

# Corporate Governance

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



## 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 for the realization of material issues, which include strengthening governance. Based on the Business Philosophy, Management Policy, and Guidelines for Action, Nippon Shinyaku promotes initiatives to further enhance the corporate governance system, including improving management transparency and fairness and implementing prompt decision making, 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 2023, the Corporate Governance Report included Disclosure Based on the Principles of the Corporate

Governance Code as well as the disclosure of Reasons for Non-compliance with the Principles of the Corporate Governance Code. Nippon Shinyaku will continue striving to strengthen corporate governance in order to achieve the sustainable enhancement of corporate value.

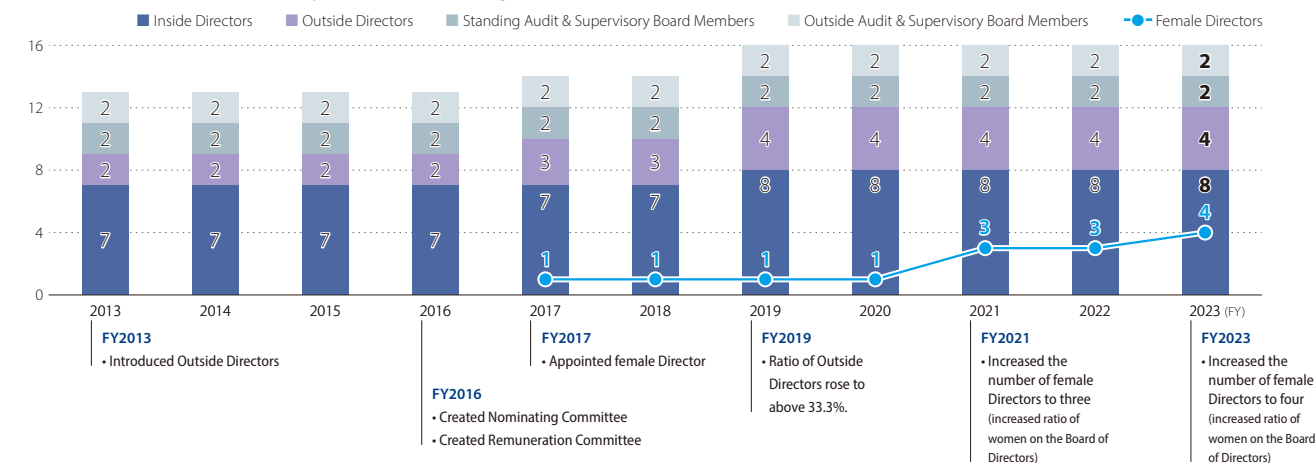
**WEB** Corporate Governance Basic Policy  
Corporate Governance Report  
[https://www.nippon-shinyaku.co.jp/english/ir/esg\\_management/governance.php](https://www.nippon-shinyaku.co.jp/english/ir/esg_management/governance.php)

## Initiatives for Strengthening Governance

Nippon Shinyaku takes steps to enhance governance, including at Group companies, by ensuring compliance. Going forward, the Company will constantly examine the status of initiatives and make improvements in light of amendments to laws and regulations, revisions of the Corporate Governance Code, social conditions, and other factors, in order to further increase the effectiveness of corporate governance.

## Steps taken to strengthen corporate governance

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



## 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 Directors, four of whom are Outside Directors, and the Audit & Supervisory Board is composed of four Members, two of whom are Outside Members.

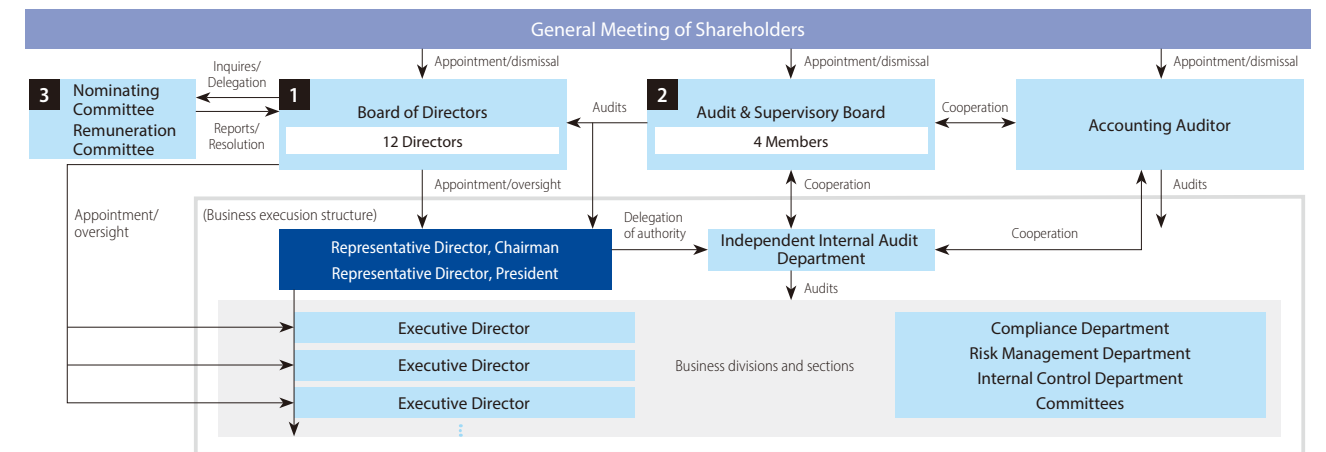
To clarify management responsibility and establish the optimal management system in response to changes in the business environment in a flexible manner, the term of office of the Directors is one year. By having four Outside Directors, the Company further strengthens oversight of the Directors'

execution of duties and further enhances 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.

Nippon Shinyaku enhances the effectiveness of meetings of the Board of Directors and the Audit & Supervisory Board by sending materials on the respective agenda items and matters to be reported to the Outside Directors and Outside Audit & Supervisory Board Members in advance of meetings.

## Organization for corporate governance (as of June 29, 2023)

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



	1 Board of Directors	2 Audit & Supervisory Board	3 Nominating Committee and Remuneration Committee
Attendees	All Directors and Audit & Supervisory Board Members	All Audit & Supervisory Board Members	Shigenobu Maekawa (Representative Director, Chairman) Miyuki Sakurai (Outside Director) Yoshinao Wada (Outside Director)
Role	<ul style="list-style-type: none"> <li>Performing the oversight function for management in general and ensuring fairness and transparency of management</li> <li>Determining policies governing the appointment and dismissal of Directors and Audit &amp; Supervisory Board Members</li> <li>Evaluating serious risks and formulating countermeasures</li> <li>Making decisions, such as the execution of important business operations</li> </ul>	<ul style="list-style-type: none"> <li>Playing a role in corporate oversight in coordination with the Board of Directors</li> <li>Supervising the execution of duties by the Board of Directors and working to establish the corporate governance system</li> <li>Actively expressing opinions based on their own specialized knowledge and vast experience</li> </ul>	<p><b>Nominating Committee</b></p> <ul style="list-style-type: none"> <li>Deliberating on matters related to the appointment and dismissal of Directors and Audit &amp; Supervisory Board Members and reporting to the Board of Directors</li> </ul> <p><b>Remuneration Committee</b></p> <ul style="list-style-type: none"> <li>Deliberating on proposals for the General Meeting of Shareholders related to remuneration of Directors and Audit &amp; Supervisory Board Members and basic policies governing remuneration for Directors, and reporting to the Board of Directors</li> <li>Deliberating and making decisions on the details of remuneration for individual Directors based on the responsibility delegated by the Board of Directors</li> </ul>
Meetings held in FY2022	15 (12 regular meetings, 3 extraordinary meetings)	18	3 (Nominating Committee: 1; Remuneration Committee: 2)

Inside Directors Outside Directors Standing Audit & Supervisory Board Members Outside Audit & Supervisory Board Members ☆ Chairperson

Corporate Governance

Meetings held in FY2022

Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors	Board of Directors
Audit & Supervisory Board	Board of Directors	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Board of Directors	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board
Audit & Supervisory Board	Audit & Supervisory Board	Audit & Supervisory Board				Board of Directors					Audit & Supervisory Board
Remuneration Committee	Audit & Supervisory Board	Remuneration Committee				Audit & Supervisory Board					Audit & Supervisory Board
	Audit & Supervisory Board										Nomination Committee

Status of Operations of the Board of Directors

In addition to the resolutions provided for by laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors, meetings of the Board of Directors also focus on strategic discussions of basic management policies.

In FY2022, the Board of Directors held lively discussions aimed at achieving the sustainable growth of the Company, with a focus on matters relating to important business, matters relating to financial results, and matters relating to organization and personnel. For matters relating to important business, the Board of Directors mainly held discussions on whether to proceed to clinical trials for products developed in house and in-licensed products and whether to conclude agreements on in-licensed and out-licensed products. For matters relating to financial results, the Board of Directors set aside time on the agenda for deliberating and discussing, in addition to explaining, the quarterly financial reports, which are important for implementing management strategy, to deepen the overall understanding of Directors. For matters relating to organization and personnel, in addition to the establishment, modification, and abolition of important organizations, the Board of Directors held discussions on the development of the internal control system and other important matters related to organizations and personnel.

Main themes of deliberation

Category	Number of discussions
Matters relating to the General Meeting of Shareholders	1
Matters relating to the directors	5
Matters relating to the Nominating Committee	1
Matters relating to the Remuneration Committee	4
Matters relating to financial results	14
Matters relating to shares	3
Matters relating to corporate governance	2
Matters relating to organizations and personnel	11
Matters relating to important business (research and development, capital investment, management, etc.)	42
Matters relating to subsidiaries	3
Other matters	4

Example of deliberations

Conclusion of distribution partnership agreement with Capricor Therapeutics, Inc.

Executive Directors proposed an agenda item on the conclusion of a partnership agreement for distribution in Japan of CAP-1002, a cell therapy for Duchenne muscular dystrophy under development in the United States by Capricor Therapeutics.

Lively discussions took place in response to the proposal, as members of the Board of Directors, including Outside Directors and Audit & Supervisory Board Members, gave their opinions on product characteristics, U.S. non-clinical and clinical trial data, patent information, the competitive situation, business value, and contract terms from a wide range of perspectives based on their respective areas of expertise.

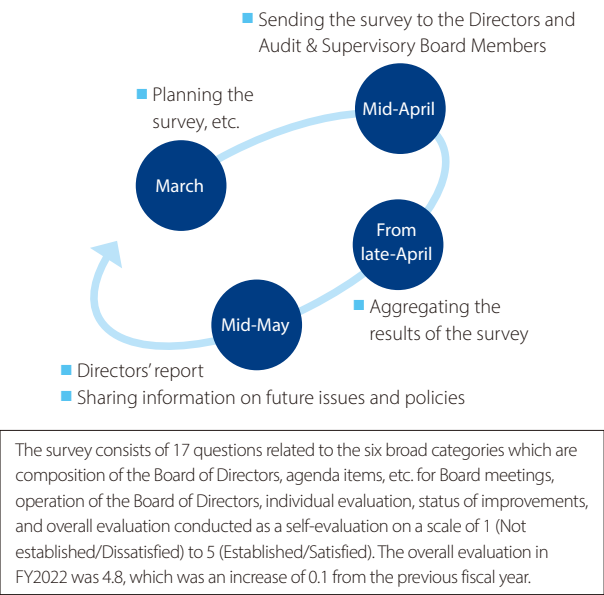
After these discussions, the Chairman placed the matter before the Board, and the proposal was approved following deliberation.

Evaluation of Effectiveness of the Board of Directors

Initiatives to enhance effectiveness of the Board of Directors

Once each year, Nippon Shinyaku evaluates the Board of Directors at a Board of Directors meeting in an effort to bring about improvements that will enhance its effectiveness. In order to analyze and evaluate the overall effectiveness of the Board of Directors, in FY2022 the Company implemented a self-evaluation survey for all Directors. As a result, it was able to confirm that within the Board of Directors, each executive Director and Outside Director continued to actively make remarks, that open-minded and constructive discussions were pursued from a wide perspective, and that appropriate judgment was being performed by the management, and therefore determined that the overall effectiveness of the Board of Directors was properly maintained. Based on the results of this analysis and evaluation, the Board of Directors will focus on further invigorating and enhancing the discussions at the meetings of the Board of Directors, and continue to ensure and improve the effectiveness of the Board of Directors moving forward.

Method for evaluating effectiveness



In FY2022, the following initiatives were taken to address the issues raised in the FY2021 survey.

1. Enhancing the content of materials and prior explanations for Board meetings

The Board of Directors worked to further enhance the content of materials for Board meetings, which has been an issue since FY2020. In addition, for items on the agenda related to the research and development pipeline which require specialized knowledge, the Board provided prior information that contributed to deliberations, such as information on a drug's mechanism of action or the target disease.

2. Enhancing discussions at Board meetings

Since deepening the members' understanding of the content of proposals and reports is important for exercising the oversight function of the Board of Directors, in addition to ensuring distribution of materials in advance of meetings, the Board of Directors provided training and other activities for Board members outside of meetings to deepen their knowledge as a prerequisite for discussion. The Board also ensured more time for discussion by enhancing the content of materials and prior explanations, and simplifying explanations on the day of meetings to stimulate discussions.

3. Reviewing the management of the Board

As a rule, the Board of Directors meetings are held with all the Directors assembled. However, the Board also introduced a hybrid format using face-to-face and online meetings. In doing this, the Board took measures to ensure that the facial expressions

of all members were shown, creating an environment that facilitates lively discussions as in face-to-face meetings.

Future issues

1. By selecting matters submitted to the Board of Directors more carefully, discussions on medium- to long-term management issues will be enhanced in addition to short-term management issues with high importance and priority.
2. Proceedings will be reviewed in order to facilitate positive comments that contribute to discussions.

Officers' Remuneration System

The Remuneration Committee considers remuneration for Directors so as to ensure its appropriateness, fairness and proper balance in an effort to further increase Directors' motivation to seek the sustainable growth of the Company and enhancement of social and corporate value.

Basic policy

Our basic policy regarding the remuneration of Directors is that it shall effectively serve as an incentive for Directors to seek the sustainable enhancement of corporate value, that the details surrounding it shall be fair and rational enough for the Company to fulfill its accountability to shareholders and employees, and that the level of each individual Director's remuneration shall be adequately determined by taking into account the responsibilities of their positions.

Structure of remuneration

Remuneration of Directors (excluding Outside Directors)

Monthly remuneration: Determined by evaluating the performance of each Director and adding the amount to a fixed amount corresponding to their position. Such fixed amount corresponding to their position has been pre-determined by considering a comprehensive range of information, including survey data from external institutions and levels of remuneration for their counterparts at competitors.

Bonuses: Cash remuneration reflecting performance indicators is paid to raise awareness toward improving business performance for each period. Bonus amounts are determined by considering the performance evaluation for each Director and calculating the amount based on the consolidated operating profit for each period.

Remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration of Outside Directors and Audit & Supervisory Board Members comprises fixed remuneration only.

Corporate Governance

■ Remuneration-related governance

Remuneration for individual Directors is determined through deliberations by the Remuneration Committee as entrusted by the Board of Directors within the limit of the amount of executive remuneration approved by resolution of the General Meeting of Shareholders.

Remuneration system for Directors (excluding Outside Directors)

Fixed monthly remuneration: bonuses (performance-linked remuneration) = roughly 1:1 (based on business performance)	
Total remuneration	
Fixed remuneration	Variable remuneration
¥255 million	¥223 million

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	
Directors (incl. Outside Directors)	478 (40)	255 (40)	223 (—)	12 (4)
Audit & Supervisory Board Members (incl. Outside Audit & Supervisory Board Members)	53 (19)	53 (19)	—	4 (2)
Outside Officers	60	60	—	6

Succession Plan

■ Succession Plan

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 from age 25 to 35 to quickly uncover and pick out leader candidates. The Management program provides lectures on management basics and middle management for executives from age 36 to 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. Through these efforts, we constantly secure motivated and outstanding human resources, striving to develop and acquire the human resources to lead the Company in the future.

■ Training for Officers

Nippon Shinyaku holds training and debriefing sessions attended by all Directors, in order to convey information that is essential for Directors 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 sessions. New Directors and new Audit & Supervisory Board Members receive new officer training offered internally upon their assumption of office. In this manner, Nippon Shinyaku provides the necessary training opportunities for Directors and Audit & Supervisory Board Members, covering any expenses incurred.

Internal Control System

Pursuant to the Japanese Companies Act, we have resolved a basic policy on the establishment of an internal control system through our Board of Directors, establishing a framework to ensure the proper execution of business by ensuring regulatory compliance and raising business effectiveness and efficiency. Moreover, we comply with the internal control reporting requirements applied from fiscal 2008 under the Financial Instruments and Exchange Act, operate under a framework we have developed for ensuring proper financial reporting, and, through the Internal Audit Department positioned directly under the Chairman, evaluate the state of internal controls for financial reporting.

Director and Audit & Supervisory Board Member Skills Matrix

Nippon Shinyaku requires the Directors to possess qualities that include experience and knowledge in a wide range of areas, excellent character, high ethical standards, and extensive business-related experience and knowledge suitable for

Six actions under the 6th Five-Year Medium-term Management Plan	Related risks
Creation of new value through R&D	R&D
Development of global business	Global business
Increase in corporate value by strengthening ESG management	ESG/Social contribution
Creation of organizational climate in which every employee can flourish	Personnel/HR development
Active use of AI and adoption of IT	IT/information management
Further strengthening of management base	Management strategy R&D Sales/Marketing Production/Quality

leading management in the global expansion of business. In addition, based on consistency with the Company's management strategy, Nippon Shinyaku has identified the skills

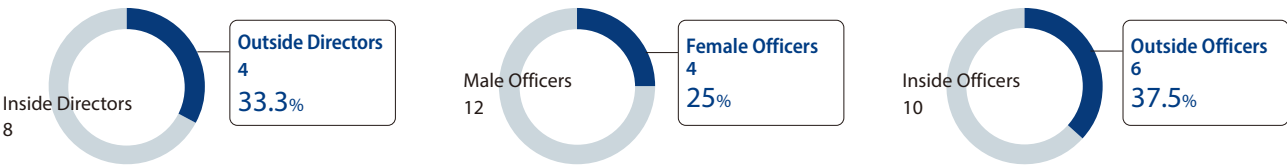
considered necessary for promoting and achieving the “six actions” under the 6th Five-Year Medium-term Management Plan, which it has set out as disclosure items in the skill matrix.

Skills Matrix of Directors and Audit & Supervisory Board Members

Category	Name	Attendance at meetings of Board of Directors/ Audit & Supervisory Board (shown in right column)		Skills and Experience									
				Corporate management/ Management strategy	Global business	Finance/ Accounting	Legal affairs/ Risk management	Research & Development	Sales/ Marketing	Production/ Quality	Personnel/ HR development	ESG/ Social contribution	IT/ Information management
Inside Directors	Shigenobu Maekawa	15/15		●	●	●	●					●	●
	Toru Nakai	15/15		●	●	●			●				
	Shouzou Sano	15/15							●				
	Takashi Takaya	15/15		●			●		●		●	●	●
	Takanori Edamitsu	15/15		●		●	●						
	Kazuchika Takagaki	15/15						●					
	Hitoshi Ishizawa	15/15							●				
Outside Directors	Hitomi Kimura	15/15			●			●		●			
	Miyuki Sakurai	15/15					●						
	Yoshinao Wada	15/15						●			●		
	Yukari Kobayashi	15/15		●	●	●			●		●		●
Standing Audit & Supervisory Board Members	Mayumi Nishi	—						●					
	Kenji Kuwabara	15/15	18/18		●			●					
	Hirotsugu Ito	—	—						●				
Outside Audit & Supervisory Board Members	Tsuyoshi Kondo	15/15	18/18				●						●
	Hiroharu Hara	—	—			●							

\* The above list does not represent all the expertise and experience of the Directors and Audit & Supervisory Board Members

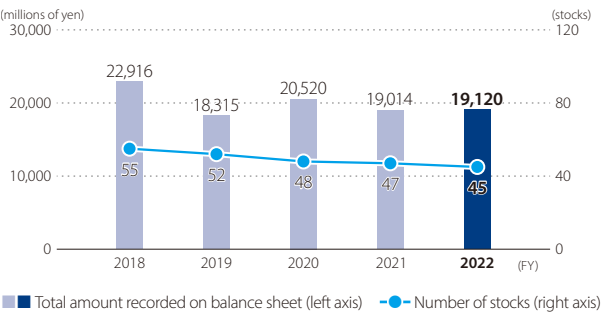
Composition of Board of Directors



Cross-shareholding Status

The Board of Directors will inspect and confirm the rationality and economic significance of the purpose of holding each individual cross-shareholding, taking into consideration the capital requirements, the market environment, etc., and the Company will in turn proceed to reduce cross-shareholdings in which the significance of retention is immaterial. Regarding the exercise of voting rights pertaining to cross-shareholdings, we will judge the situation based on whether or not it contributes to improving the corporate value of the Company or the issuing company, and will respond appropriately. In FY2022, the Company reduced cross-shareholdings in two listed stocks (sales amount: ¥743 million).

Status of cross-shareholdings





## Compliance

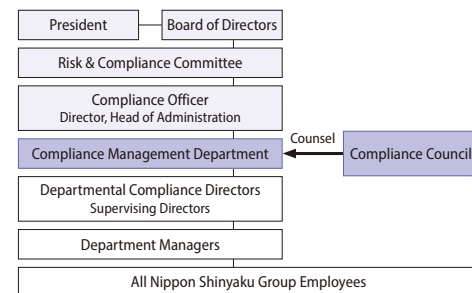
Materiality	Strengthening governance
<b>Main Activities</b> <ul style="list-style-type: none"> <li>Enhancing compliance</li> <li>Promoting fair and transparent business</li> </ul>	<b>FY2022 Activities</b> <ul style="list-style-type: none"> <li>Implemented compliance training and awareness-raising initiatives for all employees</li> </ul>
	<b>Issues and FY2023 Strategies</b> <ul style="list-style-type: none"> <li>Continuing compliance training and awareness-raising initiatives for all employees</li> </ul>



### Framework for Compliance

The Nippon Shinyaku Group has Compliance Operating Rules and has established a Compliance Management Department headed by the Director in charge of compliance. Our Compliance Council was established to support and provide counsel on enhancing our approach to compliance. In each department, the Director who serves as its head is responsible for its compliance initiatives, which are carried out by the managers therein.

#### Compliance Framework Chart



### Compliance promotion and awareness-raising initiatives

The Compliance Management Department plans and drafts compliance promotion and awareness-raising activities with the aim of instilling and raising compliance awareness among all employees. In addition, a compliance awareness survey is conducted annually for all Group employees, and the results are disclosed within the Group. Specific training is provided to departments with relatively low scores to prevent the occurrence of compliance incidents.

#### ■ Implementing training based on the Code of Conduct for Nippon Shinyaku Group

The Code of Conduct for Nippon Shinyaku Group clearly stipulates respect for human rights, compliance with laws, regulations, and internal rules, and the practice of fair, transparent, and free competition, and is updated as necessary to reflect changes in laws, regulations, and the business environment

surrounding the Group. In addition to providing training on the Code of Conduct to all global employees when they join the Company, we also conduct compliance training and e-learning training programs for all employees throughout the year.

#### Main training and awareness-raising activities (FY2022)

Training and awareness-raising activity	For	Details	Frequency
Transmission of messages from top management	All employees	Transmission of messages from the President requesting more thorough compliance	Twice annually
Compliance training for the management team	All officers	Implementation of training to the management team on compliance-related topics	Annually
Departmental compliance training	All employees	Departmental training on company-wide common themes and department-specific themes	Monthly
Compliance bulletins	All employees	Transmission of compliance-related timely information via the intranet	Every other month
E-learning	All employees	Provided to all employees as a means to review their learning from the departmental training and intranet communication	As needed
Training for new recruits	New hires	Training centered on the Code of Conduct for Nippon Shinyaku Group conducted on the importance of compliance, including the concept of compliance and matters to be observed	As needed
Training for newly appointed managers	Newly appointed managers	Training implemented for new managers to learn the roles of managers and knowledge related to compliance	Twice annually

#### ■ Establishing hotlines

The Nippon Shinyaku Group has established and operates the Hotline for employees of the Group and Directors and employees of business partners, which allows anonymous reporting and consultation. We have also set up an online contact point to receive questions and comments from various stakeholders, including those related to human rights and harassment. We implement thorough measures to appropriately protect whistleblowers in line with the Whistleblower System Operating Rules, which clearly provide for confidentiality and other necessary measures and the prohibition of treating them disadvantageously. The reporting and consultation results for FY2022 are as follows.

Law and Company Rules	9 cases
Personnel (Treatment and Systems)	3 cases
Work Environment	7 cases
Other	5 cases
<b>Total</b>	<b>24 cases</b>

## Risk Management

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

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

### Basic Approach to and Initiatives related to Risk

Along with strengthening our risk management framework, we aim to achieve solid growth for the Nippon Shinyaku Group and enhance corporate value through our ongoing risk management activities. We have in place Basic Risk Management Rules for identifying underlying risks and aiding the departments responsible for each risk in formulating preventive policies as well as measures for responding when such situations arise. Each year we identify highly critical risks and set action plans for the year, strengthening preventative measures. The results of these efforts, along with critical risks for the next fiscal year are reported to and deliberated on by the Risk & Compliance Committee. The Board of Directors receives reports on the contents and supervises the implementation and effectiveness of risk management.

When an incident does occur, the Director in charge of risk management determines the effect the incident will exert on business operations and decides how to respond according to its level of importance. If it is deemed that the incident will have a serious effect on business operations, a

temporary crisis management office will be established to prevent the situation from worsening and respond in a timely manner. Once the incident is dealt with, measures are devised to prevent recurrence and are implemented by the relevant departments. In addition, we conduct annual self-checks for all employees to raise awareness.

**WEB** About risk management at Nippon Shinyaku  
<https://www.nippon-shinyaku.co.jp/english/sustainability/esg/governance/compliance.php>

### Enhancing Information Security

Nippon Shinyaku has established a policy and basic rules that indicate its approach to information security. The ISMS\*<sup>1</sup> Committee, established based on the basic rules, reviews various rules in response to changes in the social environment and advances in information technology in order to protect the Nippon Shinyaku Group's information assets from various risks. Specifically, in addition to an SOC\*<sup>2</sup> that conducts 24/7 surveillance and operation of the Group's networks and computers, we enhanced network security in FY2022 based on the zero trust security concept. As countermeasures against information security risk related to human factors, we conduct training to ensure that employees are aware of the importance of information security, and regularly conduct drills against targeted e-mail attacks.

\*1 Information Security Management System

\*2 Security Operation Center

#### FY2022 Group critical risks: activity themes

Leaks of confidential information (information mismanagement)
Breaches of labor laws
Harassment (sexual harassment, power harassment, etc.)
Earthquakes, volcanic eruptions, tsunamis, storm and flood damage, lightning strikes
Falsification or leaks of electronic data from cyber attacks

## Dialogue with Outside Directors

With a view to achieving sustainable growth on a global scale, the Outside Directors shared with us their candid views on topics such as ideal leaders, the kind of human resources needed by Nippon Shinyaku, and the issues the Company should address going forward.

### Strategically developing “human resources with an edge” for taking on global expansion

**Sakurai:** The Nominating Committee and Remuneration Committee has discussed the drafts presented, received reasonable and convincing explanations, and reported that it has no objections. However, the method of selecting candidates and the policy for determining their remuneration will remain fuzzy until the committee considers the kind of person sought in the human resources who will take on management of the Company and the policy for their



development—not as isolated points of consideration but as a strategically drawn line. I made this point at the last Nominating Committee meeting.

**Kobayashi:** I also believe that there needs to be a company strategy for decisions about human resources and their remuneration. The Company’s overall position on human resources is being discussed in preparation for the formulation of the 7th Medium-term Management Plan. There should be strategic discussions suited to its position. For example, there will be more risk than ever before in achieving the global expansion that Nippon Shinyaku has in view. It would be difficult for one top executive to address all of this risk solitarily. A wide breadth of knowledge is essential. The contribution of the Board of Directors will improve dramatically once all Directors can see and discuss business from the same perspective as management.

**Sakurai:** The top management of a company must have the management knowledge to steer the company’s responses to changes in the external environment, the strong leadership skills to respond flexibly and quickly, and the charisma to get others involved. For the Board of Directors to support this, it is first necessary to discuss the skills matrix. I feel that the skills required of Nippon Shinyaku’s Directors should be examined and itemized, and that the Directors in charge of each division should take a bird’s eye view of the entire Company, not just the division they are in charge of, and have candid discussions from both of these perspectives.

**Wada:** If that can be achieved, it will lead to a group leadership system where the top executives are not the only ones thinking about management. Today, there are many companies where people with scientific backgrounds study management and serve as presidents. In the future, Nippon Shinyaku might also have top executives who experienced

technological evolution firsthand. However, even if we promote in-house development of top management, they will not necessarily always be coming from inside the Company forever. I hope that the Company will look 10 to 30 years into the future from various perspectives and decide on guidelines and strategies concerning human resources in a highly transparent manner.

**Kobayashi:** No topic at Board meetings is more time-consuming than the topic of human resources strategy. Nippon Shinyaku employees are highly praised as “good people” both internally and externally. While retaining those good qualities, I believe that they need to adapt to changes in the environment and become versatile human resources.

**Sakurai:** There has been a lot of talk at recent Board meetings about the need for “human resources with an edge,” or in other words, “human resources of a different nature.” Even in the Company, a radical reform of the personnel system is underway, and I sense that employees are expected to break out of the “good people” box and grow more as individuals.

**Wada:** I expect that many employees will be inspired by the process of mid-career hiring that is now being actively promoted, bringing in different ways of thinking and a willingness to change. Job-based employment is also being introduced as part of the personnel system reform. I agree with President Nakai that it is important to write a job description that leads to employees’ growth. I believe that job-based employment may lead to “human resources with an edge” because, in accomplishing your assignments, you must have the ability to see for yourself which parts of the job should take priority and which parts you should let slide depending on the situation.

**Kobayashi:** Alternatively, it can also be a clue for employees to start thinking about their own careers. The Company must clarify what kind of human resources it needs, develop a system that allows for fair evaluation, and promote the training of human resources. Employees have the right to choose their own careers, and they have the option to choose the environment that suits them best.

**Sakurai:** In terms of evaluation, the current remuneration system for Directors may also need to be examined. I hope that such discussions will be had when formulating the 7th Medium-term Management Plan, including the possibility of incorporating shareholder compensation for performance-linkage over the medium to long term.



### Aiming to be an essential company, a turning point for further growth

**Wada:** In formulating the 7th Medium-term Management Plan, we must consider how to proceed with the urgent issues of R&D, expansion of pipelines, and ensuring compliance on a global scale. In terms of global operations, we have only just begun to put the necessary systems in place, and I believe there are risks in this regard.

**Kobayashi:** In expanding business globally, we need to understand that values, business practices, and attitudes toward security vary from country to country and region to region, and the Board of Directors also needs to focus even more on risk management. I feel that another issue is that it is difficult for people outside the Company to see into internal discussions. For example, it is easier to make constructive suggestions when you share information, including histories, on the strategic discussions and prioritization at the time of the Medium-term Management Plan drafting. Since many of these suggestions have already been implemented, I feel that they are being taken seriously and we are headed toward improvement. Moreover, we are having heated discussions about how quickly we can reconfigure our business and improve our competitiveness in response to changes in the



market. As Outside Directors, we would like to help make that happen as soon as possible.

**Sakurai:** The three commitments made by President Nakai after 10 consecutive years of growth (➡ P. 6 Message from the President) indicate that Nippon Shinyaku is at a turning point toward further growth. We hope that stakeholders will trust in the appeal of this Company, which aims to bring health beyond borders to as many patients as possible, as quickly as possible, and to enable each and every employee to grow with satisfaction in their jobs.

**Wada:** Nippon Shinyaku aims to be a company with a meaningful existence in the healthcare field and an essential company for patients and medical professionals. We are now at the stage of taking the next step toward achieving this goal, which we believe will lead to the growth of the Company.

#### Miyuki Sakurai Outside Director

Registered as an attorney-at-law in 1992. Has served in positions that include Joint Owner at the Hanamizuki Law Office and auditor at Osaka University, and has been an Outside Director at Nippon Shinyaku since 2017.

#### Yoshinao Wada Outside Director

Has served for many years in diagnosis and treatment as a doctor, has served in positions that include Director of the Research Institute at the Osaka Medical Center for Maternal and Child Health and Guest Professor at the Graduate School of Osaka University, and has been an Outside Director at Nippon Shinyaku since 2019.

#### Yukari Kobayashi Outside Director

Has served in positions including Corporate Officer at Microsoft Japan Co., Ltd. and Representative Partner at Amanda Life Consulting LLC., and has been an Outside Director at Nippon Shinyaku since 2021.

### Message from the Newly Appointed Outside Director



**Mayumi Nishi**  
Outside Director

Obtained pharmacist license in 1980 and medical license in 1991. After working at Aichi Cancer Center Research Institute, Kyoto Prefectural University of Medicine, and obtaining a Doctor of Medicine from the same university, has served as a professor at Nara Medical University in 2009, and has been a professor emeritus at Nara Medical University since April 2023 (current position). Appointed as an Outside Director of Nippon Shinyaku in June 2023.

My name is Mayumi Nishi, and I have just assumed the position of Director. I am very humbled to be able to take on this important responsibility. After graduating from pharmacy school, I worked at a cancer research institute, but my desire to study medicine grew stronger, so I re-entered medical school. After graduating from medical school, I spent several years in clinical practice, and then went on to do basic research in neuroendocrinology. I spent over 30 years researching and teaching anatomy at Kyoto Prefectural University of Medicine and Nara Medical University.

I believe that my involvement in research and development for drug discovery, based on my experience in pharmacy and medical school, is desirable with regards to the governance of Nippon Shinyaku. I have been involved in neuroscience research in a broad sense. There are many intractable and rare diseases of the nervous system for which there are still no effective treatments, and I hope that Nippon Shinyaku will further promote drug discovery in this field by utilizing its past research and development achievements. I believe that pharmaceutical companies are now at a major turning point, particularly in AI-based drug discovery. I also believe that Nippon Shinyaku is faced with the need to further strengthen its collaboration with universities and research institutions to promote highly original drug discovery. I think that the network of researchers I have cultivated could be utilized in this regard.

I would like to express my gratitude to all of our stakeholders for their continued support and cooperation as I strive to further develop Nippon Shinyaku by leveraging my perspectives as a researcher and physician, as well as the personal networks I have built through academic conferences and other activities.



# Management Team

(Current as of June 29, 2023)

## Inside Directors



**Shigenobu Maekawa**

Representative Director,  
Chairman

**Number of shares of the Company held**  
53,200 Shares

Apr. 1976 Joined the Company  
Mar. 1992 Transfer to Japan Federation of Employers' Associations  
Apr. 2002 Department Manager, Corporate Planning Department, Corporate Strategy Office  
Apr. 2004 Corporate Officer  
Jun. 2005 Director  
Jun. 2005 Corporate Planning, Finance & Accounting, and Information system, and Department Manager, Corporate Planning Department  
Jun. 2006 Managing Director  
Apr. 2007 General Manager, Corporate Planning, Finance & Accounting, and Information system  
Jun. 2007 Representative Director, President  
Jun. 2021 Representative Director, Chairman (current position)  
Jun. 2023 Outside Director of KYOCERA Corporation (current position)  
**<Significant concurrent positions>**  
Chairman, Kyoto Employers' Association  
Outside Director, KYOCERA Corporation (Scheduled)



**Toru Nakai**

Representative Director,  
President

**Number of shares of the Company held**  
10,500 Shares

Apr. 1995 Joined the Company  
Apr. 2016 Department Manager, 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 Director  
Jun. 2019 General Manager, Global Business; Head of Global Business Division  
Jun. 2021 Representative Director, President (current position)



**Shouzou Sano**

Managing Director,  
Sales and Marketing

**Number of shares of the Company held**  
6,900 Shares

Apr. 1984 Joined the Company  
Apr. 2008 Department Manager, Saitama Branch Office, Sales and Marketing  
Apr. 2010 Corporate Officer; Department Manager, Osaka Branch Office, Sales Promotion Division, Sales and Marketing  
Apr. 2013 Corporate Officer; Head of Tokyo Area Division, Sales and Marketing  
Apr. 2015 Corporate Officer; Head of Sales and Marketing  
Jun. 2015 Director  
Jun. 2015 General Manager, Sales and Marketing; Head of Sales and Marketing Division (current position)  
Jun. 2019 Managing Director (current position)



**Takashi Takaya**

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

**Number of shares of the Company held**  
4,900 Shares

Apr. 1984 Joined the Company  
Apr. 2005 Department Manager, Marketing Department, Sales and Marketing  
Apr. 2009 Department Manager, Marketing Department, Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2010 Department Manager, Marketing and Planning Department, Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2011 Head of Sales and Marketing Planning Division, Sales and Marketing  
Apr. 2012 Corporate Officer; Head of Sales and Marketing Planning Division, Sales and Marketing  
Jun. 2018 Director (current position)  
Jun. 2018 General Manager, Administration  
Apr. 2022 General Manager, Personnel, General Affairs, Risk Management, Compliance & Digital Transformation (current position)



**Takanori Edamitsu**

Director, Business Management  
& Sustainability

**Number of shares of the Company held**  
4,400 Shares

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



**Kazuchika Takagaki**

Director, Research & Development

**Number of shares of the Company held**  
3,500 Shares

Apr. 1986 Joined the Company  
Jun. 2014 Department Manager, Discovery Research Laboratories in Tsukuba, Discovery Research Labs., Research & Development  
Jun. 2016 Department Manager, Discovery Research Labs., Research & Development  
Apr. 2017 Corporate Officer; Department Manager, Discovery Research Labs., Research & Development  
Jun. 2021 Director (current position)  
Jun. 2021 General Manager, Research & Development; Head of Research & Development Division (current position)



**Hitoshi Ishizawa**

Director, Functional Food

**Number of shares of the Company held**  
4,700 Shares

Apr. 1985 Joined the Company  
Apr. 2013 Department Manager, Kita-Kanto Branch Office, Northern Japan Division, Sales and Marketing  
Apr. 2014 Department Manager, Chugoku Branch Office, Western Japan Division, Sales and Marketing  
Apr. 2015 Department Manager, Tokyo Branch Office, Eastern Japan Division, Sales and Marketing  
Apr. 2017 Department Manager, Osaka Branch Office, Sales and Marketing  
Apr. 2018 Corporate Officer; Department Manager, Osaka Branch Office, Sales and Marketing  
Apr. 2021 Corporate Officer; Department Manager, Kansai Branch Office, Sales and Marketing  
Jun. 2021 Director (current position)  
Jun. 2021 General Manager, Functional Food; Head of Functional Food Division (current position)



**Hitomi Kimura**

Director, General Manager,  
Resource Procurement,  
Production & Assurance

**Number of shares of the Company held**  
1,700 Shares

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

Nippon Shinyaku Today

A New Way of Life

In Pursuit of Originality

ESG as the Foundation for Growth

Corporate Data

**\* For the reasons for the appointment of Directors and Audit & Supervisory Board Members, please visit the following website:**  
[https://www.nippon-shinyaku.co.jp/english/company\\_profile/profile/executive\\_officer/index.php](https://www.nippon-shinyaku.co.jp/english/company_profile/profile/executive_officer/index.php)

## Outside Directors



**Miyuki Sakurai**

Outside Director

**Number of shares of the Company held**  
600 Shares

Apr. 1992 Completed training program at Legal Training and Research Institute of Japan  
Apr. 1992 Registered with Osaka Bar Association  
Apr. 1992 Joined Nishimura Law and Accounting Office  
May 2003 Joint Owner, Hanamizuki Law Office (current position)  
Mar. 2015 Auditor, Nissay Life Foundation (current position)  
Apr. 2016 Auditor, Osaka University (current position)  
Jun. 2017 Director, the Company (current position)  
Jun. 2020 Member of the Board, NIPPON SHOKUBAI CO., LTD. (current position)  
Jun. 2022 Outside Auditor, MBS MEDIA HOLDINGS, INC.  
**<Significant concurrent positions>**  
Joint Owner, Hanamizuki Law Office  
Member of the Board, NIPPON SHOKUBAI CO., LTD.  
Outside Auditor, MBS MEDIA HOLDINGS, INC.



**Yoshinao Wada**

Outside Director

**Number of shares of the Company held**  
200 Shares

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. 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 Director, the Company (current position)  
**<Significant concurrent positions>**  
Part-time physician, Department of Maternal Medicine, Osaka Women's and Children's Hospital



**Yukari Kobayashi**

Outside Director

**Number of shares of the Company held**  
100 Shares

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 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 Director, the Company (current position)  
Apr. 2022 Outside Director, Panasonic Connect Co., Ltd. (current position)  
Mar. 2023 Outside Director, Bridgestone Corporation (current position)  
**<Significant concurrent positions>**  
Representative Partner, Amanda Life Consulting LLC.  
Outside Director, Panasonic Connect Co., Ltd.  
Outside Director, Bridgestone Corporation  
CEO, JC1 LLC (Scheduled)



**Mayumi Nishi**

Outside Director

**Number of shares of the Company held**  
0 Shares

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 Director, the Company (current position)  
**<Significant concurrent positions>**  
None

## Audit & Supervisory Board Members



**Kenji Kuwabara**

Standing Audit &  
Supervisory Board Member

**Number of shares of the Company held**  
6,800 Shares

Apr. 1983 Joined the Company  
Oct. 2004 Department Manager, Biological Research Department, Discovery Research Labs., Research & Development  
Apr. 2008 Department Manager, Nucleic Acid Business Promotion Department, Nucleic Acid Business Division, Research & Development  
Jan. 2010 Department Manager, Discovery Research Laboratories in Tsukuba, Discovery Research Labs., Research & Development  
Apr. 2012 Department Manager, Alliance & Business Planning Department, Business Development Division, Research & Development  
Apr. 2016 General Manager, Beijing Representative Office  
Apr. 2019 General Manager, Beijing Representative Office, Global Business Division  
Jun. 2019 General Manager, Beijing Representative Office, Global Business  
Apr. 2020 Deputy Head, Global Business  
Jun. 2020 Standing Audit & Supervisory Board Member (current position)



**Hirotsugu Ito**

Standing Audit &  
Supervisory Board Member

**Number of shares of the Company held**  
2,100 Shares

Apr. 1986 Joined the Company  
Apr. 2015 Department Manager, Keiji Hokeniku Branch Office, Western Japan Division, Sales and Marketing  
Apr. 2017 Department Manager, Kyushu Branch Office, Sales and Marketing  
Apr. 2019 Department Manager, Chushikoku Branch Office, Sales and Marketing  
Apr. 2021 Department Manager, Nagoya Branch Office, Sales and Marketing  
Apr. 2022 Department Manager, Information Service Supervisory Department  
Jun. 2023 Standing Audit & Supervisory Board Member (current position)



**Tsuyoshi Kondo**

Outside Audit & Supervisory  
Board Member

**Number of shares of the Company held**  
1,000 Shares

Apr. 1993 Completed legal training at The Legal Training and Research Institute of Japan  
Apr. 1993 Qualified as a lawyer  
Apr. 1993 Worked for Kondo Chiaki & Tsuyoshi Law Office  
Apr. 2001 President of Kondo Law Office (current position)  
Apr. 2003 Registered as a patent attorney  
Apr. 2010 Specially appointed professor, Graduate School of Law, Kansai University (current position)  
Jun. 2016 Outside Audit & Supervisory Board Member (current position)  
Jan. 2018 Outside Director, Senshu Electric Co., Ltd. (current position)  
**<Significant concurrent positions>**  
President of Kondo Law Office  
Outside Director, Senshu Electric Co., Ltd.



**Hiroharu Hara**

Outside Audit & Supervisory  
Board Member

**Number of shares of the Company held**  
100 Shares

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 Outside Audit & Supervisory Board Member (current position)  
**<Significant concurrent positions>**  
President, Hiroharu Hara Tax Accountant office

## Corporate Officers

**Koji Honma**  
Department Manager, Personnel  
Department

**Yoshizumi Tanaka**  
Head of Regulatory Affairs  
Supervision and Assurance Division

**Hayato Wada**  
Department Manager, Kansai  
Business Office

**Keiichi Kuwano**  
Department Manager, Discovery  
Research Labs.

**Masaya Toda**  
Head of Licensing & Alliance  
Division

**Katsumi Noda**  
Department Manager, Tokyo  
Business Office

**Kazuyuki Yamate**  
Head of Digital Transformation  
Division

**Hiroji Hayashi**  
Department Manager, Corporate  
Planning Department

**Masafumi Taira**  
Head of Global Business Division

**Toru Yamaguchi**  
Department Manager, Odawara  
Central Factory

**Mitsuharu Koizumi**  
Head of Sales and Marketing  
Planning Division

**Kazuyuki Iwata**  
Department Manager, Nagoya  
Business Office