepared as an integrated report and posted on Santen's website.
Development of Policies on Information Provision to Stakeholders	Information provisions to customers, shareholders and the like have been set forth in the Code of Conduct. Along therewith, a Policy on IR Activities has been internally established. Furthermore, in the Declaration of Timely Disclosure, it is represented that Santen commits to disclose corporate information timely and appropriately.

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of System Development

Basic Policy on Internal Control

In accordance with Japan's Companies Act and the Ordinance of Enforcement of the Companies Act, Santen Pharmaceutical Co., Ltd. (hereinafter, "Santen") has passed the Basic Policy on Internal Control of its corporate group consisting of Santen and its subsidiaries (hereinafter, "Santen Group") as described below:

(1) Santen's Values

- A. The Santen's Values of Santen Group are set forth below:

"Tenki ni sanyo suru"

(meaning "exploring the secrets and mechanisms of nature in order to contribute to people's health")

- We think carefully about what is essential, decide clearly what we should do, and act quickly.
- By focusing on ophthalmology, Santen develops unique scientific knowledge and organizational capabilities that contribute to the well-being of patients, their loved ones and consequently to society.

- B. As a company that assumes some responsibility for medical care, Santen Group, under its Values, contributes to society focused on patients and their loved ones and aims to create unparalleled value for all of our stakeholders and consequently achieve sustainable growth.

(2) System to Ensure that the Execution of Duties of the Directors and Employees of Santen Group Complies with Laws, Regulations and the Articles of Incorporation

- A. Santen Group's Directors and Employees shall consider as norms the Santen's Values and the Santen Code of Practice, which provides the behavioral guidelines for all of the corporate activities to be conducted by all of the constituents.
- B. Santen shall establish dedicated officers and departments to promote the Santen's Values and the Santen Code of Practice by Santen Group as a whole, and endeavor to ensure the proper recognition and thorough compliance thereof.
- C. Santen Group shall stipulate in the Santen Code of Practice that it will never respond to any demand by an anti-social force; and concurrently, cooperate with the relevant authorities, as necessary, to eliminate any relationship with such anti-social forces.
- D. As regards any suspected compliance violation within Santen Group entities, Santen Group shall endeavor to ensure the presence of measures that would allow the seeking of direct advice and reporting through the maintenance of an internal and external help desk; and concurrently, Santen Group entities shall handle the said advice and reporting in collaboration with the relevant departments or Santen.
- E. To strengthen and enhance the function of monitoring management, Santen shall appoint multiple highly independent Outside Directors; and concurrently, it shall endeavor to enhance the audit by Corporate Auditors as well as the internal audit system of the Internal Auditing Group under the direct control of the President.

(3) System on Retention and Management of Information on the Execution of Duties of the Directors

- A. As to the treatment of information concerning the execution of the duties of Directors of Santen, Santen shall appropriately maintain and administer such information based on internal rules such as for information security, internal approvals and document control.

(4) Rules on the Management of Risk of Loss of Santen Group and Other Systems

- A. Santen Group shall respond appropriately to assumable major risks of loss related to its business activities, in accordance with the rules on risk management.
- B. Santen Group shall endeavor to avoid or minimize risk of loss by constructing systems that will routinely gather information and prepare risk of loss management policies and countermeasures for their operations.
- C. To prevent the occurrence of risk within Santen Group and to minimize the adverse effects thereon, a Risk Management Committee shall be established within Santen as a system to manage risks in normal circumstances. Upon the occurrence of any event that may evolve into a material risk or if such an event is reported, the Risk Evaluation Committee will gather the relevant facts, and concurrently therewith, evaluate the impact thereof. If it is found that a material risk that needs to be

addressed has occurred, then a Crisis Response Committee shall be established within Santen headed by Santen's Representative Director. Based on the rules on risk management, the committee will coordinate efforts to minimize any losses or damages, and institute measures to prevent a recurrence.

D. Santen's Internal Auditing Group shall conduct internal audit of the status of management of the risk of loss within Santen Group from its independent viewpoint.

(5) System to Ensure the Efficient Execution of Duties of the Directors of Santen Group

- A. The Corporate Officers appointed by Santen's Board of Directors shall be entrusted with the execution of the business including the operation of subsidiaries, and consequently shall endeavor to enhance the quality and speed of decision-making concerning the operation and management.
- B. Santen shall hold meetings of the Board of Directors at least once a month in principle, and shall hold special meetings of the Board of Directors as necessary.
- C. Santen shall establish the Corporate Strategy Committee, the Nominating Committee and the Executive Compensation Committee, which are all voluntary committees made up of Inside and Outside Directors, to deliberate on prescribed matters and submit recommendations to Santen's Board of Directors.
- D. Santen shall establish various meeting bodies in order to swiftly and efficiently decide on important matters concerning Santen Group's management policies and conduct of the business.
- E. Santen shall establish the Rules of the Board of Directors and the rules for Corporate Officers clarifying their duties and powers. Furthermore, Santen shall maintain rules and standards concerning internal approvals and clarify procedures for decision-making.
- F. Personnel and organizational system shall be maintained to enable the efficient execution of the business of Santen Group entities. Furthermore, rules and standards concerning the organization shall be established to clarify the authority and responsibilities of each organization and subsidiary.

(6) System to Ensure Proper Operating Controls Within Santen Group

- A. As to the maintenance of the system for enhancing the appropriateness of corporate activities within Santen Group, a managerial system shall be established whereby Santen makes recommendations and instructions.
- B. Santen shall maintain rules on control of subsidiaries to clarify matters necessary to ensure proper operation of its subsidiaries and shall apply the same to all entities within Santen Group; and concurrently, Santen shall strengthen the auditing function of its key subsidiaries.
- C. To ensure the credibility of financial reports, a system shall be established whereby each of Santen's relevant divisions and subsidiaries will perform a self-check concerning the appropriateness of its business, and then Santen's Internal Auditing Group will verify the adequacy thereof.

(7) Matters regarding an Employee, when the Board of Corporate Auditors Seeks to Adopt Him or Her as an Assistant, Matters regarding the Independence of such Employee from Directors, and Matters regarding Ensuring the Effectiveness of Directions to such Employee

- A. A full-time staff, who will provide assistance to Santen's Corporate Auditors as well as discharge other duties as necessary, and who does not belong under the line of supervision and direction of the management, shall be employed.
- B. Personnel transfers of the staff of the Corporate Auditors shall be made by Santen's Representative Director in accordance with the internal rules and with the consent of the Corporate Auditors. As to the evaluation thereof, the contents thereof examined and determined by the Corporate Auditors in accordance with the internal rules shall be duly respected.

(8) System for Directors and Employees of Santen Group to Report to Corporate Auditors, System regarding Other Reports to Corporate Auditors, and System to Ensure that the Person who Reported to Corporate Auditors Will Not Receive Any Adverse Treatment by Reason of such Reporting

- A. In the event the Directors and employees of Santen Group come to know of any specific matter that may cause any tremendous damage to the company, they shall report the same to Santen's Corporate Auditors and Board of Corporate Auditors without delay.
- B. Santen's Corporate Auditors may seek reports from Santen Group's Directors and employees as needed and as necessary even for matters other than those described in item A above.

- C. Santen's Internal Auditing Group and the auditing divisions in key subsidiaries shall regularly report to Santen's Board of Corporate Auditors their audit policies and plans, and the results of their internal audits as well as exchange information therewith.
- D. No disadvantageous treatment shall be suffered by any employee of Santen Group on the ground that such employee blew the whistle to the Corporate Auditors concerning any internal suspicious compliance violation and the like within Santen Group entities, regardless of whether or not it was made through an internal or external help desk.

(9) Other Systems to Ensure the Effective Conduct of the Audit by the Corporate Auditors

- A. Santen's Corporate Auditors and Board of Corporate Auditors shall hold meetings regularly or as needed with not only Santen's Representative Director, but also with Santen Group's Directors and employees as deemed necessary, to exchange opinions on issues such as issues that the companies must address and substantial issues relating to audit, and enhance mutual awareness and the fiduciary relationship.
- B. Santen's Corporate Auditors may attend meetings that they wish to attend upon consultation with Santen's Representative Director, and state their opinion on procedures regarding substantial decision-making and the state of the conduct of the business.
- C. Santen shall bear the expenses necessary for Santen's Corporate Auditors to perform their duties.

2. Basic Views on Eliminating Anti-Social Forces

The Santen Code of Practice stipulates that Santen will not respond to any demands whatsoever made by anti-social forces that threaten the order and stability of civil society, or intend to obtain an unfair advantage from companies, and Santen endeavors to ensure the proper recognition and thorough compliance thereof by all of the officers and company members.

Furthermore, Santen promotes activities to avoid in advance damages by anti-social forces and entities, by building and maintaining close collaboration with the competent police offices, external specialized institutions and the like to proactively collect information concerning such anti-social forces and entities, and such information is shared by the entire Company.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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2. Other Matters Concerning the Corporate Governance System UPDATED

<p>1. Basic Approach to Timely Disclosure of Corporate Information</p> <p>Santen has established the Santen Code of Practice that stipulates standard corporate ethics as the base of the corporate activities of all of the officers and company employees in order to conduct such corporate activities from a common standpoint.</p> <p>The Santen Code of Practice stipulates its basic approach to the disclosure of information whereby Santen is to not only disclose reports and information prepared regularly concerning its business, but also to timely and appropriately disclose corporate information, as well as handle formalities, such as those concerning permits or approvals by, reports to or filings with governmental authorities, without any false representation or causing any misunderstanding. Based on the foregoing, Santen commits to make proactive, fair, easily understandable and accurate disclosure of information.</p> <p>Furthermore, the Santen Code of Practice has been translated into major languages and posted at Santen's internal portal site, and concurrently, it has been distributed to all of company officers and company employees to ensure the proper recognition and thorough compliance thereof.</p>

2. Departments Handling Information

Santen has established a Corporate Communications Group (“CCG”) as the department involved in handling internal and external information. CCG plays the primary role in timely disclosure, by handling in an integrated manner the information from the individual divisions including the subsidiaries and headquarters. CCG endeavors to improve the system to be capable of collecting information on matters required to be disclosed, prevent disclosures mistakenly made without first obtaining internal approval, as well as disclose accurately the content of any critical incident that may have a material effect on Santen.

3. Information to be Timely Disclosed

(1) Information concerning Events that have Occurred

Santen makes daily efforts to collect information regularly in accordance with its Risk Management Rules. Upon the occurrence of any event that may evolve into a material risk, or if such an event is reported, the Risk Evaluation Committee will gather the relevant facts, and concurrently therewith, evaluate the impact thereof. If a matter has occurred that could be a material risk needing attention, then a Crisis Response Committee shall be established headed by Santen’s Representative Director. Based on Santen’s Risk Management Rules, the committee will endeavor to collect information and consider the necessity of disclosure concerning the information collected.

If, upon the consideration of the departments relevant to the information and the CCG, it is determined that disclosure is necessary, then information shall be disclosed after the acknowledgement of the Head of Corporate Development Division, who is a Senior Corporate Officer, and the approval of the Representative Director are obtained.

(2) Information concerning Corporate Decisions

CCG shall obtain information concerning corporate decisions through meetings such as the Board of Directors’ meetings or other meetings attended by the management and the committees, and consider whether or not it is necessary to disclose such corporate decisions.

If, upon the consideration of the departments relevant to the information and CCG, it is determined that disclosure is necessary, then information shall be disclosed after the acknowledgement of the Head of Corporate Development Division, who is a Senior Corporate Officer, and the approval of the Representative Director are obtained.

(3) Information concerning Financial Closing

As to information concerning financial closing approved by the Board of Directors, CCG shall consider whether or not disclosure is necessary, taking into account the recommendations by the finance and accounting group, and it shall be disclosed after the acknowledgement by the Head of the Finance & Administration Division (who is a Senior Corporate Officer) and the Head of Corporate Development Division (who is a Senior Corporate Officer), and the approval of the Representative Director are obtained.

4. Disclosure Criteria

The necessity of disclosing specific information will be determined pursuant to the criteria described below:

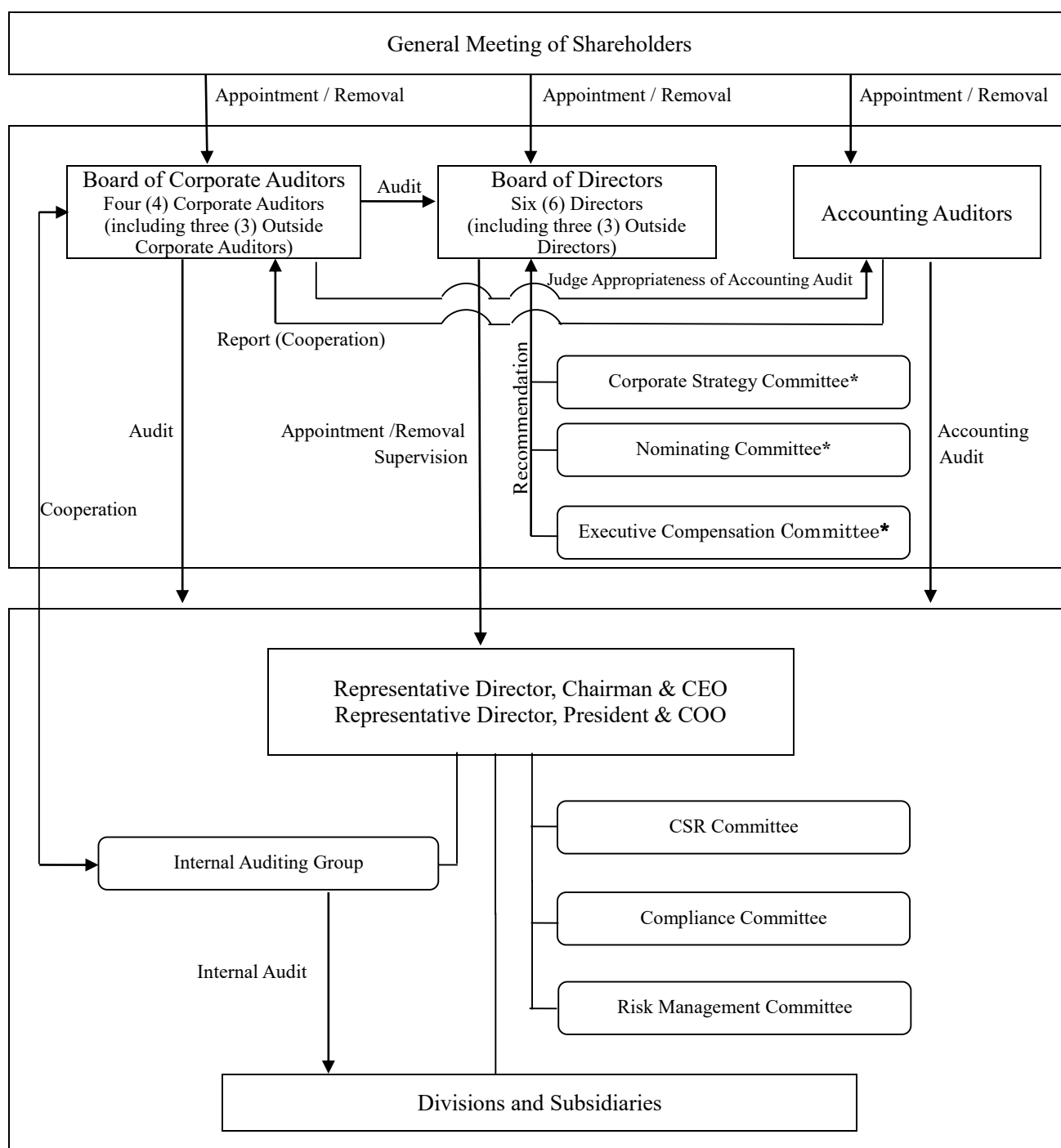
- (1) Guidelines on disclosure of information stipulated by the Tokyo Stock Exchange
- (2) Applicable laws and regulations including Japan’s Financial Instruments and Exchange Act
- (3) Guidelines on disclosure of information established by Santen independently

5. Disclosure Methods

Corporate information approved to be disclosed will be promptly registered by CCG with the Tokyo Stock Exchange Timely Disclosure Network (TDnet) and timely disclosed, and disclosed fairly to the shareholders and investors through various means such as mailing of materials, press conferences, and posting to Santen’s website. Furthermore, Santen endeavors to ensure proper and thorough internal awareness by posting the information disclosed to Santen’s internal portal site.

6. Improvement of Monitoring of Timely Disclosure System

The Corporate Auditors and the Internal Auditing Group will assess, from their respective standpoints, the timeliness and appropriateness of the information released to the public.



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