

Sustainability Impact Report 2025

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2 Editorial Policy

The Sustainability Impact Report 2025 is intended to provide stakeholders with an overview of the PeptiDream Group's sustainability initiatives for the fiscal year ending December 31, 2024, focusing on each of the ESG (Environmental, Social, and Governance) themes. ESG data and policies are also introduced on our website.

Sustainability initiatives of PeptiDream can be accessed from the following link:

<https://www.peptidream.com/en/sustainability/>

Scope of Report:

PeptiDream Inc. and PDRadiopharma Inc.

Reporting Period:

Fiscal year ending December 31, 2024. The latest activities and other information are also included to the extent possible, including the fiscal year ending December 31, 2025

Company Information (as of December 31, 2024)

Company Name: PeptiDream Inc.

Establishment: July 2006

Representative Director, President and CEO: Patrick C. Reid

Number of Employees (Consolidated): 732

Address: 3-25-23 Tonomachi, Kawasaki-ku, Kawasaki City, Kanagawa Prefecture

Renewal of Corporate Logo (January 2025)

This renewal reflects our commitment as a unified group—PeptiDream and PDRadiopharma—to realizing our mission of discovering the next generation of transformational medicines that will drastically improve the lives of patients worldwide.



3 Summary of Findings by the Special Investigation Committee

Background

- As publicly disclosed on May 13, 2025, the Company became aware of the possibility that certain inappropriate ordering and removal of reagents occurred between March 2017 and January 2025.
- To investigate the facts surrounding the incident and similar cases, we conducted a comprehensive inquiry involving independent outside Directors and external experts with relevant expertise. This included the collection and verification of objective materials, digital forensic investigations, and surveys and interviews with relevant personnel.

Investigation Results

- It was confirmed that up to 752 reagent items (equivalent to approximately ¥54.28 million) delivered to the Company between March 2017 and January 2025 were ordered under the instruction of Mr. A, former Director, Executive Vice President, and COO, who was responsible for the ordering and management of reagents. These items were either removed from the Company without authorization by Mr. A himself, or there is a high likelihood that such actions occurred. As the cost of these reagents had already been recorded at the time of acquisition, no additional expense recognition is required, and the impact on the Company's financial statements is considered immaterial.
- Furthermore, through an investigation into matters outside the scope of the initial case, the Special Investigation Committee identified that Mr. A had entered into service agreements with certain business partners of the Company and received monetary compensation, without any evidence of the required Board of Directors' approval or reporting being found within the Company.
- In addition, the Committee conducted a broader investigation into other officers, employees, and major business partners of the Company. As a result, no fraudulent activities—including those similar to the incident in question—were detected.

Future Actions

The Company takes this matter with the utmost seriousness and recognizes the critical importance of implementing robust measures to prevent recurrence. Accordingly, we will promptly proceed with a thorough analysis of the root causes based on the findings of the investigation report and formulate preventive measures, the results of which will be disclosed in due course. In parallel with the Special Investigation Committee's activities, an internal Task Force for Preventive Measures, including frontline personnel, has been examining the underlying factors that contributed to the incident.

Going forward, the Company will holistically evaluate the findings from both groups and will work to develop and implement effective and practical measures to prevent recurrence.

Message from the Chairperson of the Special Investigation Committee

In late April 2025, we identified a potential case of unauthorized ordering and removal of reagents. In response, a Special Investigation Committee was promptly established, and a formal investigation was initiated. We would like to express our sincere appreciation to the internal members who dedicated significant effort to information gathering and documentation, playing a key role in the swift completion of the investigation. We also extend our gratitude to the many employees who cooperated through interviews and the provision of relevant information.

This incident was the result of unilateral and unauthorized actions by Mr. A, who had the authority to override internal controls. Through the investigation, we were able to examine the background and root causes from multiple perspectives. We are currently formulating measures to prevent recurrence, including reviewing our internal structure, regulations, and operational processes. Relevant information will be appropriately shared going forward.

We take this matter with the utmost seriousness, as such incidents must never occur. At the same time, we recognize that this has provided an opportunity to reassess our operations from a broader perspective. As an organization that continues to grow and evolve, it is essential that our systems, functions, and processes remain flexible and responsive to change. We remain committed to fostering continuous improvement and maintaining sound corporate governance throughout the company.

Kiichiro Kamiya (Independent Outside Director, Auditing Committee Member)

4 Value Creation Story

Corporate Philosophy

Our mission is to discover the next generation of transformational medicines that will drastically improve the lives of patients worldwide. We are committed to leading the research and development of transformational medicines based on PeptiDream's proprietary PDPS®(Peptide Discovery Platform System), and by integrating PDR Pharma's expertise in the field of radiopharmaceuticals. We are committed to contributing to the development of people's health and medical care by delivering value to patients around the world with the innovation we provide.

Mission, Vision, Values

We aim to contribute to the sustainable development of the society by fulfilling our Mission, achieving our Vision and delivering our Values.

**As The Global Leading Peptide
Drug Discovery Company**



Mission

Our mission is to discover the next generation of transformational medicines that will drastically improve the lives of patients worldwide.

Vision

Our vision is to continue to uncover and expand on the power of macrocyclic peptides to unlock novel therapeutic and diagnostic possibilities through strong research and global collaboration.

Value

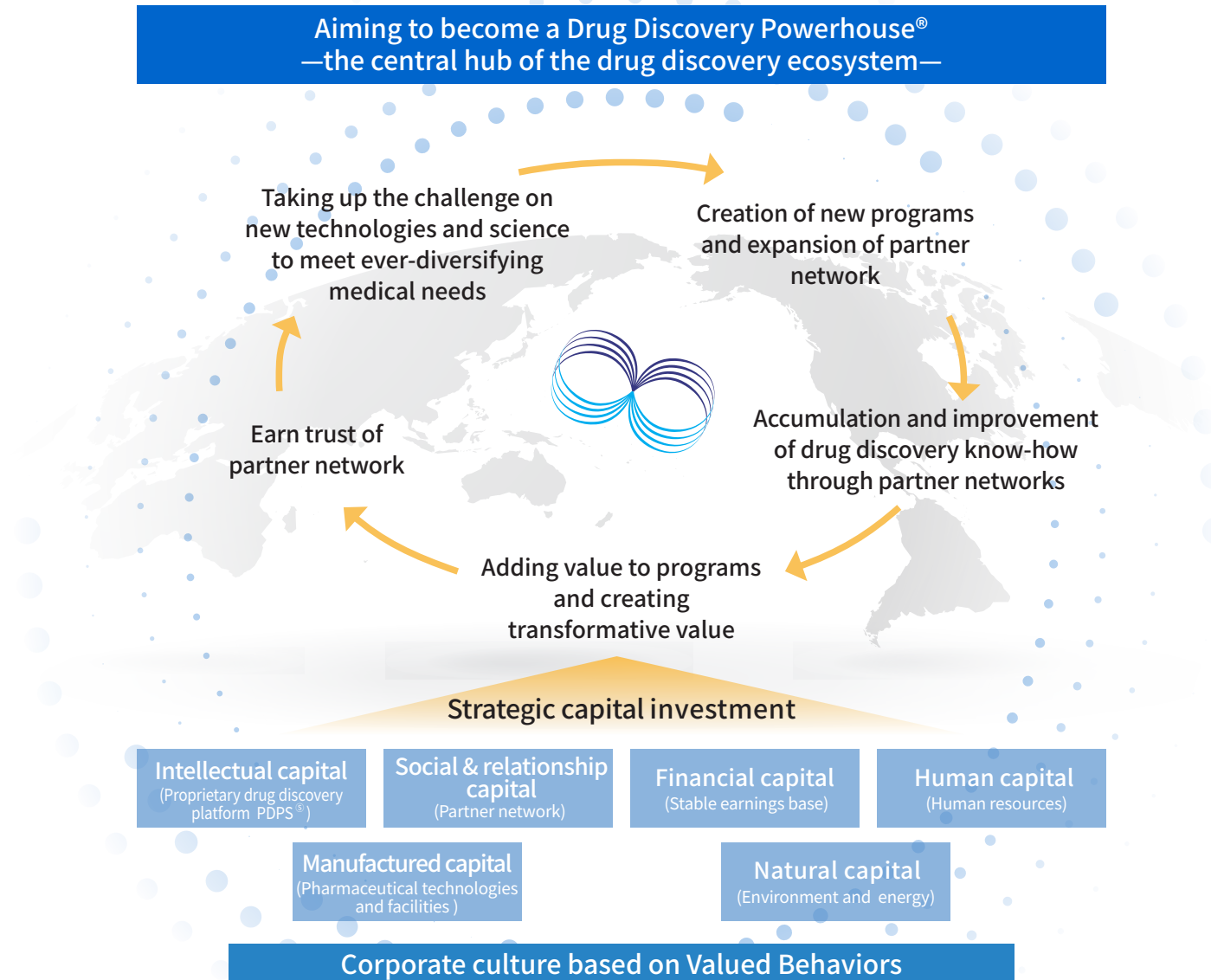
Our culture is anchored in the belief that every employee has the ability to be exceptional. We strive to create an environment where EXPERTISE is rewarded, PASSION is celebrated, and INTEGRITY is ingrained across every level of our organization.

5 Value Creation Story

Value Enhancement Cycle

PeptiDream Group provides economic value and social value through utilizing its intellectual capital, human capital, and social & relationship capital to drive innovation, and by realizing its mission.

By continuing to circulate this cycle, we will gain the trust and support of patients and other stakeholders and achieve sustainable growth as a Drug Discovery Powerhouse®.



6 Approach to Sustainability

Materiality

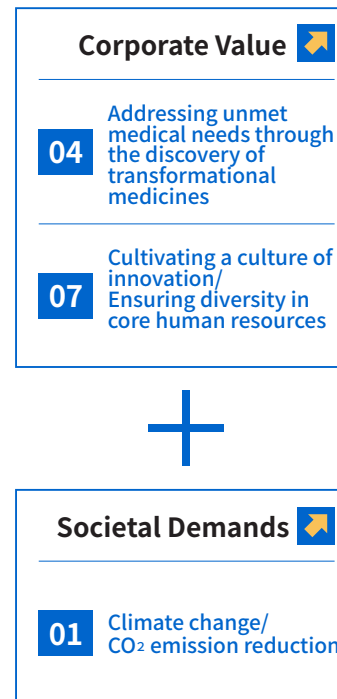
We identified materiality by prioritizing key topics which are important to our Group’s stakeholders and business. In light of the evolving business and social environment, members of the Sustainability Governance Committee comprehensively discuss and deliberate sustainability risks & opportunities and review materiality analysis once a year, and the Board of Directors endorses the important matters related to sustainability.

PeptiDream Group 11 Material Issue

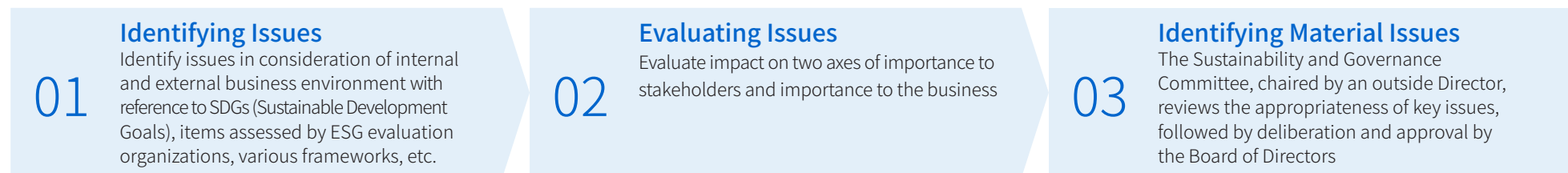
Environment	01	Climate change/CO ₂ emission reduction
	02	Waste reduction
	03	Biodiversity conservation
Social	04	Addressing unmet medical needs through the discovery of transformational medicines
	05	Responsible sourcing/Stable product supply
	06	Community relations
	07	Cultivating a culture of innovation/ Ensuring diversity in core human resources*
	08	Respecting human rights/ Occupational health and safety
Governance	09	Corporate governance
	10	Stakeholder engagement
	11	Compliance and risk management

* Managers and senior-ranking specialists (excluding Directors)

Key Material Issues



Materiality Identification Process



7 2024 Sustainability Highlights

Key Initiatives at PeptiDream



- PeptiDream Group's greenhouse gas emission reduction targets certified by the Science Based Targets initiative



- Transitioned 30% of the Group's total electricity usage to renewable energy
- Established Biodiversity and No Deforestation Policy



- Accelerated HR development and employee engagement through an upgraded HR system based on Valued Behaviors



- Strengthened the supervisory functions of the Board of Directors and the Audit and Supervisory Committee by continuously enhancing information sharing with outside Directors
- Strengthened the risk management system through the Three Lines Model

- Para-athletes affiliated with our company, representing Japan in wheelchair rugby and wheelchair softball games held domestically and internationally



*1: One of ESG indices used in investment of the Government Pension Investment Fund (GPIF)

*2: CDP: Carbon Disclosure Project

Sustainability (ESG) Ratings

- Selected as a Constituent of the FTSE4Good Index Series and the FTSE Blossom Japan Index^{*1} for five consecutive years, as well as the FTSE Blossom Japan Sector Relative Index^{*1} for four consecutive years
- Awarded ISS ESG Corporate Rating Prime status for the first time
- PeptiDream Group's greenhouse gas emission reduction targets certified by the Science Based Targets initiative
- Achieved A- rating, the leadership level, from CDP^{*2} for the third consecutive year

	2021/12	2022/12	2023/12	2024/12	2025 (as of Jul.)
Dow Jones Sustainability Indices (CSA Score)	↑ 36	↑ 43	↓ 42	↑ 47	—
MSCI (ESG Rating)	→ B	→ B	↑ BB	↓ B	↑ BBB
FTSE Russell (ESG Rating)	↑ 3.6	→ 3.6	↑ 4.1	↓ 3.9	→ 3.9
CDP (Climate Change Performance Score)	B	↑ A-	→ A-	→ A-	—
Sustainalytics (ESG Risk Score)	↑ 17.3	↓ 22.0	↑ 21.0	↓ 21.5	—

Social

Social Initiatives

We are committed to meeting the expectations of various stakeholders through interactive dialogue and contributing to societal enrichment, people’s lives and the sustainable growth of the Company.

To realize these goals, we strive to secure diverse human resources and promote talent development and workplace environments that support employee growth and enable employees to demonstrate their capabilities as we believe these activities fuels innovation.

We will also contribute to building a sustainable society by monitoring the performance towards protecting human rights and occupational health and safety, and by contributing to local communities.

Indicators and Targets for Human Capital (Core Human Resources*1)

	FY2024	2030 Targets
Ratio of doctorate (Ph.D.) holders	45.0%	Maintain 50% or more
Ratio of foreign employees or employees with overseas work experience*2	31.7%	Maintain 30% or more
Ratio of employees in 20s/30s	20.0%	At least 30%
Female manager ratio	18.3%	At least 30%

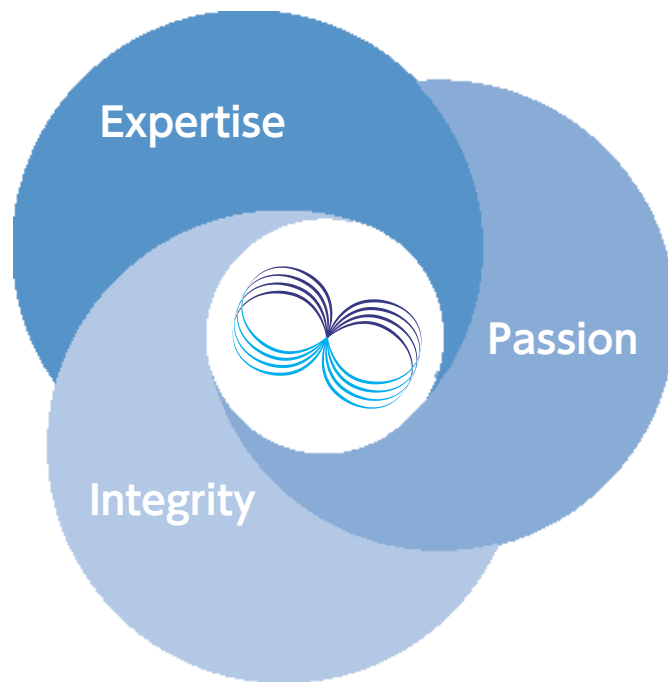
*1 Managers and senior-ranking specialists (excludes officers)

*2 Employees with overseas research or work experience (excludes periods of less than one year and periods as a student studying abroad)

Creating Value by Developing HR Talent and Organizations

PeptiDream aims to realize a people-oriented organization in which values and action guidelines take root in its corporate culture. We strive to achieve this by embedding our Valued Behaviors based on the three values of “Expertise, Passion and Integrity” among all executives and employees. Researchers with a high level of “Expertise” in their respective fields have “Passion” for the creation of next generation medicines, and innovation is created when they draw out each other’s expertise both inside and outside the company, both domestically and internationally. As a prerequisite for creating a place for such collaboration, “Sincerity” is an important foundation to respect each other’s expertise and work, and to take ownership of the issues we face.

Valued Behaviors



Expertise

- 1 Be humble, openminded, and driven by facts
- 2 Think logically, value ideas, and speak up
- 3 Keep learning, keep growing

Passion

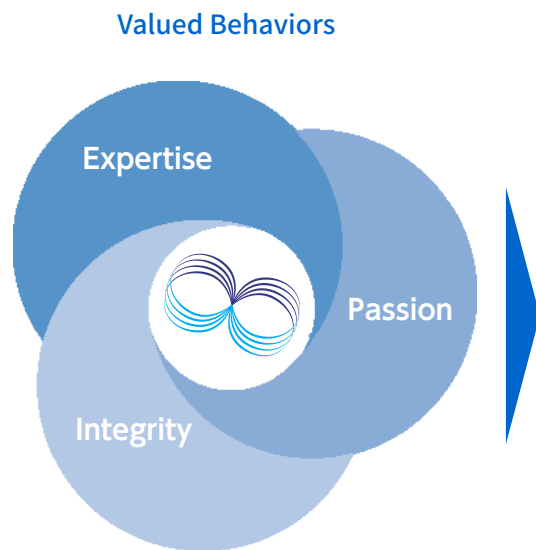
- 4 Never forget the goal of our work is for patients
- 5 Persevere in the face of challenges
- 6 Be bold, be creative, and don't fear failure

Integrity

- 7 Act with good intentions, and see the good intentions in others
- 8 Take ownership of any issues
- 9 Learn from your mistakes
- 10 Respect each other

Three Human Resource Strategies

In order to enhance corporate value, PeptiDream is promoting three human resource strategies: “Acquiring and Improving Expertise,” “Fostering Innovation through Diversity of Human Resources,” and “Sustainable Work Styles based on the Valued Behaviors.”



HR Strategy

Acquiring and Improving Expertise

1 Establish and strengthen our position as a global hub for peptide drug discovery and acquire and improve our high level of expertise by creating an environment for collaboration where values are deeply rooted

Fostering Innovation through Diversity of Human Resources

2 We emphasize not only the diversity of attributes such as nationality, race, gender, and age, but also the expertise and scientific sensibilities of each researcher, and connect that diversity to innovation

Sustainable Work Styles

3 In order for diverse human resources to demonstrate their abilities and play an active role, the key is to maximize long-term growth and results in each individual’s career, and to create a sustainable work environment that emphasizes balanced work styles and support for life events

Key Measures

Enhancing recruitment of experts and employees with overseas work experience

Recruitment of experts (Ph.D. holders in various fields) and HR talent with overseas experience in drug discovery and development including postdoctoral researchers and those who have worked at global pharmaceutical companies

Improving expert career tracks

Operation of an expert career track that reduces the workload of team management and encourages the pursuit of advanced expertise

Establishing systems to support mutual learning and skill development

Providing opportunities for various researchers to learn from each other by regularly presenting new topics and research results across disciplines. Operation of a capacity development support system called Self-Development Support System to support the establishment and improvement of each individual’s expertise.

Ensuring diversification of human resources

Regardless of nationality, race, gender, age, or other attributes, we hire and promote employees based on the required expertise and work content. We have set the ratio of employees in 20s/30s and female manager in core human resources as a target indicator.

HR system that emphasizes teamwork and role models

Formulate personnel evaluation and compensation systems centered on the Valued Behaviors concept, and operate them in a consistent manner from executives to employees.

Visualization of organizational engagement

Conduct regular surveys to gain visibility into our organization’s engagement

Fostering employee work-life balance

Implementing a flexible work schedule by a flextime system. We operate a work calendar that incorporates two long-term vacations during the year.

Support for life events

We have a short-time permanent employee system to support diverse work styles, and short-time support allowance for childcare and nursing care to support salary reductions due to shortened working hours

11 Social

Respecting Human Rights

As a global company, we believe that respect for human rights is important for the society and corporate sustainability, and that it is a responsibility that companies must fulfill. To this end, we have established a “Policy on the Respect for Human Rights” and will promote business activities that respect the human rights of all stakeholders.

Policy on the Respect for Human Rights

Basic Policy

PeptiDream promotes business activities in respect to the human rights of all stakeholders, including all board members, employees, business partners, the entire supply chain, and local communities, at all facilities. This policy on respecting human rights is based on the International Bill of Human Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights in Labor, and the Guiding Principles on Business and Human Rights, and other international norms. We specifically adhere to the following,

- PeptiDream hires and assigns people based on their capabilities and responsibilities regardless of their gender, sexual orientation and gender identity (SOGI), nationality, race, age, disabilities, religion or anything else.
- PeptiDream is against all forms of forced and compulsory labour. PeptiDream protects the welfare of children and does not accept the employment of children excluded if legally permitted.
- PeptiDream regards “freedom of association” and “right to collective bargaining” as human rights that should be respected as a company, and respect these rights of employees in accordance with the provisions of the law.

Occupational Health and Safety Initiatives

We are committed to providing a safe, secure, and healthy work environment for all employees.

Key Initiatives

● Establishing and facilitating the Health and Safety Committee

PeptiDream’s Health and Safety Committee consists of 10 members and an occupational health practitioner. The committee meets monthly to ensure the health and safety of the workplace environment and to take measures to prevent accidents at work.

● Biosafety conservation

In accordance with the provisions of the Cartagena Law and the Kawasaki City Guidelines for the Proper Use of Biotechnology, a committee and a chief executive is appointed to ensure biosafety and provide safety education for employees.

● Disaster preparedness and implementing disaster drills

An emergency power generator is installed on the rooftop of PeptiDream’s headquarters in preparation of floods or tsunamis. We have set aside evacuation space within the company for those who may be stranded in the event of a disaster and have stockpiled three days’ worth of food and water in preparation. In addition, we implement regular disaster drills under the supervision of firefighters.

● Employee health management

We are working with occupational health practitioners and health insurance associations to maintain and proactively promote the good health of our employees, which we believe will serve as a source of sustainable growth and increased corporate value of PeptiDream in the future. In addition, we conduct stress checks for all employees with the aim to improve their well-being, as this potentially leads to the prevention of mental health problems and the improvement of a comfortable working environment.

Responsible Sourcing

We will work with our suppliers to promote sustainable procurement by conducting activities based on our Supplier Code of Conduct. We will continue to identify risks across our supply chain and take appropriate actions by conducting supplier evaluations on a regular basis. We are planning to conduct supplier evaluations for PDR Pharma. In addition, we strive to identify potential risks in the supply chain for new suppliers by ensuring that our suppliers meet sustainability standards (environmental compliance, labor, human rights, risk management) via a survey and to agree to our Supplier Code of Conduct before conducting business with them.

Overview of Survey (FY2024)

Scope: Major raw material suppliers accounting for more than 80% of PeptiDream transaction value

Questionnaire: CSR Procurement Self-Assessment Questionnaire (developed by Global Compact Network Japan (GCNJ) in consideration of consistency with the 10 principles of the UN Global Compact and other international guidelines such as ISO 26000 and GRI)

Response rate: 100%

Key Findings

Based on the survey results for the fiscal year ending December 2024, no significant risks were identified. On the other hand, regarding local communities, we confirmed progress in initiatives compared to last year's survey. For the suppliers who responded, we intend to provide feedback such as company-wide average values to support their continued efforts. Moving forward, we will continue conducting surveys annually, and if any significant risks are identified, we will support improvements to address the issues.

Survey Items

CSR-related Corporate Governance	Establishment of a CSR promotion system/Establishment of internal controls/Establishment of a BCP system/Establishment of a whistle-blower system/Dispatch of CSR-related information inside and outside the company
Human Rights	Basic approach toward human rights/Respect for human rights and prohibition of discrimination/Avoidance of complicity in (or contribution to) human rights abuses/Respect and consideration for the life and culture of the local community and indigenous people
Labor	Basic approach toward labor practices/Prohibition of discrimination in the workplace/Provision of equal opportunities to employees regarding human resources development and career advancement, etc./Prohibition of inhumane treatment/Payment of fair wages/Prohibition of forced labor/Fair application of working hours, time off, and paid time off, etc./Prohibition of child labor/Respect for the religious traditions and customs of the country of operation/Recognition of and respect for freedom of association and the right to collective bargaining/Proper management of employee safety and health
Environment	Basic approach toward fair business practices/Establishment of appropriate relationships with local governments and public officials in and outside countries where business activities are conducted/Prevention of the giving and receiving of improper advantages with customers trade partners, etc., in sales and purchasing activities, etc./Prevention of competition law violations in sales activities, etc./Rejection of relationships with antisocial forces/organizations/Prevention of unauthorized use of a third party's intellectual property and of illegal reproduction of copyrighted works/Services for responding to complaints from outside the company and for consultations/Prohibition of insider trading/Prohibition of acts with conflicting interests
Fair Business Practices	Basic approach toward fair business practices/Establishment of appropriate relationships with local governments and public officials in and outside countries where business activities are conducted/Prevention of the giving and receiving of improper advantages with customers trade partners, etc., in sales and purchasing activities, etc./Prevention of competition law violations in sales activities, etc./Rejection of relationships with antisocial forces/organizations/Prevention of unauthorized use of a third party's intellectual property and of illegal reproduction of copyrighted works/Services for responding to complaints from outside the company and for consultations/Prohibition of insider trading/Prohibition of acts with conflicting interests
Quality and Safety	Basic approach toward product and service quality and safety/Ensuring product and service quality and safety/Appropriate response to product and service accidents and the circulation of defective goods
Information Security	Basic attitude toward information security/Defense against attacks on computer networks/Protection of personal information and privacy/Prevention of misuse of confidential information
Supply Chain	Basic attitude toward the supply chain/Use of raw materials not involved in conflict or crime (initiatives against conflict minerals)
Coexistence with Local Communities	Initiatives to reduce damage to the health, safety, and sanitation of local communities and residents/Initiatives with contribute to the local community and residents and collaborate towards sustainable development

Average Score Rate



Promoting Diversity and Improving Workplace Environment

We provide opportunities for all employees to play active roles and strive to create a workplace in which employees can build one's career and work styles in accordance with their life events.

- **Implementation of employee and organizational engagement surveys**

At PeptiDream, we conduct an employee engagement survey four times a year for all employees, using Wevox, an engagement survey tool provided by Attrae Inc. In the 2024 survey (response rate: 89%), the average scores were as follows: Overall Engagement: 68.5, Empathy with Mission and Vision: 73.5, Sense of Purpose: 68.5, and Satisfaction with Work Environment: 67.8. Based on the results of these surveys, we visualize the engagement status of employees and the organization, and utilize it as a tool to promote communication among management, managers, and team members.

- **Personnel evaluation system**

At PeptiDream, goals are set at the beginning of each fiscal period, and regular one-on-one meetings are held during and at the end of the period to review progress and provide support to team members. Evaluations are conducted from multiple perspectives based on 'Valued Behaviors'—a set of 10 behavioral guidelines—with the aim of aligning the company and each employee in the same direction to foster both organizational and individual growth. Additionally, we have established a multi-faceted evaluation system that includes Upward Feedback, where team members evaluate their supervisors, and 360° Feedback from colleagues other than supervisors. This system is designed to enhance management capabilities and create opportunities for better team operations.

- **Implementing flextime working system / Operating a short-time permanent employee system / Operating childcare support and special allowance system / Encouraging employees raising children to take childcare leave**

We provide a workplace in which employees can build one's work styles in accordance with their life events.

- **Promotion of employees according to their role and performance regardless of their age or experience**

→ Two new graduates have been promoted to "core human resources" within 5 years of joining the company (as of the end of December 2024)

- **Providing staff training programs**

We conduct various types of employee development programs. In 2024, we conducted both internal and external training sessions for managers, including "Management Training" and "One-on-One Training," aimed at helping them acquire leadership skills such as coaching and management skills to support team members' growth and performance improvement. We also provided themed training tailored to needs of each target employees such as the "Skill Development Training". Additionally, we held an annual internal research presentation where researchers from all departments participated, and approximately 20% of our employees presented their work. As a R&D driven innovative company, we believe that these efforts to continuously enhance the capabilities of each and every employee will greatly contribute to the enhancement of our business and corporate value.

- **Engagement at town hall meetings**

At PeptiDream, we regularly hold company-wide meetings for all employees with the aim of promoting understanding of the corporate philosophy, increasing awareness of interdepartmental operations, sharing ESG activities, providing presentation training, strengthening communication, and facilitating dialogue with senior management.

- **Support for para-athletes**

Three wheelchair rugby players (Koichi Tanabe, Masayuki Haga, and Tamaki Tsukimura) and one wheelchair softball player (Ryuji Osada), who are affiliated to PeptiDream Group, participated in para-athlete competitions held in Japan and overseas. Through activities such as parasports experience sessions and seminars held at elementary schools, we contribute to the realization of a diverse society that respects each individual's uniqueness and shares a variety of values.



Para-athletes affiliated to PeptiDream

Social Contribution Initiatives

As a corporate citizen, we value our involvement with local communities and are actively engaged in social contribution activities. We will contribute to the realization of a sustainable society by continuing activities that meet the challenges faced by the society and communities.

- **Improving access to healthcare**

PeptiDream is engaged in the discovery and development for the treatment of tuberculosis. Tuberculosis is one of the world's three major infectious diseases and is the world's top cause of death from a single infections agent (2023). We have been awarded two grants from the Gates Foundation, and several promising hit candidate series for tuberculosis have been identified and lead candidates have been selected. In addition to developing an oral formulation of these lead compounds, we are conducting efficacy studies in animal models. More than 95% of deaths from tuberculosis occur in lower middle-income countries (LMIC). Under the terms of the grant, any Gates Foundation-funded products will be made available by PeptiDream at an affordable price in LMICs.

- **PeptiDream affiliated para-athletes participated as a speaker at Sustainable Development Goals (SDGs) event**

PeptiDream participated in an SDGs-themed event co-hosted by Kawasaki City and other organizations, where they introduced PeptiDream's sustainability initiatives and the promotion of para-athlete engagement. The para-athletes who are employees of PeptiDream Group also took the stage, demonstrating wheelchair rugby tackles and sharing activities such as elementary school visits and seminars.

- **Community cleanup activities**

Every year, PeptiDream employees work with local businesses to clean up the area around the KING SKYFRONT, the international strategic location where the company's headquarters is located. PDRadiopharma employees also regularly clean up the area around the facility as part of its "Zero Waste" campaign.



Para-athletes giving a presentation



Community cleanup activity

Governance

Corporate Governance Initiatives

We believe that in order to achieve sustainable growth, it is essential to conduct fair and transparent management, continuously increase corporate value, fulfill our corporate social responsibilities, and earn the trust of all of our stakeholders. We will strive to ensure thorough compliance, as well as to continuously improve and strengthen our organizational structure and measures to improve transparency and soundness and realize efficient management through proactive and prompt information disclosure.

Please refer to page 3 for an overview of the Special Investigation Committee's findings regarding the inappropriate ordering and removal of reagents.

Governance Highlights

Mr. Kamiya and Ms. Nishiyama were newly appointed as outside Directors in March 2025.

Evaluation of the Effectiveness of the Board of Directors Meetings

PeptiDream evaluates the effectiveness of its Board of Directors meetings every year in order to improve the functions of the Board of Directors. The evaluation was carried out by directly responding to a survey conducted by a third party. In 2024, the highlights of the evaluation results are as follows:

Evaluation of the Effectiveness of the Board

Highly Rated* Items

- The Board's engagement in succession planning
- Advance sharing of Board materials
- Diversity of the Board of Directors

Poorly Rated* Items

- Time allocated for Board discussions
- Advice and questions from outside Directors
- Supervisory function of outside Directors

The Company's understanding based on the results of the questionnaire is that evaluations were largely positive, and the effectiveness of the Board of Directors is sufficiently ensured.

* Comparison with the average of all companies that had their effectiveness of the Board meeting assessed by an external organization

Items for Which Improvement Has Been Observed/Future Measures

Items for which improvement has been observed from 2023

In response to the action item identified in the 2023 survey regarding the enhancement of the supervisory function of outside Directors, the implementation of more comprehensive pre-briefing sessions has led to significantly more effective and dynamic discussions than in previous years.

Future measures

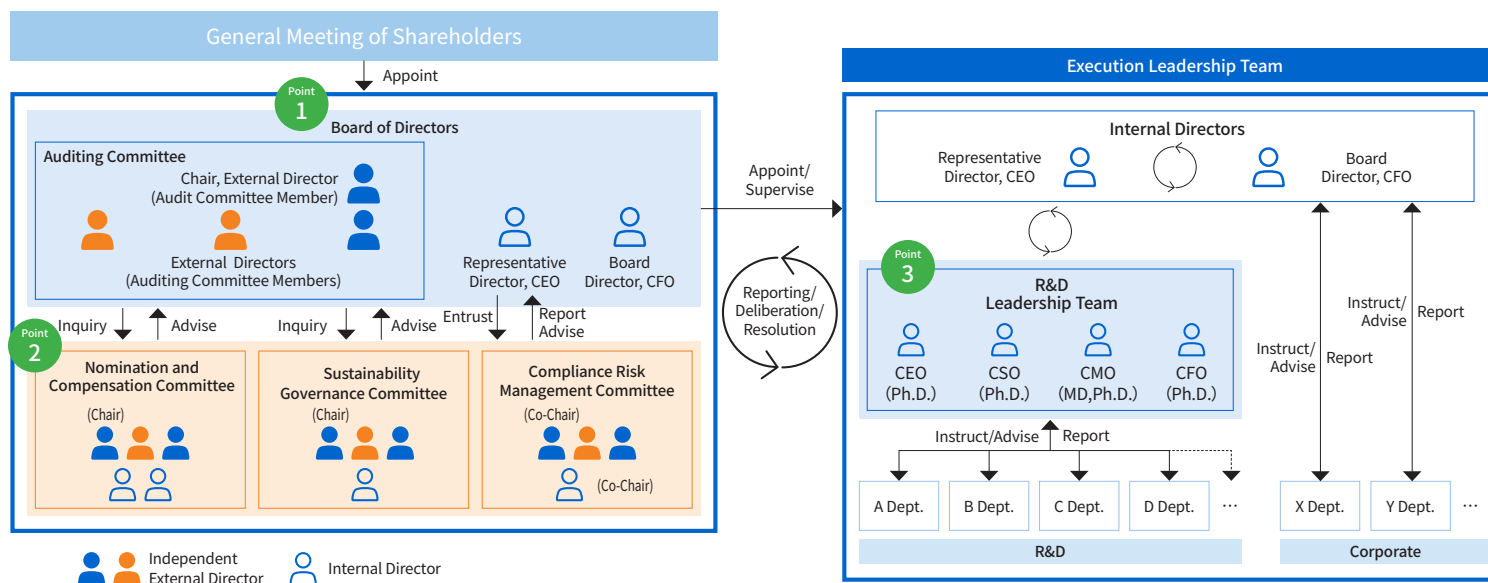
We will continue to strengthen and evolve the briefing sessions with outside Directors, leveraging their expertise and diverse perspectives to further improve the effectiveness of the Board of Directors.

17 Governance

Corporate Governance System

New Corporate Governance Framework

PeptiDream is committed to strengthening governance by establishing a new corporate governance framework that operates on two key pillars: agile and science-driven business execution, and governance of the Board of Directors with a primary focus on its supervisory functions.



Three Key Points

- Point 1**

Separation of Execution and Supervision; Board of Director Focuses on Supervisory

 - Independent external Director serves as the Chair of the Board to strengthen supervisory functions
 - Independent external Directors form two-thirds of the Board to ensure a higher level of independence and objectivity
 - Diverse board members regardless of their age, gender, or background to improve effectiveness of the Board
- Point 2**

Further Strengthening Governance and Risk Management with Independent Committees

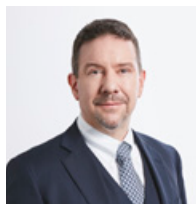
 - Operates the Nomination and Remuneration Committee, the Sustainability and Governance Committee, and the Compliance and Risk Management Committee to strengthen governance and risk management
 - Independent external Directors form majority of all committees to ensure a high level of independence
- Point 3**

Cross-sectoral Scientific Governance/ Portfolio Management

 - Shift from Traditional Functional Governance (Siloed) to a 'One Portfolio Model' across departments to promote the centralization of scientific governance and decision-making
 - Operates an R&D Leadership Team comprised of All CxOs that aims for a trinity model of "Science, Medical, and Business" to promote agile decision-making and project optimization

18 Governance

Directors/Outside Directors (as of Aug 1st, 2025)



Patrick C. Reid, Ph.D.
Representative Director,
President & CEO

Date of birth January 14, 1975

Term 16 years

Number of shares of the Company held (Of which, number of those to be delivered by the share benefit trust)
4,259,162 (69,162)

Profile

Co-founder of PeptiDream. After serving as Project Associate Professor at the Research Center for Advanced Science and Technology, University of Tokyo, and as Visiting Associate Professor at the Center for Collaborative Research, University of Tokyo, he rejoined the Research Center for Advanced Science and Technology as Project Associate Professor before joining the Company. He was appointed Director of the Company in August 2008. Subsequently, he held key leadership roles including Director and General Manager of the Scientific Department (May 2012), Senior Vice President and General Manager of the Scientific Department (September 2012), and Senior Vice President, Head of Research & Development (July 2014). In September 2017, he became Representative Director and President, and in January 2022, he assumed his current role as Representative Director, President & Chief Executive Officer. He holds a Ph.D. in Biochemistry from Dartmouth Medical School.

Reason Appointed to the Board of Directors

Dr. Patrick C. Reid joined the Company shortly after its foundation and has been leading research and development operations. He is assuming the responsibility of management as a Director of the Company and has deep insight and ability. In light of this, the Company believes that Dr. Reid is capable of successfully fulfilling his duties as Director, with respect to the decision-making process of the Board of Directors.

Board Meeting attendance (2024) : 100% (21/21)



Kiyofumi Kaneshiro, Ph.D.
Director, Chief
Financial Officer

Date of birth August 16, 1977

Term 6 years

Number of shares of the Company held (Of which, number of those to be delivered by the share benefit trust)
53,578 (53,578)

Profile

After serving as a Research Fellow of the Japan Society for the Promotion of Science (DC), a Researcher at the Center for Collaborative Research at the University of Tokyo, and as a Partner and Managing Director at the Boston Consulting Group (BCG), he joined the Company in January 2018. He was appointed Director and Executive Vice President. He has since held multiple directorships, including Director of PeptiAID Inc. (November 2020), Director and Chief Financial Officer of the Company (January 2022 – present), Managing Director and Board Member of PDRadiopharma Inc. (March 2022 – present), and Director of PeptiGrowth Inc. (March 2025 – present). He holds a Ph.D. in Oncology from the University of Tokyo.

Reason Appointed to the Board of Directors

Dr. Kiyofumi Kaneshiro has extensive experience in all aspects of management and a high level of insight. In light of this, the Company believes that Dr. Kaneshiro is capable of successfully fulfilling his duties as Director by utilizing his experience and insight, with respect to the decision-making process of the Board of Directors.

Board Meeting attendance (2024) : 100% (21/21)



Kiichiro Kamiya
Independent Outside
Director (Full-Time
Auditing Committee Member)

Date of birth July 16, 1955

To be newly appointed

Number of shares held
0

Profile

Joined PeptiDream in Mar 2025, after working at Hoechst Japan Ltd., Director and President of JSR Life Sciences Corporation, Director of MEDICAL & BIOLOGICAL LABORATORIES CO., LTD., Senior Officer and Deputy General Manager of Life Sciences Division of JSR Corporation, Representative Director and CEO of Fastide, Inc. (to present). Currently Independent Outside Director (Auditing Committee Member) at PeptiDream.

Reason Appointed to the Board of Directors

Mr. Kamiya was appointed as an Outside Director for his experience and perspective to provide appropriate opinions, from a viewpoint of ensuring legality and appropriateness of the decision-making process of the Company's business execution. He is deemed to have no conflict of interest with our General Shareholders and is qualified as an independent Director.



Yukinori Hanafusa
Independent Outside
Director
(Auditing Committee Member)

Date of birth May 10, 1975

Term 7 years

Number of shares held
6,015

Profile

Joined PeptiDream in Sep 2017, after working at Aoyama Audit Corporation, Accounting Works Co., Ltd. as Founding Representative Director, Outside Director of ARCLAND SERVICE HOLDINGS CO., LTD, Outside Director (Auditing Committee Member) of GIFT INC. (to present), Outside Director (Auditing Committee Member) of AIZAWA SECURITIES GROUP CO., LTD. (to present). Currently Independent Outside Director (Auditing Committee Member) at PeptiDream.

Reason Appointed to the Board of Directors

Mr. Hanafusa was appointed as an Outside Director because, as a certified public accountant, he has been providing appropriate opinions, from a viewpoint of ensuring legality and appropriateness of the decision-making process of the Company's business execution, as well as monitoring and supervising of the management by utilizing his experience and perspective and is expected to continue performing this role. He is deemed to have no conflict of interest with our General Shareholders and is qualified as an independent Director.

Board Meeting attendance (2024) : 100% (21/21)

Auditing Committee Meeting attendance (2024) : 100% (13/13)



Junko Utsunomiya
Independent Outside
Director
(Auditing Committee Member)

Date of birth June 21, 1971

Term 4 years

Number of shares held
4,437

Profile

After beginning her legal career at Nagashima Ohno & Tsunematsu, she co-founded Utsunomiya Shimizu & Haruki Management Legal Office, where she continues to serve as a founding partner. She currently holds several outside directorships, including: Outside Director (Auditing Committee Member) of RAKSUL INC. (to present); Outside Director of Heiwa Real Estate Co., Ltd. (to present); Outside Director (Auditing Committee Member) of ZOZO, Inc. (to present); Outside Director (Auditing Committee Member) of PeptiDream (to present).

Reason Appointed to the Board of Directors

Ms. Utsunomiya has extensive experience and broad perspective as an attorney and is well versed in corporate legal affairs. Therefore, the Company believes that Ms. Utsunomiya is capable of utilizing this to provide appropriate opinions, from a viewpoint of ensuring legality and appropriateness of the decision-making process of the Company's business execution. Therefore, the Company believes that Ms. Utsunomiya is capable of successfully fulfilling her duties as outside Director. She is deemed to have no conflict of interest with our General Shareholders and is qualified as an independent officer.

Board Meeting attendance (2024) : 100% (21/21)

Auditing Committee Meeting attendance (2024) : 100% (13/13)



Junko Nishiyama
Independent Outside
Director
(Auditing Committee Member)

Date of birth January 10, 1957

To be newly appointed

Number of shares held
0

Profile

Joined PeptiDream in Mar 2025, after working at Lion Corporation as Full-Time Corporate Auditor, Outside Director (Member of the Audit Committee) of EBARA Corporation (to present), Outside Audit & Supervisory Board Member of TODA Corporation (to present). Currently Independent Outside Director (Auditing Committee Member) at PeptiDream.

Reason Appointed to the Board of Directors

Ms. Nishiyama was appointed as an Outside Director for her experiences and capability to provide appropriate opinions, from a viewpoint of ensuring legality and appropriateness of the decision-making process of the Company's business execution. She is deemed to have no conflict of interest with our General Shareholders and is qualified as an independent Director.

19 Governance

Skills Matrix

Directors Expertise and Experience

PeptiDream appoints personnel with diverse expertise and experience as Director candidates in order to make appropriate management decisions while responding to various external and internal conditions. The expertise and experience we consider important at present are Corporate Management, Global Business, Technology and R&D, Finance and Accounting, Human Resources, Labor, and Human Resource Development, Legal & Risk Management, Environment, Society, Internal Control & Governance.

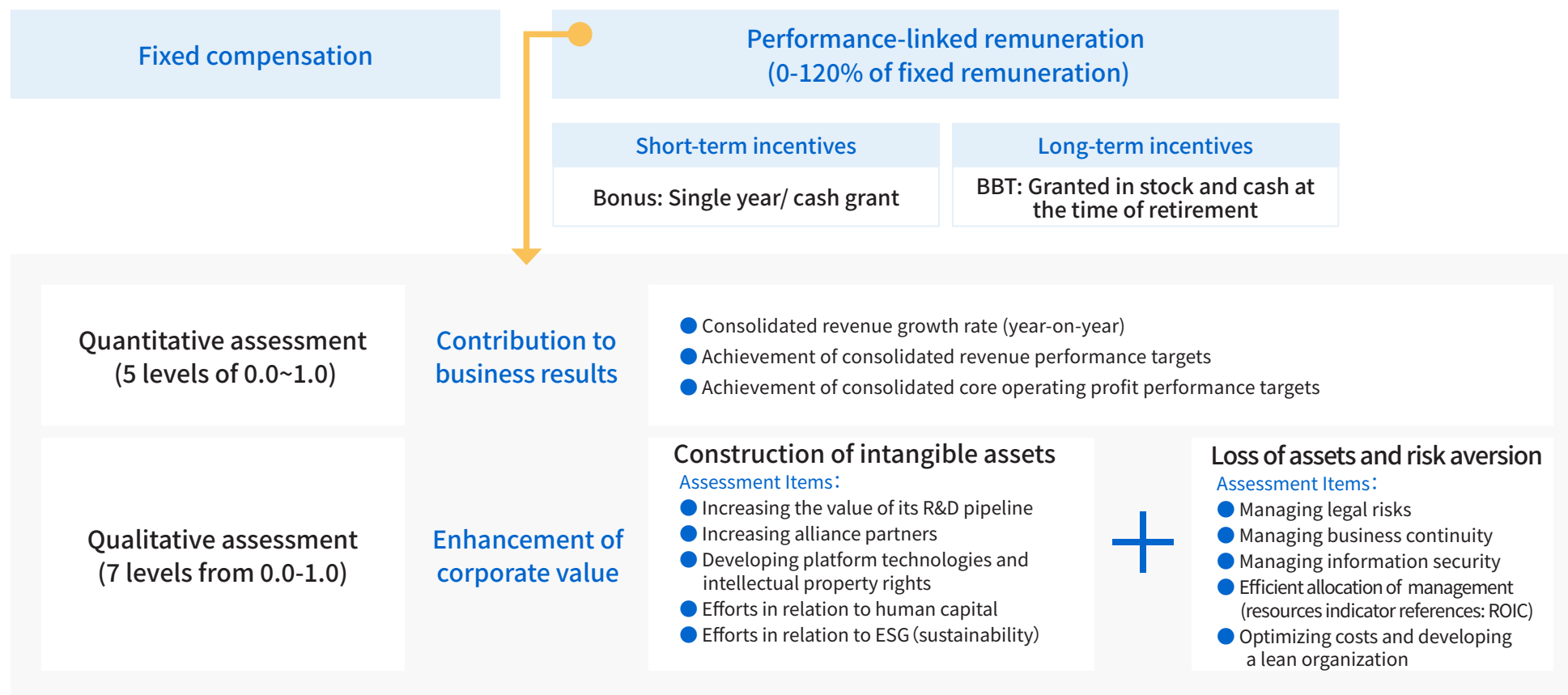
■ Expertise and Experience (Skills Matrix) Possessed by Directors

			Growth drivers (offensive)			Strengthen business foundation (defensive)			Sustainability (ESG)		
			Corporate Management	Global Business	Technology, R&D	Finance & Accounting	HR Management & Development	Legal & Risk Management	Environment	Society	Internal Control & Governance
Patrick C. Reid		Representative Director, President, CEO	●	●	●		●	●	●	●	●
Kiyofumi Kaneshiro		Director, CFO	●	●		●	●	●	●	●	●
Kiichiro Kamiya	Independent	Outside	●	●	●		●	●	●	●	●
Yukinori Hanafusa	Independent	Outside	●			●	●			●	●
Junko Utsunomiya	Independent	Outside	●				●	●		●	●
Junko Nishiyama	Independent	Outside	●		●		●		●	●	●

Directors' Remuneration

PeptiDream's policy is to determine the remuneration of Directors as a level appropriate for a global company, by enabling PeptiDream to attract and motivate talented personnel towards the achievement of short-term performance targets and medium-term targets. Directors' remuneration including CEO compensation is a combination of fixed remuneration and performance-linked remuneration. Performance-based compensation is determined at a range of 0% to 120% of fixed compensation, with the percentage of the performance-based portion of total compensation being in the range of 0% to 54.5%. Remuneration for Directors serving on the Audit and Supervisory Committee is limited to fixed remuneration, rather than adopting a performance-linked remuneration system. The total remuneration of the three Directors is 690,750 thousand yen and the total remuneration of the four members of the Audit and Supervisory Committee is 24,644 thousand yen for the fiscal year ended December 31, 2024.

→ For more information, please refer to the Corporate Governance Report https://www.peptidream.com/en/docs/Corporate_Governance_report_en.pdf



21 Governance

Dialogue with Stakeholders

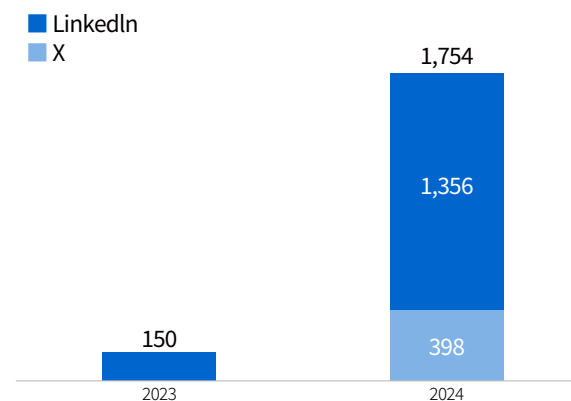
We define patients and healthcare professionals, employees, shareholders and investors, business partners, research institutions, government agencies, NGOs/NPOs, and local communities as key stakeholders. One of our key initiatives is the timely and fair disclosure of information, aimed at fostering trust with shareholders and investors while contributing to the enhancement of corporate value. In 2024, we held a total of 444 IR meetings and facilitated active dialogue sessions with domestic and overseas investors. In addition, we held a briefing focusing on R&D in December. We also proactively conducted face-to-face briefings with overseas institutional investors.



Briefing for individual investors

Regarding our official X account launched in May 2023, we newly established an English-language account in January 2025, and began operating our official LinkedIn account in December 2024. By leveraging social media, we aim to share information with a wide range of stakeholders.

Number of PeptiDream's SNS Followers



Strategic Stockholdings

We currently hold the stock of three non-listed companies, PeptiStar, LinqMed, and Alivexis, other than our affiliates, for purposes other than pure investment. These are operating companies that are strategic alliances with the aim of enhancing our corporate value over the medium-to-long term by maintaining and strengthening relationships.

22 Governance

Internal Control and Risk Management

Internal Control Initiatives

We have established a Basic Policy on the Development of Internal Control Systems, as resolved by the Board of Directors, and are committed to building a robust framework to ensure the appropriateness of our operations. An internal auditor is appointed to conduct audits across all business operations, including internal controls and legal compliance, based on a predefined audit plan. The results of these audits are reported directly to the President & CEO. Additionally, any significant issues or concerns identified during internal audits are reported directly to the Audit and Supervisory Committee.

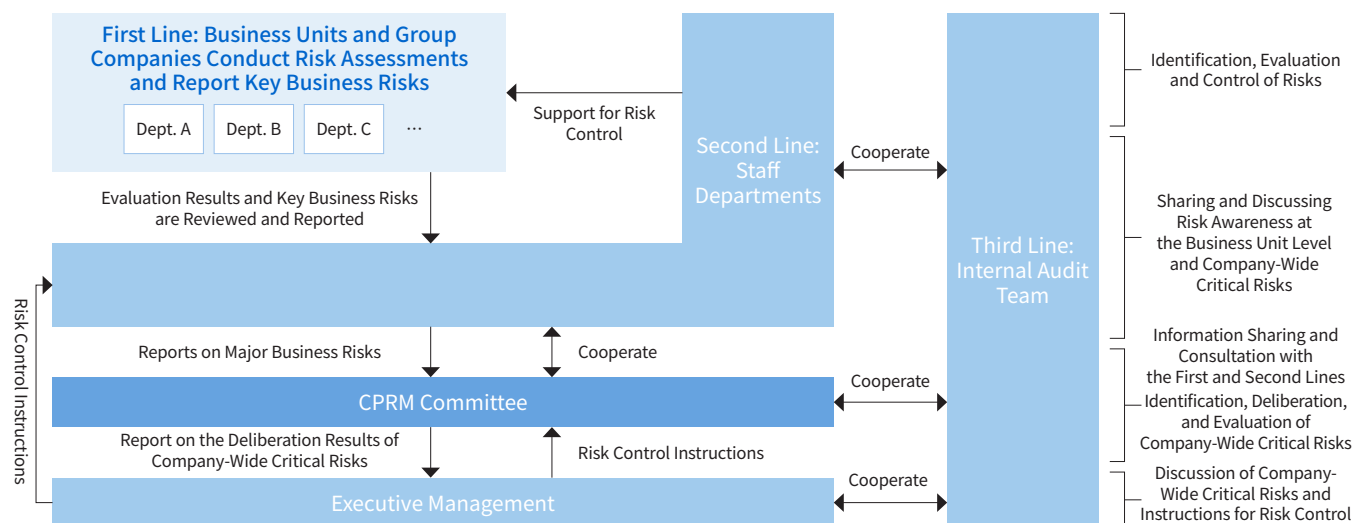
We also conduct audits related to the development and operation of internal controls over financial reporting, aiming to strengthen our internal control functions. Through regular exchanges of opinions with Audit and Supervisory Committee members and accounting auditors, we promote collaboration under a three-tier audit structure, ensuring audits are conducted efficiently and effectively.

Basic Approach to Risk Management

We have established a risk management system based on the “Three Lines Model”:

- First Line: Each department identifies, evaluates, and controls risks associated with daily business activities.
- Second Line: Staffs with specialized knowledge—such as Legal & Compliance, Intellectual Property, Finance & Accounting, Human Resources, and Information Systems—collaborate to monitor and support risk control.
- Third Line: Internal audits are conducted with the involvement of independent outside Directors and external experts to verify the effectiveness of monitoring and support provided by the first and second lines.

Internal Structure and Relationships in Risk Management and Internal Control



Glossary

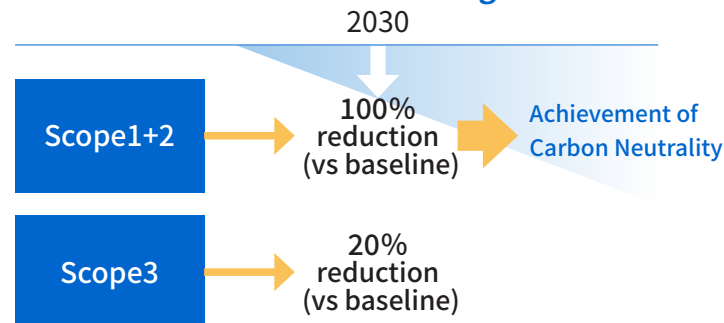
First Line	Refers to departments involved in R&D and affiliates. These units identify, evaluate, and control potential risks related to their own operations.
Second Line	Comprises of staff departments with expertise in areas such as Legal & Compliance, Intellectual Property, Finance & Accounting, Human Resources, and Information Systems. They support monitoring and control of risks based on evaluations conducted by the first line.
Third Line	Internal audit personnel regularly conduct audits to verify the effectiveness of risk evaluations and monitoring/support by the first and second lines. Audit results are reported to the Board of Directors, the Audit and Supervisory Committee, and the Compliance and Risk Management Committee.
Compliance and Risk Management (CPRM) Committee	The CPRM Committee is responsible for building, managing, and maintaining the compliance and risk management system. It identifies, evaluates, and formulates preventive measures for potential risks within the company and reports its findings to the Board of Directors.

Environment

Environmental Initiatives

We recognize the importance of preserving and sustaining the global environment, and we are committed to promoting environmentally conscious business activities aimed at achieving carbon neutrality (net-zero CO₂ emissions). Environmental performance data such as CO₂ emissions, water usage, and waste are disclosed annually and monitored through a verification process conducted by external independent organization. Furthermore, in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD), we assess the impact of climate-related risks and opportunities on our business and disclose relevant information to a wide range of stakeholders, including investors.

PeptiDream Group Carbon Emission Reduction Target



Actions against Climate Change and Reducing CO₂ Emissions

Expanding the Use of Renewable Energy

Since January 2022, PeptiDream has been progressively transitioning the electricity used at its business sites to virtually CO₂-free sources, achieving carbon neutrality for Scope 1 and Scope 2 emissions. In January 2024, PDRadiopharma began introducing renewable energy at its Chiba plant, further advancing the Group's sustainability efforts. As a result, the Group's overall renewable energy usage rate has reached 30% of total electricity consumption.

TCFD Recommended Disclosure Items

PeptiDream recognizes the importance of climate-related financial disclosures and, in 2020, expressed its support for the recommendations of TCFD. We have examined and addressed the disclosure items recommended by TCFD and disclose information in line with its recommendations.

1 Governance

The Sustainability and Governance Committee, which is an advisory body to the Board of Directors, comprehensively manages and supervises the identification and countermeasures of risks and opportunities related to climate change and biodiversity, as well as initiatives to reduce GHG emissions and water as one of the risks and opportunities related to sustainability. In addition, the Board of Directors receives a report from the Sustainability and Governance Committee once every three months on important matters related to climate change and biodiversity and endorses the key matters related to sustainability.

2 Strategy

PeptiDream categorizes each of the transitional and physical risks and opportunities related to climate change and biodiversity and deliberates and reviews them as needed. In 2024, we conducted a quantitative analysis of climate change-related risks that are expected to have a particularly large impact and for which future projection parameters are available.

Financial Impact Analysis of Climate Change Risks

Risk Item	Risk Category	Time Horizon	Scenario / Data Source Used	Financial Impact (Min-Max)
Increased Costs Due to Carbon Tax	Transition Risk	Long-term	1.5°C Scenario (IEA NZE)	Approx. ¥2.4 billion – ¥4.8 billion
Business Interruption Losses Due to Natural Disasters (Climate Change)	Physical Risk	Short-term	1.5°C Scenario (IEA NZE), 4°C Scenario (RCP 8.5)	Approx. ¥10 million – ¥80 million
Business Interruption Losses Due to Natural Disasters (Water Resources)	Physical Risk	Short-term	WRI Aqueduct	Approx. ¥0.7 million – ¥4 million

Details of other climate-related risks and opportunities are disclosed in our Annual Securities Report for the fiscal year ending December 2024.

3 Risk Management

Risks related to climate change and biodiversity, which have a significant financial or strategic impact on the Company's business, are comprehensively deliberated by the Sustainability and Governance Committee, including financial perspectives, and regularly reported to the Board of Directors. Risks related to climate change are integrated into the Group's risk management system and are evaluated and managed as one of the business risks.

4 Indicators and Targets

In order to achieve the 1.5°C target consistent with the Paris Agreement, we have set a target to reduce Scope 1+2 emissions from our business activities by 100% by 2030 (vs 2023 baseline), and we are promoting initiatives such as switching to renewable energy. In addition, we have set a target of reducing Scope 3 CO₂ emissions by 20% (vs 2023 baseline) and are working together with our suppliers and other stakeholders to achieve this target. We have obtained certification from the Science Based Targets initiative (SBTi) for our greenhouse gas emissions reduction target for 2030, recognizing it as a scientifically grounded level aligned with the 1.5°C target consistent with the Paris Agreement. Environmental performance data, including CO₂ emissions and water usage, are disclosed annually and monitored through a verification process conducted by external organizations.

25 Environment

Biodiversity Conservation

- **Joining the Taskforce on Nature-related Financial Disclosures (TNFD) Forum**

In December 2024, PeptiDream joined the TNFD Forum, an international initiative established to support the development of corporate risk management and disclosure frameworks related to natural capital. We endorse the principles of the Taskforce on Nature-related Financial Disclosures (TNFD) and actively support its mission. In collaboration with the TNFD Forum, we are working to identify and assess our business activities' dependencies and impacts on nature. This includes evaluating related risks and opportunities, and preparing for disclosures aligned with the TNFD framework.

- **Prevention of water and soil contamination**

PeptiDream complies with environmental laws, ordinances and agreements, such as the Water Pollution Control Law and the Sewerage Law and conducts regularly wastewater treatment that meets environmental standards. Wastewater at PeptiDream headquarters and research labs is regularly monitored and reported to Kawasaki City, and the pollution concentration is below the standard value. In addition, we have confirmed that the number of organic solvents and heavy metals used in our R&D activities is below the standard values.

Wastewater at the Chiba Plant of PDRadiopharma is purified in a septic tank at the plant after confirming that it does not contain significant radioactive substances, and the purified water is continuously measured for total organic carbon (TOC) and pH and discharged into the river via an observation pond where carps are raised. Before discharging the water, we measure the radioactivity again just in case. Radioactive wastewater generated in the production process is strictly controlled according to the concentration and treated in accordance with the law. Wastewater discharged from Kawasaki Laboratory and Ibaraki Laboratory is discharged into the sewer system in compliance with environmental laws after confirming that the concentration of radioactive substances is below the concentration limit stipulated by law.

- **Water consumption reduction activities**

PeptiDream's internal portal site visualizes daily and monthly water consumption and fosters employees' awareness of the environment. Efficient operation of humidification in indoor air conditioning is underway to reduce water consumption and wastewater. We have also adopted water-saving toilets and exterior wall materials with photocatalytic and self-cleaning effects.

- **Research using pathogenic microorganisms and genetically modified organisms**

Experiments using research samples that may contain pathogenic microorganisms and pathogens, as well as genetic modification experiments, are conducted in compliance with relevant laws and regulations such as the Cartagena Act and national guidelines. We have established internal rules regarding the handling and storage of these pathogens and genetically modified organisms, as well as the safety management necessary to ensure a safe working environment. Under the supervision of internal Directors, the Biosafety Committee operates and strives to prevent experimental accidents by deliberating experimental plans and providing safety education to employees engaged in related work.

Reducing waste

- **Waste separation & disposal and improvement of recycling rate**

PeptiDream has been working to reduce and recycle laboratory and industrial waste by providing thorough guidance on waste sorting and clear labeling as part of its efforts to ensure thorough separation of waste. We outsource the disposal of laboratory and industrial wastes to contractors and dispose of it in a manner that complies with the law. We also properly check and manage manifests (industrial waste management slips) when waste disposal is outsourced.

Radioactive waste generated in PDRadiopharma's production process is handed over to specialized companies in accordance with the law and managed separately from ordinary waste.

- **Office paper reduction**

At PeptiDream, we are promoting various measures to reduce the use of office paper in our business operations. Specifically, we have introduced the use of Electronic Laboratory Notebook, 2-in-1 and default settings for duplex printing, alarms when more than 100 pages are printed, and paperless conferences. We continue to introduce office paper compliant with the Green Purchasing Law.