

FY2023 ESG Meeting

**October 3rd, 2023
NIPPON SHINYAKU CO., LTD.**

Today's Agenda



1. Nippon Shinyaku's Value Creation and Promoting Sustainability
2. Initiatives for Materiality
3. Exchange of views

Nippon Shinyaku's Value Creation and Promoting Sustainability



NIPPON SHINYAKU CO., LTD.

Business philosophy



Helping People Lead Healthier, Happier Lives

1919



In an era when new drugs originating in Japan were limited, Nippon Shinyaku was established as an R&D-oriented company and started the Pharmaceutical business.

1940



In 1940, Nippon Shinyaku succeeded in manufacturing Santonin in Japan, a vermicide for roundworms, which contributed greatly to the reduction of Japan's roundworm infection rate and to the growth of our business performance.

2016



Uptravi for PAH *, launched in 2016, is now sold in over 70 countries and has become a blockbuster product with sales in excess of \$1 billion a year.

2020



We launched Viltepso, the first nucleic acid drug manufactured in Japan for DMD**, in May 2020. Then, we also started to sell it in the United States in August 2020.

As an R&D-oriented Pharmaceutical company, we will contribute to society by creating innovative new drugs for patients suffering from illnesses and delivering them from Japan to the world.



Our corporate vision



Nippon Shinyaku's Vision

A company with a meaningful existence in the global healthcare field

Corporate Philosophy

Belief for realizing our vision

Helping People Lead Healthier, Happier Lives

Management Policy

Basic Policy for realizing our vision

- Customers: Supply Unique and High-quality Products
- Society: Earn the Trust of Society
- Employees: Develop Each Employee

Guidelines for Action

Guidelines for realizing our vision

- Challenge
- Speed
- Investigation
- Smile

Management plan

Scenario for realizing our vision

Sixth Five-Year Medium-Term Management Plan (FY2019-FY2023)

Policy to clarify the stance of promoting sustainability management

**Formulated in March, 2023
Sustainability Policy**

Guided by its Corporate Philosophy “Helping People Lead Healthier, Happier Lives,” the Nippon Shinyaku Group strives to ensure sustainable growth as a “company with a meaningful existence in healthcare.” Recognizing responses to environmental and social issues as material in its management, the Group aims to realize a sustainable society (omitted below)

Material issues for growing sustainably with society

**In March, 2023
Revision of Materiality**

- Realizing a healthy future by creating innovation
- Developing diverse human resources and realizing employee well-being
- Resolving social issues and coexisting with the community
- Strengthening efforts to protect the global environment
- Strengthening governance

We aim to realize our vision “A company with a meaningful existence in the global healthcare field” through providing new and unique products by pursuing originality. And now, we developed Sustainability Policy to achieve our vision.

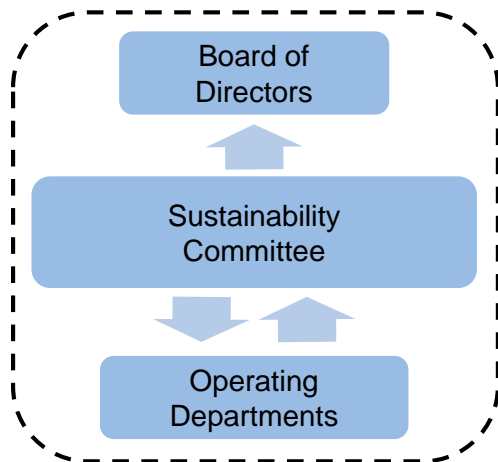




Revision of Sustainability Policy and materiality

In April 2021:
Identified 19 items as materiality

In January 2022:
Building sustainability promotion system

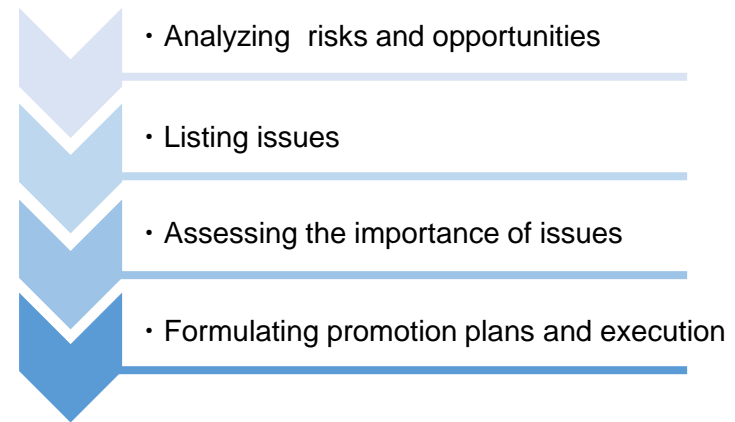


In March 2023:

- The basic CSR Policy established in 2010 was revised and became the “Nippon Shinyaku Sustainability Policy”.
- We revised materiality and identified 5 items as issues of materiality

19 items of

Value Creation : 5 items
Environment : 4 items
Society : 5 items
Governance : 5 items



Revised materiality

- ① Realizing a healthy future by creating innovation
- ② Developing diverse human resources and realizing employee well-being
- ③ Resolving social issues and coexisting with community
- ④ Strengthening efforts to protect the global environment
- ⑤ Strengthening governance

**We revised materiality considering shifts in the external conditions and the comprehensibility.
And, we promote sustainability through the promoting plan.**



Nippon Shinyaku Sustainability Policy



<Sustainability Policy>

Guided by its Corporate Philosophy “Helping People Lead Healthier, Happier Lives,” the Nippon Shinyaku Group strives to ensure sustainable growth as a “company with a meaningful existence in healthcare.” Recognizing responses to environmental and social issues as material in its management, the Group aims to realize a sustainable society. To fulfill this aim, the Group conducts educational and awareness-raising activities intended for all employees to further develop consciousness of sustainability among them.

- We will contribute to a healthier future for people around the world by creating innovations.
- We will work to protect, preserve, and improve the global environment through our environmentally friendly business activities centered around combatting climate change.
- We will make an active commitment to communicating with society and local communities and nurturing children as future leaders.
- We will enhance our governance and ensure the transparency and objectivity of our management to remain fully accountable to all our stakeholders.
- With full respect for the human rights of all people, we will promote diversity, equity, and inclusion and work to achieve well-being for all.

<Materiality>



Realizing a healthy future
by creating innovation



Developing diverse human
resources and realizing
employee well-being



Resolving social issues and
coexisting with the
community



Strengthening efforts to
protect the global
environment



Strengthening governance



Value Creation Process



Capital Supporting Nippon Shinyaku

Financial capital

Total consolidated equity ¥195,933 million
(Equity attributable to owners of parent 82.4%)
Total consolidated assets ¥237,451 million

Human capital

- Number of employees 2,186 (consolidated) 1,857 (parent company)
- Total annual hours worked 1,841.69 hours
- Percent holding PhD or Master's degrees 36.2%
- Total investment in human resource development for regular employees ¥140,646 thousand (parent company)
- Investment in human resource development per regular employee 83 thousand (parent company)
- Training hours by level
Total 18,286 hours 10.01 hours per person
- Hours of self-development training
Total 18,835 hours 10.32 hours per person

Intellectual capital

- Pharmaceutical technologies (nucleic acid and small molecule)
- R&D investment ¥24,135 million
- Pipeline
- Patents held 974 patents
- Amount of digital content on owned website 153

Social and relationship capital

- Strong partnerships with medical professionals
- Open innovation with academia
- Provision of "shiraga" support program for patients with pulmonary hypertension
- Increase of access to medicine
- Implementation of Vitepro Managed Access Program

Manufacturing capital

- Odawara Central Factory
- Clinical trial API manufacturing facility

Environmental capital

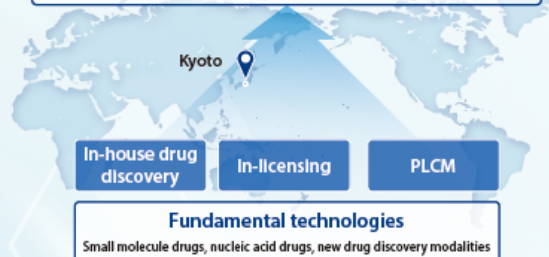
- Energy consumption (electricity) 15,881 thousand kWh
- Water consumption (tap water + well water) 155 thousand m³

Nippon Shinyaku (Pharmaceuticals Business) Business Model

* See P48 for business model of the Functional Food business

Pursuing originality on a global scale

Providing the world with quality pharmaceuticals to address diseases with unmet treatment needs



6th Five-Year Medium-term Management Plan

Aiming for Sustainable Growth –Pursuit of Further Originality–



Reallocation of value to capital

Outputs

Pharmaceuticals Business → ¥3.34

Segment revenue

¥121.988 billion

• Urology



• Hematology



• Intractable and rare diseases



• Gynecology



Functional Food Business → ¥4.48

Segment revenue

¥22.187 billion

Health food ingredients
Preservatives
Protein preparations
Supplements



Outcomes

Shareholders → ¥28

- TSR (for the past 5 years, cumulatively) -11.4%
- TSR (for the past 10 years, cumulatively) 385.4%
- ROE (FY2022) 12.1%

Employees → ¥52

- Human resources that create competitiveness
- Realizing work-life balance
Low turnover: 1.92%
- Improved employee engagement
Recognized as "White 500" firm
- Percentage of male employees taking childcare leave 60.3%
- 19.3 percentage point increase YoY
- Ratio of female executives 16.8%
- 0.7 percentage point increase YoY

Society → ¥42, 68

- (local communities, business partners, etc.)
- Increase of trust from local communities
- Strengthening of relationships with local communities and business partners, etc.

Customers → ¥34, 41, 42, 48

- (patients, consumers, medical professionals)
- Hosting online seminars about disease awareness 2
- Contributing to the future of medicine
Open recruitment research grants 10
- Upraval sold in about 70 countries
- Opening of Innovation Research Partnering a drug discovery center in the U.S.
- New expertise in pharmaceutical research
- Expanding the development pipeline through strengthening of licensing activities 2
- Strengthening our global supply system

Environment → ¥60

- Plants preserved approximately 3,000 species
- Greenhouse gas emissions (Scope 1, 2)
5.2% reduction from FY2021
- Reduction of water consumption
6.1% reduction from FY2021

* See P66 for stakeholder engagement

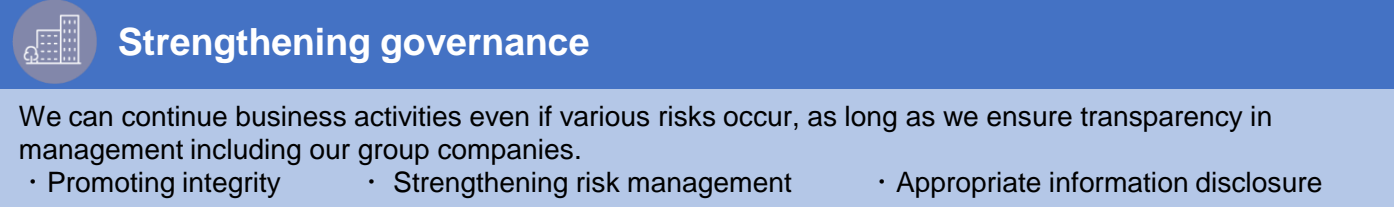
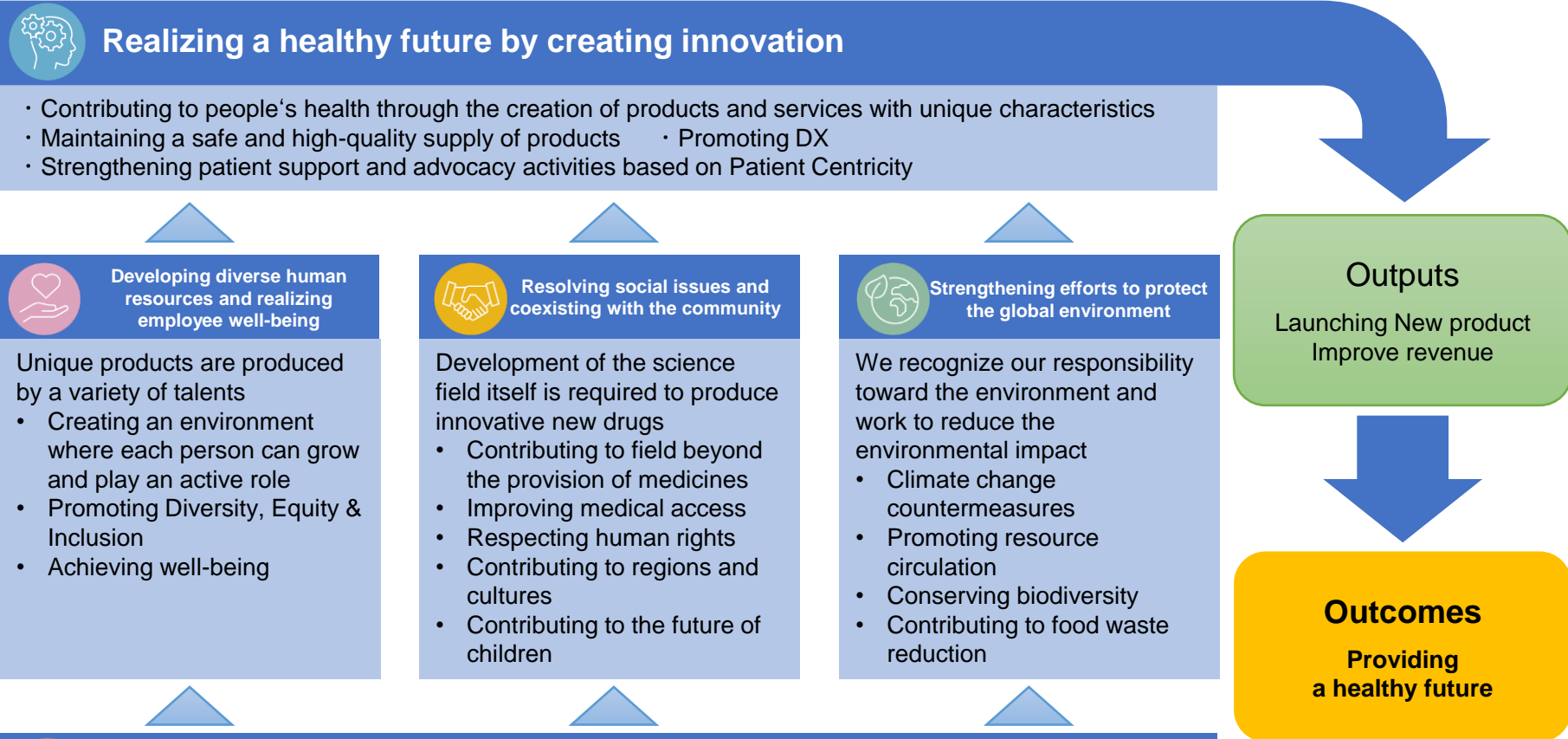
We will create social value by providing highly unique pharmaceutical drugs in areas and fields with unmet treatment needs globally based on our fundamental technologies.



NIPPON SHINYAKU CO., LTD.



Materiality and Nippon Shinyaku's growth

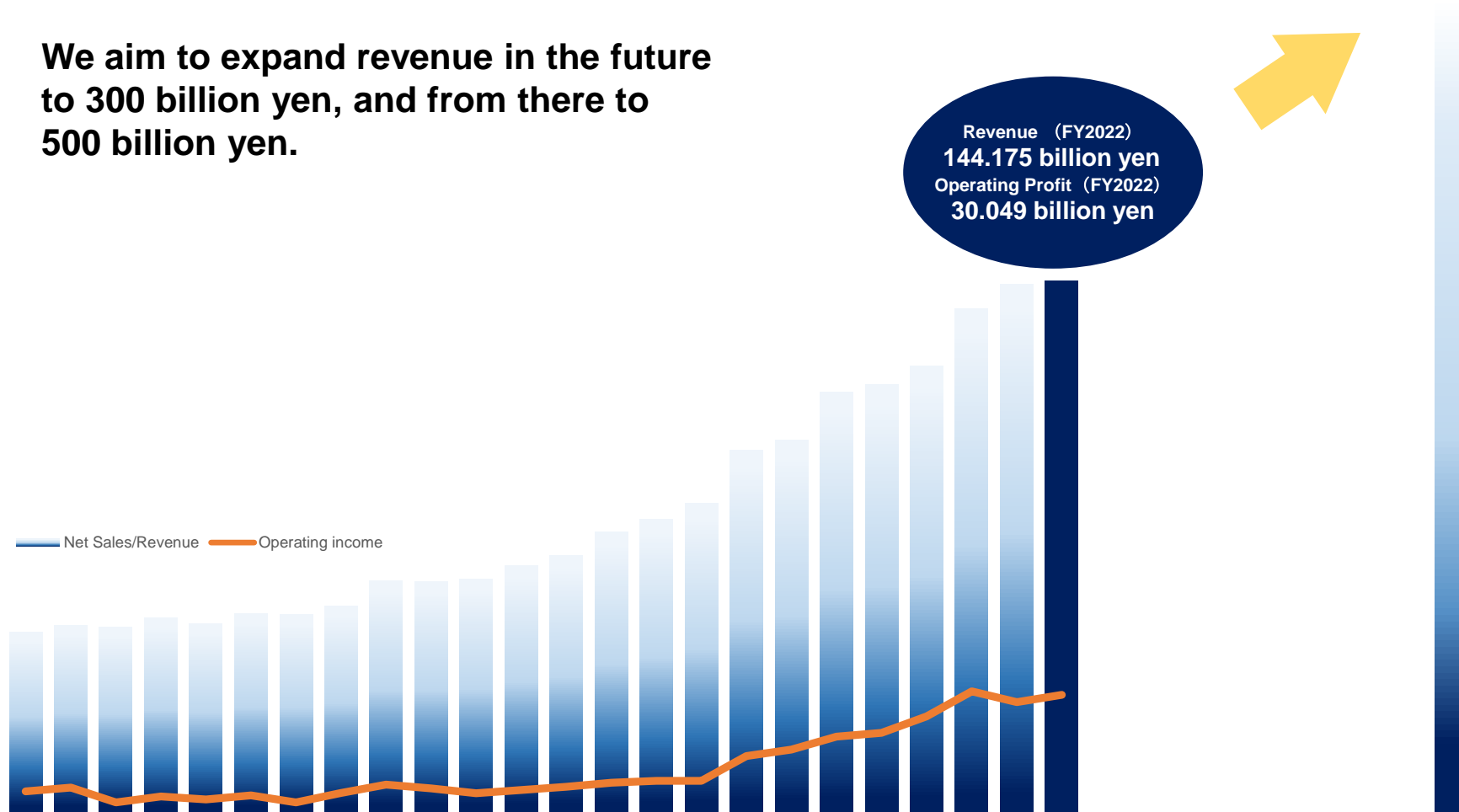


Under robust governance, we promote business activities with consideration to human resources, social and environment. This will lead to the realization of a healthier future by creating innovation.

Our initiatives for materiality and sustainable growth



We aim to expand revenue in the future to 300 billion yen, and from there to 500 billion yen.



We aim to create sustainable value through promoting our initiatives to solve our issues of materiality.


























Our Initiatives for Materiality



NIPPON SHINYAKU CO., LTD.

Nippon Shinyaku Group's Issues of Materiality



Materialities (Issues of materiality)	Description of Activities	Related SDGs
 Realizing a healthy future by creating innovation	Contributing to people's health through the creation of products and services with unique characteristics	   
	Maintaining a safe and high-quality supply of products	
	Strengthening patient support and advocacy activities based on patient centricity	
	Promoting DX	
 Developing diverse human resources and realizing employee well-being	Creating an environment where each person can grow and play an active role	   
	Promoting diversity, equity and inclusion	
	Achieving well-being	
 Resolving social issues and coexisting with the community	Contributing to the healthcare field beyond the provision of medicines	   
	Improving medical access	
	Respecting human rights	
	Contributing to regions and cultures	
	Contributing to the future of children	
 Strengthening efforts to protect the global environment	Climate change countermeasures	   
	Promoting resource circulation	
	Conserving biodiversity	
	Contributing to food waste reduction	
 Strengthening governance	Promoting integrity	 
	Strengthening risk management	
	Appropriate information disclosure	



Realizing a healthy future by creating innovation



Related SDGs



Realizing a healthy future by creating innovation

Contributing to people's health through the creation of products and services with unique characteristics

Maintaining a safe and high-quality supply of products

Strengthening patient support and advocacy activities based on patient centricity

Promoting DX



- **We will promote drug discovery using nucleic acid drugs, new modalities and methods as well as small molecule drugs and R&D from the perspective of Patient Centricity. In the end, we will contribute to the health of people with creation of our products and services with unique characteristic.**
- **We will develop the quality assurance system and supply chain so that we supply safe and high-quality drugs globally.**
- **Our digital vision is that we aim to fill the world with smiles by utilizing digital technology and data and creating highly original products and services in the healthcare sector. Based on this concept, we will promote DX.**





Realizing a healthy future by creating innovation



Contributing to people's health through the creation of products and services with unique characteristics

Main Activities

- Promoting drug discovery utilizing nucleic acid medicines, new modalities, and new targets and methods
- Promoting drug discovery research and clinical trials based on Patient Centricity

FY2022 Activities

- Enhanced technologies related to small molecules and nucleic acids and introduced data-driven drug discovery
- Ventured into new drug discovery modalities, including gene therapy
- Established a drug discovery center in Boston, the heart of the drug discovery ecosystem
- Strengthened human resource development initiatives in each department

Issues and FY2023 Strategies

- Diversifying in-house drug discovery by increasing access to the world's most advanced drug discovery innovations and increasing opportunities for partnering
- Planning and implementing IP strategies that support drug discovery utilizing a wider range of new modalities

In-house drug
discovery

In-licensing

PLCM

Fundamental technologies

Small molecule drugs, nucleic acid drugs, new drug discovery modalities



Perspectives of Patient Centricity

We consider what we can do for patients and pursue what they want the most. A project team consisting of members from various divisions was organized in FY 2023 to lay the foundation for Patient Centricity activities.



Building where IRP office is located

Established "Innovation Research Partnering" in the U.S. as a base for new drug discovery



Tatsuhiko Arakawa

Proposal Strategy Section
Strategic Planning and
Research Department

Providing opportunities to study abroad for employees as a human resources development program





Realizing a healthy future by creating innovation



Initiatives based on the concept of Patient Centricity



- Based on the concept of Patient Centricity, we communicate with patients and their families directly. Since last year, we have held the e-sports competition for children with handicap and in-house and public lectures to listen to the voice of the patients' families.
- We will conduct activities along with the patients and their families with raising awareness of Patient Centricity among employees. And, we will contribute to solve the social issues through promoting sustainability by every employee.





Developing diverse human resources and realizing employee well-being



Related SDGs

 Developing diverse human resources and realizing employee well-being	Creating an environment where each person can grow and play an active role		
	Promoting diversity, equity and inclusion		
	Achieving well-being		

- Based on the idea that unique products are the product of unique people, we respects diversity in terms of sex, age, nationality, and beliefs, and provides opportunities for individuals to take on challenges and grow in a positive manner.
- In order to create innovation and achieve sustainable growth, we are working to promote well-being and create an organizational climate in which employees with diverse values can thrive.



Developing diverse human resources and realizing employee well-being



Creating an environment where each person can grow and play an active role

Main Activities

- Fostering autonomous human resources and global leaders who are motivated to grow
- Building a flexible and resilient organization that can respond to change
- Promoting diverse work styles tailored to each individual
- Realizing a workplace that is comfortable and rewarding where psychological safety is ensured

FY2022 Activities

- Instilled the NS Mind
- Create the NS Mind
- Looked into NS Academy system
- Revised the Next-Generation Leader Challenge program into HONKI Juku
- Established new programs to foster practical business skills and a global mindset
- Created new job descriptions
- Evaluated the expertise needed for work tasks and expanded the professional system to provide appropriate employee treatment
- Introduced a second job system
- Promoted 1-on-1 meetings
- Made a portion of childcare leave paid

Issues and FY2023 Strategies

- Increase the number of NS Academy participants
- Promoting the human resources who have taken part in the Next-Generation Leader Challenge Program and HONKI Juku to middle management, executive, department manager, and other leadership positions
- Increasing the number of PROGOS English speaking test-takers
- Increasing the number of participants in global mindset training
- Increasing the number of human resources able to flourish in global fields
- Implementing cross-departmental discussions on psychological safety
- Introduction engagement surveys
- Expanding the number of departments utilizing the flextime system



With the desire to give one's all, it is necessary for each and every employee to experience even greater growth and leverage their unique individuality and strengths in their work with each other. It is also essential for the entire company to come together as one team to maximize performance. In order to convey this idea to our employees in concrete terms, we created the NS Mind, a list of principles which demonstrates the conduct, attitude, and awareness all employees should set as a goal.

<Give your all for yourself>

1. **Think and act as if it affects you personally**
Act with a sense of ownership toward any and all challenges.
2. **Be better than you were yesterday**
Aspire each day to improve yourself as you engage in your work and self-development.

<Give your all for others>

3. **Take the initiative and demonstrate leadership**
Be willing to speak up and get others involved.
4. **Turn consideration into action**
Be considerate and create a highly psychologically safe environment.
5. **When in doubt, share**
Share ideas, opinions, questions, knowledge, and experience to stimulate and inspire those around you.

<Give your all for society>

6. **Think about the future of the Company and society**
Create a future that promotes the well-being of people.
7. **Challenge yourself as a pioneer**
Have a dream for what you want to do as a member of Nippon Shinyaku and never give up on achieving it.



Developing diverse human resources and realizing employee well-being



Creating an environment where each person can grow and play an active role

Four Themes of Human Resource Development

Realizing employee treatment in line with roles, duties, and accomplishments

- Job descriptions
- Reforming wage system
- Reducing number of years for promotions
- Revising evaluation system

Realizing self-directed career development and the placing of the right employee in the right position

- Competency surveys
- NS Academy
- Expanding the professional system
- Work experience in other departments
- Second job system

Realizing a highly psychologically safe organization

- 1-on-1 meetings
- Engagement surveys
- Internal praise application
- Leadership assessments

Realizing flexible work styles

- Telecommuting
- Flextime
- Staggered working hours
- Supporting work-life balance

[NS Academy]

Toward realizing self-directed career development and placing of the right employee in the right position, we launched the NS academy.



Three types of human resources essential for its sustainable growth



Programs for each type spanning four categories





Developing diverse human resources and realizing employee well-being



Promoting diversity, equity & inclusion

Main Activities

- Fostering a culture that recognizes individuals regardless of factors such as age, gender, values, or Disability

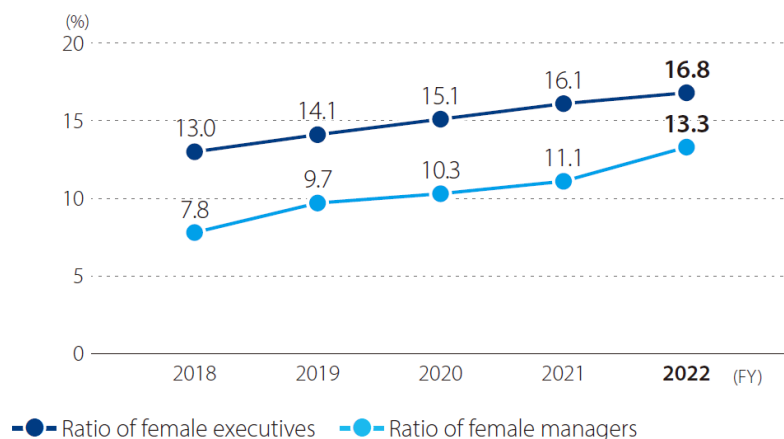
FY2022 Activities

- Conducted project activities by the Personnel Department and employees recruited from throughout the Company with the goal of employing people with disabilities and expanding their job opportunities
- In order to instill DE&I throughout the Company
 - Held panel discussions with employees with disabilities and the Collaboration Department
 - Simulated experience of people with developmental disabilities using VR
 - Conducted Universal Manners (Level 3) training
- Conducted training on unconscious bias

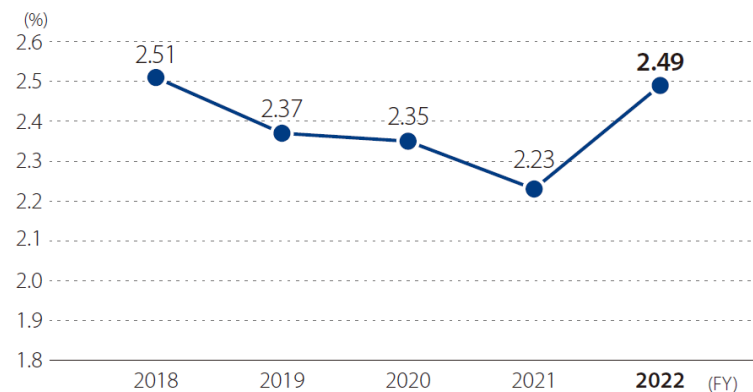
Issue and FY2023 Strategies

- Promoting awareness of the importance of DE&I to human resources who have little experience collaborating in their own jobs or workplaces
 - Publicizing the Collaboration Department
 - Increasing the number of participants in Universal Manners training

Ratio of female executives and female managers



Disabled employee ratio










Resolving social issues and coexisting with the community



Related SDGs

 Resolving social issues and coexisting with the community	Contributing to the healthcare field beyond the provision of medicines	   
	Improving medical access	
	Respecting human rights	
	Contributing to regions and cultures	
	Contributing to the future of children	

- We believe that not only research and development of drugs, also the development of the scientific field itself is indispensable to produce innovative drugs. Therefore, we will present scientific knowledge in papers and academic societies and support medical and scientific study by the public research grant system.
- We will implement a Viltepso Managed Access Program for DMD and improve medical access.
- As a signatory to the United Nations Global Compact, we support the ten principles in the four area of responsibility. We will implement due diligence and internally education to prevent and mitigate adverse impacts associated business activities.
- We believe that contributing to local communities, culture, and the future of children is an essential aspect of fulfilling our corporate social responsibility, and we will strive to solve social issues.



Resolving social issues and coexisting with the community



Contributing to the healthcare field beyond the provision of medicines

Main Activities

- Disseminating scientific findings through academic papers and conferences for the development of the scientific field
- Enhancing the public research grant system to support medical and scientific research

FY2022 Activities

- Contributed to the development of related science fields by presenting scientific findings through academic papers or conferences
- Protected and utilized scientific findings (inventions) through intellectual property
- FY2022 public research grants: 10

Issue and FY2023 Strategies

- Publishing scientific findings through academic papers and conferences
- Continuing to protect and utilize scientific findings (inventions) through intellectual property
- Raising awareness of and increasing participation in public research grants and social contribution activities

<Public Research Grants System>

To contribute to the development of science in the medicine and pharmacy related with our business, we support research by young researchers.

Offer details

A fundamental research in the therapeutic field written below by a researcher under the age of 40

Category A

Hematopoietic organ tumor

Category B

Inherited muscular disorders

Category C

Pulmonary hypertension

Category D

- Urology
- Genitourinary Cancer
- Other diseases (BPH, urinary dysfunction, kidney stone, sexual dysfunction)

For the 20 research themes that are not related to our developing and selling products in the field of “hematopoietic organ tumor”, “inherited muscular disorder”, “pulmonary hypertension” and “urology”, we give financial support up to 3 million yen per theme every year. We began to recruit themes for FY 2024.





Resolving social issues and coexisting with the community



Contributing to the future of children

Main Activities

- Providing educational and mental well-being support for children through activities such as sports and reading opportunities
- Conducting dietary education activities for children in order to foster an interest in food

FY2022 Activities

- The Nippon Shinyaku Sparkling Future Mobile Library: participated in 27 events/Total number of picture book lending 5,140 books
- Created booklets for the lower grades of elementary school to raise awareness about the importance of protein intake and reducing food loss and distributed them in public facilities in Kyoto
- Provided on-site classes at several elementary schools and other facilities in Kyoto

Issue and FY2023 Strategies

- Launching WINZONE Junior Protein, the first product related to food education activities
- Promoting activities centered on WINZONE Junior Protein for junior high school students to raise awareness about eating breakfast, such as on-site classes and sponsoring events organized by local governments



Baseball clinics organized by the Nippon Shinyaku baseball team



The Nippon Shinyaku Sparkling Future Mobile Library



The Nippon Shinyaku Children's Literary Awards



On-site classes and dietary education activities

- **We will give various types of support leading to healthier, happier lives of children not limited to providing drugs for Intractable and rare disease.**
- **Working with local governments and educational institutions, we will provide on-site classes at several elementary schools and other facilities and food education activities to solve problems that children lack of interest in healthy food these days.**

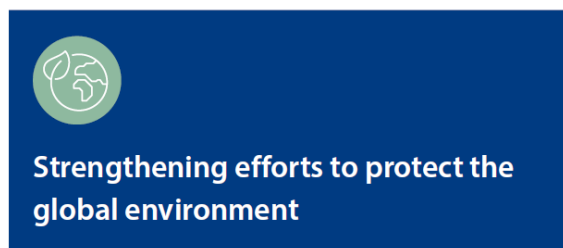




Strengthening efforts to protect the global environment



Related SDGs



Climate change countermeasures

Promoting resource circulation

Conserving biodiversity

Contributing to food waste reduction



The 7th Nippon Shinyaku Environmental Targets Plan (FY2023-2025)

Item	Targets
Climate change alleviation	Greenhouse gas emissions (Scope 1, 2) by FY2030 by 42% from the FY2020 benchmark Greenhouse gas emissions (Scope 1, 2) by FY2025 by 21% from the FY2020 benchmark
Water resources management	Reduce water use intensity by 10% from the FY2021 level by FY2025
Waste management	Reduce the final amount of landfilled waste by 75% from the FY2005 level by FY2025 Set the target waste plastic recycling rate for FY2025 at 65% or above Set the target waste recycling rate for FY2025 at 60% or above
Chemical substance management	Promote appropriate management of chemical substances, including those designated in the Pollutant Release and Transfer Register (PRTR) system provided for by the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, and constantly reduce releases of such substances in the environment
Environmental management	Continue the certification of the environmental management systems (ISO 14001 and KES Step 2) so as to effectively improve environmental performance
Biodiversity	Promote biodiversity conservation activities

When we seek growth, it should be growth in harmony with the natural environment. That is why we strive to protect, sustain, and improve the environment through eco-considerate business activities. The specific targets for realizing this policy is Nippon Shinyaku Voluntary Environmental Targets.



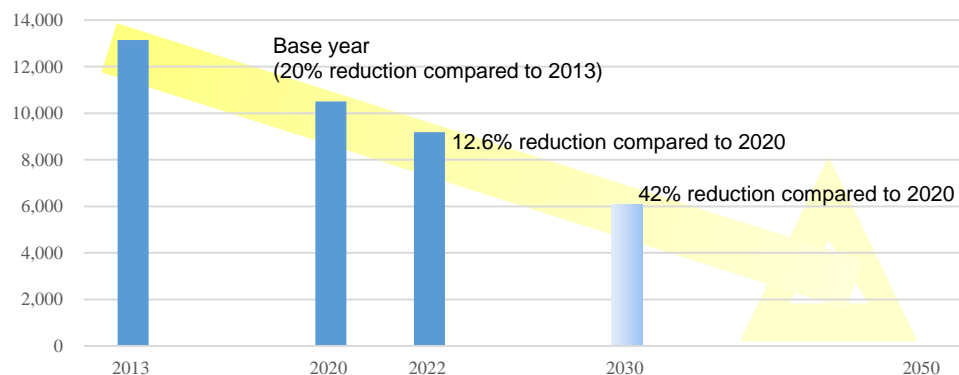


Strengthening efforts to protect the global environment

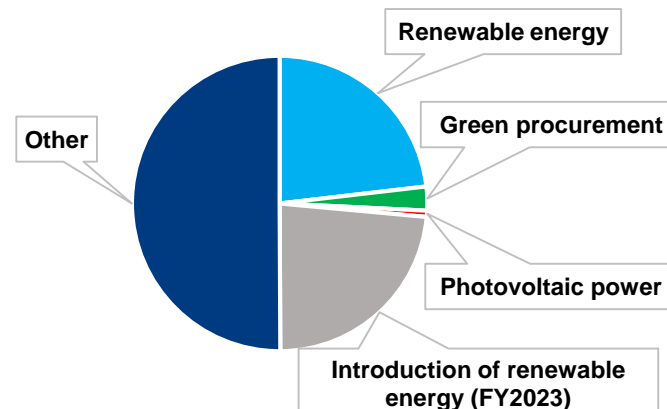


Climate change countermeasures

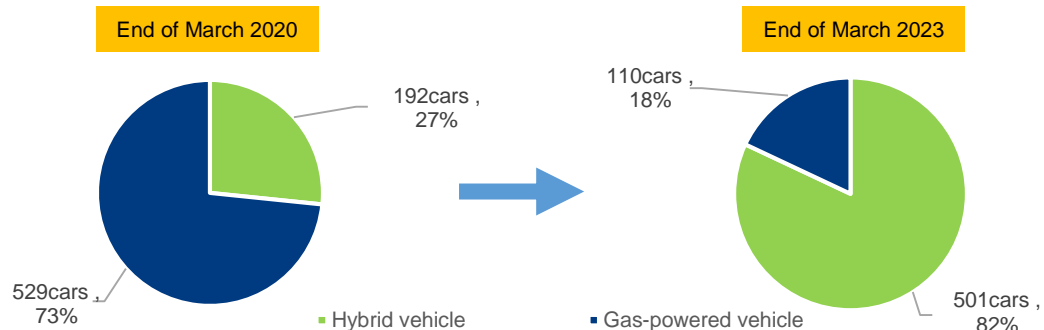
Greenhouse gas emission reduction target



FY2022 Annual power consumption



Hybrid vehicles in the commercial vehicle



TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

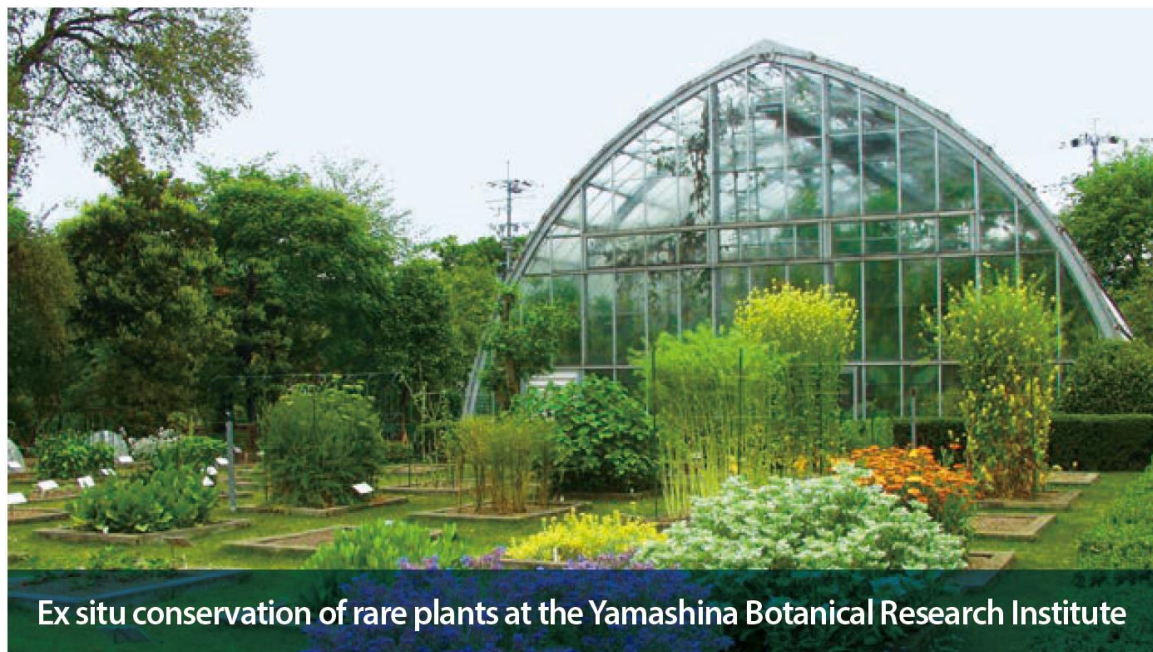
*TCFD: Abbreviation of Task Force on Climate-related Financial Disclosures. Established in 2015 by the Financial Stability Board (FSB) to develop recommendations for more effective climate-related disclosures to be made by companies to investors, lenders, and insurance underwriters.

We set a new target this year with 2020 as a base year for reducing greenhouse gas emissions in order to achieve carbon neutrality by 2050.





Strengthening efforts to protect the global environment



Ex situ conservation of rare plants at the Yamashina Botanical Research Institute



Plant survey in the mountain and forests around Daigoji Temple






- The Yamashina Botanical Research Institute conserves approximately 3,000 varieties of plants, including 160 species that are the botanical origins of herbal medicines recorded in the Japanese Pharmacopoeia, the plants regulated by CITES such as *Welwitschia mirabilis* and the plants on the Japanese Red List of the Ministry of the Environment. From the perspective of biodiversity, we value research on cultivation.
- We participate in the local activities aimed at the preservation of rare plants native to Kyoto. For example, we are active in the protection and propagation of futaba aoi (*Asarum caulescens*) and kikutani-giku (*Chrysanthemum seticuspe*).



Strengthening governance



Related SDGs

 Strengthening governance	Promoting integrity	 
	Strengthening risk management	
	Appropriate information disclosure	

- **Considering with providing our drugs to various countries where we have not launched, we will promote integrity with further ensuring compliance and strengthening governance including subsidiaries outside of Japan.**
- **We will strengthen risk management and disclose appropriate information more actively to expand our business globally.**



Strengthening governance



Promoting integrity

Main Activities

- Strengthening governance including at Group companies

FY2022 Activities

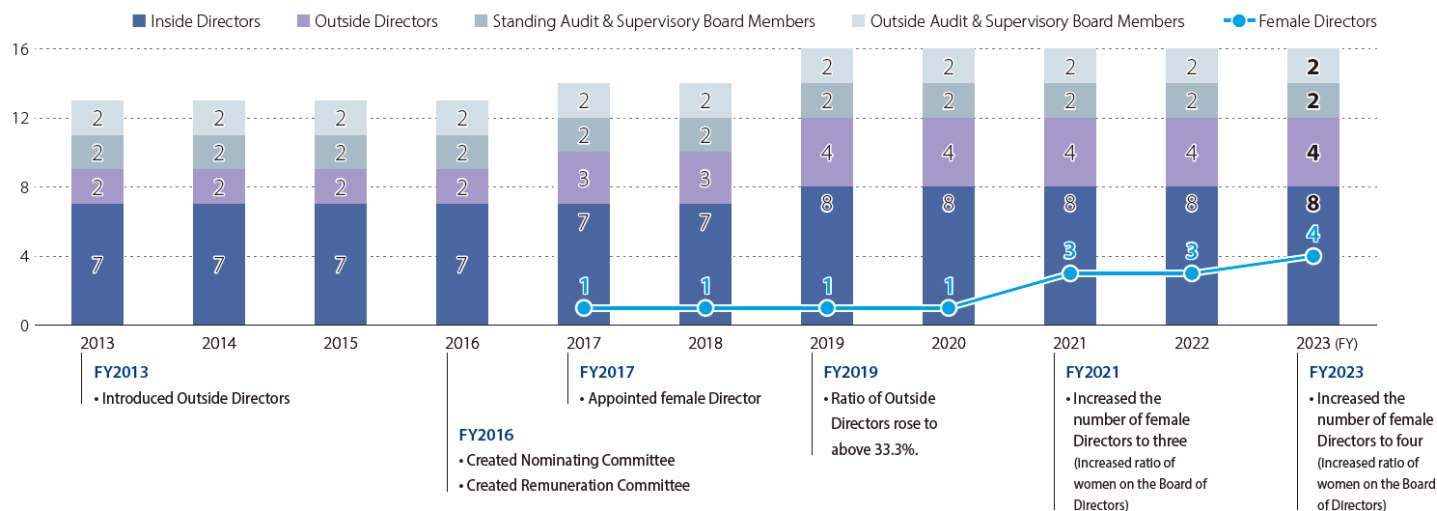
- Enhanced items disclosed in the Corporate Governance Report
- Implemented company-wide activities to raise awareness about compliance

Issues and FY2023 Strategies

- Further strengthening governance
- Further ensuring compliance

Steps taken to strengthen corporate governance

(number of officers is as of conclusion of each year's Annual General Meeting of Shareholders)



We will increase the ratio of external directors and female directors, and enhance the effectiveness of the Board of Directors to discuss global business more deeply from a broad perspective.





Strengthening governance



Promoting integrity

Main Activities

- Enhancing compliance
- Promoting fair and transparent business

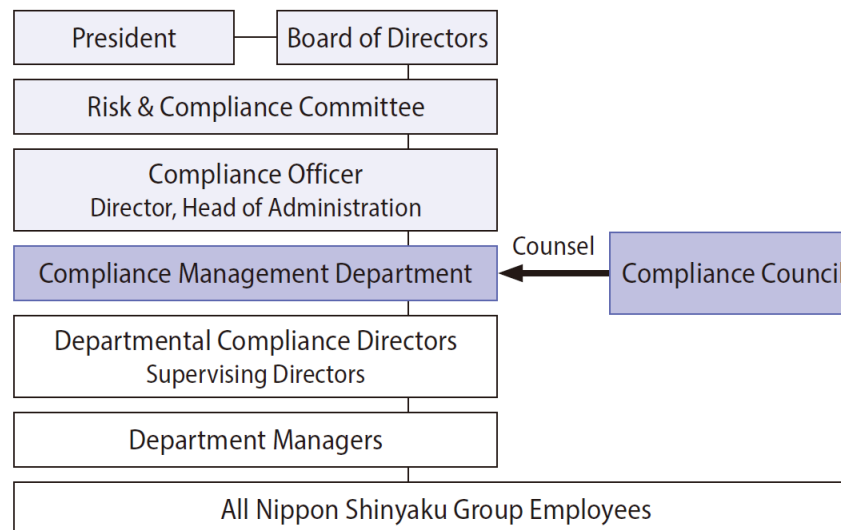
FY2022 Activities

- Implemented compliance training and awareness-raising initiatives for all employees

Issues and FY2023 Strategies

- Continue compliance training and awareness-raising activities for all employees

Compliance Framework Chart



We have developed our governance system along with the globalization of business through preventing the occurrence of compliance incidents.





Strengthening governance



Strengthening risk management

Main Activities

- Understanding critical risks and strengthening the management and response system for each risk

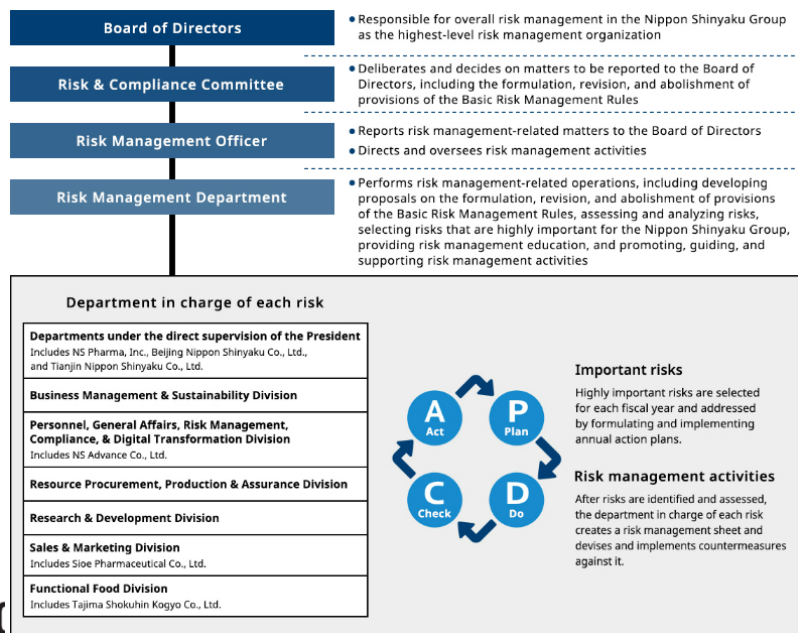
FY2022 Activities

- Identified critical risks and countermeasures
- Requested the departments responsible for each risk to prepare an action plan, and compiled them
- Conducted risk management self-checks and training
- Studied risk management operation methods based on risk management under the new risk classification
- Established and operated a zero trust network
- Strengthened information security literacy of employees
- Enhanced NS-CSIRT* activities through information sharing, drills, etc.

* NS-CSIRT: NS-Computer Security Incident Response Team

Issues and FY2023 Strategies

- Smoothly transitioning to and stably operating risk management activities based on the new risk classification
- Continuously formulating action plans for critical risks
- Strengthening information security education for Group companies
- Enhancing IT-BCP



To prevent the occurrence of incidents, we identify highly critical risks including ESG risks and set action plans for the year, strengthening preventative measures.



Initiatives to promote sustainability internally



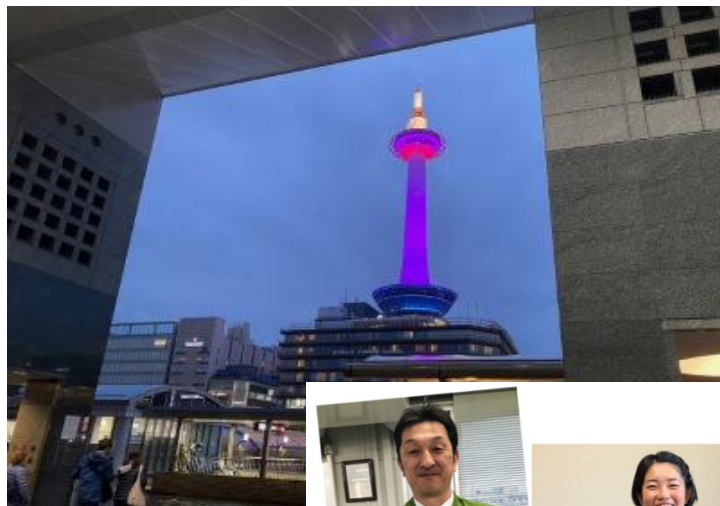
Toward more active sustainable promotion, we conduct educational and awareness-raising activities for each employee according Nippon Shinyaku Sustainability Policy.



- Donated sales by holding Lemonade Stand for the support group of pediatric cancer
- Donated food collected from employees as a food drive and the amount was 109.2kg
- Conducted various events such as internal volunteers, lectures, trials of parasports



Initiatives to promote sustainability internally



- As an internal awareness-raising activity, we launched a project of Patient Centricity.
- Purple day (March 26th) is a global grassroots event to increase worldwide awareness of epilepsy. On that day, we promoted understanding of the disease by wearing purple clothes.
- As events of Purple day in 2023, we exhibited the Nippon Shinyaku Sparkling Future Mobile Library in Osaka and illuminated Kyoto Tower in purple. Through those events, we promoted to raise awareness of this disease.
- We bought charity merchandise produced by the patient organization and a fashion brand.



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- Materials and information provided during this presentation may contain so-called “forward-looking statements.” These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.
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- The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.
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In the event of any inconsistency between the statements in the two versions, the statements in the Japanese version shall prevail.



Nippon Shinyaku Co., Ltd.

ESG Briefing

October 3, 2023

Presentation

Nakai: I am Toru Nakai, President of Nippon Shinyaku Co., Ltd. Thank you for joining us for our ESG meeting today. I appreciate it very much.

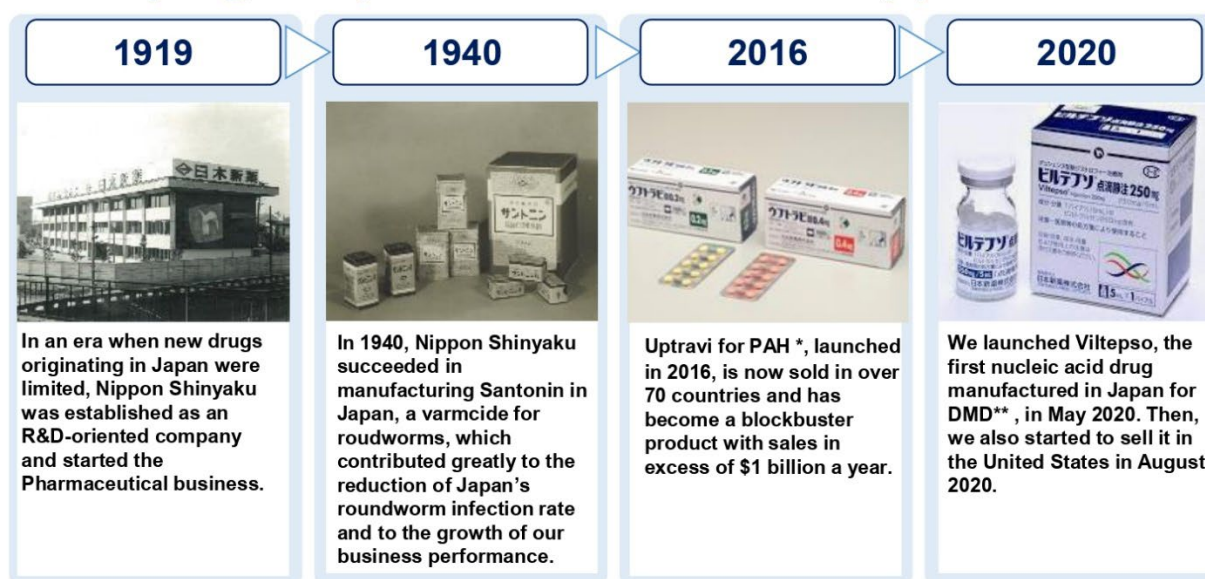
This will be our first ESG meeting. Until now, we have had opportunities to explain our approach to business performance at financial results briefings and other occasions. Today, I will explain how we integrate the concept of sustainability into this process.

Since this will be a valuable opportunity to talk directly with analysts and investors, we accept your comments and opinions after the presentation.

Business philosophy



Helping People Lead Healthier, Happier Lives



As an R&D-oriented Pharmaceutical company, we will contribute to society by creating innovative new drugs for patients suffering from illnesses and delivering them from Japan to the world.



NIPPON SHINYAKU CO., LTD.

*PAH : Pulmonary arterial hypertension **DMD : Duchenne muscular dystrophy

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Based on our corporate philosophy of “Helping People Lead Healthier, Happier Lives,” we aspire to be a company trusted by society through the creation of distinctive drugs that are necessary for patients and their families suffering from illnesses.

Hisomu Ichinose, the founder of Nippon Shinyaku, established our company in 1919 as an R&D-oriented company with the desire to provide pure and good new medicines by Japanese people at a time when Japan relied on imported medicines from overseas. The Company's early growth was achieved with Santonin, which was successfully produced domestically in 1940. We have continued to focus on R&D, following the founder's vision. As a result, we have created innovative new drugs, such as Uptravi, a blockbuster pulmonary hypertension treatment, and Viltepso, the first nucleic acid medicine produced in Japan for the treatment of

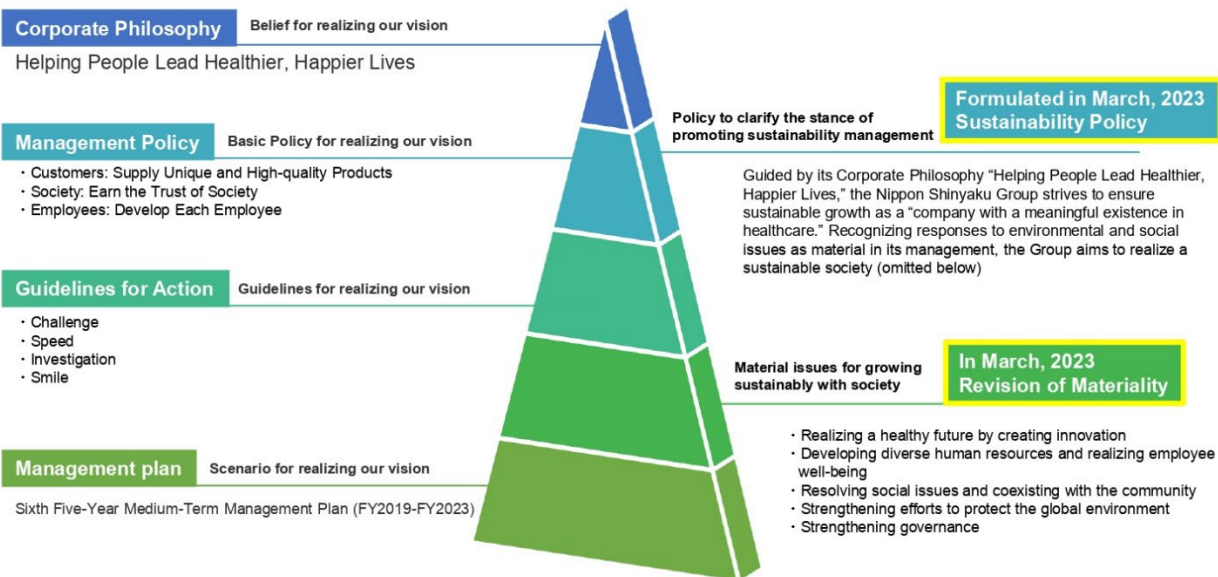
DMD, for patients around the world who are suffering from illnesses. Even if the number of patients is small, it has led to the global delivery of our products. We believe that working toward the realization of our corporate philosophy is the greatest contribution we can make to society.

Our corporate vision



Nippon Shinyaku's Vision

A company with a meaningful existence in the global healthcare field



We aim to realize our vision "A company with a meaningful existence in the global healthcare field" through providing new and unique products by pursuing originality. And now, we developed Sustainability Policy to achieve our vision.



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We aim to be a company with a meaningful existence in the global healthcare field, which is based on our management philosophy, by providing indispensable drugs to society in disease areas with unmet treatment needs based on our fundamental technologies of our small molecule and nucleic acid drugs. In order to achieve this vision, we believe that the concept of sustainability will become even more important. We improved our existing basic CSR Policy and formulated the Sustainability Policy in March 2023.

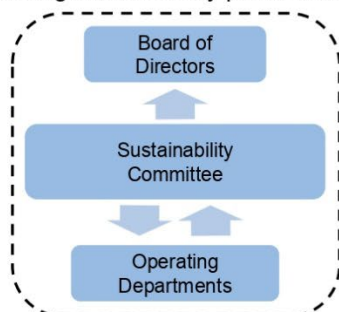
We also revised the identified items of materiality in 2021. I will explain how we will integrate this concept of sustainability to achieve our vision today. I will now focus on our pharmaceutical business today.

Revision of Sustainability Policy and materiality



In April 2021:
Identified 19 items as materiality

In January 2022:
Building sustainability promotion system

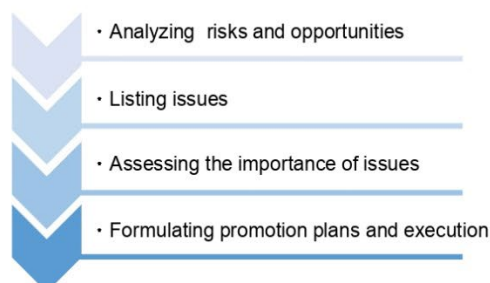


In March 2023:

- The basic CSR Policy established in 2010 was revised and became the "Nippon Shinyaku Sustainability Policy".
- We revised materiality and identified 5 items as issues of materiality

19 items of

Value Creation : 5 items
 Environment : 4 items
 Society : 5 items
 Governance : 5 items



Revised materiality

- ① Realizing a healthy future by creating innovation
- ② Developing diverse human resources and realizing employee well-being
- ③ Resolving social issues and coexisting with community
- ④ Strengthening efforts to protect the global environment
- ⑤ Strengthening governance

**We revised materiality considering shifts in the external conditions and the comprehensibility.
And, we promote sustainability through the promoting plan.**

First, I will explain the history of the development of the Sustainability Policy and the materiality review.

In 2010, we formulated our basic CSR Policy, which expresses the Company's commitment to fulfilling its social responsibilities through sincere and fair business activities. In our sixth mid-term management plan, starting in FY2019, we have been promoting "Enhancing Corporate Value by Strengthening ESG Management Initiatives," one of our six initiatives.

We determined our mission that we should fulfill for society and our stakeholders in April 2021 and identified 19 items as materiality that we consider important for solving social issues and creating value. In January 2022, we established the Sustainability Committee, chaired by the President and Representative Director, to formulate plans for promoting sustainability, examine materiality, check the progress of targets and initiatives for materiality, and report and make proposals to the Board of Directors.

As the importance of the concept of sustainability grows worldwide, the Sustainability Promotion Committee raised the need to revise the existing basic CSR Policy in order to clearly state the Company's approach to sustainability: "What are the social issues that need to be solved?" and "How to solve the recognized social issues?" The committee also discussed the need to revise the existing CSR Basic Policy. We also received comments from investors and other stakeholders that with 19 materiality items, it is difficult to understand what issues are really important.

We proceeded to discuss the revision of the basic CSR Policy and materiality in FY2022. In addition to discussions at the Sustainability Committee, which internal directors are the main members, discussions and deliberations were held at the Board of Directors meeting, which includes outside directors and auditors. We first started from an analysis of risks and opportunities based on international guidelines and changes in the

external and internal environment, then identified issues. The issues were mapped on two axes of impact and priority on stakeholders and our business operations, and those of high importance were re-identified as materiality. Finally, in March 2023, the Board of Directors discussed and approved the revision of materiality from the basic CSR Policy to the Nippon Shinyaku Sustainability Policy.

Nippon Shinyaku Sustainability Policy



<Sustainability Policy>

Guided by its Corporate Philosophy “Helping People Lead Healthier, Happier Lives,” the Nippon Shinyaku Group strives to ensure sustainable growth as a “company with a meaningful existence in healthcare.” Recognizing responses to environmental and social issues as material in its management, the Group aims to realize a sustainable society. To fulfill this aim, the Group conducts educational and awareness-raising activities intended for all employees to further develop consciousness of sustainability among them.

- We will contribute to a healthier future for people around the world by creating innovations.
- We will work to protect, preserve, and improve the global environment through our environmentally friendly business activities centered around combatting climate change.
- We will make an active commitment to communicating with society and local communities and nurturing children as future leaders.
- We will enhance our governance and ensure the transparency and objectivity of our management to remain fully accountable to all our stakeholders.
- With full respect for the human rights of all people, we will promote diversity, equity, and inclusion and work to achieve well-being for all.

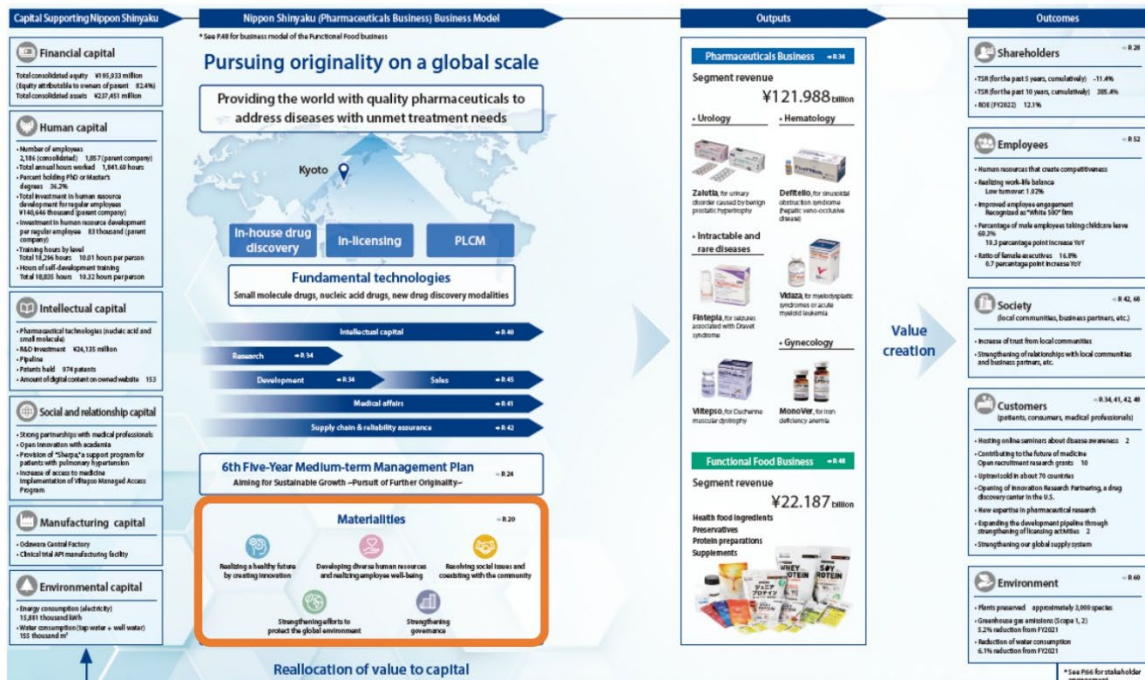
<Materiality>



At the time we identified materiality in 2021, we had not clearly indicated how materiality would be related to the company-wide management approach, such as corporate philosophy and management policy. In the revised Sustainability Policy, we have clearly stated the idea that the realization of our Corporate Philosophy, Management Policy, and Nippon Shinyaku’s vision, and our response to social issues such as environmental problems, in other words, materiality, are integrated. However, since such a new idea is not easily infused throughout the Company simply by posting a policy, we have also clearly stated that we will conduct education and awareness-raising activities to raise each employee’s awareness of sustainability.

The five items of materiality we revised are: realizing a healthy future through innovation, developing diverse human resources and realizing employee well-being, resolving social issues and coexisting with communities, strengthening efforts to protect the global environment, and strengthening governance.

Value Creation Process



We will create social value by providing highly unique pharmaceutical drugs in areas and fields with unmet treatment needs globally based on our fundamental technologies.



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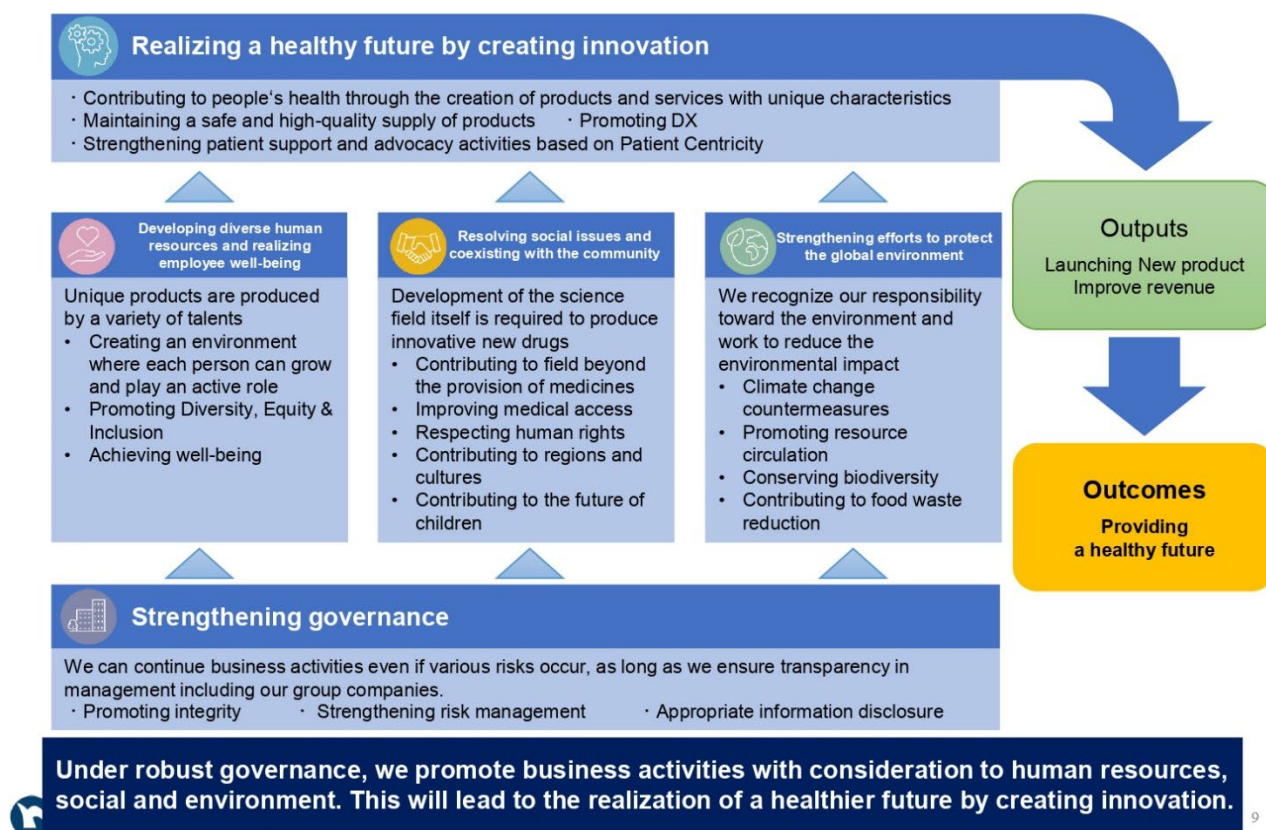
I will explain Nippon Shinyaku's value creation process.

Our business model is based on the capital we have accumulated, including financial, human, intellectual, social, relational, manufacturing, and natural capital. We will promote to continuously providing the world with valuable drugs in areas and fields with unmet treatment needs. We are expanding our pipeline through three R&D approaches: in-house drug discovery, in-licensing, and PLCM, based on the fundamental technologies of small molecules, nucleic acids, and new modalities.

As an output, we will realize one of the three commitments: Continue to launch at least one new product on an average with special characteristics per year. We believe that we can deliver value through this output as an outcome to various stakeholders, including shareholders, employees, business partners, local communities, customers such as patients and medical professionals, and the environment. We aim to grow sustainably through a circular process in which that value is reallocated as new capital and used to create new value.

The next slide explains how we believe that materiality is involved in the sustainable rotation of this business model.

Materiality and Nippon Shinyaku's growth



Edamitsu will explain the details of each materiality initiative later, so I will now explain how we believe materiality initiatives are linked to the growth of Nippon Shinyaku.

We are committed to developing valuable medicines in areas and fields with unmet treatment needs, supplying them to the world as outputs, and contributing to the future health of patients as outcomes.

The materiality that refers to this process is “realizing a healthy future by creating innovation,” which directly describes the activities of our pharmaceuticals and functional foods businesses. To do this sustainably, we believe that four items of materiality are essential.

We believe that unique products are produced by a variety of talents. In order to achieve this, it is necessary to create an environment in which human resources with diverse backgrounds and ideas can grow and play an active role. Therefore, we have set “developing diverse human resources and realizing employee well-being” as our materiality.

We also believe that we need to work on resolving social issues and coexisting with the community. Innovative medicines are not based solely on our own R&D of pharmaceuticals, but are always based on developments in the science field. We will also engage in activities for the development of society, such as publishing scientific findings in papers and conferences, and supporting medical and scientific research.

Furthermore, we will promote “strengthening efforts to protect the global environment.” We are aware that our own business activities produce an environmental impact. We believe it is essential to face this environmental burden and work to reduce it.

We believe that these items of materiality need to be addressed under solid governance. Our company aims to supply pharmaceuticals to patients globally. I was stationed in the US and was involved in the establishment of a sales structure at our US subsidiary, but as we consider expanding this to China and other regions in the future, it will become increasingly important to strengthen our governance globally, including at our overseas subsidiaries. Providing information on pharmaceutical products is particularly necessary to comply with the laws, regulations, and business practices of each country, so the perspective of promoting integrity is extremely important.

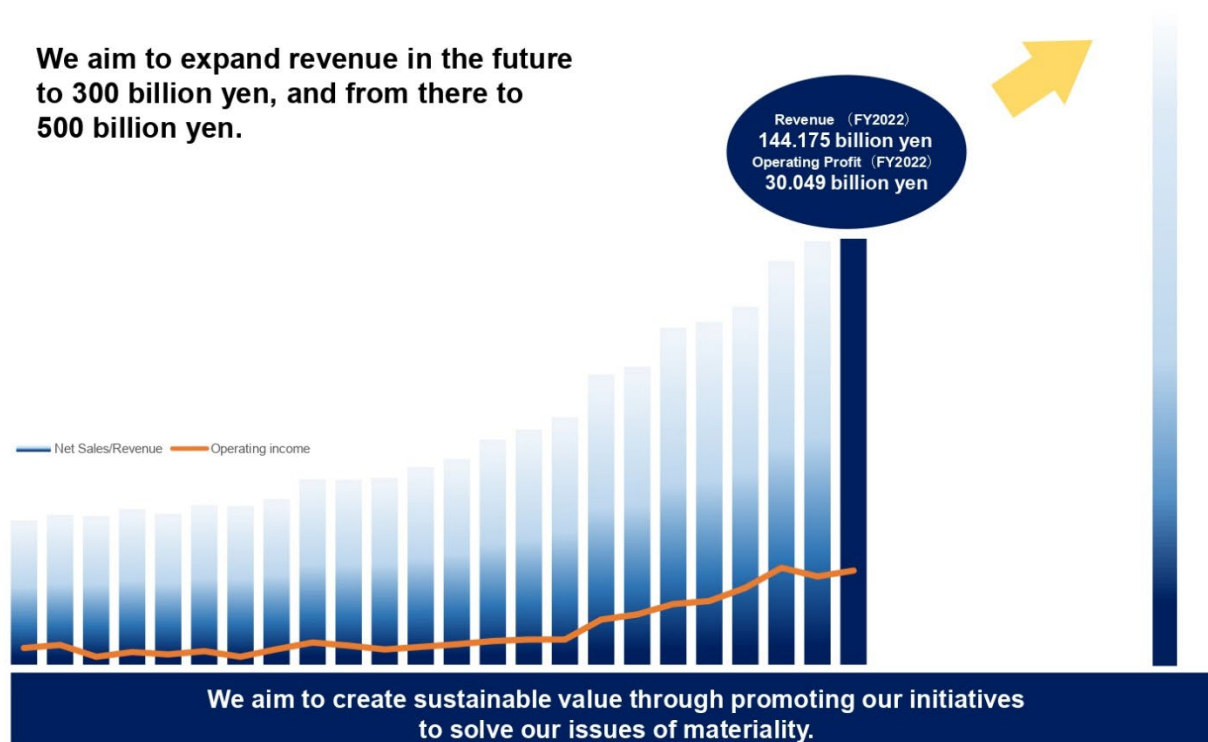
As we expand our business globally, there are also more risks to deal with than in the past when we were operating mainly in Japan. We need to strengthen our risk management in order to continue our business activities in a sustainable manner. As our business activities expand, the importance of transparently explaining our activities to our stakeholders will increase.

As mentioned, we believe that firmly addressing the materiality of human resources, society, and the environment under a strong governance structure will be the foundation for creating innovation, bringing new products to market, and realizing a healthy future. We have re-identified these five as key issues and materiality

Our initiatives for materiality and sustainable growth



We aim to expand revenue in the future to 300 billion yen, and from there to 500 billion yen.



We intend to become a company with revenue of JPY300 billion, and from there to JPY500 billion in the future by promoting materiality initiatives and continuing to create value in a sustainable manner.












As an overall picture of sustainable value creation, I have only given an overview of materiality. Edamitsu will introduce each materiality and the details of the initiatives.

Edamitsu: I am Edamitsu, Director, Business Management & Sustainability Division.

I will explain our approach to materiality.

Nippon Shinyaku Group's Issues of Materiality



Materialities (Issues of materiality)	Description of Activities		Related SDGs
 Realizing a healthy future by creating innovation	Contributing to people's health through the creation of products and services with unique characteristics	<ul style="list-style-type: none">• Promoting drug discovery utilizing nucleic acid drugs, new modalities, and new targets and methods →P.35• Promoting drug discovery research and clinical trials based on patient centrality →P.35• Providing unique healthcare products and health food ingredients to promote health through food →P.49• Establishing a global sales and supply system to provide pharmaceuticals and functional foods to the world →P.42• Promoting treatment, diagnosis, medication guidance, and life improvement through the use of digital technologies →P.45	   
	Maintaining a safe and high-quality supply of products	<ul style="list-style-type: none">• Strengthening the stable supply system of products through risk management →P.42• Establishing a mechanism for supplying safe and high-quality products, including new drugs such as nucleic acid drugs →P.42	   
	Strengthening patient support and advocacy activities based on patient centrality	<ul style="list-style-type: none">• Providing information to medical institutions and implementing disease awareness raising activities for patients and their families →P.41, 45• Promoting social understanding of diseases →P.41	   
	Promoting DX	<ul style="list-style-type: none">• Promoting our Digital Strategy towards the realization of our Digital Vision	   
 Developing diverse human resources and realizing employee well-being	Creating an environment where each person can grow and play an active role	<ul style="list-style-type: none">• Fostering autonomous human resources and global leaders who are motivated to grow →P.52• Building a flexible and resilient organization that can respond to change →P.52	   
	Promoting diversity, equity and inclusion	<ul style="list-style-type: none">• Fostering a culture that recognizes individuals regardless of factors such as age, gender, values, or disability →P.56	   
	Achieving well-being	<ul style="list-style-type: none">• Realizing a workplace that is comfortable and rewarding where psychological safety is ensured →P.52• Promoting diverse work styles tailored to each individual →P.52• Maintaining and improving employee health →P.58	   
 Resolving social issues and coexisting with the community	Contributing to the healthcare field beyond the provision of medicines	<ul style="list-style-type: none">• Disseminating scientific findings through academic papers and conferences for the development of the scientific field →P.35, 41• Enhancing the public research grant system to support medical and scientific research →P.68	   
	Improving medical access	<ul style="list-style-type: none">• Implementing an unapproved drug delivery program and expanding the number of approved countries to support patients with intractable and rare diseases →P.12	   
	Respecting human rights	<ul style="list-style-type: none">• Implementing due diligence to prevent and mitigate adverse impacts associated with business activities →P.57• Implementing in-house education and awareness raising activities to promote understanding of human rights →P.57	   
	Contributing to regions and cultures	<ul style="list-style-type: none">• Implementing social contribution activities rooted in each region, including preserving Kyoto culture →P.68	   
	Contributing to the future of children	<ul style="list-style-type: none">• Providing educational and mental well-being support for children through activities such as sports and reading opportunities →P.68• Conducting dietary education activities for children in order to foster an interest in food →P.49	   
 Strengthening efforts to protect the global environment	Climate change countermeasures	<ul style="list-style-type: none">• Promoting greenhouse gas reductions →P.60	  
	Promoting resource circulation	<ul style="list-style-type: none">• Promoting recycling of resources (water, waste, etc.) →P.60	  
	Conserving biodiversity	<ul style="list-style-type: none">• Continuing activities to protect and cultivate endangered species at the Yamashina Botanical Research Institute →P.60• Promoting animal welfare-friendly initiatives →P.35	  
	Contributing to food waste reduction	<ul style="list-style-type: none">• Developing high-quality stable preservatives that do not impair the taste of food, in order to extend shelf life and reduce waste →P.49	  
 Strengthening governance	Promoting integrity	<ul style="list-style-type: none">• Strengthening governance, including Group companies →P.70• Enhancing compliance →P.76• Promoting fair and transparent business →P.76	 
	Strengthening risk management	<ul style="list-style-type: none">• Understanding critical risks and strengthening the management and response system for each risk →P.77	 
	Appropriate information disclosure	<ul style="list-style-type: none">• Strengthening IR activities for investors →P.66• Implementing information disclosure to stakeholders →P.66	 

These are the lists of the 19 items of materiality that has been reviewed and reorganized into five items of materiality, activities, etc. In recent years, amid the importance of sustainability increasing worldwide, the environment in which we operate has also changed significantly. We have conducted a review based on international guidelines and the risks and opportunities for changes in the external and internal environment.

With the exception of the environment item, no targets or KPIs are listed for the materiality reviewed this time, but we are currently reviewing them and plan to disclose them with the announcement of the seventh medium-term management plan, which is scheduled to be disclosed in the next fiscal year.



Realizing a healthy future by creating innovation



		Related SDGs
 Realizing a healthy future by creating innovation	Contributing to people's health through the creation of products and services with unique characteristics	    
	Maintaining a safe and high-quality supply of products	
	Strengthening patient support and advocacy activities based on patient centricity	
	Promoting DX	

- **We will promote drug discovery using nucleic acid drugs, new modalities and methods as well as small molecule drugs and R&D from the perspective of Patient Centricity. In the end, we will contribute to the health of people with creation of our products and services with unique characteristic.**
- **We will develop the quality assurance system and supply chain so that we supply safe and high-quality drugs globally.**
- **Our digital vision is that we aim to fill the world with smiles by utilizing digital technology and data and creating highly original products and services in the healthcare sector. Based on this concept, we will promote DX.**

I will explain the first materiality: Realizing a healthy future through by creating innovation.

We will contribute to people's health through the creation of unique products and services by promoting drug discovery utilizing nucleic acid drugs, new modalities, and new methods as well as small molecule drugs.

We will also continue to improve our reliability assurance and supply chain so that we can supply safe and high-quality pharmaceutical products domestically and internationally.

At the same time, we will work to strengthen our patient support and advocacy activities based on patient centricity.

We will also promote DX by defining our digital vision as the creation of highly unique products and services in the healthcare field and the creation of a world full of smiles by using digital technology and data.

As a result, we hope to enable us to realize a healthy future.



Realizing a healthy future by creating innovation



Contributing to people's health through the creation of products and services with unique characteristics

Main Activities	FY2022 Activities	Issues and FY2023 Strategies
<ul style="list-style-type: none">Promoting drug discovery utilizing nucleic acid medicines, new modalities, and new targets and methodsPromoting drug discovery research and clinical trials based on Patient Centricity	<ul style="list-style-type: none">Enhanced technologies related to small molecules and nucleic acids and introduced data-driven drug discoveryVentured into new drug discovery modalities, including gene therapyEstablished a drug discovery center in Boston, the heart of the drug discovery ecosystemStrengthened human resource development initiatives in each department	<ul style="list-style-type: none">Diversifying in-house drug discovery by increasing access to the world's most advanced drug discovery innovations and increasing opportunities for partneringPlanning and implementing IP strategies that support drug discovery utilizing a wider range of new modalities

In-house drug discovery

In-licensing

PLCM

Fundamental technologies

Small molecule drugs, nucleic acid drugs, new drug discovery modalities



Perspectives of Patient Centricity

We consider what we can do for patients and pursue what they want the most. A project team consisting of members from various divisions was organized in FY 2023 to lay the foundation for Patient Centricity activities.



Building where IP office is located

Established "Innovation Research Partnering" in the U.S. as a base for new drug discovery



Tatsuhiro Arakawa

Proposal Strategy Section
Strategic Planning and
Research Department

Providing opportunities to study abroad for employees as a human resources development program

Regarding our contribution to people's health through the creation of distinctive products and services, we are pursuing R&D based on three approaches: in-house drug discovery, in-licensing, and PLCM based on our fundamental technologies. With a perspective of patient centricity, we consider what we can do for patients and pursue what they want the most, we hope to realize a healthy future for patients and those who support them.

To realize this perspective, it is necessary to acquire not only existing fundamental technologies but also new technologies, such as new drug discovery modalities, and develop them into strengths. In January 2023, we established a new drug discovery center in Boston, USA, the heart of the global drug discovery ecosystem. We aim to increase access to the world's most advanced drug discovery technologies, etc. We provide opportunities to study abroad for employees to raise the level of our researchers to acquire expertise in new technologies, such as cutting-edge genome editing technology.



Realizing a healthy future by creating innovation



Initiatives based on the concept of Patient Centricity



- **Based on the concept of Patient Centricity, we communicate with patients and their families directly. Since last year, we have held the e-sports competition for children with handicap and in-house and public lectures to listen to the voice of the patients' families.**
- **We will conduct activities along with the patients and their families with raising awareness of Patient Centricity among employees. And, we will contribute to solve the social issues through promoting sustainability by every employee.**

We launched the Patient Centricity Project this fiscal year and have been working to create more opportunities for the voices of patients. Patient centricity means always placing the patient at the center of healthcare, focusing on the patient, and ultimately respecting the patient's decision to the fullest extent possible. We will continue to listen to the voices of patients through e-sports competitions for children with handicapped, and in-house and open seminars to listen to the voices of patients' families so that we can conduct activities to be as close to them as possible.



Developing diverse human resources and realizing employee well-being



		Related SDGs
 Developing diverse human resources and realizing employee well-being	Creating an environment where each person can grow and play an active role	    
	Promoting diversity, equity and inclusion	
	Achieving well-being	

- Based on the idea that unique products are the product of unique people, we respects diversity in terms of sex, age, nationality, and beliefs, and provides opportunities for individuals to take on challenges and grow in a positive manner.
- In order to create innovation and achieve sustainable growth, we are working to promote well-being and create an organizational climate in which employees with diverse values can thrive.

I will explain the second materiality: Developing diverse human resources and realizing employee well-being.

Based on the idea that unique products are the product of unique people, we respect diversity in terms of gender, age, nationality, and values, and provide opportunities for individuals to take on challenges and grow in a positive manner. By doing so, we have been working to foster an organizational culture that allows employees with diverse values to thrive and achieve well-being to generate innovation and achieve sustainable growth.



Developing diverse human resources and realizing employee well-being



Creating an environment where each person can grow and play an active role

Main Activities	FY2022 Activities	Issues and FY2023 Strategies
<ul style="list-style-type: none"> Fostering autonomous human resources and global leaders who are motivated to grow Building a flexible and resilient organization that can respond to change Promoting diverse work styles tailored to each individual Realizing a workplace that is comfortable and rewarding where psychological safety is ensured 	<ul style="list-style-type: none"> Installed the NS Mind Create the NS Mind Looked into NS Academy system Revised the Next-Generation Leader Challenge program into HONKI Juku Established new programs to foster practical business skills and a global mindset Created new job descriptions Evaluated the expertise needed for work tasks and expanded the professional system to provide appropriate employee treatment Introduced a second job system Promoted 1-on-1 meetings Made a portion of childcare leave paid 	<ul style="list-style-type: none"> Increase the number of NS Academy participants Promoting the human resources who have taken part in the Next-Generation Leader Challenge Program and HONKI Juku to middle management, executive, department manager, and other leadership positions Increasing the number of PROGOS English speaking test-takers Increasing the number of participants in global mindset training Increasing the number of human resources able to flourish in global fields Implementing cross-departmental discussions on psychological safety Introduction engagement surveys Expanding the number of departments utilizing the flextime system



NS Mind

With the desire to give one's all, it is necessary for each and every employee to experience even greater growth and leverage their unique individuality and strengths in their work with each other. It is also essential for the entire company to come together as one team to maximize performance. In order to convey this idea to our employees in concrete terms, we created the NS Mind, a list of principles which demonstrates the conduct, attitude, and awareness all employees should set as a goal.



<Give your all for yourself>

- 1. Think and act as if it affects you personally**
Act with a sense of ownership toward any and all challenges.
- 2. Be better than you were yesterday**
Aspire each day to improve yourself as you engage in your work and self-development.

<Give your all for others>

- 3. Take the initiative and demonstrate leadership**
Be willing to speak up and get others involved.
- 4. Turn consideration into action**
Be considerate and create a highly psychologically safe environment.
- 5. When in doubt, share**
Share ideas, opinions, questions, knowledge, and experience to stimulate and inspire those around you.

<Give your all for society>

- 6. Think about the future of the Company and society**
Create a future that promotes the well-being of people.
- 7. Challenge yourself as a pioneer**
Have a dream for what you want to do as a member of Nippon Shinyaku and never give up on achieving it.

Regarding creating an environment where each person can grow and play an active role, we believe that the serious mind is the most powerful management resource of all to inspire action to create unique products. With our serious mind, it is necessary for each employee to grow more than ever to work together, making the most of their individuality and strengths, and to maximize the performance of the entire company as one team. To convey this idea concretely, we have created the NS Mind, which shows the attitude and awareness that all employees are striving for. We aim to help employees and the company grow together and create a better organization together through NS Mind.

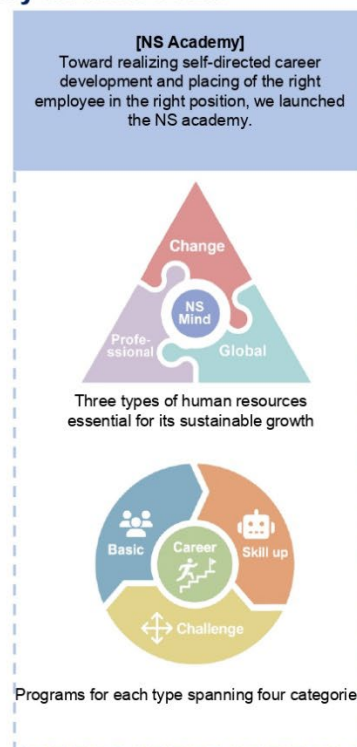
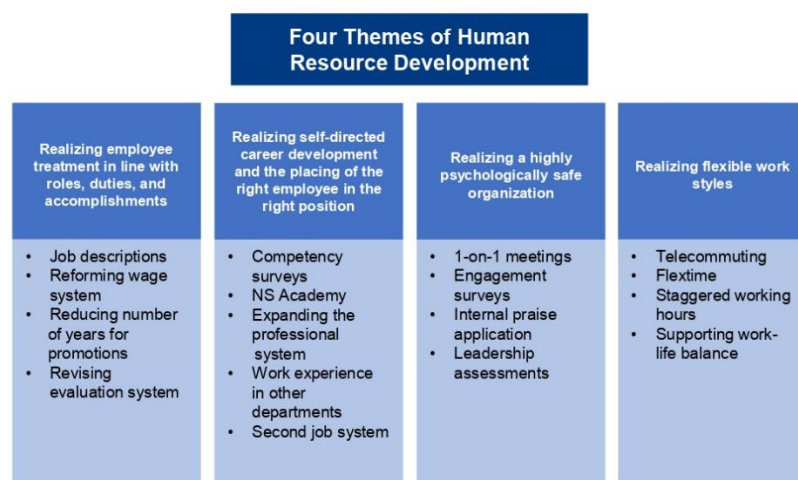
In order for all NS Mind employees to become serious and maximize their performance, we have divided the objects of seriousness into three categories: myself, others, and society, and also established seven items. Based on the NS Mind, we aim to create products with characteristics that only Nippon Shinyaku can create, and a future that only Nippon Shinyaku can create.



Developing diverse human resources and realizing employee well-being



Creating an environment where each person can grow and play an active role



We are working on the following four themes for human resource development: Realizing employees treatment in line with roles, duties, and accomplishments, realizing self-directed career development and the placing of the right employee in the right position, realizing a highly psychologically safe organization, and realizing flexible work styles. We will continue to create systems and an environment in which employees can play an active role regardless of gender, nationality, age, or other personal background.

The NS Academy, a human resources development program, was launched to realize independent career development. Nippon Shinyaku defines the three human resources indispensable for its sustainable growth as change, global, and professional; and has established programs in the four categories of career, basic, skill up, and challenge, for each. We allow employees to choose this program on their own and advance their careers.



Developing diverse human resources and realizing employee well-being



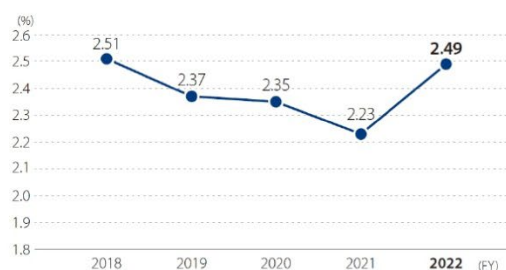
Promoting diversity, equity & inclusion

Main Activities	FY2022 Activities	Issue and FY2023 Strategies
<ul style="list-style-type: none"> Fostering a culture that recognizes individuals regardless of factors such as age, gender, values, or Disability 	<ul style="list-style-type: none"> Conducted project activities by the Personnel Department and employees recruited from throughout the Company with the goal of employing people with disabilities and expanding their job opportunities In order to instill DE&I throughout the Company <ul style="list-style-type: none"> Held panel discussions with employees with disabilities and the Collaboration Department Simulated experience of people with developmental disabilities using VR Conducted Universal Manners (Level 3) training Conducted training on unconscious bias 	<ul style="list-style-type: none"> Promoting awareness of the importance of DE&I to human resources who have little experience collaborating in their own jobs or workplaces <ul style="list-style-type: none"> Publicizing the Collaboration Department Increasing the number of participants in Universal Manners training

Ratio of female executives and female managers



Disabled employee ratio



With regard to promotion of diversity, equity, and inclusion, we aim to foster our corporate culture that recognizes individuals regardless of age, gender, values, disabilities, etc.

Since Nippon Shinyaku set a goal of increasing the ratio of female in executive positions to at least 15% starting from FY2019, the ratio has been rising and the number of female executives and female managers has been increasing every year. We introduced a dual system in FY2007 that allows people with disabilities to learn while working with regard to the employment of people with disabilities, based on the principles of diversity, equity, and inclusion. We also have been focusing on expanding job opportunities in cooperation with labor transition support offices and government agencies.



Resolving social issues and coexisting with the community



Related SDGs

 Resolving social issues and coexisting with the community	Contributing to the healthcare field beyond the provision of medicines	     
	Improving medical access	
	Respecting human rights	
	Contributing to regions and cultures	
	Contributing to the future of children	

- **We believe that not only research and development of drugs, also the development of the scientific field itself is indispensable to produce innovative drugs. Therefore, we will present scientific knowledge in papers and academic societies and support medical and scientific study by the public research grant system.**
- **We will implement a Viltepso Managed Access Program for DMD and improve medical access.**
- **As a signatory to the United Nations Global Compact, we support the ten principles in the four area of responsibility. We will implement due diligence and internally education to prevent and mitigate adverse impacts associated business activities.**
- **We believe that contributing to local communities, culture, and the future of children is an essential aspect of fulfilling our corporate social responsibility, and we will strive to solve social issues.**

In the third materiality, solving social issues and coexisting with communities, we believe it is necessary to respond to a wide range of social demands and grow sustainably together with society.

We are engaged in the pharmaceuticals and functional foods businesses. In order to deliver innovative products that lead to people's health, it is essential to develop not only pharmaceutical R&D but also the science field itself, and we focus on presenting scientific findings in papers and conferences and supporting medical and scientific research.

We are also working to improve access to healthcare by implementing a Viltepso Managed Access Program for DMD, which is an intractable and rare disease, in countries where it is not yet approved. We recognize that respect for human rights is also an important issue. We are a signatory to the United Nations Global Compact and support its 10 principles in the four areas including the protection of human rights. We conduct human rights due diligence and internal training to prevent and mitigate adverse impacts on human rights associated with our business activities. We also believe that contributing to local communities, culture, and the future of children is an essential aspect in solving social issues.



Resolving social issues and coexisting with the community



Contributing to the healthcare field beyond the provision of medicines

Main Activities	FY2022 Activities	Issue and FY2023 Strategies
<ul style="list-style-type: none"> Disseminating scientific findings through academic papers and conferences for the development of the scientific field Enhancing the public research grant system to support medical and scientific research 	<ul style="list-style-type: none"> Contributed to the development of related science fields by presenting scientific findings through academic papers or conferences Protected and utilized scientific findings (inventions) through intellectual property FY2022 public research grants: 10 	<ul style="list-style-type: none"> Publishing scientific findings through academic papers and conferences Continuing to protect and utilize scientific findings (inventions) through intellectual property Raising awareness of and increasing participation in public research grants and social contribution activities

<Public Research Grants System>

To contribute to the development of science in the medicine and pharmacy related with our business, we support research by young researchers.

Offer details A fundamental research in the therapeutic field written below by a researcher under the age of 40

Category A	Category B	Category C	Category D
Hematopoietic organ tumor	Inherited muscular disorders	Pulmonary hypertension	Urology <ul style="list-style-type: none"> Genitourinary Cancer Other diseases (BPH, urinary dysfunction, kidney stone, sexual dysfunction)

For the 20 research themes that are not related to our developing and selling products in the field of “hematopoietic organ tumor”, “inherited muscular disorder”, “pulmonary hypertension” and “urology”, we give financial support up to 3 million yen per theme every year. We began to recruit themes for FY 2024.

As a contribution to the healthcare field beyond the provision of pharmaceuticals, we offer public research grants. In FY2023, we have decided to support a total of 20 research projects in the fields of hematopoietic organ tumor, inherited muscular disorders, pulmonary hypertension, and urology with a maximum of JPY3 million per project for research themes not related to our developed or marketed products. Applications for FY2024 are also being accepted starting in October.



Resolving social issues and coexisting with the community



Contributing to the future of children

Main Activities	FY2022 Activities	Issue and FY2023 Strategies
<ul style="list-style-type: none"> Providing educational and mental well-being support for children through activities such as sports and reading opportunities Conducting dietary education activities for children in order to foster an interest in food 	<ul style="list-style-type: none"> The Nippon Shinyaku Sparkling Future Mobile Library: participated in 27 events/Total number of picture book lending 5,140 books Created booklets for the lower grades of elementary school to raise awareness about the importance of protein intake and reducing food loss and distributed them in public facilities in Kyoto Provided on-site classes at several elementary schools and other facilities in Kyoto 	<ul style="list-style-type: none"> Launching WINZONE Junior Protein, the first product related to food education activities Promoting activities centered on WINZONE Junior Protein for junior high school students to raise awareness about eating breakfast, such as on-site classes and sponsoring events organized by local governments



Baseball clinics organized by the Nippon Shinyaku baseball team



The Nippon Shinyaku Sparkling Future Mobile Library



The Nippon Shinyaku Children's Literary Awards



On-site classes and dietary education activities

- We will give various types of support leading to healthier, happier lives of children not limited to providing drugs for intractable and rare disease.**
- Working with local governments and educational institutions, we will provide on-site classes at several elementary schools and other facilities and food education activities to solve problems that children lack of interest in healthy food these days.**

In order to contribute to the future of children, we are conducting various activities that go beyond the provision of therapeutic drugs in order to realize our corporate philosophy of happier lives. We interact with local communities by serving as coaches in children's baseball practices by offering practical baseball instruction by our company's baseball team, and also hold exercise classes to improve physical fitness. The Nippon Shinyaku Sparkling Future Mobile Library is regularly exhibited at events and children's centers in and around Kyoto City.






In 2009, we established the Nippon Shinyaku Children's Literature Awards with the hope that each child, who bears the future, will have dreams and hopes and grow up healthy. In the functional foods business, we also work with local governments and educational institutions to provide on-site classes and nutrition education activities to help solve problems related to children's food. We promote initiatives that lead to the enrichment of children's lives.



Strengthening efforts to protect the global environment



Related SDGs

 Strengthening efforts to protect the global environment	Climate change countermeasures	   
	Promoting resource circulation	
	Conserving biodiversity	
	Contributing to food waste reduction	

The 7th Nippon Shinyaku Environmental Targets Plan (FY2023-2025)

Item	Targets
Climate change alleviation	Greenhouse gas emissions (Scope 1, 2) by FY2030 by 42% from the FY2020 benchmark Greenhouse gas emissions (Scope 1, 2) by FY2025 by 21% from the FY2020 benchmark
Water resources management	Reduce water use intensity by 10% from the FY2021 level by FY2025
Waste management	Reduce the final amount of landfilled waste by 75% from the FY2005 level by FY2025 Set the target waste plastic recycling rate for FY2025 at 65% or above Set the target waste recycling rate for FY2025 at 60% or above
Chemical substance management	Promote appropriate management of chemical substances, including those designated in the Pollutant Release and Transfer Register (PRTR) system provided for by the Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement, and constantly reduce releases of such substances in the environment
Environmental management	Continue the certification of the environmental management systems (ISO 14001 and KES Step 2) so as to effectively improve environmental performance
Biodiversity	Promote biodiversity conservation activities

When we seek growth, it should be growth in harmony with the natural environment. That is why we strive to protect, sustain, and improve the environment through eco-considerate business activities. The specific targets for realizing this policy is Nippon Shinyaku Voluntary Environmental Targets.



NIPPON SHINYAKU CO., LTD.

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I will explain the fourth materiality: strengthening efforts to protect the global environment.

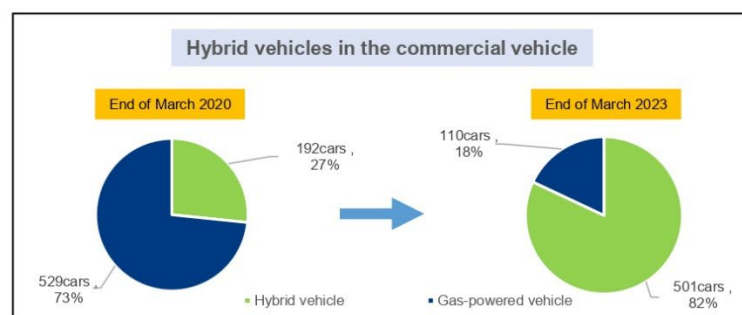
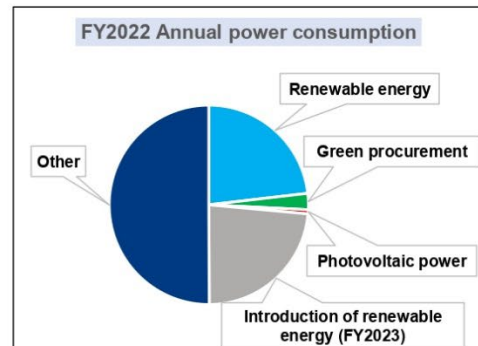
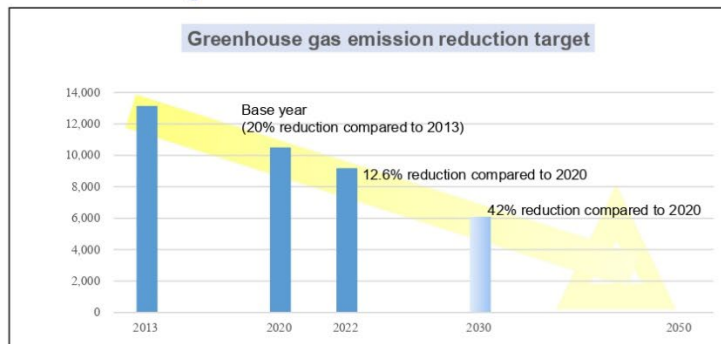
Nippon Shinyaku is aware of its responsibility for the environmental impact of its own operations and has established the Basic Environmental Policy to reduce environmental impact in all areas of our business activities. As a company that contributes to helping people lead healthier, happier lives, we conduct our business activities in consideration of the global environment and work to protect, maintain, and improve the environment in order to realize a sustainable society. Specific goals to realize this policy are our Environmental Targets Plan. The Environmental Targets Plan is revised every three years and we set the targets shown on the slide as our seventh voluntary environmental target in FY2023. We set goals for proper management and reduction of greenhouse gases, water usage, waste, and chemical substances.



Strengthening efforts to protect the global environment



Climate change countermeasures



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* TCFD: Abbreviation of Task Force on Climate-related Financial Disclosures. Established in 2015 by the Financial Stability Board (FSB) to develop recommendations for more effective climate-related disclosures to be made by companies to investors, lenders, and insurance underwriters.

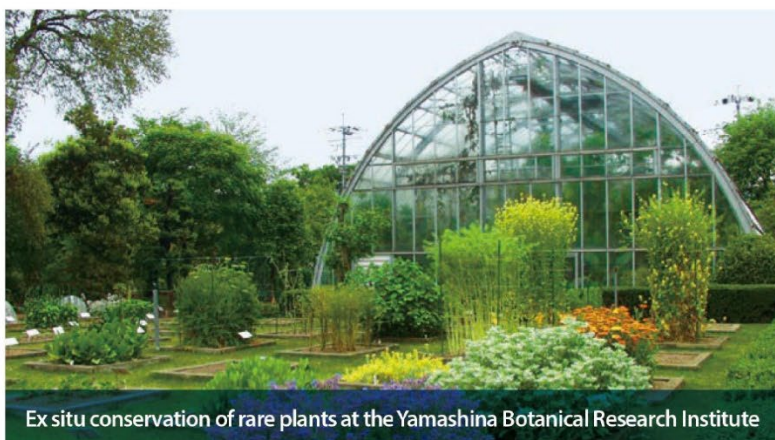
We set a new target this year with 2020 as a base year for reducing greenhouse gas emissions in order to achieve carbon neutrality by 2050.

We will explain the details of our specific environmental initiatives. Global warming countermeasures have been positioned as the most important item that Nippon Shinyaku must address, and we have set a goal to achieve carbon neutrality by 2050. The sixth Nippon Shinyaku Voluntary Environmental Targets was to reduce greenhouse gas emissions by 25% from the FY2013 level in FY2030, but the seventh Nippon Shinyaku Voluntary Environmental Targets is more stringent with a 42% reduction target from the FY2020 level.

In the current fiscal year, the switch to electricity derived from renewable energy sources will be approximately 50%. Our goal was also to convert all of the company-owned cars to hybrid cars within four years from FY2020, except in areas with heavy snowfall. As of the end of March 2023, 82% of company-owned cars were replaced by hybrid cars. We are promoting information disclosure in line with the framework of the TCFD recommendations regarding climate change.



Strengthening efforts to protect the global environment



Ex situ conservation of rare plants at the Yamashina Botanical Research Institute



Plant survey in the mountain and forests around Daigoji Temple



- The Yamashina Botanical Research Institute conserves approximately 3,000 varieties of plants, including 160 species that are the botanical origins of herbal medicines recorded in the Japanese Pharmacopoeia, the plants regulated by CITES such as *Welwitschia mirabilis* and the plants on the Japanese Red List of the Ministry of the Environment. From the perspective of biodiversity, we value research on cultivation.
- We participate in the local activities aimed at the preservation of rare plants native to Kyoto. For example, we are active in the protection and propagation of futaba aoi (*Asarum caulescens*) and kikutani-giku (*Chrysanthemum seticuspe*).

In terms of biodiversity conservation, over 3,000 plant species are conserved at our Yamashina Botanical Museum, including 160 species of plants listed in the Japanese Pharmacopoeia as the base plants of herbal medicines, as well as 480 species of rare plants, including plants regulated by the Washington Convention such as *welwitschia* and *aloe*, and those listed on the Japanese Red List of plants by the Ministry of the Environment. We are working on the ex situ conservation of these plants. In its hometown of Kyoto, the Group is also involved in the conservation and propagation of plants related to Kyoto's culture, such as *futaba aoi* and *kikutani-giku*. In June 2021, the G7 2030 Nature Pact pledged "30 by 30" to conserve at least 30% of Japan's land area as a natural environment area by 2030. In line with this idea, we have conducted a botanical survey of the Daigoji Temple forest in the southern part of Kyoto City, a cultural heritage site, we have identified 157 species of higher plants in 78 families and are cooperating in their conservation.



Strengthening governance



Related SDGs

 Strengthening governance	Promoting integrity	 
	Strengthening risk management	
	Appropriate information disclosure	

- **Considering with providing our drugs to various countries where we have not launched, we will promote integrity with further ensuring compliance and strengthening governance including subsidiaries outside of Japan.**
- **We will strengthen risk management and disclose appropriate information more actively to expand our business globally.**

Regarding the fifth materiality, strengthening governance, strong governance is necessary for our business to remain stable and continue to grow.

In aiming to provide pharmaceutical products to patients globally more than ever before, it is necessary to promote integrity by strengthening governance, including overseas subsidiaries, and ensuring compliance. As we expand our business globally, we will strengthen risk management and disclose appropriate information more actively.



Strengthening governance

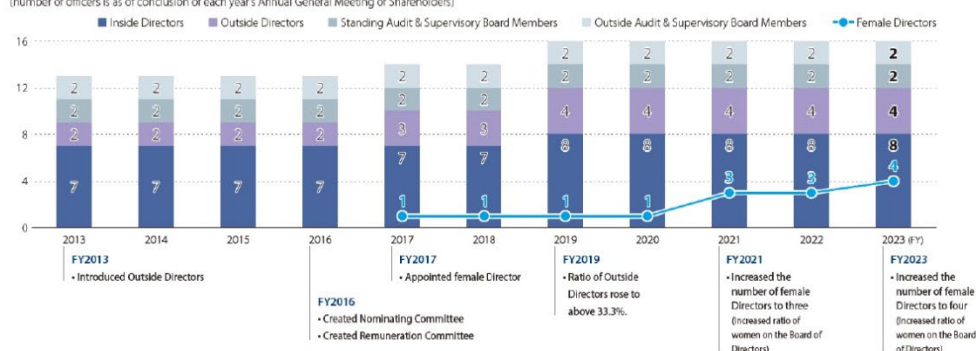


Promoting integrity

Main Activities	FY2022 Activities	Issues and FY2023 Strategies
<ul style="list-style-type: none"> Strengthening governance including at Group companies 	<ul style="list-style-type: none"> Enhanced items disclosed in the Corporate Governance Report Implemented company-wide activities to raise awareness about compliance 	<ul style="list-style-type: none"> Further strengthening governance Further ensuring compliance

Steps taken to strengthen corporate governance

(number of officers is as of conclusion of each year's Annual General Meeting of Shareholders)



We will increase the ratio of external directors and female directors, and enhance the effectiveness of the Board of Directors to discuss global business more deeply from a broad perspective.

Regarding the strengthening governance including group companies, we are working to raise awareness of integrity and promote diversity in order to expand our global business. To incorporate diverse perspectives into the Board of Directors, in 2017, Director Sakurai became the Company's first female director and was appointed as an outside director, bringing perspectives based on her expertise as an attorney to the Board of Directors. As female directors, Kobayashi, External Director; and Kimura, Director, Resource Procurement, Production & Assurance in charge of supply chain and reliability assurance joined in FY2021. Both have extensive experience in global business and are simultaneously strengthening their functions for globalization.

In the current fiscal year, Nishi was newly appointed as a female external director to strengthen the R&D aspect of the Company based on her experience as a physician and pharmacist. We are increasing the ratio of outside directors and female directors and building a system that enables in-depth discussion of global business from a broad range of perspectives.



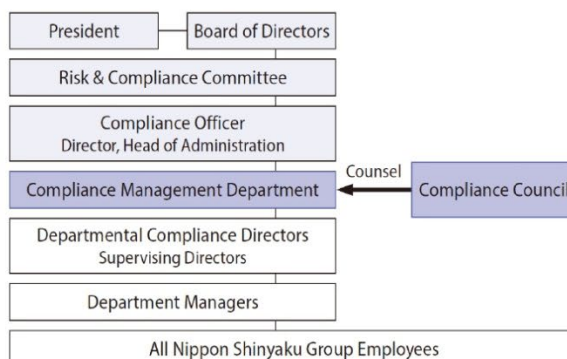
Strengthening governance



Promoting integrity

Main Activities	FY2022 Activities	Issues and FY2023 Strategies
<ul style="list-style-type: none">Enhancing compliancePromoting fair and transparent business	<ul style="list-style-type: none">Implemented compliance training and awareness-raising initiatives for all employees	<ul style="list-style-type: none">Continue compliance training and awareness-raising activities for all employees

Compliance Framework Chart



We have developed our governance system along with the globalization of business through preventing the occurrence of compliance incidents.

Next, I will explain our compliance and risk management systems.

The Nippon Shinyaku Group has in place Compliance Operating Rules, with the director in charge of CSR and administration acting as the compliance officer and a department dedicated to overseeing compliance initiatives. In addition, a Compliance Council has been established to provide support and advice to enhance and strengthen the compliance system. In each department, the director who serves as its head is responsible for its compliance initiatives, which are carried out by the managers therein. The compliance management department plans and formulates group-wide compliance initiatives based on advice from the Compliance Council. Initiatives are then implemented to spread and raise compliance awareness among all employees.

The Group also conducts a compliance awareness survey of all group employees, including those overseas, every year and shares the survey results within the Group. The Group works to prevent the realization of compliance risks using the survey results, for example, by providing special training for departments whose scores in the survey are relatively low. We are also promoting compliance promotion activities that can respond to the globalization of our business.

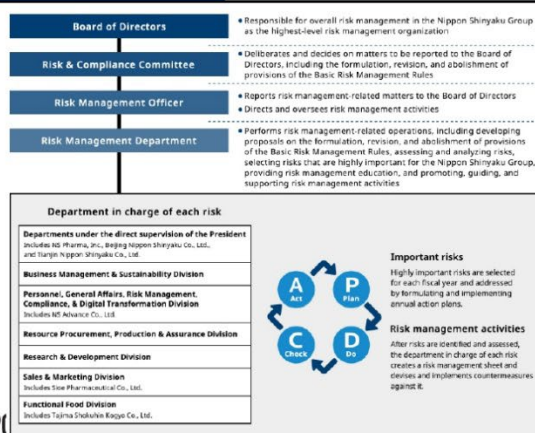


Strengthening governance



Strengthening risk management

Main Activities	FY2022 Activities	Issues and FY2023 Strategies
<ul style="list-style-type: none"> Understanding critical risks and strengthening the management and response system for each risk 	<ul style="list-style-type: none"> Identified critical risks and countermeasures Requested the departments responsible for each risk to prepare an action plan, and compiled them Conducted risk management self-checks and training Studied risk management operation methods based on risk management under the new risk classification Established and operated a zero trust network Strengthened information security literacy of employees Enhanced NS-CSIRT* activities through information sharing, drills, etc. <p>* NS-CSIRT: NS-Computer Security Incident Response Team</p>	<ul style="list-style-type: none"> Smoothly transitioning to and stably operating risk management activities based on the new risk classification Continuously formulating action plans for critical risks Strengthening information security education for Group companies Enhancing IT-BCP



To prevent the occurrence of incidents, we identify highly critical risks including ESG risks and set action plans for the year, strengthening preventative measures.



The Nippon Shinyaku Group aims to achieve sound growth and enhance corporate value through the reinforcement of its risk management system and ongoing risk management activities. The Group identified various possible risks under the basic risk management basic rules. Each of these risks is managed by the relevant department to prevent their realization and countermeasures to be adopted in the event of their realization. We select highly important risks every year and formulate action plans for the year to strengthen preventive measures. The results of these efforts and important risk themes for the following year are reported and discussed at the Risk & Compliance Committee. The Board of Directors receives reports on the contents and supervises the implementation and effectiveness of risk management.



Initiatives to promote sustainability internally



Toward more active sustainable promotion, we conduct educational and awareness-raising activities for each employee according Nippon Shinyaku Sustainability Policy.



- Donated sales by holding Lemonade Stand for the support group of pediatric cancer
- Donated food collected from employees as a food drive and the amount was 109.2kg
- Conducted various events such as internal volunteers, lectures, trials of parasports

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Finally, I will explain our initiatives to promote sustainability internally.

The Nippon Shinyaku Group conducts awareness-raising activities for each employee according to the Nippon Shinyaku Sustainability Policy.

Since SDGs Week is held at the end of September every year to coincide with the United Nations General Assembly session, we have set SDGs Week in September every year since 2021 and have held various events with employee participation. This year, we donated sales by holding lemonade stand for the support group of pediatric cancer. We also continued our food drive from last year and donated a lot of food again this year as well. We also promote other volunteer activities in which employees can participate, such as delivering picture books to children overseas.



Initiatives to promote sustainability internally



- As an internal awareness-raising activity, we launched a project of Patient Centricity.
- Purple day (March 26th) is a global grassroots event to increase worldwide awareness of epilepsy. On that day, we promoted understanding of the disease by wearing purple clothes.
- As events of Purple day in 2023, we exhibited the Nippon Shinyaku Sparkling Future Mobile Library in Osaka and illuminated Kyoto Tower in purple. Through those events, we promoted to raise awareness of this disease.
- We bought charity merchandise produced by the patient organization and a fashion brand.



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As employees of a pharmaceutical company, we have started activities to raise employee awareness so that we can be as close as possible to patients' feelings. Purple Day is a global grassroots event to increase worldwide awareness of epilepsy. On that day in March, employees wore purple items, which is the symbolic color. We illuminated Kyoto Tower in purple to raise awareness both inside and outside the Company.

We bought charity merchandise produced by the patient organization and a fashion brand.

We believe that through these various activities, our employees will become aware of the connection between materiality and sustainability. By making it their own business, our employees will grow as individuals, which will in turn lead to the growth of the Company.

This concludes our explanation of our approach to materiality.

FY 2023 ESG Meeting Q&A (Summary)

Held on October 3, 2023

NO	Questions	Answers
1	The operating profit for The Sixth Mid-term Management Plan target is expected to fail to achieve. What requests and opinions do you give at the Board of Directors as an outside director regarding the next Mid-term Management Plan?	As for the Seventh Mid-term Management Plan, an in-house project team was established in July and it is currently under discussion. I request the project team to share the details of discussions such as how they are thinking about what the ideal company should be and what KPIs should be established to realize the ideal company, and we as outside directors would like to commit to the discussions. In addition, we, outside directors, have stated in particular that it is essential to globalize in order to further change gears and move on a growth path amid the harsh changes in price revision by MHLW and intensified competition, and that globalization requires securing diverse human resources, learning about the world, and improving and expanding internal control system such as compliance and risk management for overseas subsidiaries. I think that they are formulating the next Mid-term Management plan with these points in mind. The details is going to be discussed.
2	If the current Mid-term Management Plan targets are not achieved, the next Mid-term Management Plan targets will tend to be low enough to be achieved. Are you, outside directors, making comments to prevent planning low targets?	President Nakai has clearly stated that they aim to expand revenue to 300 billion yen in the future, and from there to 500 billion yen, and from the company's efforts I believe they will not establish the next Mid-term Management Plan with low targets achieving easily. Furthermore, I see the company's directors are taking a proactive stance. As an outside director, I would like to continue to provide support and opinions.
3	In recent years, stock price has declined significantly since the peak. What do you advise and request to sluggish stock price as an outside director at the Board of Directors?	Although we have not discussed sluggish stock price at the Board of directors, outside directors discuss whether the current stock price is appropriate for their performance and if the it is too low. Nippon Shinyaku faces a number of issues, such as countermeasure against gene therapy and the speed of drug discovery and development. Some people may be concerned about the future growth of Nippon Shinyaku. They regard the speed of drug discovery and development as their important issue and they are promoting various initiatives such as venture-like initiatives and the establishment of IRP in the U.S. We have started to instill NS Mind and to create a new awareness and system leading to research and development, but we think it is still at the incipient stage. It is probably that they will consider the Seventh Mid-term Management plan including those points of view but I would like to keep a close watch on these points and express my opinions on it as an outside director.

4	What is President Nakai's view based on the opinions of Ms.Sakurai?	<p>In the pharmaceuticals business, which is the company's core business, to sustain growth with accelerating its pace, we are keenly aware of the need to promote global R&D speedily and taking an action for achieving that.</p> <p>Regarding the stock price, we have been constantly discussing with the director in charge and the Corporate Planning Division whether we should respond flexibly when stock price becomes much lower than the price we believe are appropriate due to external factors. We will respond accordingly.</p>
5	How do you evaluate the impact quantitatively on the outcomes of the value creation process? Recently, quantitation of outcomes, such as impact investment, has been required. I would like to hear your opinion for this.	We have not set KPIs including materiality yet except for the environmental factors. We would like to disclose in the next Mid-term Management Plan.
6	How do you enhance your presence in the food business in terms of increasing your presence in the healthcare field?	We believe that the pharmaceutical business is a business that engages in health after becoming ill. On the other hand, the functional food business is considered to be a business that contributes to health from the pre-disease stage, such as protein preparations and preservatives. We have a lineup of protein products, such as milk protein and soy protein. As a company with a high market share in the preservatives business, we have been recognized and appreciated by customers. In this way, we believe that customers recognize the meaningful existence for our functional food company, and we will maintain and develop our functional food business on an ongoing basis.
7	I think there may be differences in materiality between pharmaceuticals and functional food, so I would like to ask you to review them in the next Mid-term Management Plan. This will lead to how you perceive the positioning of the functional food business.	We will take it into consideration.
8	I would like the board of directors to conduct comprehensive discussion of the change in corporate value. Even if there were discussions on the operational side, I feel that outside directors may not be fulfilling their responsibility as representatives of minority shareholders unless sensitivity increase in the situation where the stock prices are underperforming. Therefore, I would like you, outside directors, to further discuss this.	Thank you for your valuable comment.
9	Please tell us about Nippon Shinyaku's focus and superiority over other companies in the activities introduced today. What is important for a pharmaceutical company is often important for other pharmaceutical companies, and I think there is no problem with the similarity in the story. I would like to hear your own ideas and initiatives.	The most important materiality is "Realizing a healthy future by creating innovation" We see creating of the new drug using core technologies such as small molecules and nucleic acid pharmaceuticals and delivering of these drugs to patients continuously as our strength points, and we are focusing on this. Our explanation may be similar to that of

		<p>other pharmaceutical companies, but we believe that core technologies, particularly nucleic acid pharmaceuticals, are strengths that other companies do not have. We believe that active development in the field of diseases where other companies find difficult to enter and delivering of pharmaceutical products globally will provide unique perspective and lead to differentiation to other companies. We would like to continue to focus our energies on doing our core business.</p>
10	<p>In the annual report, there is a description of the need for “human resources with an edge” in the "Dialogue with Outside Directors," and the company is recruiting mid-career employees. Please tell us in which areas there is a shortage of human resources if there are discussions of it at the Board of Directors.</p>	<p>Nippon Shinyaku's employee is highly regarded as a "good people" both inside and outside the company, and employee satisfaction is high overall. However, in order to link it to contributions to society and achieve sustained growth globally, we are discussing the need for not only "good people" but also "human resources of a different nature." and "human resources with an edge". In particular, I think that one of the fields where they are needed is the R&D field because the viewpoints, originality, and a spirit of serious challenge that does not fear failure are necessary. For expanding our business globally, it is necessary to employ human resources who are highly specialized from outside the company in addition to training appropriate human resources internally.</p>
11	<p>Gene therapies have a major impact on corporate value and stock prices. I have the impression that Nippon Shinyaku has been promoting R&D diligently, but I think it's also effective to Pursue R&D more aggressively. Are there any initiatives to accelerate R&D that you are considering?</p>	<p>Having worked for more than two years since becoming president, we have already shorten the decision-making process in order to shorten the time required to move to the next phase like from P1 to P2. We have identified the issues of time-consuming negotiations with regulatory authorities such as FDA and has taken steps to negotiate more effectively. In addition, we will announce in the 7th Mid-term Management Plan what we will do to speed up the process.</p>
12	<p>Recently, it has become increasingly common to see the mid-term management plan without numerical targets and we, investors, cannot see what the company's purpose is and communicate about it effectively. I think the numerical targets will be important in the next Mid-term Management Plan when the cliff for Upravi is going to be coming. Are you going to show numerical targets in the plan?</p>	<p>As you pointed out, we believe that in the next Mid-term Management Plan we should show how we can overcome the patent cliff of Upravi and growth continuously.</p>
13	<p>Nippon Shinyaku's IR is conducted by the Corporate Planning Department. There are no mid-tier or higher pharmaceutical companies that do not have specialized IR departments. Global IR is needed, and foreign investors appear to be struggling to gather data of Nippon Shinyaku. Is there a plan to establish a department dedicated to IR?</p>	<p>We recognized this as an issue in the discussions on the Seventh Mid-term Management Plan. I don't know if we can deal with it immediately, but I would like to show how it will be done in the future.</p>