Management Foundation for Value Creation

CONTENTS

52 Message from the Chairman
53 Strengthening Governance
60 Special Feature: Governance That Supports Taking on Challenges, and the Effectiveness of the Board of Directors
63 Management Team
65 Compliance and Risk Management
67 Stakeholder Engagement

Message from the Chairman



Representative Director, Chairman

SHIGENOBU MAEKAWA

We will enhance corporate value over the medium to long term through disciplined decision-making and highly effective oversight.

Nippon Shinyaku is currently strengthening our research and development capabilities and accelerating global expansion based on our 7th Five-Year Medium-Term Management Plan. To create future growth, it is essential not only to build up short-term results, but also to establish medium- to long-term competitive advantages while being conscious of capital efficiency. Consequently, the Board of Directors places great importance on making more accurate decisions by basing them on a comprehensive view of strategies and risks while taking ROIC and the cost of capital into account.

The Board of Directors is expected to fulfill an oversight function that evaluates the progress of strategy execution while also supporting appropriate course corrections to adapt to the changing environment. With regard to R&D investments and growth areas such as our pipeline, this oversight is reflected in the prioritization of investments and decision-making on whether to continue or revise them, based on business value evaluations. In terms of critical risks such as quality, compliance and information security, we are working to enhance our oversight function through continuous verifications and modifications, with an emphasis on prevention and early response. These activities form the foundation for creating sustainable social value, while also providing a strong base for the Company's sustainability management.

Each of our Outside Board Directors provides us with constructive feedback rooted in their expertise and independence, forming a decision-making foundation supported by diverse viewpoints. Furthermore, the restricted stock compensation plan for Inside Board Directors that we introduced in FY2024 has further strengthened value sharing with shareholders, promoting management decisions and oversight based on a long-term perspective.

My responsibility as Chairman of the Board of Directors is to ensure that the Board continues to be a forum that truly contributes to enhancing corporate value. To fulfill this responsibility, I encourage in-depth discussions on material issues and dialogue based on diverse viewpoints, which will lead to rational and disciplined decision-making. Going forward, we will continue to deliver highly effective corporate governance to enhance corporate value over the medium to long term and establish the trust of all our stakeholders.

Strengthening Governance

Material issues and related SDGs

Strengthening governance

Basic Approach

The Nippon Shinyaku Group recognizes that ensuring management transparency and fulfilling accountability to all stakeholders is one of management's most important tasks in order to raise corporate value through social contributions. The effective functioning of corporate governance is essential to resolving our material issues, one of which is "Strengthening governance." Based on our Philosophy, Management Policy, and Sustainability Policy, etc., Nippon Shinyaku has been striving to improve management transparency and fairness and further enhance the corporate governance system with the aim of achieving sustainable growth and enhancement of social value as well as corporate value over the medium to long term.
Furthermore, in 2015, the Company formulated its basic approach and basic policy governing corporate governance as the Corporate Governance Basic Policy, which it has reviewed regularly. In June 2026, we included a "Disclosure Based on the Principles of the Corporate Governance Code" section in our "Corporate Governance Report." Nippon Shinyaku will continue striving to strengthen corporate governance in order to achieve the sustainable enhancement of corporate value.

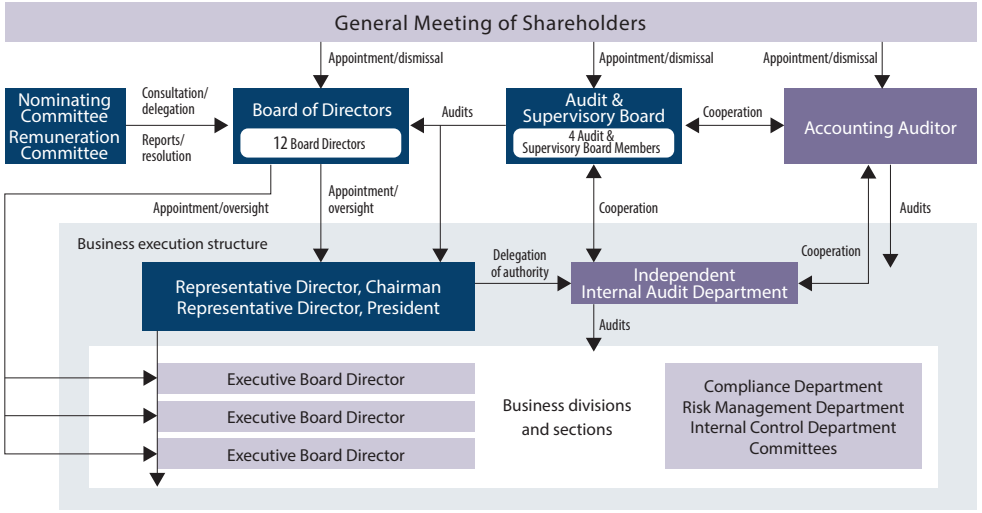
Website ▶ Corporate Governance Basic Policy / Corporate Governance Report
https://www.nippon-shinyaku.co.jp/english/ir/esg_management/governance.php

Corporate Governance System

Nippon Shinyaku has adopted the structure of a Company with an Audit & Supervisory Board as its corporate governance system. The Board of Directors is composed of twelve Board Directors, four of whom are Outside Board Directors, and the Audit & Supervisory Board is composed of four Audit & Supervisory Board Members, two of whom are Outside Audit & Supervisory Board Members.
To clarify management responsibility and establish the optimal management system in response to changes in the business environment in a flexible manner, the term of office of the Board Directors is one year. The four Outside Board Directors oversee the Directors' execution of duties, thereby enhancing the transparency and objectivity of management. Furthermore, the Audit & Supervisory Board Members attend all Board of Directors' meetings and other important meetings on business to accomplish the management oversight function of the Audit & Supervisory Board.
For meetings of the Board of Directors and the Audit & Supervisory Board, materials on the resolutions and reports are distributed in advance to Outside Board Directors and Outside Audit & Supervisory Board Members. For important agenda items, advance briefings are provided to facilitate informed discussions and decision-making. This approach helps streamline in-meeting explanations and ensures sufficient discussion time for enhancing Board effectiveness.

Organization for corporate governance (as of June 26, 2026)

Headed by the Company's Chairman and consisting of 12 members including four Outside Board Directors, the Board of Directors holds a meeting once a month in principle and resolves and reports on material business matters.



	Board of Directors	Audit & Supervisory Board	Nominating Committee and Remuneration Committee
Attendees	All Board Directors and Audit & Supervisory Board Members	All Audit & Supervisory Board Members	Yoshinao Wada (Outside Board Director) Yukari Kobayashi (Outside Board Director) Shigenobu Maekawa (Representative Director, Chairman)
Role	•Performing the oversight function for management in general and ensuring fairness and transparency of management •Determining policies governing the appointment and dismissal of Board Directors and Audit & Supervisory Board Members •Evaluating serious risks and formulating countermeasures •Making decisions, such as the execution of important business operations	•Playing a role in corporate oversight in coordination with the Board of Directors •Supervising the execution of duties by the Board of Directors and working to establish the corporate governance system •Actively expressing opinions based on their own specialized knowledge and vast experience	**Nominating Committee** •Deliberating on matters related to the appointment and dismissal of Directors and Audit & Supervisory Board Members and reporting to the Board of Directors **Remuneration Committee** •Deliberating on proposals for the General Meeting of Shareholders related to remuneration of Board Directors and Audit & Supervisory Board Members and basic policies governing remuneration for Board Directors, and reporting to the Board of Directors •Deliberating and making decisions on the details of remuneration for individual Board Directors based on the responsibility delegated by the Board of Directors
Meetings held in FY2025	14 (13 regular meetings, 1 extraordinary meeting)	18	6 (Nominating Committee: 2; Remuneration Committee: 4)

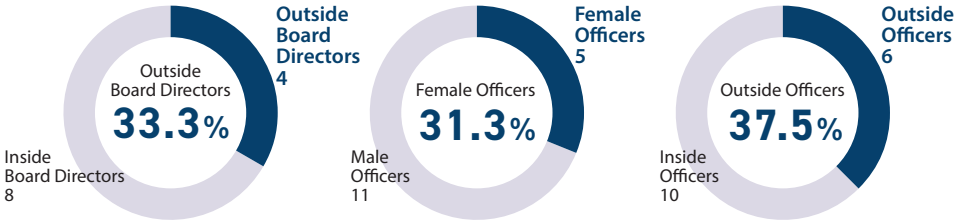
Strengthening Governance

Board of Directors

Through the participation of four Outside Board Directors, the Company strengthens oversight of the execution of duties and strives to enhance the transparency and objectivity of management. Furthermore, the Audit & Supervisory Board Members attend all Board of Board Directors' meetings and other important meetings on business to enhance the effectiveness of the management oversight function of the Audit & Supervisory Board.
For meetings of the Board of Directors and the Audit & Supervisory Board, materials on the resolutions and reports are distributed in advance to Outside Board Directors and Outside Audit & Supervisory Board Members. For important resolution items, we also provide time for prior explanation, which helps streamline in-meeting explanations to ensure sufficient discussion time and enhance Board effectiveness.



Composition of Board of Directors *Officers include Audit & Supervisory Board Members



FY2025 main activities

Meetings held in FY2025
14 (13 regular meetings, 1 extraordinary meeting)

In FY2025, the Board of Directors held lively discussions focused on important business, financial results, and organization and personnel. In particular, the overall understanding of the Board of Directors was deepened through deliberations on whether to advance development candidates to the next clinical phase and capital investments for products in development, and discussions about quarterly financial results. Furthermore, the Board reviewed the direction of strategies and approach to oversight with a view toward value creation over the medium to long term.

Main topics of deliberation	Number of discussions
Matters relating to the General Meeting of Shareholders	2
Matters relating to the Board Directors	9
Matters relating to the Nominating Committee	1
Matters relating to the Remuneration Committee	4
Matters relating to financial results	12
Matters relating to shares	1
Matters relating to corporate governance	3
Matters relating to organizations and personnel	7
Matters relating to in-licensing and partnerships	3
Matters relating to important business (research and development, capital investment, management, etc.)	20

Topics and content of deliberations by the Board of Directors

Topics	Content
Progress management of pharmaceutical R&D	The Board analyzed the causes behind delays in the progress of products under development, including in-house discovered products, and discussed management refinements and response measures to achieve the plans.
Business value evaluation and portfolio strategy	The Board reviewed business value evaluations periodically, and based on the results, discussed the optimization of the business portfolio and approach to management resource allocation.
Overseas business	The Board checked progress every month, and based on information such as the business environment, market trends, overseas regulations and geopolitical risks, discussed overseas business strategies and the approach to oversight.
Review of agenda items submitted to the Board of Directors	To further enhance the depth and engagement of Board discussions, the Board revised the scope and criteria for agenda items submitted to the Board, with a view to delegating more authority to the executive side.

Strengthening Governance

Audit & Supervisory Board

The Audit & Supervisory Board audits the status of compliance with legal obligations and internal rules by Board Directors, Corporate Officers and employees at Nippon Shinyaku and Group companies, while also overseeing and verifying the execution of duties of executive departments in line with the 2035 long-term vision and the 7th Five-Year Medium-Term Management Plan.
The Audit & Supervisory Board reports the status and results of audits to the Board of Directors and provides executive departments with counsel or recommendations as necessary. Furthermore, the Audit & Supervisory Board evaluates its own effectiveness and all members discuss and check whether audits are being conducted appropriately. The Audit & Supervisory Board reports the results of these evaluations to the Board of Directors.

System supporting the Audit & Supervisory Board

The Audit & Supervisory Board is establishing and strengthening an audit system that is focused on monitoring to increase its independence from business execution and ensure the effectiveness of auditing across the entire Group. The Audit & Supervisory Board has ensured independence by establishing a system consisting of two Outside Audit & Supervisory Board Members and two Standing Audit & Supervisory Board Members, with one of the Standing Audit & Supervisory Board Members appointed Chairperson.
In addition to each Audit & Supervisory Board Member attending meetings of the Board of Directors and Management Policy Review Group, the Standing Audit & Supervisory Board Members also participate in meetings of the Sustainability Committee and Risk & Compliance Committee. Information obtained through regular exchanges of opinions with the President and each Board Director, interviews with executive departments, and audits of overseas Group companies is also shared with the Outside Audit & Supervisory Board Members.

FY2025 main activities

The Audit & Supervisory Board holds a meeting once a month in principle, and it held 18 meetings in FY2025. Separately from Audit & Supervisory Board meetings, individual members exchange opinions with each other as necessary.

Resolutions/ discussed matters	● Audit policies of Audit & Supervisory Board, audit plans, Audit & Supervisory Board audit reports ● Approval for Audit & Supervisory Board Member appointment proposals, Audit & Supervisory Board Member remuneration ● Results of the examination of the proposals and documents to be submitted to the General Meeting of Shareholders ● Reappointment of the Accounting Auditor, approval of audit remuneration amount for the Accounting Auditor, and pre-approval of non-assurance services ● Appointment of the Audit & Supervisory Board Chairperson, etc.
Reported/ shared matters	● Contents of Audit & Supervisory Board Member meetings ● Status and contents of news releases related to the Company ● Status of audits at subsidiaries in Japan by subsidiary Audit & Supervisory Board Members ● Internal audit plans by the Audit Department and audit results ● Results of quarterly reviews by the Accounting Auditor, etc.

Cooperation with Accounting Auditor

The Audit & Supervisory Board confirms that the Accounting Auditor holds an independent position and audits are conducted appropriately. In addition, it receives reports about the status and results of the execution of duties from the Accounting Auditor as necessary. Meetings with the Accounting Auditor are held periodically and on an ad hoc basis to exchange information and opinions, resulting in efficient auditing.
Furthermore, a quality evaluation (service quality assessment) concerning the Accounting Auditor is held once a year to review the questions asked of the Accounting Auditor and the contents of the information provided with the aim of enhancing the quality of cooperation.

Cooperation with Internal Audit Department, etc.

In addition to the Internal Audit Department, the Audit & Supervisory Board cooperates with departments related to risk management and compliance, such as the Internal Control Department, Legal Department, and Corporate Sustainability Department. The Audit & Supervisory Board shares information with the Internal Audit Department periodically and on an ad hoc basis, including the exchange of opinions about internal audit plans, and it holds an Audit Liaison Committee meeting once a month to share information about the progress of audits and related matters. It also exchanges information periodically and on an ad hoc basis with the Internal Control Department and other departments related to risk management and compliance, and provides counsel to executive departments as necessary.
With the Internal Control Department, it has established a framework for the early sharing of risk information, including whistleblowing reports.
A Group Company Audit Liaison Committee consisting of Audit & Supervisory Board Members from related companies also meets twice a year to share information and check the effectiveness of the Board of Directors at the subsidiaries in which the Audit & Supervisory Board Members are involved. Based on this information, meetings are also held with the President of each Group company.

Tripartite Audit Liaison Committee

A liaison committee meeting is held involving three parties: the Accounting Auditor, the Internal Audit Department, and the Audit & Supervisory Board. In addition, each of these entities strives to further enhance its role and functioning as an independent body that plays an important role in corporate governance.
The opinions shared at the liaison committee are also reported to the Representative Directors in a timely manner to enhance the effectiveness of audits. This results in a framework that can rapidly share information about important risks, including with management departments.

Strengthening Governance

Skills Matrix of Board Directors and Audit & Supervisory Board Members

Nippon Shinyaku requires the Board Directors to possess qualities suitable for leading management in the global expansion of its business. In addition, the Directors should possess experience and knowledge in a wide range of areas, excellent character, high ethical standards, and extensive business-related experience and knowledge. Also, to ensure consistency with the Company's management strategy, Nippon Shinyaku has been implementing the "Three key themes" set forth in the 7th Medium-Term Management Plan, along with the initiative "Strengthening five management foundations," which supports these themes. Nippon Shinyaku has identified the skills deemed necessary to achieve these objectives and has designated them as disclosure items in its skills matrix.

Correlation between skills and the 7th Medium-Term Management Plan

	Three key themes / Strengthening five management foundations	Related skills
Three key themes	Fostering growth drivers to replace Uptravi	Research & Development, Sales/Marketing, Global business
	Expanding global development	Global business, Corporate management, Legal affairs/Risk management, Research & Development, Sales/Marketing, Talent development
	Continuous pipeline expansion	Research & Development
Strengthening five management foundations	Promoting sustainability management for realizing a sustainable society	Corporate governance/Sustainability, Legal affairs/Risk management
	Speeding up R&D	Research & Development
	Promoting human capital management that enables each employee to grow and diverse talent to thrive.	Talent development
	Business process reengineering and productivity improvement by promoting digitalization	Digital transformation / IT
	Financial strategy for sustainable growth	Corporate management, Finance/Accounting

Skills matrix of Board Directors and Audit & Supervisory Board Members (The list below does not represent all the expertise and experience of the Directors and Audit & Supervisory Board Members)

Category	Name	Attendance at meetings of Board of Directors /Audit & Supervisory Board		Skills and experience								
				Corporate management	Global business	Finance /Accounting	Legal affairs /Risk management	Research & Development	Sales /Marketing	Talent development	Corporate governance /Sustainability	Digital transformation /IT
Inside Board Directors	Shigenobu Maekawa	14/14		●	●	●	●				●	●
	Toru Nakai	14/14		●	●	●			●			
	Takanori Edamitsu	14/14		●		●	●				●	
	Hitoshi Ishizawa	14/14							●			
	Hitomi Kimura	14/14			●			●				
	Kazuyuki Iwata	10/10						●	●			
	Keiichi Kuwano	10/10						●				
	Mitsuharu Koizumi	—							●			
Outside Board Directors	Yoshinao Wada	14/14						●		●		
	Yukari Kobayashi	14/14		●	●	●			●	●		●
	Mayumi Nishi	14/14						●				
	Yohtaro Hongo	10/10			●	●						
Standing Audit & Supervisory Board Members	Hirotsugu Ito	14/14	18/18				●		●			
	Eriko Doi	14/14	18/18				●	●				
Outside Audit & Supervisory Board Members	Hiroharu Hara	14/14	18/18			●						
	Mariko Chaki	14/14	18/18				●					

Strengthening Governance

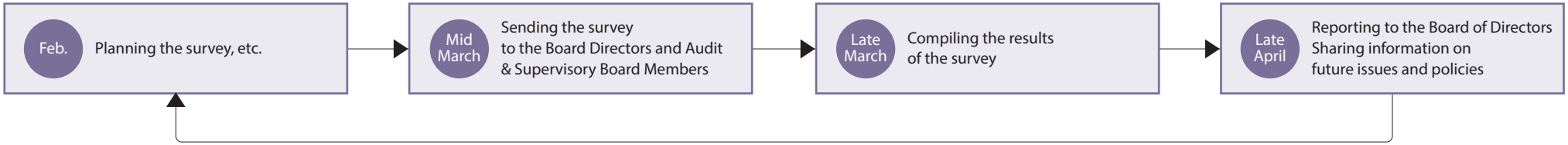
Evaluation of Effectiveness of the Board of Directors

Once each year, Nippon Shinyaku evaluates the effectiveness of the Board of Directors with the aim of enhancing its functionality. The evaluation is based on a survey of all Board Directors and Audit & Supervisory Board Members and assesses various aspects of the Board's effectiveness, including the appropriateness of its operations and the quality of its discussions. The evaluation results are reported at the Board of Directors, and by identifying issues and studying improvement measures, effectiveness is continuously enhanced.

Evaluation results for FY2025

The evaluation confirmed that each Executive Board Director and Outside Board Director actively participated in discussions, that open and constructive discussions were conducted from diverse and wide-ranging perspectives, and that appropriate decisions were being made by the management, and therefore it was determined that effectiveness was generally maintained. Based on the results of this analysis and evaluation, efforts will be made to enhance discussions even more going forward to further raise effectiveness.

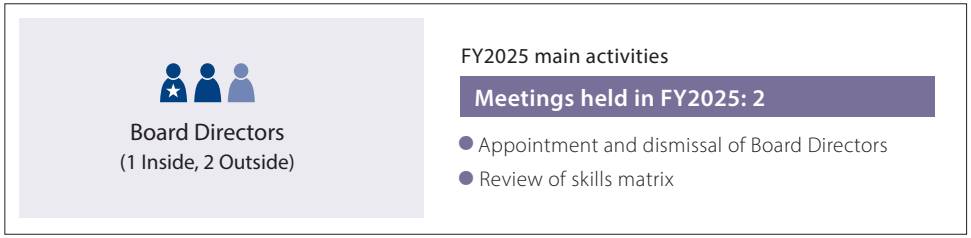
Analytical and evaluation process



Issues identified in FY2024	Initiatives in FY2025	Future direction	Issues identified in FY2025
● Review of the items submitted to the Board of Directors ● Further streamlining of explanations on agenda items ● Encouraging more proactive remarks by Board Directors from a management perspective	● The scope and decision criteria for Board of Directors agenda items were revised from the perspective of advancing the transfer of authority to Executive Board Directors. ● To ensure sufficient deliberation time for important topics, the time allocated to explanations on the day of the Board of Directors meetings was shortened and certain explanations were omitted, particularly for reporting items. ● For important resolution items, prior explanations were provided to Directors and Audit & Supervisory Board Members to further enhance the quality of discussions.	A number of opinions were received about the necessity of measures to accomplish more substantive discussions about overall Company management and to deepen discussions based on a more managerial perspective. Based on these opinions, the Board of Directors will enact continuous improvements to maintain and enhance effectiveness going forward, while functioning as a forum that contributes to enhancing corporate value over the long term.	While the effectiveness of the Board of Directors is generally ensured, to continue ensuring and further advancing its effectiveness, the Company will address the following issues in FY2026. ● Review of the number of members and composition of the Board of Directors ● Deepening discussions from a more managerial perspective ● Encouraging more proactive remarks by Board Directors from a management perspective

Strengthening Governance

Nominating Committee



Inside Board Directors　Outside Board Directors　★ Chairperson

The Nominating Committee consists of two Outside Board Directors and one Inside Board Director and is chaired by an Outside Board Director. Candidates for Board Directors are selected in accordance with the Corporate Governance Basic Policy, which states that the Directors of the Company shall have excellent personality, insight, management sense, ability, and abundant experience, and shall maintain good mental and physical health with high ethical standards.
Also, to ensure that the Board of Directors has a comprehensive understanding of the Company as a whole and is able to make appropriate decisions, consideration is given to the diversity of the members. In light of these considerations, the Board of Directors makes the final decision upon a recommendation from the Nominating Committee. The Nominating Committee met twice in FY2025 to deliberate the appointment and dismissal of Board Directors and review the skills matrix.

Development of leadership candidates

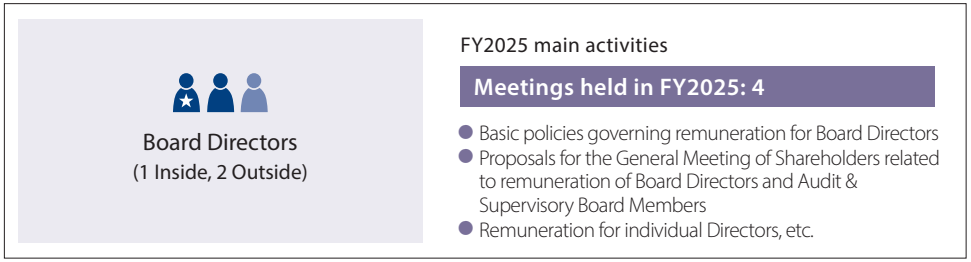
Nippon Shinyaku recognizes that it is important to train successors from various perspectives based on the future vision of the Company. We run HONKI Juku selective training programs which are classified into Leader, Management, and Executive according to the position and number of years at the Company of trainees.
The Leader program targets the younger group aged 25-35 to quickly uncover and pick out leadership candidates. The Management program provides lectures on management basics and middle management for executives aged 36-45 to acquire the perspective of a department manager. The Executive program aims for acquisition of practical management knowledge to train the next generation of management candidates.
In FY2025, 21 people participated in the three levels of the HONKI Juku (the third class). The target is for 115 employees to participate in the program over 5 years.
Through these initiatives, we strive to attract and develop highly motivated and talented individuals, while cultivating future leaders who will drive the Company's management and growth.

Succession plan

A candidate for President shall be nominated in accordance with the Corporate Governance Basic Policy, which states that in addition to an excellent personality, insight, management capability, and experience, the candidate shall maintain good mental and physical health with high ethical standards. The Board of Directors makes the decision upon a recommendation from the Nominating Committee, which consists of two Outside Board Directors and one Inside Board Director and is chaired by an Outside Board Director.



Remuneration Committee



Inside Board Directors　Outside Board Directors　★ Chairperson

The Remuneration Committee consists of two Outside Board Directors and one Inside Board Director and is chaired by an Outside Board Director. Remuneration of Board Directors is set within the total remuneration amount approved by the General Meeting of Shareholders. It shall effectively serve as an incentive for Directors that contributes to the sustainable enhancement of corporate value and its details shall be fair and rational enough to fulfill its accountability to stakeholders.
Remuneration consists of three components: fixed monthly basic remuneration, performance-linked remuneration (bonuses) determined based on the results of each fiscal year, and non-monetary remuneration (stock-based remuneration) as a medium- to long-term incentive. Individual remuneration amounts are determined based on deliberations by the Remuneration Committee, under delegation from the Board of Directors. The Remuneration Committee held four meetings in FY2025. The members deliberated topics including basic policies governing remuneration for Board Directors, proposals for the General Meeting of Shareholders related to remuneration of Board Directors and Audit & Supervisory Board Members, and remuneration for individual Board Directors.

Strengthening Governance

Officers' remuneration system

The remuneration of Company Board Directors consists of basic remuneration (fixed remuneration), performance-linked remuneration (bonuses), and non-monetary remuneration (stock-based remuneration), which serve as incentives that contribute to the sustainable enhancement of corporate value. In FY2024, a restricted stock compensation plan was introduced to strengthen value sharing with shareholders. Remuneration levels are determined based on factors such as responsibilities, performance evaluations, and external remuneration levels. Individual remuneration amounts are determined based on deliberations by the Remuneration Committee, within the limit approved by resolution of the General Meeting of Shareholders. Outside Board Directors and Audit & Supervisory Board Members receive only fixed remuneration.

Total remuneration for each officer category Subtotals for each type of remuneration and numbers of recipients

Officers category	Total remuneration (millions of yen)	Subtotals for each type of remuneration (millions of yen)			Number of recipients
		Fixed remuneration	Performance-linked remuneration		
			Bonuses	Restricted stock	
Board Directors (excluding Outside Board Directors)	443	211	161	70	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	34	34	—	—	2
Outside Officers	60	60	—	—	7

Structure of Board Director remuneration, excluding Outside Board Directors

Basic remuneration (fixed remuneration)

Determined by evaluating the performance of each Board Director in addition to the fixed amount corresponding to their position, which has been pre-determined by taking into account a comprehensive range of information, including survey data from external institutions and levels of remuneration for their counterparts at competitors.

Performance-linked remuneration (bonuses)

Performance-linked monetary remuneration aimed at enhancing awareness of and commitment to improving annual business performance Bonus amounts are determined by considering the performance evaluation for each Board Director and calculating the amount based on the consolidated operating profit for each business year.

Non-monetary remuneration (stock-based remuneration)

The number of shares granted is determined from an amount calculated in accordance with consolidated operating profit in each business year, taking also into account each Board Director's performance evaluation, etc.

Training for Officers

Nippon Shinyaku holds training and debriefing sessions attended by all Directors, in order to convey information on legal responsibilities, corporate governance, etc., and to share information on the important operations performed by each division. Audit & Supervisory Board Members can also attend these training and debriefing sessions. In addition, when new Board Directors and new Audit & Supervisory Board Members assume office, Nippon Shinyaku holds in-house training sessions for newly appointed officers and provides necessary training opportunities.

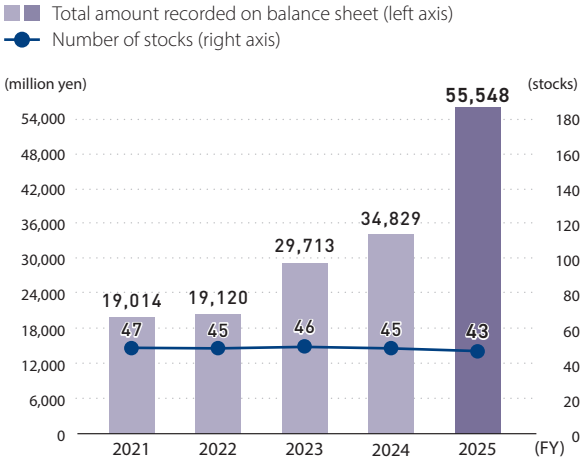
Internal Control System

Pursuant to the Japanese Companies Act, the Board of Directors has resolved a basic policy on the establishment of an internal control system to ensure the proper execution of business, ensure regulatory compliance and raise business effectiveness and efficiency. Moreover, we comply with the internal control reporting requirements under the Financial Instruments and Exchange Act, and operate under a framework we have developed for ensuring proper financial reporting. The effectiveness of internal controls related to financial reporting is evaluated by the Internal Audit Department, which reports directly to the Chairman.

Cross-shareholding Status

The Board of Directors examines and confirms the strategic rationale and economic rationale for holding each individual cross-shareholding. Based on these results, we will gradually reduce holdings of stocks deemed to have limited significance.
In FY2025, the Company sold all shares of two stocks and part of the shares of three other stocks, for total proceeds of ¥4,938 million. The balance sheet carrying amount of the stock holdings increased due to the increase in the stock prices.

Status of cross-shareholdings



Special Feature

This roundtable discussion was held in May 2026.



Yoshinao Wada

Yukari Kobayashi

Yohtaro Hongo

Mayumi Nishi

DIALOGUE

Governance That Supports Taking on Challenges, and the Effectiveness of the Board of Directors

As Nippon Shinyaku focuses on the field of intractable and rare diseases and advances its global expansion, the Board of Directors is expected to ensure disciplined decision-making with regard to research and development investments while also conducting dialogue that supports employees in taking on challenges. In this roundtable discussion, four Outside Directors discuss the changes and concrete examples surrounding efforts to enhance the effectiveness of the Board of Directors, as well as issues and expectations for the Company going forward.

Roles expected of Outside Directors —— "Frontline experience" and "outside perspective"

Wada: Something that made a strong impression on me when I first joined Nippon Shinyaku's Board of Directors was being told, "Please say whatever is on your mind." I shouldn't be afraid of making a mistake, and if I didn't understand something, then I should ask. Keeping these words in mind, even now I make sure to communicate my thoughts candidly. The strength of the Board of Directors at Nippon Shinyaku is the expertise of each of its Outside Board Directors, which provides a strong base for open-minded discussions. My role is to bring my frontline perspective to the Board, including insights into what patients think and how physicians evaluate medicines.

To properly fulfill my oversight function, it's also essential to thoroughly understand the details of executive actions, and it's important to understand the quality of research and development, the design of clinical trials, and the enthusiasm levels of people on the ground.



Kobayashi: Like Director Wada, when first appointed I was told they were looking for Directors who could state their opinions plainly without being swayed by others. To meet this expectation, I make sure to put any uneasiness I feel into words and communicate my thoughts. In fact, lively discussions are held at the Board of Directors meetings and I feel that an environment has been created that allows the frank exchange of opinions with management.
I'm also conscious of the vital importance of an "outside perspective." Discussions at a pharmaceutical company tend to be centered around the paradigm of Western medicine, but actual patients and consumers think about their health from a more diverse range of options. As such, I always try to bring the perspective of questioning whether products, including functional foods, really benefit patients.
Nishi: In terms of research and development investments, I place particular emphasis on making evaluations on a more disciplined basis and linking them to decision-making. Each research and development topic should have its business value verified periodically according to progress made and changes in the external environment, and appropriate decisions on whether to continue, stop, or accelerate work on each topic should be made on a timely basis.
On the other hand, intangible strengths such as the willingness to take on challenges, innovation, and researcher enthusiasm are also indispensable for the growth of a pharmaceutical company. Making evaluations too formalized and basing decisions only on short-term numbers risk killing off the seeds of research and development that will lead to future growth. As such, it is important to both make decision-making more disciplined and also encourage employees in taking on challenges.
Hongo: I believe that the most important topics tackled by the Board of Directors are pipeline investments and business development investments. The Company has declared a strategy of focusing on intractable and rare diseases, and we as Outside Directors always check whether each individual project is truly in alignment with this strategy or is just a holdover from past practices.
In particular, the themes of research and development investments, business development investments, and business portfolio construction do not have a single correct answer. This is why discussions conducted from a wide variety of perspectives will raise corporate value. Although business value evaluations are important, even cases that are evaluated negatively will sometimes require investment from a strategic perspective. However, this is based on the assumption that the full understanding and approval of the executive team will be obtained before decisions are made.

Signs of improved Board effectiveness —— "Visualization" and "discussions that question assumptions"

Hongo: From the perspective of enhancing the effectiveness of the Board of Directors, clear progress has been made in discussions about business value evaluations. Individual projects are discussed not just on their own merits, but from a wider perspective that includes consistency with the strategy of focusing on intractable and rare diseases, the overall optimization of resource allocation, and capital efficiency. This is a specific example of how the effectiveness of governance has been enhanced.
Wada: I'm acutely aware of how delays in clinical development impact business value. Delays in the progress of clinical development greatly impair business value. Visualization of issues has improved in recent years and the Company has developed a system to share progress more frequently when issues arise. Furthermore, progress at subsidiaries is also now reported every month. The requested information is now organized and presented in an appropriate format and open-minded opinions are exchanged at Board of Directors meetings based on this information. This shows real change from previous practices and is evidence that the governance system has evolved.
Nishi: One project that was carried over for further deliberation made a particular impression on me. After I requested a reexamination of the initial assumptions, the related departments conducted a multifaceted reanalysis from a wider variety of perspectives. As a result, the decision could be made after gaining greater clarity on the project outlook. I believe that this series of processes shows that governance is functioning effectively.
Kobayashi: One of the strengths of governance at Nippon Shinyaku is the deeply rooted culture of the Board of Directors that allows everyone, including Outside Board Directors, to discuss issues candidly. The forward strides in disclosure and visualization of the necessary information have made discussions even more comprehensive than before. Information about business value and the development status is organized appropriately, enabling substantive discussions that exceed a superficial understanding. From a human resources perspective as well, understanding of the frontline is steadily improving. Initiatives such as the next-generation development program have deepened understanding of the perspectives of our future leaders and the conditions on the ground, raising the quality of discussions.

Future issues —— Speed of risk sharing, strategic discussions, and decision-making

Kobayashi: I strongly believe that some of the key issues we will face in the future will be how to share risks at the earliest opportunity while also speeding up strategic discussions and decision-making. Among us Outside Board Directors, we have frequently exchanged opinions on whether the strategy should be clarified further and whether the time has come to reconsider the composition of the Board of Directors. A precondition for such discussions is the early identification and sharing of risks. As globalization progresses, risks are becoming ever more diverse and complex. Rather than responding after the event, it's important to identify risks at an early stage and share the information.
Hongo: I feel the same way. I think there's still room to further refine the Company's strategy of focusing on intractable and rare diseases. The Board of Directors needs to hold more discussions to further clarify the definitions and priorities of the strategy. Given the scale of the Company's business, it's difficult to respond to every single issue. But this is what makes it so important to narrow down and clarify the strategy.
Nishi: I also think that discussions about strategy are very important. Instead of just accumulating decisions on individual projects, we need to engage in further discussions about higher concepts, such as identifying the fields in which we should focus and the strengths of the Company.
Kobayashi: I agree. I also think that enhancing quality and increasing speed are both vital issues that need addressing. The global business environment changes rapidly and if we stick to previous practices, we will miss opportunities.



In a world of limited resources, we need to work out how to efficiently incorporate valuable assets, and revise our operations, including business models, based on this perspective. Another key theme for management at R&D-led companies is to make investment decisions and develop human resources in a way that will enhance research quality and speed up operations while anticipating future trends. It's important to develop a framework that evaluates and encourages these initiatives appropriately.

Hongo: Careful preparations are made before meetings of the Company's Board of Directors, which fosters an atmosphere where everyone can freely express their views. To improve the quality of discussions even more going forward, I think it would be a good idea to set aside dedicated time separate from regular Board meetings to provide more opportunities to exchange opinions that question assumptions.
Specifically, before starting to consider individual projects, it's important to discuss in detail issues such as revisions to the pipeline, and the optimal balance between in-house drug discovery and external in-licensing.

Wada: The early sharing of risk information, as described earlier by Director Kobayashi, is also an important point to consider. The executive team should present issues to the Board of Directors at an early stage instead of holding back because issues are still uncertain. Management needs to properly understand risks in advance in order to determine the appropriate level of risk to allow.

Kobayashi: Information security in particular is an extremely serious risk we need to address. Companies of any scale and in any region can become targets, and even a single incident can have a fatal impact on business management. As such, it's essential to share risk information at the earliest opportunity and then take appropriate countermeasures.

Perspective on growth drivers
—— How should in-licensing and global expansion be overseen?

Kobayashi: As we think about the growth of the Company, globalization is a key management theme that must be addressed. Assumptions overseas often differ greatly from those in Japan, which can give rise to various risks from differences in culture and business practices, in addition to regulatory risks. Instead of responding after the fact, it's important to identify and share potential risks as early as possible.

Nishi: The Company faces many issues as it expands globally, not only in gaining approval for products but also in their subsequent commercialization. An extremely wide range of practical issues needs to be tackled, including price setting, distribution, patient access, and the division of roles with partners. Responding appropriately to these issues requires strengthening cooperation between the Head Office and overseas subsidiaries. For in-licensed products, we must also carefully determine when and where to allocate management resources, and to what extent.
Even after in-licensing, close monitoring is required to ensure that risks and business viability are continuously checked as the external environment changes.



Wada: The key issue in the field of intractable and rare diseases is to deliver our medicines to each patient who needs them. Obtaining approval is just the starting point—it's only after ensuring subsequent patient access and acceptance in healthcare settings that we can truly say that we have provided value.

Hongo: The globalization of the Company remains a work in progress. Director Nishi earlier mentioned the need to strengthen cooperation, and to do this step by step, it's essential to bring in external experience and knowledge; in other words, to invest in talent. Although initiatives are already in progress, there is still room for further consideration of whether the required levels have been met.



Kobayashi: To achieve global growth in the field of intractable and rare diseases, it is important to build an organizational foundation where diverse talent can thrive, including through the expansion of experienced-hire recruitment. It's also important to develop leaders with an international outlook through the further advancement of human capital management and succession planning.

Giving our all to each person who faces an intractable or rare disease

Wada: To close, I'd like to reemphasize that the core of the Company is revealed in its attitude toward each individual patient. During the launch of Viltepso, I witnessed firsthand the initiatives that were required specifically for intractable and rare diseases. These included the proper identification of the patients eligible for administration and the efforts to make sure the pharmaceuticals reached them. The determination of the Company to deliver new value to patients made a deep impression on me. The presence of each patient is felt much more closely in the field of intractable and rare diseases. "NS Mind," the employee Guidelines for Action, reflects this patient-centric stance. The ability to put into practice actions aligned with these guidelines across the entire organization is a strength of the Company.

Hongo: I think so too. Ultimately, as a company that seeks to tackle intractable and rare diseases, it's important to have a clear mission of gaining a deep understanding of each patient and delivering pharmaceuticals to them.
It is this belief that will form the foundation of Nippon Shinyaku's corporate value.

Kobayashi: The core values of the Company are summed up well by its philosophy and its vision of "Creating various types of new ways of life for each person around the world." These values are easy for employees to empathize with, and they also accurately convey to other stakeholders the stance of the Company. Supported by these values and philosophies, employees can maintain a steady direction when taking on challenges, without being blown off course.

Nishi: This is why we need to enhance the effectiveness of the Board of Directors even further. As a forum rooted in these values, the Board will support employees in taking on challenges and increase corporate value sustainably.

Management Team (Current as of June 26, 2026)

Inside Board Directors



Representative Director, Chairman

Shigenobu Maekawa

Number of shares of the Company held
65,093

Apr. 1976 Joined the Company
Mar. 1992 Transfer to Japan Federation of Employers' Associations
Jun. 2002 Executive Director, Corporate Planning Department, Corporate Strategy Office
Apr. 2004 Vice President, Corporate Officer
Jun. 2005 Board Director
Jun. 2005 General Manager, Corporate Planning, Finance & Accounting, and Information Systems; Executive Director, Corporate Planning Department
Jun. 2006 Senior Board Director
Apr. 2007 General Manager, Corporate Planning, Finance & Accounting, and Information Systems
Jun. 2007 Representative Director, President
Jun. 2021 Representative Director, Chairman (current position)
Jun. 2022 Chairman, Kyoto Employers' Association
Jun. 2023 Outside Director, KYOCERA Corporation (current position)

<Significant concurrent positions>
Outside Director, KYOCERA Corporation



Representative Director, President

Toru Nakai

Number of shares of the Company held
24,237

Apr. 1995 Joined the Company
Apr. 2016 Executive Director, Business Planning Department
Apr. 2018 Acting General Manager, Corporate Planning (NS Pharma, Inc.)
Apr. 2019 General Manager, Global Business Division; Attached to Global Business Division (NS Pharma, Inc.)
Jun. 2019 Board Director
Jun. 2019 General Manager, Global Business; Head of Global Business Division
Jun. 2021 Representative Director, President (current position)



Senior Board Director, Business Management

Takanori Edamitsu

Number of shares of the Company held
11,344

Apr. 1989 Joined the Company
Aug. 2011 Executive Director, Corporate Planning Department
Apr. 2013 Vice President, Corporate Officer; Executive Director, Corporate Planning Department
Jun. 2018 Board Director
Jun. 2018 General Manager, Business Management
Apr. 2022 General Manager, Business Management & Sustainability
Jun. 2026 Senior Board Director (current position)
Jun. 2026 General Manager, Business Management (current position)



Board Director, Functional Food

Hitoshi Ishizawa

Number of shares of the Company held
11,577

Apr. 1985 Joined the Company
Apr. 2013 Head of Kitakanto Business Office, North Japan Sales Division, Sales and Marketing
Apr. 2014 Head of Chugoku Business Office, West Japan Sales Division, Sales and Marketing
Apr. 2015 Head of Tokyo Business Office, East Japan Sales Division, Sales and Marketing
Apr. 2017 Head of Osaka Business Office, Sales and Marketing
Apr. 2018 Vice President, Corporate Officer; Head of Osaka Business Office, Sales and Marketing
Apr. 2021 Vice President, Corporate Officer; Head of Kansai Business Office, Sales and Marketing
Jun. 2021 Board Director (current position)
Jun. 2021 General Manager, Functional Food; Head of Functional Food Division (current position)



Board Director, Resource Procurement, Production & Assurance

Hitomi Kimura

Number of shares of the Company held
7,277

Apr. 1984 Joined the Company
Apr. 2015 Executive Director, Regulatory Affairs Department, Regulatory Affairs, Pharmacovigilance and Quality Assurance Division
Apr. 2020 Head of Regulatory Affairs, Pharmacovigilance and Quality Assurance Division (Marketing Supervisor-General)
Apr. 2021 Vice President, Corporate Officer; Head of Regulatory Affairs, Pharmacovigilance and Quality Assurance Division (Marketing Supervisor-General)
Jun. 2021 Board Director (current position)
Jun. 2021 General Manager, Resource Procurement, Production & Assurance (current position)



Board Director, Sales and Marketing

Kazuyuki Iwata

Number of shares of the Company held
3,100

Apr. 1990 Joined the Company
Apr. 2015 Head of Chiba Business Office, East Japan Sales Division, Sales and Marketing
Apr. 2016 Head of Yokohama Business Office, East Japan Sales Division, Sales and Marketing
Apr. 2017 Executive Director, Primary Care Products Promotion Department, Sales and Marketing Planning Division, Sales and Marketing
Apr. 2019 Executive Director, Pharmaceutical Information of Urology Department, Sales and Marketing Planning Division, Sales and Marketing
Apr. 2021 Head of Kanetsu Business Office, Sales and Marketing
Apr. 2022 Head of Nagoya Business Office, Sales and Marketing
Apr. 2023 Vice President, Corporate Officer; Head of Nagoya Business Office, Sales and Marketing
Jun. 2025 Board Director (current position)
Jun. 2025 General Manager, Sales and Marketing; Head of Sales and Marketing (current position)



Board Director, Research & Development

Keiichi Kuwano

Number of shares of the Company held
900

Apr. 1993 Joined the Company
Apr. 2016 Executive Director, R&D Planning and Administration Department, R&D Planning and Administration Division, Research & Development
Jun. 2021 Head of Discovery Research Labs., Research & Development
Apr. 2022 Vice President, Corporate Officer; Head of Discovery Research Labs., Research & Development
Jun. 2025 Board Director (current position)
Jun. 2025 General Manager, Research & Development; Head of Research & Development Division (current position)



Board Director, Personnel, General Affairs, Risk Management, Compliance, Sustainability & Digital Transformation

Mitsuharu Koizumi

Number of shares of the Company held
3,400

Apr. 1990 Joined the Company
Apr. 2014 Executive Director, Product Marketing Department, Sales and Marketing Planning Division, Sales and Marketing
Apr. 2015 Executive Director, Marketing & Development of Urology Department, Sales and Marketing Planning Division, Sales and Marketing
Apr. 2017 Head of Yokohama Business Office, Sales and Marketing
Apr. 2019 Head of Nagoya Business Office, Sales and Marketing
Apr. 2020 Vice President, Corporate Officer; Head of Nagoya Business Office, Sales and Marketing
Apr. 2021 Vice President, Corporate Officer; Head of Sales and Marketing Planning Division, Sales and Marketing
Apr. 2026 Vice President, Corporate Officer; Attached to General Manager, Personnel, General Affairs, Risk Management, Compliance & Digital Transformation; General Manager, Personnel & Digital Transformation
Jun. 2026 Board Director (current position)
Jun. 2026 General Manager, Personnel, General Affairs, Risk Management, Compliance, Sustainability & Digital Transformation (current position)

Website ▶

For the reasons for the appointment of Board Directors and Audit & Supervisory Board Members, please visit the following website:
https://www.nippon-shinyaku.co.jp/english/company_profile/profile/executive_officer/

Management Team

Outside Board Directors



Outside Board Director

Yoshinao Wada

Number of shares of the Company held
600

Jul. 1975 Joined Osaka University Hospital
Nov. 1981 Department of Maternal Medicine, Osaka Medical Center for Maternal and Child Health
Oct. 1989 Obtained the degree of Doctor of Medicine (Osaka University)
Apr. 1991 Department Manager, Department of Molecular Medicine, Research Institute, Osaka Medical Center for Maternal and Child Health
Apr. 1995 Visiting Professor, Osaka University
Apr. 1998 Director, Research Institute, Osaka Medical Center for Maternal and Child Health
Apr. 2011 Department Manager, Department of Maternal Medicine; Director, Research Institute; Osaka Medical Center for Maternal and Child Health
Apr. 2014 Chief Department Manager, Department of Maternal Medicine; Director, Research Institute; Osaka Medical Center for Maternal and Child Health
Apr. 2016 Part-time physician, Department of Maternal Medicine, Osaka Medical Center for Maternal and Child Health
Apr. 2017 Part-time physician, Department of Maternal Medicine, Osaka Women's and Children's Hospital (current position)
Apr. 2018 Visiting Professor, Yokohama City University
Jun. 2019 Board Director, the Company (current position)

<Significant concurrent positions>
Part-time physician, Department of Maternal Medicine,
Osaka Women's and Children's Hospital



Outside Board Director

Yukari Kobayashi

Number of shares of the Company held
700

Apr. 1987 Joined IBM Japan, Ltd.
Jul. 2002 Senior Manager, Overall Management of System Products Marketing, IBM Japan, Ltd.
Jan. 2007 Director in charge of Public Sector, Global Business Service, IBM Japan, Ltd.
Jan. 2007 Executive Officer, IBM Business Consulting Services KK
Mar. 2016 Growth Leader for Mercer Far East Zone; Chief of staff, Mercer Japan Ltd.
Jan. 2018 Director, Mercer Investment Solutions Ltd.
Feb. 2018 COO, Mercer Japan Ltd.
Sep. 2018 Vice President, Corporate Officer; Corporate Strategy Management Lead, Area Transformation Lead, and Chief of Staff, Microsoft Japan Co., Ltd.
Mar. 2020 Representative Partner, Amanda Life Consulting LLC. (current position)
Jun. 2021 Board Director, the Company (current position)
Apr. 2022 Outside Director, Panasonic Connect Co., Ltd.
Mar. 2023 Outside Director, Bridgestone Corporation (current position)
Jun. 2023 CEO, JC1 LLC (current position)

<Significant concurrent positions>
Representative Partner, Amanda Life Consulting LLC.
Outside Director, Bridgestone Corporation CEO, JC1 LLC



Outside Board Director

Mayumi Nishi

Number of shares of the Company held
700

Apr. 1980 Joined Department of Biology, Aichi Cancer Center Research Institute
Apr. 1980 Obtained pharmacist license
Apr. 1991 Joined Department of Anesthesiology, Kyoto Prefectural University of Medicine
May 1991 Obtained medical license
Mar. 1997 Obtained the degree of Doctor of Medicine (Kyoto Prefectural University of Medicine)
Apr. 1997 Teaching Associate, Department of Anatomy I, Kyoto Prefectural University of Medicine
Jun. 1998 Lecturer, Department of Anatomy I, Kyoto Prefectural University of Medicine
Apr. 2003 Lecturer, Graduate School of Medical Science, Kyoto Prefectural University of Medicine
Apr. 2005 Assistant Professor, Department of Anatomy and Neurobiology, Graduate School of Medical Science, Kyoto Prefectural University of Medicine
Apr. 2007 Associate Professor, Department of Anatomy and Neurobiology, Graduate School of Medical Science, Kyoto Prefectural University of Medicine
Aug. 2009 Professor, Department of Anatomy and Cell Biology, Nara Medical University
Apr. 2010 Visiting Professor, Graduate School of Medical Science, Kyoto Prefectural University of Medicine
Apr. 2023 Professor Emeritus, Nara Medical University (current position)
Jun. 2023 Board Director, the Company (current position)



Outside Board Director

Yohtaro Hongo

Number of shares of the Company held

1,600

Apr. 1990 Joined The Sanwa Bank, Ltd.
May 1995 Earned an MBA at the Wharton School of the University of Pennsylvania
Aug. 1999 Joined Investment Banking Division, JPMorgan Securities Japan Co., Ltd.
May 2008 Managing Director, JPMorgan Securities Japan Co., Ltd.
Jan. 2023 Vice Chairman, Investment Banking Division, JPMorgan Securities Japan Co., Ltd.
May 2025 Resigned from JPMorgan Securities Japan Co., Ltd.
Jun. 2025 Board Director, the Company (current position)

Audit & Supervisory Board Members



Standing Audit &
Supervisory Board Member

Hirotsugu Ito

Number of shares of the Company held
3,300

Apr. 1986 Joined the Company
Apr. 2015 Head of Keiji-Hokuriku Business Office, West Japan Sales Division, Sales and Marketing
Apr. 2017 Head of Kyushu Business Office, Sales and Marketing
Apr. 2019 Head of Chushikoku Business Office, Sales and Marketing
Apr. 2021 Head of Nagoya Business Office, Sales and Marketing
Apr. 2022 Executive Director, Information Service Supervisory Department
Jun. 2023 Standing Audit & Supervisory Board Member (current position)



Standing Audit &
Supervisory Board Member

Eriko Doi

Number of shares of the Company held
600

Apr. 1984 Joined the Company
Apr. 2007 Manager, Planning and Coordination Section, R&D Planning and Administration Department, Research & Development Planning Center, Research & Development
Apr. 2008 Manager, Planning and Coordination Section, R&D Planning and Administration Department, R&D Planning and Administration Division, Research & Development
Apr. 2016 Executive Director, Safety Management Department, Regulatory Affairs, Pharmacovigilance and Quality Assurance Division
Apr. 2018 Executive Director, Safety Management Department, Regulatory Affairs, Pharmacovigilance and Quality Assurance Division (Safety Management Supervisor)
Jun. 2024 Standing Audit & Supervisory Board Member (current position)



Outside Audit &
Supervisory Board Member

Hiroharu Hara

Number of shares of the Company held
700

Apr. 1983 Joined Osaka Regional Taxation Bureau
Jul. 2012 District Director, Shingu Tax Office, Osaka Regional Taxation Bureau
Jul. 2015 Director, Second International Information Div., First Examination Dept., Osaka Regional Taxation Bureau
Jul. 2016 District Director, Nishi Tax Office, Osaka Regional Taxation Bureau
Jul. 2017 Director, Research Management Div., First Examination Dept., Osaka Regional Taxation Bureau
Jul. 2019 Deputy Assistant Regional Commissioner, Second Examination Dept., Osaka Regional Taxation Bureau
Jul. 2020 District Director, Kita Tax Office, Osaka Regional Taxation Bureau
Jul. 2021 Retired from Kita Tax Office, Osaka Regional Taxation Bureau
Aug. 2021 Registered as Licensed Tax Accountant
Aug. 2021 President, Hiroharu Hara Tax Accountant Office (current position)
Jun. 2023 Audit & Supervisory Board Member, the Company (current position)

<Significant concurrent positions>
President, Hiroharu Hara Tax Accountant Office



Outside Audit &
Supervisory Board Member

Mariko Chaki

Number of shares of the Company held
0

Sep. 2002 Completed legal apprenticeship at Legal Training and Research Institute
Oct. 2002 Registered with Kyoto Bar Association
Oct. 2002 Joined Oike Law Office
Oct. 2006 Partner, Oike Law Office (current position)
Jun. 2024 Audit & Supervisory Board Member, the Company (current position)
Jun. 2026 Outside Director, Japan University Health Association (current position)

<Significant concurrent positions>
Partner, Oike Law Office
Outside Director, Japan University Health Association

Corporate Officers

Head of
Kansai Business Office
Hayato Wada

Head of
Tokyo Business Office
Katsumi Noda

Executive Director,
Human Resources Department
Yoko Nakanishi

Head of Licensing
& Alliance Division
Masaya Toda

Head of
Odawara Central Factory
Toru Yamaguchi

Head of R&D Planning
and Administration Division
Manabu Beppu

Executive Director,
Business Process Transformation Department
Kazuyuki Yamate

President, NS Pharma, Inc.
Yukiteru Sugiyama

Head of Discovery Research Labs.
Kazutomi Kusano

Head of Regulatory Affairs,
Pharmacovigilance and Quality Assurance Division
Yoshizumi Tanaka

Executive Director,
Corporate Planning Department
Hideyasu Takechi

Head of Clinical Development Division
Masaya Higashioka

Compliance and Risk Management

Material issues and related SDGs

Strengthening governance

Basic Approach to Compliance and Compliance Framework

Guided by its philosophy of "Helping People Lead Healthier, Happier Lives," the Nippon Shinyaku Group places great importance not only on compliance with laws and regulations, but also on acting with integrity, based on a strong sense of ethics.
We recognize that trust of society is built through the accumulation of small, daily actions, and that a single mistake could cause that trust to be lost in an instant. As members of a company engaged in life-related businesses, we will continue to uphold compliance and integrity while embracing the concept of "Patient Centricity," placing patients at the center of all we do, in order to further strengthen the trust that we have built to date.

Website ▶ https://www.nippon-shinyaku.co.jp/english/sustainability/esg/governance/compliance.php#anchor01

Compliance framework chart



Compliance Implementation and Awareness Initiatives

To promote compliance awareness throughout the Group, the Compliance Management Department develops and implements compliance initiatives based on guidance from the Compliance Council, which comprises the heads of relevant departments. Initiative plans and their implementation status are reported to and deliberated by the Risk & Compliance Committee, chaired by the President and comprising all Inside Board Directors as members, which conducts management based on appropriate governance.
Specifically, awareness-raising initiatives include Code of Conduct training for new employees, year-round departmental compliance training for all employees, firmly embedding understanding through e-learning, and publication of the Risk & Compliance Bulletin on the Company's intranet. These efforts ensure that the entire Group fully implements compliance.
In addition, the Group conducts an annual Risk & Compliance Awareness Survey for all employees. Survey results are shared across the Group, and follow-up is provided for departments where risks are identified in an effort to prevent compliance risks from materializing.

Internal Reporting System

To identify legal violations and other misconduct at an early stage and to minimize risks arising from such violations, the Nippon Shinyaku Group has established the "Hotline," an internal reporting system that provides reporting channels both inside and outside the Company. The Hotline is available to Group employees (including temporary staff, contract company employees, and former employees within one year of resignation) as well as officers and employees of business partners. Reports and consultations can be made via a dedicated phone line or email and may be submitted anonymously.
Whistleblowers are protected through necessary measures, including strict confidentiality requirements, and efforts are made to ensure proper operation of the system so that no disadvantage is incurred as a result of making a report.
The contact information for the "Hotline" is posted on in-house posters and included in the emergency contact app on employees' mobile phones as part of ongoing efforts to ensure thorough awareness of and improve accessibility to the internal reporting system. In FY2025, there were 13 reports and consultations, and all cases were handled appropriately.

FY2025 Reports and Consultations
13 cases

Compliance and Risk Management

Basic Approach to Risk Management and Risk Management Framework

The Nippon Shinyaku Group has established Basic Risk Management Rules and promotes risk management (RM). Identified risks are broken down into major, medium, and minor categories, rated as high, medium, or low risk in terms of importance using a 2-axis (impact and probability) risk matrix, and the information is organized in a risk item chart. Then, the responsible departments take the lead in preparing preventive measures and countermeasures using a risk management sheet. Each year, the Group further selects highly critical risk topics and works to reinforce preventive measures by establishing an action plan for the year. The results of initiatives during the fiscal year, as well as important risk themes for the following fiscal year, are reported to and deliberated by the Risk & Compliance Committee, chaired by the President. The Board of Directors supervises related efforts by receiving reports on this and confirming the implementation and effectiveness of RM. In FY2025, the Risk Management Supervisory Department and departments responsible for specific risks cooperated to start monitoring that enables issues to be identified quickly and flexibly even during the fiscal period.
Also, with the aim of promoting enterprise risk management (ERM) at subsidiaries as well, a risk item chart was created at each subsidiary to strengthen the system across the entire Group.
In addition, RM training was conducted for all employees to further raise risk awareness, and incident/accident reporting drills for managers were implemented throughout the year to confirm initial response procedures in the event of an incident or accident.

Risk management framework chart



Information Security Initiatives

The Nippon Shinyaku Group recognizes the critical importance of information security. Based on the Nippon Shinyaku Group Basic Policy on Information Security and the Information Security Management Regulations, the Group has established the ISMS*1 Promotion Committee to advance information security measures across the entire Group.
To respond to the rapidly changing information security environment, the Group established the IT Infrastructure Security Section, creating a framework to respond promptly and appropriately to a wide range of security threats.
A key security enhancement measure is the adoption of a network architecture based on the concept of zero-trust security to accommodate hybrid work environments, including telework. Another key measure is implementing global 24/7/365 security monitoring operations in collaboration with an external SOC*2. In addition, a rapid-response framework is continuously developed through an in-house CSIRT*3 to enable a fast response when a security incident occurs.
As part of measures against human risk, the Group conducts training and awareness programs for employees to ensure thorough understanding of the importance of information security. In particular, as the threat grows from sources such as targeted email attacks and phishing emails, activities such as email drills are conducted to improve the ability of employees to respond to suspicious emails.

*1 ISMS: Information Security Management System

*2 SOC: Security Operation Center

*3 CSIRT: Computer Security Incident Response Team

Stakeholder Engagement

Material issues and related SDGs

Strengthening governance



Communication with Stakeholders

Therefore, the Company believes it is important to listen to and engage in dialogue with stakeholders, including shareholders, employees, society (local communities, business partners, etc.), customers (patients, consumers, medical professionals), and the environment. By reflecting the requests and opinions obtained through such dialogue in its business activities, Nippon Shinyaku will grow as a company and create and deliver new value to society.

Strengthening relationships with all stakeholders

	Shareholders	Employees	Society	Customers	Environment
Stakeholder relations	Nippon Shinyaku will strive to pay a return to shareholders by securing appropriate profit through management that is conscious of cost of capital. We are intent on meeting the expectations of shareholders and investors by promoting constructive communication through fair management that emphasizes timely and impartial disclosure of corporate information and proactive dialogue.	We believe that the realization of our philosophy requires each employee to grow and work together by leveraging their unique qualities and strengths. To this end, we have established the "NS Mind" as the mindset and values to which all employees aspire and have developed a career development framework that emphasizes autonomy.	As a corporate citizen, Nippon Shinyaku will maintain communication and deepen exchanges with society while actively undertaking initiatives to solve social issues. We will maintain sound and appropriate relationships with business partners and pursue mutual growth with them.	In the Pharmaceuticals Business, Nippon Shinyaku places the highest priority on patients who suffer from illnesses and makes efforts to provide healthcare professionals with the information they need to ensure the appropriate use of its products. In the Functional Food Business, the Company seeks to leverage its advanced technical expertise as a pharmaceutical company to supply high-value-added products that meet customer needs.	In addition to conducting environmentally friendly business activities, Nippon Shinyaku works to protect, maintain, and improve the environment and aims to achieve growth in harmony with the environment.
Stakeholders' expectations	• Shareholder return measures (sustainable growth in dividends) • Fair stock price • Timely, appropriate disclosure, including information on non-financial activities, and opportunities for dialogue • Sustainable enhancement of corporate value • ESG initiatives	• A rewarding company that makes flexible work styles possible • Development of a comfortable workplace environment • Fair and impartial employee evaluation system • Active participation of diverse human resources • Opportunities for self-growth	• Coexistence with local communities • Contributions to local community development • Contributions to the future of children • Response to human rights • Strengthened supplier relationships	• Stable provision of products and services that boast high quality and safety • Initiatives related to unmet medical needs (development of new pharmaceuticals) • Timely and appropriate provision of pharmaceutical information • Provision of information on disease	• Environmental preservation • Sustainable business activities • Reduction of environmental impact • Biodiversity protection and conservation
Dialogue and means, frequency	• Number of dialogues with institutional investors and analysts: approx. 150 • Participation in events sponsored by securities corporations: 7 • Financial results briefings (May, November, February) • Financial results conference calls (August) • General Meeting of Shareholders (June) • R&D briefing (February) • IR meeting (February) • Overseas IR events (June, July) • Individual investor briefings (September, February)	• Employee training and opportunities for dialogue with Board Directors • Implementation of stress checks • Engagement score of 71% (response rate of 92%) • Internal Compliance Reporting System (whistleblower hotlines)	• On-site classes on dietary education: 7 schools • Yamashina Botanical Research Institute: 196 tours, 2,428 visitors • Nippon Shinyaku Sparkling Future Mobile Library: participated in 42 events; lent out 5,768 picture books • Conducted surveys of suppliers (CSR, stable supply, sustainability procurement policy) • Distributed 16,000 copies of the Nippon Shinyaku Children's Literary Awards winners picture book	• Number of inquiries about pharmaceuticals: Total 8,121 (6,875 from medical professionals, 566 from wholesalers, 614 from general consumers, 66 from others) • Disease awareness via the Company's website • Online seminars available to the public (congenital heart disease (including pulmonary hypertension)) • Patient exchange events • Booths at marathons in Japan, etc.	• Steady reduction of greenhouse gas emissions based on SBTi targets • Promotion of activities for improving CDP evaluation (FY2025 Climate Change: A grade, Water Resources: A- grade) • Initiatives to reduce environmental impact (energy conservation, renewable energy utilization, waste reduction, and recycling) • Participation in industry guideline development through JPMA (Japan Pharmaceutical Manufacturers Association) • Promotion of conservation activities for plants associated with Kyoto's culture