

October 31, 2024

JCR Pharmaceuticals Co., Ltd.

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Securities Code: 4552
<https://www.jcrpharm.co.jp/en/site/en/>

The status of corporate governance of our Company is as described below.

I. Basic concept of corporate governance, capital structure, corporate attributes and other basic information

1. Basic concept

We consider that for the purpose of providing superior quality and more useful pharmaceutical products and medical equipment to society, it is important to aim to enhance legality, transparency and objectivity of the Company's management, to heighten our corporate value further, and at the same time to build a system to ensure protection of the interests of shareholders.

For this purpose, we are putting efforts to secure implementation and operation of effective internal control systems required, to evaluate the effectiveness of such systems on our own, and to fulfill social responsibilities as a corporation.

For the purpose of compliance, we recognize that it is important to adhere to laws and regulations, global standards, and various industrial standards, and also to foster a corporate culture that stimulates a high sense of probity in the course of day-to-day corporate activities.

[Reasons for Non-compliance with the Principles of the corporate governance code]

The Company has complied with all principles of the corporate governance code.

[Disclosure based on each of the principles of corporate governance code]

[Principle 1 – 4]

3. Policy concerning holding of shares of business counterparties

In the field of rare diseases, JCR focuses its management resources on “research and development” and “manufacturing,” aiming to achieve sustainable growth and long-term increase in corporate value. To realize this, it is important to build and maintain positive relationships with suppliers and customers without fixating on short-term profits. In cases where it is judged necessary for management strategy, we acquire and hold shares of these companies. We consider selling these stocks if the significance of holding them has lost strategic significance, giving consideration to the impact on the market and the status of operations.

2. Details of examining cross-shareholdings

The decision on whether to hold cross-shareholdings is made by the Board of Directors, which conducts a comprehensive examination from a management strategy perspective considering the comparative evaluation result of the purpose for holding, benefits and risks of holding, and cost of capital.

3. Exercise of voting rights

When exercising voting rights, we do not make judgment on pros and cons based on uniform standards but we take into account management policy, strategy, etc. of partner corporations in a sufficient manner and make judgment from the viewpoint of whether or not they will lead to enhancement of corporate value on a medium to long-term basis.

[Principle 1 – 7]

When having transactions with an officer of the Company, based on Rules for the Board of Directors, we put important facts of the said transactions before the Board of Directors for their resolutions.

Also, when we have transactions with major shareholders, etc., we put those having high importance of transactions before the Board of Directors for their resolutions.

Please note that we decide transactional terms and conditions in the same manner as transactions with a third party.

[Supplementary principle 2-4 [1]]

“Develop human resources to support growth” is a priority initiative in our mid-term business plan for FY2023-FY2027 Reach Beyond, Together. “Team JCR” is a source of our corporate value. Based on this core value, we transform operations and organizations and develop human resources while working on promoting women’s success in the workplace to further develop our “Team JCR” corporate culture rich in diversity, with an eye on globalization. We also actively appoint talented individuals (including mid-career hires) to core positions regardless of gender, nationality, and age.

<Appointing women to core positions*>

JCR’s human resources recruitment policy is to secure talented employees regardless of gender. The average ratio of women among new graduate recruits was 44.7% over the past 5 years. In addition, the ratio of female employees for the entire Company was 42.1% and stood at high level of 49.0% in the research departments, 42.0% in the production departments, and 48.7% in the development departments. The current ratio of women in management positions is 14.5% for the entire Company and is expected to increase further. As a result of establishing various programs, JCR has fostered a corporate culture that enables a highly diverse workforce to thrive and succeed. Steady progress is being made on developing a workplace environment where all employees can fully demonstrate their abilities.

Going forward, JCR will continue to actively develop human resources and foster diverse next-generation leaders who have the skills needed to flourish on the global stage, thereby supporting its sustained corporate growth.

<Appointing mid-career hires to core positions>

JCR has long had many mid-career hires, and the ratio of mid-career hires in management positions exceeds 64.8% at the end of FY2023.

Given the smooth career development of employees who joined the Company as new graduates and the need to place the right people in the right positions to support its growth going forward, JCR has not established any numerical targets specific to mid-career hires.

<Appointing non-Japanese to core positions>

JCR established a subsidiary in Brazil in 2020 as a first step to develop business overseas, and has hired six local employees there so far. We have also hired six local employees so far at our US subsidiary established in 2018. In 2022, we established JCR Europe B.V., a new subsidiary in Leiden, the Netherlands and have hired ten local employees so far. Going forward, we will also hire right employees according to global business development progress.

[Principle 2 - 6]

The Company takes into account that the management of corporate pension funds impacts stable asset formation for employees and the Company’s own financial standing and appoints and strives to develop human resources with the necessary experience and qualifications in the Human Affairs and General Affairs Department, which is in charge of corporate pensions, to enable appropriate monitoring, etc.

[Principle 3 - 1]

(1) The situation which the Company is aiming for (such as management philosophy), management strategy and management plan

With respect to corporate philosophy, management strategy and management plan, please see our websites as well as our medium-term management plan.

Our website (URL: <https://www.jcrpharm.co.jp/en/site/en/>)

(2) Basic concept and basic policy concerning corporate governance

They are as described in “1. Basic concept” in this report.

(3) Decision on compensations for management members and directors

<Policy>

The decision policy on compensation for management members and directors is provided in “Descriptions of disclosure of decision policy for compensation amount and its calculation method” under II.1 [Matters related to directors’ compensation] of this report

<Procedure>

The individual amounts of fixed compensation are based on deliberation by the Board of Directors, while the President and CEO makes the final decision about the specific details. That authority extends to the amount of fixed compensation for each director. The Board of Directors consults the Advisory Committee for Nomination, Compensation, etc. about the original motion so that authority is exercised appropriately. The President and CEO, who makes the final decision for the Board of Directors, makes a decision based on the recommendation.

Restricted stock compensation is allotted every year at a certain time. The individual numbers of shares to be allotted are determined by the Board of Directors upon full deliberation by the Advisory Committee for Nomination, Compensation, etc. Furthermore, the maximum total number of shares issued is based on a resolution of the General Meeting of Shareholders.

(4) Appointment of executive officers and nomination of candidates for directors and audit & supervisory board members.

<Policy>

As for appointment of candidates for directors, we examine comprehensively by taking into account the balance among accurate and prompt decision making, appropriate risk management, supervision of operations, and ability to cover each of the functions and of the business divisions and based on the viewpoint of the right persons are in the right places.

Further, as for appointment of candidates for audit & supervisory board members, the audit & supervisory board discusses the concept of candidates for the purpose of enhancing and strengthening of audit activities based on "Audit & Supervisory Board Members Auditing Standards" and other standards and we examine comprehensively by ensuring knowledge of finance and accounting, knowledge of the business fields of the Company, and a variety of viewpoints concerning corporate management and based on the viewpoint of the right persons are in the right places.

Furthermore, appointment of executive officers takes place with comprehensive judgment based on appropriate character, expertise, experience, etc. for the role. Dismissal is applicable in such cases as having a considerable lack of ability to perform the required role, or behavior that contravenes laws, regulations or the articles of incorporation, etc.

<Procedure>

As for candidates for directors, advisory committee for nomination, compensation, etc. chooses candidates for directors who fulfill requirements expected by the Company and after consultation with the Board of Directors, they are put before the general shareholders' meeting for their resolutions.

As for candidates for audit & supervisory board members, advisory committee for nomination, compensation, etc. chooses candidates for audit & supervisory board members who fulfill requirements expected by the Company and after obtaining consent from the audit & supervisory board, they are put before the Board of Directors and then before a general shareholders' meeting for their resolutions. During the process of the selection, the audit & supervisory board discusses with directors in a sufficient manner.

Dismissal of an executive officer shall be made following due deliberation by the advisory committee for nomination, compensation, etc. and passage of a resolution by the Board of Directors.

(5) Explanation on selection and appointment of individuals

As for appointment of candidates as director or audit & supervisory board member, we provide explanations in the "notice of convocation of general shareholders' meeting", "Securities Report", etc. as the needs arise.

The Board of Directors, as the organ for selections, shall explain the appointment or dismissal of executive officers.

[Supplementary principle 3-1 [3]]

(1) Our sustainability initiatives

Under our corporate philosophy "Contributing toward people's healthcare through pharmaceutical products," JCR aims to realize sustainable medical care by continuing to create innovative new drug development technologies. We will help to solve environmental and social issues through our business activities by strengthening our environmental, social, and corporate governance initiatives, in addition to working to develop drugs for rare diseases. We believe this will contribute to our medium- to long-term growth.

In July 2022, JCR established the Sustainability Advisory Committee, Sustainability Committee, and the Environmental Committee. The Sustainability Advisory Committee mainly comprises outside directors, while the Sustainability Committee and Environmental Committee will mainly comprise employees nominated from each department. At meetings held regularly throughout the year, the Sustainability Committee and Environmental Committee will summarize their recommendations regarding matters JCR should accomplish through business activities as proposals to the Board of Directors. At meetings of the Board of Directors, decisions will be made regarding those recommendations in light of discussions by the Sustainability Advisory Committee. Disclosure of matters such as JCR's sustainability policies and initiatives is provided on our website. (Sustainability homepage, JCR Pharmaceuticals Co., Ltd. (<https://www.jcrpharm.co.jp/en/site/en/sustainability/index.html>))

(2) Investments in human capital, intellectual property, etc.

JCR conducts group training for new graduate recruits and training programs according to job scopes and levels so that every employee can grow and excel in their role, as well as training that is necessary for operations. In FY2023, we invested a total of approximately 80 million yen on training. In addition, we conduct regular compliance training for all employees and compliance training for officers. Furthermore, we are putting more effort into English language training as a step toward globalization. In FY2023, we invested roughly 30 million yen on this English language training for 346 employees.

Regarding investments in intellectual property, JCR is strategically applying for, obtaining, and exercising patent rights for its inventions and other intellectual property with a view to protecting the

innovative proprietary technologies that it has developed and gaining a competitive advantage of its products, working flexibly with its research and other relevant departments. As part of this we are proactively investing in intellectual property, such as the acquisition in April 2020 of ArmaGen, Inc., which holds key intellectual property rights in major regions such as Japan, US, and Europe in the field of blood-brain barrier (BBB) delivery technologies, which is a focus area for JCR.

(3) Effect of climate change-related risks and earnings opportunities on business activities and finance, etc.

<Governance>

JCR is working on strengthening governance initiatives related to climate change. The content of policies and measures pertaining to climate change is deliberated by the Environmental Committee and Sustainability Committee, and the Board of Directors will make decisions on them, taking into consideration the opinions of the Sustainability Advisory Committee.

<Strategy>

Regarding physical and transition risks and opportunities related to climate change, JCR is assessing the significance of their short-, medium-, and long-term impact on business, strategy, and finances. As a result of these assessments, JCR has identified those that affect operations to a high degree as important risks and opportunities, and will actively strive to realize a sustainable society.

<Risk management>

JCR is considering risk identification, assessment, management, and enterprise risk management integration processes, and will disclose information on this moving forward.

<Metrics and targets>

JCR will consider climate change performance indices going forward. In addition, our Scope 1, 2, and 3 (some categories) GHG emissions calculated according to the GHG Protocol, an international calculation standard, are as follows.

Scope 1: 2,756 tons of CO₂

Scope 2: 10,884 tons of CO₂

Scope 3: 35,876 tons of CO₂

Going forward, JCR will deliberate on matters such as establishing a medium- to long-term GHG reduction targets in light of its business plans. In addition, we will consider enhancing disclosures regarding scenario analysis and strategic resilience in the future.

[Supplementary principle 4 – 1 [1]]

The Board of Directors is positioned as an organ to make decision on important matters relating to corporate management specified in the Rules for the Board of Directors, such as, management policy and business plans, investment plans, establishment and investing in subsidiary companies, in addition to matters described in laws and regulations or in the articles of incorporation, and also to supervise business operations.

The board of directors is putting efforts into making appropriate decisions as a body to execute business operations by establishing meeting bodies, such as management meeting, management control committee, etc. and into enhancing deliberations on important issues.

The main roles of directors are to prepare a management policy and to supervise business operations based on the policy, and corporate officers take the role of execution of business operations and ensure expeditious decision making.

[Supplementary principle 4-2 [2]]

JCR believes it is vital to continuously create corporate value through its business activities, while contributing to the development of a sustainable society.

As a trusted pharmaceutical company contributing to society, we will actively advance initiatives in the key areas of rare diseases, the environment, society, and corporate governance. Information on our sustainability policies and initiatives is provided on the JCR Report and our website.

(Sustainability homepage, JCR Pharmaceuticals Co., Ltd.

(<https://www.jcrpharm.co.jp/en/site/en/sustainability/index.html>))

Matters concerning the allocation of management resources, including investments in human capital and intellectual property, and the execution of strategies pertaining to the business portfolio are effectively supervised through discussion at important meeting bodies with subsequent reporting to and deliberation by the Board of Directors as appropriate.

[Principle 4 - 9]

When appointing outside directors, the Board of Directors of the Company places importance on the multitude of experience and high ideas concerning company management, etc. in addition to requirements described in the Companies Act.

We appoint those who have fulfilled requirements for an independent officer as described by the Tokyo Stock Exchange and those who have no risk of having conflict of interest with general shareholders as independent directors.

[Supplementary principle 4 – 10 [1]]

JCR has established an Advisory Committee for Nomination, Compensation, etc. It consists of one internal director, three independent outside directors, and two outside audit & supervisory board members. The committee is chaired by an independent outside director and the majority of its members are independent outside directors, ensuring sufficient independence, with independent outside directors making up a majority of its members and the inclusion of outside audit & supervisory board members. The committee's purpose is to strengthen the independence, objectivity, and accountability of the Board of Directors' functions pertaining to matters such as the nomination and compensation of directors, auditors, and important employees. As an advisory body to the Board of Directors, it deliberates matters concerning the nomination and compensation of directors, auditors, and important employees, and provides suggestions and advice to the Board of Directors to that end.

[Supplementary principle 4 – 11 [1]]

(Diversity)

The Board of Directors of the Company consists of personnel who have knowledge, experience and capacities in each of the fields of research, development, production, sales and management, and as a whole, the board is balanced and diverse. Moreover, those with management experience at other companies are also appointed as independent outside directors.

(Scale)

The maximum number of directors of the Board of Directors of the Company is specified as 12 persons in the articles of incorporation, and the board puts efforts to ensure expeditious decision making.

(Procedure)

Advisory committee for nomination, compensation, etc. selects candidates for directors who fulfill requirements expected by the Company, and after a resolution for selection is given by the Board of Directors, the candidates are put before a general shareholders' meeting.

(Skills)

The skill matrix of our directors and auditors is provided on the last page of this report.

[Supplementary principle 4 – 11 [2]]

We disclose our directors and audit & supervisory board members who serve concurrently as officer of other listed companies in "Referential materials for general shareholders' meeting" in the convocation notification and in the section of "Information relating to officers" of our securities reports.

[Supplementary principle 4-11 [3]]

With respect to assessment of the effectiveness of the Board of Directors as a whole, the Advisory Committee for Nomination, Compensation, etc. prepares an Assessment Opinion Report based on self-evaluation questionnaires answered by the constituents of the Board of Directors and through individual interviews with them and conducts the assessment in a meeting of the Board of Directors based on the Assessment Opinion Report.

The following are listed as assessment items:

- 1) The composition of the Board of Directors
- 2) The operation of the Board of Directors
- 3) The discussion of the Board of Directors
- 4) The monitoring of the Board of Directors
- 5) Performance of internal and outside directors
- 6) Support systems for the directors and audit & supervisory board members
- 7) Training
- 8) Individual activities
- 9) Operation of committees
- 10) The status of improvement against the recommendations for improvement in the previous fiscal year

In the assessment for FY2023, JCR was supported by an external institution to ensure objectivity and transparency. A questionnaire survey was issued to each director and Audit & Supervisory Board member regarding items concerning the composition, operation, etc., of the Board of Directors, and individual interviews were conducted based on the results. The assessment results show that the Board of Directors is functioning more effectively than before as a result of additional efforts continued from the previous fiscal year.

Additionally, the following steps for improvement were set out for FY2024.

- a. Strengthen corporate communications and investor relations (IR) activities
- b. Make partial changes to the operation of the Board of Directors
- c. Plan and implement knowledge acquisition training requested by officers

The Company's Board of Directors will continue to hold sufficient discussions based on the above analysis and assessment as it moves forward with improvements to ensure even greater effectiveness.

[Supplementary principle 4 – 14 [2]]

With respect to trainings of directors and audit & supervisory board members at the time of assumption of office, we mediate an external education and training, etc. (held by Japan Audit & Supervisory Board Members Association or others) to learn necessary basic knowledge and bear the expenses to provide support to them aiming to deepen their understanding regarding their roles and responsibilities.

Also, we conduct internal training sessions on a regular basis, such as compliance training sessions.

[Principle 5 - 1]

At JCR, under the supervision of directors, the Corporate Strategy Division, which has an investor relations (IR) function, serves at the center of our dialogue with shareholders and investors. We have also established a system to connect with related departments within the Company, such as corporate strategy, research, development, production, and sales to discuss the direction of IR, prepare disclosure materials, and share information.

With respect to methods of dialogue, we conduct financial results briefings for securities firms and institutional investors twice a year after the announcement of financial results, and also started holding IR meetings. The president, directors and other officers participate in these opportunities for dialogue, providing briefings on topics of high interest to investors and conducting question-and-answer sessions. JCR also actively discloses information via its official website, including news releases and videos and scripts of financial results briefings provided in a timely manner. For individual investors, a factory tour was held for individual shareholders in May 2024. A meeting with directors and employees is arranged for individual investors after the annual General Meeting of Shareholders to deepen their understanding of our business. Feedback received through these forms of dialogue is reported as appropriate to the Board of Directors to help JCR achieve sustained growth and increase corporate value over the medium to long term.

[Supplementary principle 5 – 1 [1]]

Outside directors as well as inside directors of JCR actively engage in dialogue with stakeholders to facilitate deeper understanding of the status of governance and our business. A meeting with directors and employees is also arranged for individual investors after the annual General Meeting of Shareholders.

[Implementing management that is conscious of cost of capital and stock price]

JCR's corporate philosophy is "Contributing toward people's healthcare through pharmaceutical products." Guided by this philosophy, we are working to create groundbreaking pharmaceuticals and innovative technologies. We are accelerating research and development (R&D) investment to ensure that we can deliver pharmaceuticals to patients who are eagerly awaiting treatments at the earliest opportunity. To this end, we are conducting R&D focused on lysosomal storage disorders (LSDs) that apply J-Brain Cargo®, a proprietary blood-brain barrier (BBB) penetration technology developed by JCR and for which JCR was the first in the world to develop pharmaceutical applications.

In addition, we will create new value over the long term by continuing to create proprietary platform technologies that can be applied to a variety of disease areas.

Profits generated by our domestic business, which provides a stable earnings base, and from the active licensing out of new drugs and platform technologies, will be actively invested in R&D to realize new value. Concurrently, JCR is committed to providing stable returns to shareholders who are excited about the social significance of JCR's business and its future growth. We believe that returning profits to shareholders will help to enhance our long-term corporate value.

With regard to capital efficiency, we have not disclosed any specific financial indicators related to profitability and valuation at this time, because, for the time being, we intend to carry out active R&D investments to achieve future growth.

2. Capital structure

Ratio of shares held by foreigners	Less than 10%
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[Information on major shareholders]

Name of person or company	Number of shares held (shares)	Ratio (%)
MEDIPAL HOLDINGS CORPORATION	29,131,292	23.16
The Master Trust Bank of Japan, Ltd. (Trust account)	10,976,200	8.72
Future Brain Co., Ltd.	8,711,960	6.92
Custody Bank of Japan, Ltd. (Trust Account)	7,820,200	6.21
The Nomura Trust and Banking Co., Ltd. (Trust account: A)	6,298,328	5.00
Kissei Pharmaceutical Co., Ltd.	4,918,700	3.91
Sumitomo Pharma Co., Ltd.	3,400,000	2.70
Mochida Pharmaceutical Co., Ltd.	2,200,000	1.74
Employee Shareholding Association of JCR Pharmaceuticals Co., Ltd.	1,285,016	1.02
National University Corporation Kyoto University	1,000,000	0.79

Name of controlling shareholder	-----
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Name of parent company	None
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Supplementary explanation

The above information on major shareholders is current as of September 30, 2024.

3. Attributes of corporation

Stock exchange listings and market classification	Tokyo Stock Exchange Prime Market
Fiscal year-end	March
Industry	Pharmaceutical products
Number of employees as of previous fiscal year-end (Consolidated)	500 persons or more but less than 1,000 persons
Total net sales in previous fiscal year (Consolidated)	10 billion yen or more but less than 100 billion yen
Number of consolidated subsidiaries at the end of the previous fiscal year	Less than 10 companies

4. Guidelines concerning measures to protect minority shareholders in transactions with controlling shareholders

5. Other exceptional circumstances that may have a material impact on corporate governance

Since JCR concluded a business and capital alliance agreement with MEDIPAL HOLDINGS CORPORATION (hereinafter referred to as "MEDIPAL") on September 21, 2017, MEDIPAL has been JCR's main shareholder (ownership ratio as of September 30, 2024: 23.16%).

MEDIPAL and JCR have agreed to advance their relationship to a broader level of business alliance with a new capital involvement from a long-term perspective to further enhance the corporate values of both companies as well as to propel continuous growth of the same, and to deepen the partnership to a robust level, effectively leveraging MEDIPAL's strengths in distribution and sales promotion and JCR's strengths in pharmaceutical research and development.

In addition, MEDIPAL dispatches a director to JCR, but we have no restriction on our management policies from MEDIPAL, such as our business strategies and capital policies.

//. Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision

1. Items Related to Organizational Structure and Operations, etc.

Form of Organization	Company with the Audit & Supervisory Board
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[Matters related to directors]

Number of Directors Stipulated in Articles of Incorporation	12 persons
Term of Office for Directors Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	Chairperson (except for the case where Chairperson also serves as President)
Number of Directors	11 persons
Election of Outside Directors	Elected
Number of Outside Directors	6 persons
Number of Outside Directors Designated as Independent Director	4 persons

Relationships with the Company (1)

Name	Attribute	Relation with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Suetsuna	Other											○
Toshihide Yoda	Formerly belonged to other company					○		○				
Yuko Hayashi	Other											○
Yutaka Atomi	Other											○
Philippe Fauchet	Formerly belonged to other company											○
Marc Dunoyer	Formerly belonged to other company					○						

* Options to be selected with regard to relationship with the Company

* If the item is "currently or recently" applicable to the director, a symbol "○" is indicated; if the item was "previously" applicable to the director, a symbol "△" is indicated.

* If the item is "currently or recently" applicable to the director's next of kin, a symbol "●" is indicated; if the item was "previously" applicable to the director's next of kin, a symbol "▲" is indicated.

- A person performing an executive role as the listed company or its subsidiary
- A person performing an executive role at or who is a non-executive director of the listed company's parent
- A person performing an executive role at an affiliate who is another subsidiary of the listed company's parent
- A person or its person performing an executive role whose major customers include the listed company
- A person or its person performing an executive role who is a major customer of the listed company
- A consultant, accountant or lawyer who receives a large amount of monetary compensation or other property other than compensation as the outside director from the listed company
- A major shareholder (or if the said shareholder is a corporation, the said corporation's person performing an executive role) of the listed company
- A person performing an executive role at a customer of the listed company (other than those to which item d, e or f applies) (this item applies only to the outside director himself or herself)
- A person performing an executive role at an entity who has an outside director or audit & supervisory board member from the listed company (this item applies only to the outside director himself or herself)
- A person performing an executive role at an entity to which the listed company makes donations (this item applies only to the outside director himself or herself)
- Others

Relationship with the Company (2)

Name	Independent directors	Supplementary information related to applicable items	Reason for appointment
Takashi Suetsuna	○	-----	Although he has not been involved in corporate management except as an outside director of the Company, he has abundant experience in administrative agencies and a global perspective as a diplomat, and we expect him to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective.
Toshihide Yoda		He is a senior managing director of MEDIPAL HOLDINGS CORPORATION which is a major shareholder of our company since October 2017.	He has extensive knowledge as an analyst of pharmaceutical sector in the financial industry and much experience of driving new business. We expect him to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective.
Yuko Hayashi	○	-----	Although she has not been involved in corporate management except as an outside director of the Company, she has expertise on practical application of innovation and a wide range of extensive experience such as research activities on advanced medical care, diversity, and promotion of women's participation and advancement in the workplace. We expect her to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective.

Name	Independent directors	Supplementary information related to applicable items	Reason for appointment
Yutaka Atomi	○	-----	Although he has not been involved in corporate management except as an outside director of the Company, he has abundant experience and expert knowledge as a medical scholar, and we expect him to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective.
Philippe Fauchet	○	-----	He has abundant experience and expert knowledge as a manager of global pharmaceutical companies, and we expect him to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective.
Marc Dunoyer		Marc Dunoyer is CEO of Alexion, AstraZeneca Rare Disease.	He has abundant experience and expert knowledge as a manager at the forefront of global pharmaceutical companies for many years, and we expect him to utilize this knowledge to supervise the execution of duties by the Company's directors and provide advice on its management from a professional perspective, making a significant contribution to the enhancement of the Company's corporate value.

Existence of voluntary committee(s) corresponding to nomination committee or compensation committee

Yes

Status of establishment of voluntary committee(s), composition of committee and attribution of chairperson (Chair)

	Name of committee	All members (persons)	Full-time committee members (persons)	Internal directors (persons)	Outside directors (persons)	Outside intellectuals (persons)	Others (persons)	Chairperson of committee (Chair)
Voluntary committee(s) corresponding to nomination committee	Advisory committee, such as nomination, compensation, etc.	6	0	1	3	0	2	Outside director
Voluntary committee(s) corresponding to compensation committee	Advisory committee, such as nomination, compensation, etc.	6	0	1	3	0	2	Outside director

Supplementary explanation

Roles:

The Advisory Committee for Nomination, Compensation, etc. advises on important matters concerning nomination and compensation for Directors, Corporate Officers and Audit & Supervisory Board Members. It also performs assessment of Directors as necessary and provides opinions to the Board of Directors.

Composition of committee:

The Advisory Committee for Nomination, Compensation, etc. consists of specific Outside Directors, a full-time Audit & Supervisory Board Member, a part-time Audit & Supervisory Board Member (limited to those nominated by this committee) and an Internal Director. (The Specific Outside Directors listed in the composition of the committee above refer to Outside Directors who satisfy the guidelines for independent officers prescribed by the Tokyo Stock Exchange and have not been appointed as a Director of the Company or its subsidiaries within the past 10 years.)

Frequency of meeting: Once a year or more, and as necessary.

Secretariat: Administration Div. General Affairs Department

[Matters related to audit & supervisory board members]

Establishment of the audit & supervisory board	Yes
Number of audit & supervisory board members stipulated in articles of incorporation	5 persons
Number of audit & supervisory board members	5 persons

Status of cooperation between audit & supervisory board members, accounting auditors and Internal Audit Division

We have established Internal Audit Department (2 persons) as an internal audit division, and it implements audit and investigation on the status of execution of duties in all the divisions and in our subsidiary companies from the viewpoints of legality and reasonableness on a regular basis based on an annual audit plan, and the results of audits are reported to Representative Director and President. Internal Audit Department attends the audit & supervisory board held once per month and by doing so cooperation between audit & supervisory board members and Internal Audit Department is ensured. On the other hand, audit & supervisory board members receive a report from Internal Audit Department and as a result they can monitor the status of audits. Accounting auditors report to the audit & supervisory board the result of audit. The said three parties divide and undertake duties through organically collaborating in the course of operational audits and financial audits.

Election of outside audit & supervisory board members	Elected
Number of outside audit & supervisory board members	5 persons
Number of outside audit & supervisory board members designated as independent audit & supervisory board member	5 persons

Relationships with the Company (1)

Name	Attribute	Relation with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kazumasa Oizumi	Formerly belonged to other company													○
Kazuhiko Yamada	Tax accountant													○
Kenjiro Miyatake	Formerly belonged to other company													○
Takeshi Komura	Other													○
Shuichi Tani	Other													○

* Optional items concerning relationship with the Company

* If the item is "currently or recently" applicable to the auditor, a symbol "○" is indicated; if the item was "previously" applicable to the auditor, a symbol "△" is indicated.

* If the item is "currently or recently" applicable to the auditor's next of kin, a symbol "●" is indicated; if the item was "previously" applicable to the auditor's next of kin, a symbol "▲" is indicated.

- a. A person performing an executive role at the listed company or its subsidiary
- b. Non-executive director or accounting advisor of the listed company or its subsidiary
- c. A person performing an executive role at or who is a non-executive director of the listed company's parent
- d. A corporate auditor of the listed company's parent
- e. A person performing an executive role at an affiliate who is another subsidiary of the listed company's parent
- f. A person or its person performing an executive role whose major customers include the listed company
- g. A person or its person performing an executive role who is a major customer of the listed company
- h. A consultant, accounting professional or legal professional who receives from the listed company a large amount of monetary compensation or other property other than compensation as officer or outside audit & supervisory board member
- i. A major shareholder of the listed company (or its person performing an executive role if the said major shareholder is a corporation)
- j. A person performing an executive role at a customer of the listed company (other than those to which item f, g, or h applies) (this item applies only to the outside audit & supervisory board member himself or herself)
- k. A person performing an executive role at an entity who has an outside director or audit & supervisory board member from the listed company (this item applies only to the outside audit & supervisory board member himself or herself)
- l. A person performing an executive role at an entity to which the listed company makes donations (this item applies only to the outside audit & supervisory board member himself or herself)
- m. Others

Relationships with the Company (2)

Name	Independent audit & supervisory board members	Supplementary explanation related to the criteria	Reason for appointment
Kazumasa Oizumi	○	-----	Appointed to continue in his position because we expect him to enhance corporate governance, utilizing his experience in the finance industry as well as experience as a company board member; in addition, we want him to perform audits from an experienced and well-informed standpoint.
Kazuhiko Yamada	○	-----	Appointed to continue in his position due to his experience and expertise as a certified tax accountant; we want him to perform audits from a taxation and financial affairs perspective.
Kenjiro Miyatake	○	-----	Appointed to leverage his long experience in management in the pharmaceutical industry; we want him to perform audits from an experienced and well-informed standpoint.

Name	Independent audit & supervisory board members	Supplementary explanation related to the criteria	Reason for appointment
Takeshi Komura	○	-----	Appointed due to a wealth of experience in administrative agencies and broad insights into monetary and financial affairs; we want him to perform audits using his knowledge as an outside director for other companies.
Shuichi Tani	○	-----	Although he has not been involved in corporate management except as an outside director of the Company, he is appointed due to extensive experience in health care and deep insight into medical welfare; we want him to perform audits using his experience and knowledge and also to utilize his detailed knowledge of educational institutions.

[Matters related to Independent Directors/ Audit & Supervisory Board Members]

Number of Independent Directors/ Audit & Supervisory Board Members	9 persons
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Other items related to Independent Directors/ Audit & Supervisory Board Members

Directors who satisfy the guidelines for independent officers prescribed by the Tokyo Stock Exchange and are deemed as posing no risks of conflicts of interest with general shareholders are designated as independent directors.

[Matters related to incentives]

Status of implementation of measures to grant incentives to Directors	Adoption of a restricted stock compensation plan
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Supplementary explanation concerning applicable items

Restricted stock compensation provided as non-monetary compensation to internal directors, outside directors, and corporate officers, etc., is intended to enhance motivation to contribute to continued improvement in business performance and corporate value over the medium to long term. It is allotted every year at a certain time. The number of shares to be allotted to each director is determined in accordance with their position and role by the Board of Directors after full deliberation by the Advisory Committee for Nomination, Compensation, etc.

Applicable restricted stock grantees	Internal directors, directors of subsidiary companies and employees
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Supplementary explanation concerning applicable items

By sharing not only the advantages of share price increases but also risks associated with share price decreases with shareholders, we aim to further enhance continuous improvement of business performance on a medium to long-term basis as well as motivations and morale to improve corporate value.

[Matters related to directors' compensation]

Disclosure status

Only some individual disclosures are made

Supplementary explanation concerning applicable items

■ Directors (excluding outside directors)

Total amount of compensation, etc. 407 million yen

(Fixed compensation: 361 million yen, non-monetary compensation, etc.: 45 million yen) Number of directors 5 persons

■ Outside directors

Total amount of compensation, etc. 151 million yen

(Fixed compensation: 151 million yen) Number of outside directors 11 persons

Total amount, etc. of consolidated compensation, etc. by each officer of submitting companies

Mathias Schmidt

Total amount of compensation, etc. 122 million yen (Fixed compensation: 112 million yen, non-monetary compensation, etc.: 10 million yen)

Establishment of decision policy for compensation amount and its calculation method

Yes

Descriptions of disclosure of decision policy for compensation amount and its calculation method

■ Policy

[Basic Policy]

The basic policy on executive compensation is to establish and operate a system that is intended to enhance motivation to contribute to improved corporate value and morale while aiming for continued improvements to business performance on a medium- to long-term basis.

Compensation for directors is comprises two categories: fixed compensation and stock compensation. Performance-linked compensation is not currently provided.

Specifically, internal directors and outside directors receive fixed compensation and stock compensation, which is linked to efforts to sustainably enhance JCR's corporate value and to shareholder interests.

Additionally, JCR has established an Advisory Committee for Nomination, Compensation, etc. with the goal of ensuring the independence and objectivity of Board of Director functions with regards to executive compensation and other issues. As an advisory body to the Board of Directors, the committee includes independent outside directors and independent outside audit & supervisory board members

[Policy for determining amount of individual compensation, etc., for basic compensation and bonuses (monetary compensation) (including policy for determining timing and conditions for payment of compensation, etc.)]

Fixed compensation is compensation paid in accordance with each director's duties. The Company determines the amount in line with the size of the individual's role while also referencing business conditions and social standards. Once the amount is determined, it is paid at regular intervals throughout the individual's term of office. Determination of the amount of compensation is delegated to the Board of Directors upon full deliberation by the Advisory Committee for Nomination, Compensation, etc., with the chairperson of the Board making the final decision.

[Performance-linked compensation]

JCR has made it its management policy to aim for long-term growth by actively investing in research and development in innovative fields. It has decided not to adopt performance-linked compensation, which changes the amount of compensation in coordination with recent business performance, for the time being out of concern that it will limit these types of investments.

[Policy concerning details of non-monetary compensation and methods for calculating amounts and number of payments (including policy for determining timing and conditions for payment of compensation, etc.)]

Restricted stock compensation provided as non-monetary compensation to internal directors and outside directors is intended to enhance motivation to contribute to continued improvement in business

performance and corporate value over the medium- to long term. It is allotted every year at a certain time. The number of shares to be allotted for each director is determined in accordance with their position and role by the Board of Directors after full deliberation by the Advisory Committee for Nomination, Compensation, etc.

[Policy for determining the individual monetary and non-monetary compensation ratio]

With regard to the amounts of monetary and non-monetary compensation for internal directors and outside directors, the ratio of individual compensation will be determined each fiscal year in order to respond flexibly to the contributions to business results by each director in each fiscal year. The Advisory Committee for Nomination, Compensation, etc. examines and determines appropriate amounts for each type of compensation for each director after viewing the elements set forth in the policy, while giving consideration to JCR's performance and business conditions. The Board of Directors and the President and CEO, who makes the final decision for the Board of Directors, respect the recommendations of the Advisory Committee for Nomination, Compensation, etc. and determine the details of individual compensation for each director as indicated by the recommendations within the permitted ratio.

[Support system for outside directors (outside audit & supervisory board members)]

■ Outside directors

With respect to matters to be put before the Board of Directors, explanation is given to them by distributing them in advance the agenda and applicable referential materials.

Additionally, we utilize the Company intranet to provide them with access to the minutes of important meeting bodies and various internal committees.

■ Outside audit & supervisory board members

In the audit & supervisory board meeting, Internal Audit Department provide to outside audit & supervisory board members explanation on the audit plan as well as report on the status of implementation of internal audits.

Additionally, we utilize the Company intranet to provide them with access to the minutes of important meeting bodies and various internal committees.

2. Matters related to execution of operations, audits and supervision, nomination, decision on compensation, etc. (Overview of current corporate governance system)

We are a Company with a Board of Company Auditors and have established a Board of Directors consisting of 11 persons, including six outside directors, the Audit & Supervisory Board consisting of five outside Audit & Supervisory Board members, and accounting auditors.

In addition to these bodies, we have established a Management Control Committee, an Advisory Committee for Nomination, Compensation, etc., a Management Meeting, an Internal Audit Department, an Internal Control Committee, a Compliance Committee, a Safety and Health Committee, an Environmental Committee, a Donation Screening Committee, and Risk Management Promotion Meeting. We believe this governance structure is appropriate for the Company's current situation and capable of efficient management. We also believe that the current governance structure including six outside directors and five outside Audit & Supervisory Board members is effective for ensuring transparency and objectivity (fairness) of management and the independence of management oversight.

As of June 26, 2024, the Sustainability Advisory Committee comprises two inside directors concurrently serving as corporate officers, one corporate officer, and two independent outside directors. It reports to the Board of Directors in response to inquiries on the content of discussions by the Sustainability Committee and Environmental Committee. In FY2022, it reported on a review of the status quo (external ESG assessment) and challenges, and annual activity report and planned initiatives for FY2024 and beyond of the Sustainability Committee and Environmental Committee. All members of the Sustainability Advisory Committee attended the scheduled meeting in FY2022.

- The Board of Directors

As of June 26, 2024, the Board of Directors chaired by the president and CEO consists of 11 directors, and in principle, an ordinary Board of Directors' meeting is held once per month, with extraordinary meetings of the Board held as necessary. The Board decides important matters concerning management of the Company in addition to matters determined by laws and regulations. In FY2022, the Board discussed and made decisions on the establishment of an overseas subsidiary, important capital expenditures, and collaboration and license agreements with other companies.

Regarding the attendance record at meetings of individual directors, the five internal directors and outside directors Toshihiro Ishikiriya, Takashi Suetsuna, Toshihide Yoda, Yuko Hayashi, Yutaka Atomi, and Philippe Fauchet attended all 13 meetings in FY2023.

Outside director Marc Dunoyer has attended 9 out of 10 meetings held since he assumed his position on June 21, 2023.

For director Mathias Schmidt and outside director Toshihiro Ishikiriya, both of whom resigned from their posts at the conclusion of the annual General Meeting of Shareholders held on June 26, 2024, only meetings held before their resignations are applicable.

It is defined in our articles of incorporation that our Company must have no more than 12 directors and that the appointment of these directors must be resolved at a meeting attended by shareholders who hold at least one third of the voting rights of all shareholders who have voting rights and that it must be passed by a majority of the votes. Furthermore, the resolutions to appoint directors shall not be decided by cumulative voting.

- Management Control Committee

It consists of representative director and executive directors. Although important management matters related to management policy, management strategy, etc. are in principle deliberated and decided by Management Meeting, it operates as a meeting body for expeditious response depending on the matter in question.

- Advisory Committee for Nomination, Compensation, etc.

As of June 26, 2024, the Advisory Committee comprises one internal director, three independent outside directors, and two independent outside Audit & Supervisory Board members

(one full-time and one part-time member). It deliberates important matters concerning nomination and compensation for directors, corporate officers, and Audit & Supervisory Board members. It also states an opinion on the evaluation of the Board of Directors. In FY2022, it reported to the Board of Directors in response to inquiries regarding appointments of directors and corporate officers and major organizational changes. Regarding the attendance record for the six committee meetings held in FY2022, all members attended all the meetings.

- Sustainability Advisory Committee

As of June 26, 2024, the Sustainability Advisory Committee comprises two internal directors concurrently serving as corporate officers, one corporate officer, and two independent outside directors). The Committee reports to the Board of Directors in response to inquiries on the content of discussions by the Sustainability Committee and Environmental Committee. In FY2022, it reported on a review of the status quo (external ESG assessment) and challenges, and annual activity report and planned initiatives for FY2023 and beyond of the Sustainability Committee and Environmental Committee. All members of the Sustainability Advisory Committee attended the meeting held in FY2022.

- Management Meeting

As of June 26, 2024, the Management Meeting consists of five internal directors (including four internal directors concurrently serving as corporate officers), six corporate officers and others, and observers (outside Audit & Supervisory Board members and experts). In principle, meetings are held twice a month. The purpose of the Management Meeting is to share important management-related matters, such as management policies and strategies, across departments, make deliberations and decisions necessary for management decisions, and submitting findings to the Board of Directors.

- Corporate officer system

JCR adopted a corporate officer system in June 2001 to improve management efficiency and speed up business execution. As of June 26, 2024, two Directors and Senior Managing Executive Officers and two Directors and Managing Executive Officers, who are directors who concurrently serve as corporate officers, along with one Managing Executive Officer, four Senior Executive Officers and one Executive Officer, oversee business execution based on the management policy determined by the Board of Directors.

- Audit & Supervisory Board

JCR is a company with Audit & Supervisory Board members. As of June 26, 2024, it has five Audit & Supervisory Board members (one full-time and four part-time members). They are all independent outside Audit & Supervisory Board members.

The Audit & Supervisory Board holds a meeting once per month and also extraordinary meetings as required.

Audit & Supervisory Board members attend important meetings, including meetings of the Board of Directors, and a system is in place to fulfill the Board's function of management oversight in the course of understanding the Company's status through meetings with management team members, including responsible general managers.

- Internal Audit Department

The Internal Audit Department directly under the control of the President and CEO performs audits on whether or not administrative and operational structures of the Company's management activities as a

whole and business operations are executed by departments in line with laws and regulations, confirming and evaluating objectively from an independent position. The purpose of the internal audit is to help the Company achieve management targets effectively and improve its operations. As of June 26, 2024, the Internal Audit Department consists of two employees, including one department manager. Internal audit results are reported to the CEO and Audit & Supervisory Board members.

- Internal Control Committee

JCR established the Internal Control Committee to respond to the Internal Control Reporting System under the Financial Instruments and Exchange Act. The Internal Control Committee is chaired by the Internal Control Director, with members appointed from relevant departments in the Company, and outside Audit & Supervisory Board member and accounting auditor serving as observers. In principle, meetings are held every two months. It promotes and supervises the provision and operation of appropriate internal control relating to various business processes to ensure the reliability of financial reporting.

- Compliance Committee

JCR established a Compliance Committee to implement and promote company management in line with social norms and corporate ethics as well as compliance with laws and regulations. The Compliance Committee consists of two sub-committees: a Compliance Control Committee chaired by the Chief Compliance Officer, with committee members including directors, corporate officers, and outside experts, and a Compliance Promotion Committee, whose members are employees nominated by members of the Compliance Control Committee. To promote compliance at JCR, the Compliance Committee holds meetings on a regular basis, determines JCR's compliance action plans and policies, and provides employee training and education in accordance with the Compliance Code of Conduct and the Compliance Manual, along with making compliance matters more widely known and raising awareness through a compliance newsletter.

- Sustainability Committee

To realize sustainable growth as a company and contribute to a sustainable society under its corporate philosophy "Contributing toward people's healthcare through pharmaceutical products," JCR established a Sustainability Committee to promote and implement sustainability management initiatives. The Sustainability Committee is chaired by the director in charge of sustainability with employees selected from each division of the Company as members.

- Safety and Health Committee

We have established the Safety and Health Committee to create and promote a comfortable work environment as well as to ensure the safety and health of workers in the workplace. The Committee is chaired by the general safety and health manager and consists of an industrial physician, safety administrator, health administrator, employees at management level, employees nominated by an employee representative, and labor and social security attorney acting as observers. The committee holds meetings monthly, reporting on conditions in each workplace and exchanging opinions in an effort to ensure and improve on occupational safety and health.

- Environmental Committee

JCR recognizes the risk of environmental impact from its business activities having long-term business, social, and other effects, and regards environmental conservation as a management responsibility. We established the Environmental Committee to advance and implement environmentally conscious business activities. The Committee's members are internal director(s) and employees selected from each division of the Company.

- Donation Screening Committee

The Donation Screening Committee was established to screen donations made by JCR and its subsidiaries to ensure they are made in a fair, transparent, and appropriate way, socially and internally. The Committee is composed of the Executive Director of the Administration Division, members of the General Affairs Department, Accounting Department, Legal Affairs Department, Development Division, and a medical expert. It meets regularly to screen donations (to determine whether the donation should be made and the amount is appropriate) in accordance with their type from an objective standpoint, making reference to relevant laws and regulations, industry rules, and internal standards, etc. Details of the donation screenings are reported quarterly to the Board of Directors.

- Risk Management Promotion Meeting

JCR established the Risk Management Promotion Meeting, which includes division general managers (or department general managers for departments that do not use the division system) and presidents of subsidiaries as business risk managers. The Risk Management Promotion Meeting meets regularly

to promote the Company's risk management and implements measures such as summarizing the risk management activities of each division, etc., preventing the occurrence of companywide risks, and formulating business continuity plans (BCPs).

3. Reason for adopting the current corporate governance system

We believe that our governance structure is appropriate in scale to our current business and enables efficient corporate management. We have also determined that our current governance system, which includes six outside directors and five outside Audit & Supervisory Board members, is effective for ensuring management transparency, objectivity (impartiality) and the independence of supervision over management.

III. Status of implementation of measures relating to shareholders and other stakeholders

1. Measures towards revitalization of general shareholders' meetings and smooth execution of voting rights

	Supplementary explanation
Early dispatch of notification of convocation of general shareholders' meeting	We dispatch notifications at least 21 days (3 weeks) before the date of meeting.
Setting of date of general shareholders' meeting by avoiding days on which general shareholders' meetings are concentrated	In order to ensure more shareholders can attend the meeting, we hold meetings by avoiding days on which general shareholders' meetings are concentrated.
Others	<p>For the purpose of giving easy-to-understand explanations in our general shareholders' meetings, we give explanations by utilizing visual presentation materials as well as narration. Also, in order to receive active opinions from shareholders, we allocate a sufficient time for questions and answer session.</p> <p>Furthermore, JCR holds a meeting for shareholders to communicate with our directors and corporate officers after the annual General Meeting of Shareholders every year.</p> <p>Additionally, we receive questions prior to the meeting, and the questions we receive most frequently are answered at the venue on the day of the General Shareholders' Meeting and disclosed on our website.</p>

2. Status of IR-related activities

	Supplementary explanation	Existence or nonexistence of explanation by the representative
Publication of disclosure policy	posted in our websites https://www.jcrpharm.co.jp/en/site/en/ir/disclosurepolicy.html	
Implementation of a regular explanatory session for analysts and institutional investors	At the time of the presentation of financial results at the fiscal year-end and the end of the first half of the fiscal year, we conduct a financial results briefing for analysts and institutional investors. Following the briefing, we promptly post a script and video that includes the content of the Q&A session on our website. Apart from this, we hold numerous events such as individual meetings and group meetings.	Yes
Holding of a regular explanatory session for overseas investors	For overseas institutional investors, we strive to hold individual meetings using internet and telephone conferencing systems.	Yes
Posting IR referential materials in a webpage	<p>URL relating to IR https://www.jcrpharm.co.jp/en/site/en/ir/achievements.html</p> <p>Referential materials posted:</p> <ul style="list-style-type: none"> - We post timely disclosure information (including medium-term management plan), brief note on settlement of accounts, supplementary referential materials on settlement of accounts, securities report, and IR calendar. - We post brief note on settlement of accounts, medium-term management plan and timely disclosure information also in our English-version websites. 	
Establishment of a department relating to IR (responsible person)	We have set up the Corporate Communications/IR Office within the Corporate Strategy Division.	

3. Status of measures taken relating to respect of position of stakeholders

Specification of the provision to respect the position of stakeholders in internal rules, etc.	Supplemental explanation
Implementation of environmental protection activities, CSR activities, etc.	<p>We describe such provisions in our management philosophy and core values.</p> <p>Our initiatives are described below (and posted in our website: https://www.jcrpharm.co.jp/en/site/en/sustainability/index.html)</p> <p>■Rare Diseases</p> <p>1) RARE DISEASE Project</p> <p>The RARE DISEASES Project is a cross-sectional internal awareness-raising project with “What can JCR do” as the motto. We collect information and share it internally to increase employees’ understanding of rare diseases. We also support and cooperate with patient groups and support organizations that help people fight rare diseases.</p> <p>At JCR, we promote awareness within the Company by conducting fundraising activities and encouraging employees to wear official badges for Rare Disease Day (RDD), global awareness-raising activities for MPS Awareness Day, distributing reports and participating in events sponsored by patient groups and rare diseases support organizations, and arranging internal lectures for our employees.</p> <p>Several RD Project members participated in the Japanese Society of the Patients and the Families with Mucopolysaccharidoses joint symposium held in Tokyo in August 2023. We also welcomed students from Kobe Kaisei Girls’ Senior High School, Osaka Meisei Gakuen Senior High School, and National Institute of Technology Tsuruoka College in December for an RDD high school study tour (RDD high school internship).</p> <p>As a company that aspires to be a global specialist of rare diseases, JCR believes it is important for every employee to have opportunities to learn what patients are going through.</p> <p>Going forward, JCR will continue to implement initiatives globally that help to support patients in various ways as well as engaging in R&D of pharmaceutical products for rare diseases.</p> <p>2) MPS Awareness Day</p> <p>In FY2021, JCR’s global awareness-raising activity kicked off for MPS Awareness Day on May 15, organized by the MPS Society, a support group for MPS patients in the US.</p> <p>JCR adopted this project in response to a suggestion by the employee of a subsidiary that JCR could do something to support MPS Awareness Day.</p> <p>Furthermore, employees wore hand-made purple ribbon badges featuring the purple theme color for raising MPS awareness, and we distributed on an internal bulletin board a newsletter about MPS awareness.</p> <p>3) Rare Disease Day (RDD)</p> <p>JCR has been a supporter of RDD since FY2015. There are people suffering from rare and intractable diseases around the world, but the total number of these patients is small and the disease mechanisms are complicated. Therefore, almost no progress has been made in research and development of therapeutics and diagnostic methods for some diseases. RDD activities began in Sweden in 2008 with the aim of improving the quality of life of patients with rare and intractable diseases through better diagnoses and treatments. It is hoped that these activities will create a bridge between patients and society, and help to increase awareness of rare and intractable diseases.</p> <p>4) In-house RDD Awareness-Raising Activities</p> <p>To commemorate RDD, JCR encourages employees to wear official RDD badges, puts up posters, and raises funds in-house in February every year.</p> <p>In addition, RDD Japan receives cooperation in awareness-raising activities in Japan and overseas from its ambassadors: Masahiro Kawamura, a professional golfer who concluded a sponsorship agreement in October 2019; Masamichi Imamura, a professional tennis</p>

player who signed a sponsorship agreement in April 2021, and Shinji Hazawa, a professional tennis player who concluded a sponsorship agreement in April 2022. They will feature the RDD official logo mark on their clothing, caps, bags, etc., and distribute postcards and pin badges to help raise awareness of RDD in ways that fit their activities.

■Environment

JCR has been taking various steps to mitigate its environmental impact, including reducing CO₂ emissions and using water resources effectively. For example, we have promoted the reuse of resources through the recycling of plastics, which account for most of Scope 3, Category 1 emissions, and have switched to LED lighting at all Company facilities and to hybrid and electric vehicles for corporate use at all plants and the Research Institute. In addition, we have promoted measures such as reducing water use at manufacturing sites, along with adopting single-use bioreactors to ensure efficient use of manufacturing facilities.

We established the Environmental Committee in July 2022 as part of a new structure to promote sustainability. Members are internal directors and employees nominated by the Company. JCR recognizes the risk of environmental impact from its business activities having long-term business, social, and other effects, and is committed to advancing and implementing environmentally conscious business activities.

JCR proactively adopted renewable energy (such as solar power generation) at new manufacturing sites completed in FY2022. We will also make environmentally friendly investments as part of efforts to enhance production sites, which we are considering in anticipation of full globalization from the mid-2020s.

<Energy use>

In FY2023, JCR's total energy use (including electricity and gas) showed an increasing trend due to increased sales of its mainstay product GROWJECT®, and advancements in the development pipeline. Notably, our Scope 2 electricity use has been increasing. We installed 588 solar panels at our new API plant, Kobe Science Park Center, which was completed in November 2022. As a result, these solar panels are capable of providing 6.8% of the plant's annual electricity use. Moreover, we generated 46,496 kWh of electricity annually through the solar panels installed on the Research Institute's building. By selling this electricity, we were able to contribute to the use of renewable energy in society. Looking ahead, we will continue to install highly energy-efficient equipment, make changes in how we use energy, and urge every employee to use resources efficiently. We will continue working to improve awareness so that we can take innovative actions.

<Water Resources>

JCR has seen an increasing trend in water consumption in conjunction with its business expansion. In order to make effective use of valuable water resources, we are actively promoting the reduction of water consumption in research and production processes, and the recovery and use of exhaust steam. In these and other ways, we strive to use water efficiently.

All water used in research and production activities is treated appropriately.

[Information disclosure based on TCFD recommendations]

In view of the Company's business plans, we are moving forward with discussions such as setting medium- to long-term GHG emissions reduction targets.

We are working on climate change-related risk analysis and information disclosure in accordance with the TCFD recommendations and are also working on estimating GHG emissions of the overall supply chain. We plan to expand the scope of disclosure regarding scenario analysis and resilience of our strategy.

<Governance>

As stated in Supplementary Principle 3-1 [3]

<Strategy>

As stated in Supplementary Principle 3-1 [3]

<Risk management>

As stated in Supplementary Principle 3-1 [3]

<Metrics and targets>

As stated in Supplementary Principle 3-1 [3]

■Society

Contributing to Unmet Medical Needs

1) Support for the International Medical Research Foundation

JCR supports the work of the International Medical Research Foundation, which aims to foster young Japanese medical researchers capable of excelling on the international stage through projects such as overseas study grants. The International Medical Research Foundation was established in April 2019 and began providing grants to young medical researchers studying abroad in the same year. Grants are awarded to five recipients each year for up to two years.

In its second year, the foundation also provided funding for an international symposium on medical research. The declining international competitiveness of Japan's scientific research has become a pressing issue in recent years. We support the foundation's activities, because we believe that its role in supporting medical researchers studying at leading overseas institutions and international symposia that bring together researchers working on the cutting edge of research from around the world is highly significant.

2) Support for the Swiss Nonprofit Foundation "Global Foundation For Life Sciences"

As part of its efforts to contribute to global health, JCR supports the Global Foundation for Life Sciences, a nonprofit foundation established in Switzerland in 1999 to promote the advancement of life sciences. In the field of medicine, it provides humanitarian assistance to various medically underprivileged countries, as well as support for the development of young researchers.

One example of the humanitarian assistance provided by the foundation is its support for the activities of a group of volunteer Swiss doctors formed to treat women suffering from obstetric fistula in West Africa. Obstetric fistula is a condition where a hole is formed in the birth canal or surrounding tissues due to inadequate medical care in cases where under-aged women become pregnant and give birth, among other situations, causing chronic fecal and urinary incontinence. The number of fistula patients is approximately 2 million worldwide with about 100,000 women newly diagnosed with the condition every year. The nature of the symptoms means that women with obstetric fistula face difficulties in their daily lives, in addition to some reported cases of harm from social discrimination and exclusion. The group of volunteer doctors regularly visits a hospital in Benin, a country in West Africa, and undertakes activities to eradicate obstetric fistula, performs surgeries on patients and provides technical instruction to local doctors. JCR contributes to people's health and the advancement of medical care through its support for the foundation.

3) Support for the "Award for Promotion of Maternal Child Health"

JCR supports the "Award for Promotion of Maternal Child Health" (sponsored by the Mothers' and Children's Health and Welfare Association), as part of its efforts to provide support for pediatric diseases and public health.

The Award for Promotion of Maternal Child Health was created to commemorate the International Year of the Child in 1979. The award seeks to encourage the good work of individuals who have made great contributions to society and the field of community-based maternal and child health, in areas such as research on motherhood and children's health, raising widespread awareness of public health principles, providing practical education and instruction, and upgrading and expanding the development of public health facilities. By recognizing these accomplishments, the award program seeks to further promote the development of maternal and child health. Every year, 15 award recipients are selected from among candidates working in the field of maternal and child health. Recipients are chosen based on recommendations from heads of prefectures, ordinance-designated cities, core cities and special wards, and have included public health nurses, midwives, nurses, doctors, dentists, nutritionists, dental hygienists, nursery school teachers, and maternal and child health support workers.

4) Momiji House, a Short-Stay Medical Care Facility

JCR supports Momiji House, which was established as Japan's first

	<p>short-stay facility for children with complex medical care needs. The facility was built on the grounds of the National Center for Child Health and Development (Setagaya-ku, Tokyo) in April 2016. Momiji House provides 24-hour-a-day medical care for children who require constant medical care at home. Those with serious illness and disabilities and their families can stay for several days at Momiji House, feeling secure and comfortable as if they were at home. Aiming to realize medical care for patients living with rare and intractable diseases and their family members, JCR has continued to provide ongoing support dating back to the time before the opening of Momiji House.</p> <p>5) Donations to Kyoto University (allotment of the Company's shares) In June 2022, JCR resolved on the disposal of treasury stock in a third-party allotment to Kyoto University for the purpose of a donation. The allotment was completed in August 2022. JCR made a donation through the method of disposing of treasury stock to two funds established within Kyoto University for the purpose of providing financial assistance to young researchers in the fields of life sciences, basic research, and cancer immunotherapy so that they can focus on their research. The funds are Tasuku Honjo "Yuh-Shi" Fund and Cancer Immunotherapy Research Fund. JCR believes that supporting progress in challenging and original basic research with the potential to spark a paradigm shift in the field of life sciences and research whose goal is a complete cure for cancer—one of the greatest challenges for humankind over many years—is in the spirit of our corporate philosophy "Contributing toward people's healthcare through pharmaceutical products." Accordingly, we believe this will further strengthen JCR's corporate brand and raise employees' morale, thereby contributing toward sustained growth and enhancing corporate value.</p>
<p>Others</p>	<p>■Human Resources Management</p> <p><Basic concept> The keyword for JCR's new midterm business plan is Reach Beyond, Together. We are committed to securing diverse human resources through active hiring of talented individuals regardless of gender, nationality, and age amid progressive globalization, strengthening the workplace foundation to enable women to excel, and provide opportunities for employees' voluntary career development and learning to promote human capital management. We believe this is a step toward achieving our vision of harnessing our strengths in R&D and manufacturing to create innovative pharmaceuticals that help patients and their families around the world. In this way, we will continue to "develop human resources to support growth," which applies to every member of "Team JCR," who is a source of our corporate value.</p> <p><Fostering global human resources> -Hiring and human resource system transformation with a long-term outlook In formulating JCR's human resource plans, the Human Resource Planning Division and business divisions meet regularly to discuss their positions on future staffing levels. As well, we are optimizing the hiring management system essential for hiring-related data analysis and streamlining and updating our recruitment site to establish a PDCA cycle for hiring personnel. In addition, we are also accelerating strategic initiatives such as making referral hiring (employing friends and acquaintances of employees) a new, formal hiring method. We introduced a "challenge sheet" (based on an evaluation system) in JCR's human resource system so that the organization's goals can be visualized to be reflected appropriately in individual goals. We are also reforming our evaluation system to break down general performance evaluations and utilize objective numerical data.</p> <p>- Training system to support employees' development JCR is focusing on employee training, because it believes that improving employee skills will foster the Company's growth. We regularly conduct training for new graduate recruits and tier-specific training. In addition, we offer programs to support employees' self-development such as English language training (346 participants in FY2023), and started</p>

training programs for voluntary participants and e-learning (217 participants in FY2023) in FY2020. The training takes a variety of forms, such as group sessions led by external guest instructors and participation in open public lectures held outside the company, and group and online courses for English language training. JCR also launched JCR Academy in FY2022 to foster next-generation global leaders, which offers training in business skills, communication skills, and leadership to enable employees to succeed on the global stage.

We conduct regular compliance training sessions that all employees must attend, whose purpose is to ensure every employee has a high standard of ethics and compliance with laws and regulations as a pharmaceutical company employee in the conduct of his or her duties.

- Fostering the next generation of global leaders (JCR Academy)

JCR Academy is a new initiative to foster human resources with the skills to succeed in global careers in anticipation of global business expansion. Six men and six women are selected to take part in practical training to acquire "soft skills" necessary for global human resources, such as communication skills, project management skills, and leadership.

<Diversity, Equity & Inclusion>

- Foster corporate culture that harnesses diverse human resources

"Team JCR" is a source of our corporate value. Based on this core value, JCR promotes diversity, equity & inclusion (DEI), which means we believe in the importance of maximizing the potential of every one of our diverse employees with respect for differences in gender, age, nationality, and whether or not they have disabilities.

- Providing a workplace where employees can excel regardless of gender

In October 2018, JCR was recognized in the Third Annual Hyogo Women's Active Participation Awards by Hyogo Prefecture for its efforts to expand career opportunities for women, raise the ratio of women in management positions (from 6.2% in FY2015 to 10.7% in FY2019 and to 14.5% in FY2023), establish in-house daycare facilities, and encourage the participation of male employees in parenting activities.

Also, in January 2019, we received Eruboshi certification (Grade 2) from the Minister of Health, Labour and Welfare for excellence in promoting the active participation of women in the workplace based on the Act on Promotion of Women's Participation and Advancement in the Workplace. The ratio of women in management positions at JCR has been increasing, from 6.2% in FY2015 to 10.7% in FY2019 and to 14.5% in FY2023, as a result of various initiatives. We will continue to work on developing a comfortable workplace environment regardless of gender.

- Promoting employment of disabled employees

We have assigned advisers to provide a comfortable working environment for disabled employees with the goal of promoting diversity and achieving normalization. Advisers interview disabled employees to check their health and motivation and exchange information about work styles. In FY2021, JCR attained the statutory employment rate of 2.3% for disabled workers, but the percentage of disabled workers dropped to 2.0% in FY2023 in conjunction with an increase in the number of employees.

Going forward, JCR will continue to create employment from a work-sharing perspective and establish a system of ongoing follow-up as it aspires to become a company where diverse human resources can thrive.

<Diverse work styles>

- Introduced system that is convenient for workers

Based on our belief that work and private life are both important, we have introduced a flexible working system and other systems unique to JCR, such as a flextime system and allowing employees to use their paid leave in hourly increments.

We introduced the savable paid leave system as a new program in 2019. Previously employees working while raising children, providing nursing care, and fulfilling other responsibilities would sometimes run out of their hourly paid remaining paid leave at fiscal year-end, and would have no choice but to use their annual leave in daily increments.

The savable paid leave system can be used by employees whenever they need to provide childcare or nursing care to family members, or whenever they need to see a doctor regularly for the treatment or screening of a personal injury, illness, or chronic disease, among other situations.

From 2021, we expanded the system's scope of use for nursing care from parents to family members. JCR aims to introduce a variety of systems in order to provide a workplace environment where employees can work comfortably.

- Supporting employees raising children

We have an in-house daycare center at the Research Institute for employees who are raising children.

In addition, we provide a monthly childcare subsidy to support employees who are unable to use the in-house childcare center due to their work location. In recognition for these and other efforts, we received the Kurumin certification from the Ministry of Health, Labour and Welfare in July 2018. In September 2022, we receive the Kurumin certification for the second consecutive fiscal year.

We also offer shorter working hours (up to two hours reduction per day) to employees raising children until their child completes the second year of elementary school.

- Measures to improve childcare leave acquisition rate among men

We believe that fostering workplace understanding and instilling awareness among male employees are essential to improving the childcare leave acquisition rate among men. Based on this belief, JCR held the Child-Raising Support Café (37 voluntary participants in FY2020) and Ikuboss training (14 participants in FY2021 and 28 participants in FY2022) as in-house seminars. In these seminars, outside instructors discussed, among other topics, the benefits that men could enjoy by participating in parenting. Male JCR employees and managers who have acquired childcare leave in the past shared the experiences as part of efforts to encourage understanding and cooperation toward the acquisition of childcare leave by male employees.

In addition, staff from human resources departments explained various programs that enable male employees to actively acquire childcare leave. As the first step, JCR is working to foster awareness of the acquisition of childcare leave by men within the Company.

As a result of these measures, the childcare leave acquisition rate among men increased sharply from 16.7% in FY2020 to 80% in FY2023. JCR will continue its efforts to increase the rate further.

<Labor safety and health>

- Ensure health and safety of workers in the workplace and create a safe work environment

JCR encourages its employees to acquire paid leave to ensure their health and safety and create a safe work environment. We organize group influenza vaccinations for employees and assists employees over 35 with complete medical checks on request. The Safety and Health Committee (Health Committee for Headquarters area) meets once a month at each business site and discusses how to make any required improvements. Two medical doctors have been appointed industrial physicians, of which one is assigned to look after employees' mental health, so that JCR improved mental health care of its employees. We also provide massage therapy at "JCR Oasis" in the Seishin area so that employees have an opportunity to take a break during working hours.

- Initiatives to prevent the spread of COVID-19

Since 2020, the COVID-19 pandemic has wreaked havoc around the world. As a step to prevent the spread of COVID-19, JCR formed the COVID-19 Action Team to implement an array of measures to protect employees from infection and encourage them to take action to prevent the spread of infection as members of a pharmaceutical company. Although some measures were withdrawn after the reclassification of COVID-19 to a category 5 disease in May 2023, we will continue to take action to prevent the spread of COVID-19 as required.

<Description of initiatives>

- We have implemented work from home for employees in job categories where it is possible.

- We have established the JCR Model, which is tailored to the status of COVID-19 infections in each prefecture, and take steps to prevent COVID-19 infections
- The Action Team provides various types of information on COVID-19 every Monday
- Masks and portable alcohol spray bottles are regularly distributed to all employees
- Facial recognition and body temperature measurement systems, and automatic hand sanitizer devices are installed at major business sites
- All employees receive rapid antigen tests using simple kits once a week

■ Stable Supply of High-Quality Pharmaceuticals

(1) Quality assurance based on global standards

All of JCR's production sites implement consistent management practices encompassing the purchase of raw materials, manufacturing and product distribution, in compliance with PIC/S GMP, an international standard. JCR utilizes single-use equipment and supplies in the manufacture of its biopharmaceutical products, with a wide range of culture medium and diagnostic agent suppliers in Japan and overseas. As it also utilizes custom-made items, JCR enters into multiple-year contracts with suppliers worldwide and ensures quality by conducting regular on-site visits according to the level of risk.

(2) Consistent quality

Biopharmaceuticals require more sophisticated manufacturing and quality control than small molecule pharmaceuticals. They also require detailed manufacturing and quality test plans. At each of its production sites, JCR sets quality targets for continuous manufacture of high-quality products and evaluates the status of achievement every year. Looking to future global expansion, JCR employs a consistent quality system to ensure that no differences arise between production sites in terms of their positions on quality standards. The quality target achievement status is reported to the management team once a year.

(3) Ensuring stable supply

Since many of JCR's products are administered to patients over the long term, an unstable supply can be directly detrimental to patients. In addition, a characteristic of JCR's products is that they take more time to manufacture than small molecule pharmaceuticals, because they involve more time-consuming and complicated manufacturing processes. To ensure a stable supply of products, JCR secures appropriate levels of product inventories, and manufactures products at its own sites in Japan to allow for flexible manufacturing schedules. However, JCR is considering product manufacture and storage of key intermediates at manufacturing sites overseas in the future, because the share of products sold overseas is expected to increase and there is a need to ensure a stable supply during emergencies.

■ Ensuring Product Safety

(1) Safety monitoring system

Given that the safety evaluation carried out when a new product is approved is based on limited clinical trials, JCR prepares a risk management plan (RMP) and continues to collect and evaluate safety information on products after they are approved.

All the information collected is evaluated immediately and the need for implementing safety measures is considered. Concurrently, JCR compares the collected information with accumulated safety data and verifies whether there are any changes in trends. Regular safety evaluations are also conducted. If safety measures are necessary, JCR will promptly and reliably convey information to medical professionals and all other users that require it.

In order to implement these measures correctly, JCR carries out safety management operations in compliance with laws and regulations. In particular, JCR provides regular training on the importance of collecting safety information to medical representatives (MRs), who directly interact with medical professionals, as well as the departments implementing safety management operations. This training is part of JCR's efforts to improve the safety awareness vital to undertaking its corporate business activities.

(2) System of cooperation among three executives

In compliance with the Pharmaceuticals and Medical Devices Act, JCR has set up a system of cooperation among three executives (i.e., Marketing Supervisor-General, Quality Assurance Manager, and Safety Management Supervisor). This system is designed to scientifically evaluate the quality and safety of products independently of the Sales Division and Production Division, which are the principal agents of JCR's corporate business activities. The system decides whether or not to implement product release, recall, and safety decisions, which are critical decisions for JCR.

Through this independent governance system, JCR assures the quality and safety of its products.

(3) Logistics measures

Pharmaceutical logistics operations entail fulfilling supply obligations by delivering pharmaceuticals to distributors, wholesalers, and medical institutions without delay, while maintaining pharmaceutical quality from the time of shipment from plants. As a pharmaceutical company without its own means of transporting products, JCR believes it is crucial to build win-win-relationships with carriers contracted to provide specialized transportation services for pharmaceuticals. Notably, JCR supplies pharmaceuticals for rare diseases, and it believes that the transportation of these products presents issues such as the need for packaging products of even higher quality and the development of transportation methods in collaboration with related contractors.

JCR strives to achieve "seamless logistics" by establishing internally developed logistics standards along with grasping the circumstances surrounding the logistics of pharmaceutical products and making improvements on a daily basis, in compliance with Good Distribution Practice (GDP) guidelines.

So far, JCR has enabled packaging and delivery that permit temperature control suited to the characteristics of its products. For example, pharmaceuticals such as GROWJECT® are packaged in EcoThermostat Shuttle (ETS) boxes designed and developed in-house, and TEMCELL® HS Inj. is delivered and stored using an ultra-low temperature cold chain system developed jointly with MEDIPAL HOLDINGS CORPORATION.

In April 2019, JCR endorsed the White Logistics Movement, a national campaign to secure lasting and stable logistics operations, at an early stage. JCR makes the considerations necessary to ensure that compliance can be maintained with laws and regulations related to labor matters for transportation service contractors and those related to the motor truck transportation business. JCR also strives to reduce the waiting time for truck drivers during the loading and unloading of shipments by providing advance notice of arrival and shipment information.

In recent years, drug manufacturers have been accelerating the outsourcing of their logistics to third-party logistics (3PL) providers that own advanced temperature-controlled warehouses for pharmaceuticals. This is to ensure distribution quality in compliance with GDP guidelines. In response, 3PL providers have been developing proprietary cold chain systems together with specialist pharmaceutical transportation service providers to enhance their transportation capabilities. Meanwhile, we have seen pharmaceutical wholesalers and distributors form alliances with 3PL companies to reform the whole logistics chain from manufacturer to patient.

JCR also regards transforming its logistics operations, such as outsourcing them to 3PL providers, as imperative to strengthening its global GDP compliance and BCP measures going forward.

(4) Voluntary pledge on actions to realize sustainable logistics

JCR endorses the aims of the White Logistics Movement and pledges to take the following steps.

<Action policy>

JCR recognizes that securing sustainable and stable logistics essential to business activities is a key management priority. Accordingly, JCR will work to improve logistics by fostering mutual understanding and cooperation with business partners, logistics service providers, and other related parties, with a view to achieving highly productive logistics and work style reforms.

<Considerations for compliance>

JCR will make the necessary considerations to ensure that the logistics service providers of its business partners are able to comply with laws and regulations related to labor matters and the motor truck

transportation business. For example, it will respond appropriately to revise the content of contracts and transportation services in cases where there is risk of violating laws and regulations.

<Clarification and compliance with the content of contracts>

JCR will strive to clarify the content of contracts related to transportation services and non-transportation services such as loading/unloading and inspection. It will also strive to ensure compliance with the content of contracts in cooperation with business partners, logistics service providers, and other related parties.

IV. Matters concerning internal control system, etc.

1. Basic concept of internal control systems and their status of development

With respect to internal control systems, we establish and promote systems such as those described below.

- a. A system for securing that execution of duties by directors and employees is in compliance with laws and regulations, and the articles of incorporation.
- b. A system concerning retention and management of information concerning execution of duties by directors
- c. Rules and other systems concerning management of risk of loss
- d. A system for ensuring efficient execution of duties by directors
- e. A system for securing appropriateness of the operations
- f. In the cases where an audit & supervisory board member requests employees be appointed to assist him or her, matters concerning the said employees and matters concerning securing independence of those employees from directors and efficiency of instructions from the audit & supervisory board member to the said employees.
- g. A system concerning reporting by directors, employees, etc. of the Company and its subsidiaries to the audit & supervisory board members of the Company and a system to ensure that no disadvantageous treatment will be given to the said reporter by reason of his or her making the said report.
- h. Matters concerning transactions for expenses or liabilities arising in the course of execution of duties by audit & supervisory board members
- i. In addition, a system to secure that audits by audit & supervisory board members are conducted effectively.

2. Basic concept of elimination of antisocial forces and its status of development

With the basic policy, "We take a resolute stand against antisocial forces posing a threat to civil society", we describe in our Guideline for Corporate Ethics to the effect and we have thoroughly disseminated to all officers and employees. Also, we have built and maintain close collaborations with competent police stations, external professional institutions, etc. and also we actively gather information concerning antisocial forces and organizations. If an event arises, we collaborate closely with external institutions and legal professionals to promptly respond to it.

V. Others

1. Introduction or non-introduction of anti-takeover measures

Introduction of anti-takeover measures	None
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Supplementary explanation concerning the applicable items

2. Other matters concerning corporate governance system, etc.

<Overview of timely disclosure system>

1. Basic policy for disclosure of information

With a full recognition that timely and appropriate disclosure of company information to shareholders and investors serves as the root of sound securities markets, we strive to enhance our internal systems so that we are able to disclose information promptly, accurately and impartially in an investor and shareholder-friendly manner at all times and we have provided timely and appropriate corporate information to shareholders and investors.

In this way, through timely and appropriate disclosure of information, we have built good trust relationships with shareholders and investors and also we intend to expand shareholder value by giving feedbacks from the market on our company management to the management.

2. Criteria for disclosure of information

(1) Timely disclosure of important information

We disclose information in compliance with the Financial Instruments and Exchange Act and other related laws and regulations as well as with Timely Disclosure Rules described by the Tokyo Stock Exchange on which we are listed.

(2) Voluntary disclosure

With respect to information not falling under the above, we actively disclose information which we deem useful for investment judgment, taking into account timeliness and impartiality.

3. Method of disclosure of information

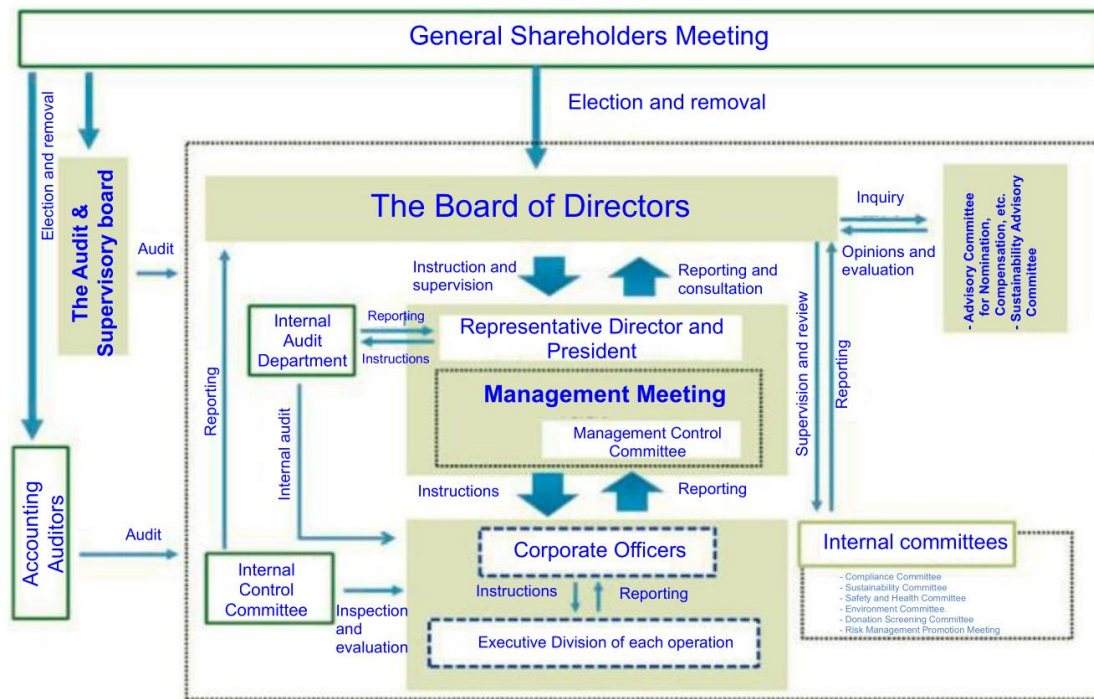
With respect to information not falling under important information described in the Timely Disclosure Rules and useful voluntary information not applicable under the Rules, we make disclosure through the Timely Disclosure Network System (TDnet) provided by the Tokyo Stock Exchange. At the same time, we post the said information in our websites.

4. Quiet period (Silent period)

In order to prevent leakage of insider information and guarantee fairness in information disclosure, we have designated a silent period for IR activities spanning two weeks before the release of financial results to the actual day of release, in which we refrain from having dialogues related to financial results information. However, in the cases where an event subject to timely disclosure arises during this period, we make disclosure in compliance with the Timely Disclosure Rules.

5. Future prospects

Of that information we disclose, all information but historical facts are our future prospects made based on judgment made by us as of the time of disclosure and future forecast based on contracts. These future forecasts contain risks and uncertainties and please note that actual results and performance may vary from the statements.



			Skill												
			Overall Management	Industry Knowledge	Global Experience	R&D	Production	Sales	ICT	Administrative Experience	Legal Affairs	Tax, Finance & Accounting	Sustainability	Risk Management	Other
Board of Directors	Shin Ashida	Chairman, President, CEO	○												
	Toru Ashida	Senior Managing Executive Officer	○	○				○				○			
	Hiroyuki Sonoda	Senior Managing Executive Officer		○		○							○		
	Yoshio Hiyama	Managing Executive Officer			○		○			○					
	Andrea Spezzi	Managing Executive Officer	○	○	○	○									
	Takashi Suetsuna	Outside Director (Independent)			○				○	○			○		
	Toshihide Yoda	Outside Director	○	○		○									
	Yuko Hayashi	Outside Director (Independent)	○					○				○		○ Diversity and Inclusion	
	Yutaka Atomi	Outside Director (Independent)		○		○							○		
	Philippe Fauchet	Outside Director (Independent)	○	○	○									○ Business Development, Medical Affairs, Public Relations and Government Affairs	
Marc Dunoyer	Outside Director		○	○	○										
Audit & Supervisory Board	Kazumasa Oizumi	Outside Audit (Independent)	○					○							○ Audit Practice
	Kazuhiko Yamada	Outside Audit (Independent)	○						○		○		○		
	Kenjiro Miyatake	Outside Audit (Independent)	○	○				○							
	Takeshi Komura	Outside Audit (Independent)	○						○		○				
	Shuichi Tani	Outside Audit (Independent)	○	○						○					