Environment, Social & Governance Report

Year ended 31 December 2023

1 May 2024 | Nxera Pharma

Nxera Pharma ESG Report 2023

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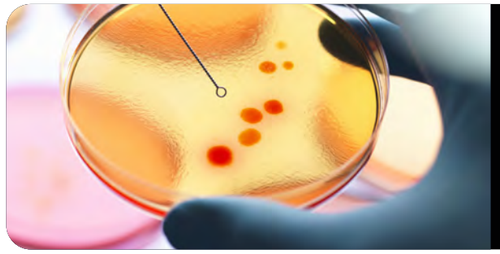
Who We Are

Our life's work, is life itself

Nxera Pharma is a technology-powered biopharma company, in pursuit of new specialty medicines to improve the lives of patients with unmet needs in Japan and globally.

In addition to several products being commercialized in Japan, we are advancing an extensive pipeline of over 30 active programs from discovery through to late clinical stage internally and in partnership with leading pharma and biotech companies. This pipeline is focused on addressing major unmet needs in some of the fastest-growing areas of medicine across neurology, GI and immunology, metabolic disorders and rare diseases, and leverages the power of our unique and industry leading GPCR-targeted structure-based drug discovery "NxWave™" platform to provide a sustainable source of best- or first-in-class candidates.

Nxera employs over 350 talented people at key locations in Tokyo and Osaka (Japan), London and Cambridge (UK), Basel (Switzerland) and Seoul (South Korea) and is listed on the Tokyo Stock Exchange (ticker: 4565)

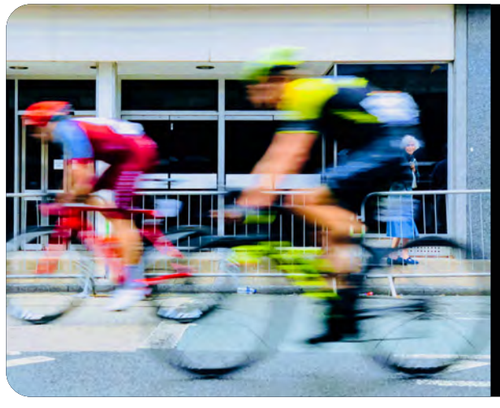


Our Mission

To accelerate the development of life-changing medicines, by investing in science and technology.

Our Vision

To lead the next era of medicine. From Japan, for Japan, and by extension, to the world.



Our Values

1. Patients, carers, families, and physicians come first
2. Innovation and teamwork inspire success
3. Focus on top priorities where we can make a difference
4. Speed and agility of decision-making
5. Operational excellence

About this Report

This 2023 ESG Report provides details on our approach and progress on Environmental, Social and Governance (ESG) initiatives covering the period between 1 January 2023 to 31 December 2023.

Our 2023 ESG Report has been prepared by the ESG Committee, which was established in 2022 with the support of our Board of Directors, with the mandate to manage, lead and oversee our ESG initiatives. The Chair of our ESG Committee is Miwa Seki, one of our Independent External Directors, who is renowned for her ESG expertise and experience in Japan. Other committee members include Rolf Soderstrom (Independent External Director), Noriaki Nagai (Independent External Director), Chris Cargill (CEO) and Hironoshin Nomura (CFO).

The Company believes that improving our ESG performance is a vital component for our long-term growth and success. With this overarching objective, our ESG Committee will strive to instill our ESG initiatives across our organization so that environmental, social, and governance goals become the foundations of our culture, value and business operations.

Our ESG initiatives are priority topics for our Board of Directors and Executive Officers, and with the leadership of our ESG Committee, our ESG initiatives are championed and implemented across our organization by our Charity Committee, Social Committee, Environmental and Sustainability Group and Working Group.

COMMITTEES AND GROUPS	OBJECTIVES
Charity Committee	Organize events throughout the year to raise funds for charities selected through a vote by our employees.
Social Committee	Support increasing employee engagement and boost the success and well-being of our teams by hosting internal social events.
Environmental and Sustainability Group	Implement sustainability practices at our offices and R&D facilities by building awareness and working actively to find and support sustainability initiatives.
Working Group	Improve employee engagement by promoting initiatives, such as a company-wide poster session and social initiatives.

Our ESG Approach and Priorities

At our inaugural ESG Committee meeting in October 2022, Nxera Pharma worked to build our ESG roadmap and identify potential key priority issues (Materiality) and corresponding key performance indicators (KPIs).

The Materiality and KPIs identified by the ESG Committee were approved by our Board of Directors in March 2023. As Nxera's ESG long journey roadmap, the Materiality and KPIs set out below are our ESG priority issues and goals that our organization will strive to achieve in the coming years. The objective of our ESG Committee is to implement these ESG goals across our organization and to collaborate with both internal and external stakeholders to ensure these priorities become the foundation of our culture, value and business operations. We recognize that our Materiality and KPIs are long-term objectives that we hope will shape our organization's values and we look forward to reporting progress through annual ESG reports.

	Materiality	Initiatives	KPIs
Environment	1 Promoting environmental management	Focus on environmental management systems and energy reduction timelines at our UK R&D Facility to ensure our emissions and waste levels are appropriately managed	Obtain Green Lab Certification at our UK R&D Facility within 5 years
Social	2 Diversity, Equity and Inclusion (DEI)	Focus on reducing Gender Gap	Maintain Female Senior Management Roles (Global) at >30% over the medium term
	2 Creating innovative pharmaceuticals for patients	Focus on creating R&D effciencies that will enable the development of life-changing medicines for patients	Promote R&D efficiencies – one preclinical compound and one clinical compound per year for the next three years on average from our in-house pipeline
Governance	4 Equity and transparency to all stakeholders	Enhance and increase dialogue with our shareholders	Provide a forum where all shareholders can join and discuss with company management in an open and frank manner

Summary of our 2023 ESG Materiality and KPIs

1

Promoting environmental management

In 2023, we've focused on improving our laboratory sustainability practices throughout our R&D facility. We participated in the My Green Lab program which evaluates laboratory management and suggests areas to improve. Both our chemistry and biology laboratories obtained My Green Lab Certification at Green standard – the highest achievement reflecting a number of energy reduction initiatives we've introduced. We are proud to have achieved our Environment KPI by obtaining our certificate ahead of schedule, reflecting our commitment to ensure the efficient management of our emissions and waste.

2

Diversity, Equity and Inclusion (DEI)

Reducing the Gender Gap at a global level has been a key focus for us. In July 2023, we acquired Idorsia Pharmaceutical's Japan, Korea and APAC businesses. This acquisition resulted in the global percentage of female employees in senior management roles in 2023 to slightly decrease to 32% compared to 34% in 2022. However, we have achieved our KPI of maintaining female senior management roles at over 30% globally this year and we will continue to focus on improving against this KPI in 2024.

3

Creating innovative pharmaceuticals for patients

During 2023, our in-house pipeline has seen great progress as we entered two candidates into Phase 1 clinical trials; NXE0048149, a GPR52 agonist for the treatment of schizophrenia, and NXE0039732, a novel selective EP4 antagonist being investigated in immuno-oncology. Although we didn't progress any new assets into preclinical development during the year, our discovery pipeline continues to grow and we are constantly evaluating exciting targets where we believe we can develop life-changing medicines for patients.

4

Equity and transparency to all stakeholders

At our 2023 Annual General Meeting of Shareholders, we introduced a 'meet and greet' session with our Management Team to promote an open dialogue and communication flow with our shareholders. We believe the implementation of this forum has, and will continue to, allow us to successfully achieve our KPI goal of providing a setting where our shareholders can join and discuss with our company management openly. This increased shareholder interaction allows for further engagement with all our stakeholders, and we look forward to continuing this on an annual basis.

Message from our CEO

Dear Stakeholders

At Nxera Pharma, we are fully committed to realizing a sustainable future through supporting breakthroughs in medicine. Through our work, our goal is to improve the quality of life and health of people around the world. We practice world-leading science to create life-changing medicines

Following the establishment of our ESG Committee in 2022, we have worked to assess our organization's current ESG practices, identify ESG priorities and action our most important initiatives.

I am pleased to share with you our 2023 ESG Report, which outlines the efforts made over the past year to make a positive impact on our environmental, social and governance initiatives. We are focused on embedding ESG practices into our business operations and in our culture and behaviors.

I am very proud of the progress we have made across all four of our KPIs since the formation of our ESG committee, evident in this report. However, there is still more to do, particularly as our global organization has nearly doubled in size in 2023 following the addition of Idorsia Pharmaceuticals Japan – rebranded to Nxera Pharma Japan ("NPJ") – and Idorsia Pharmaceuticals Korea – rebranded to Nxera Pharma Korea ("NPK"), bringing a new dimension to our business. This new stage of our development motivates us even more to continuing our efforts and driving forward our ESG initiatives in 2024 and beyond.

Yours sincerely

Chris Cargill

Representative Executive Officer,
President & CEO

Environment

Reduction of Emissions and Waste

Nxera Pharma is committed to reducing our environmental impact through our sustainability initiatives and our environmental management systems.

In 2023, Nxera Pharma laboratories secured My Green Lab certification, endorsed by the United Nations' Race to Zero campaign, recognizing outstanding laboratory sustainability. Over 70 UK R&D researchers participated, achieving Green certifications across both our biology and chemistry laboratories, the highest level of certification. These awards reflect Nxera Pharma's dedication to continuously assess, review, and enhance laboratory practices in order to minimize environmental impact. Prioritizing sustainability, we actively contribute to global efforts to reduce carbon emissions and advance a greener future. Our focus includes clear waste reduction through established recycling protocols and the reduction of single-use plastics. We embrace a paperless approach in labs and offices whenever possible, promoting digital documentation and communication. Through ongoing monitoring and improvement, we are committed to maintaining and enhancing our labs environmental performance.

In addition, with efficient energy use a core priority at our offices and R&D facility, our Environmental and Sustainability Group members are all My Green Lab Ambassadors, focused on encouraging our laboratories to be more sustainable.

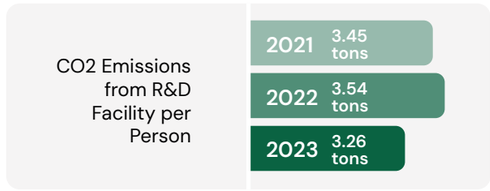
my green lab certification.

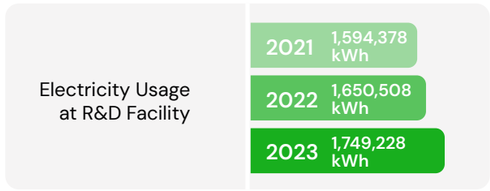
Some further notable initiatives are:

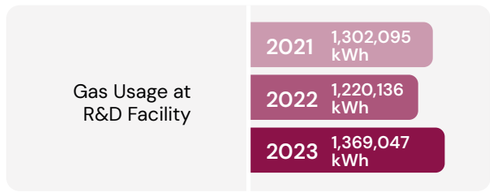
- **Renewable energy promotion** – we continue to consider environmental awareness when selecting energy suppliers.
- **Ecologi® partnership** - since 2002, we have partnered with Ecologi Action Ltd on carbon reduction projects and tree planting initiatives. So far, we have contributed to 516.02 tons CO^2 reduction (315.01 tons reduced through generating clean electricity from wind power in Mexico, 105 tons reduced through capturing waste biogas for energy in Turkey, 94.08 tons reduced through generating clean electricity from hydropower in India and 1.92 tons reduced through wind power generation in Bac Lieu Province in Vietnam). We are proud to have contributed to the planting of 9335 trees in the mangroves of Marotaola and Kandrany in Madagascar and Irregele Milato in Mozambique. Furthermore, we contributed to forest restoration and supporting water security in Kenya, planting forest gardens in Tanzania and Uganda, restoring degraded land in Senegal and supporting forestation in Gewocha, Ethiopia.
- **Car sharing service** – our UK staff at our Cambridge facilities participate in a car-sharing service.
- **Cycle to work** – our UK staff can participate in the UK Government's Cycle to Work initiative which provides staff with discounts on new bike purchases.
- **Energy efficient buildings** – our Tokyo headquarter is located in an energy efficient building with double-glazed windows and individual air-conditioning systems. We have also installed LED lighting in our Tokyo office to reduce power consumption compared to fluorescent lighting. The nitrogen generation system in the Steinmetz Building has been improved to reduce energy use.
- **Reduce, Reuse, Recycle** - Where items have been removed during the work to create new laboratory areas at our UK R&D facility, these have been reused in other parts of the building where possible or sold for reuse to ensure our waste levels are as low as possible.

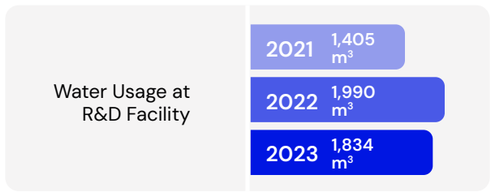
In the UK, we hold an Environment Agency License for the use and disposal of radioactive materials and a Trade Effluent License, issued by Anglian Water Services Limited, for the discharge of liquid waste into the public sewage system. Both licenses stipulate strict conditions on how we should manage and dispose of such materials and these have been incorporated into our environmental management systems. Furthermore, although Nxera Pharma does not hold a HAZWOPER certification as such certification is not applicable for the operation of our business, we ensure that our waste disposal contractors hold the British Standard ISO 14001:2015 (Environmental Management) and BS ISO 50001:2011 (Energy Management, under the framework guidance of PAS99:2012 (Management System). To ensure compliance of our waste disposal contractors' certifications, we take part in our waste disposal contractors' annual waste audit process.

Through our focus on environmental management systems and our energy reduction initiatives, we will continue to work on ways to reduce our operational emissions levels.









* Data impacted by site occupancy restrictions due to COVID-19 measures starting March 2020 which introduced working from home measures for staff and lab operations at 50% capacity. Site occupancy restrictions were not lifted until April 2022, when maximum site occupancy increased to 130 people from 80 people during periods when highest levels of restrictions were being imposed.

Strategy Regarding Climate Change

The Group conducted a climate change scenario analysis based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations to identify climate change risks and opportunities, assess financial impact, and consider measures to address such an impact. Our scenario analysis referred to RCP2.6 (below 2°C scenario) and RCP8.5 (4°C scenario)[1,2], adopted by the UN Intergovernmental Panel on Climate Change (IPCC) as well as the scenarios used by the International Energy Agency (IEA) and assessed the overall impact to our major global bases in Japan, UK, and South Korea. The results of the scenario analysis indicate that the impact of climate change on the Group's business appears to be limited at present, however, the Board of Directors and the ESG Committee will monitor the progress of the measures against risks of the entire Group, which have been assessed and identified by the analysis. The risks and opportunities related to climate change for the Group, their impact on the business, and the Group's response are described below.

Physical Scenario (4˚C)

Risk

Accute Event

Increase in frequency and severity of extreme weather events such as typhoons, torrential rains, and floods

Impact

There appears to be no areas of high direct physical risk to the Group's locations. However, the risk of acute flooding or other damage could be significant and affect the operations of some of our drug discovery, research and development, clinical trial, and marketing operations.

Measures

Formulate business continuity plans for the head office and each site to minimize the damage of a disaster on operations.

Chronic Event

Increase in average annual temperature

Impact

There is a risk of increased electricity costs due to increased power usage.

Measures

Thoroughly implement energy conservation measures at each site.

Chronic Event

Water scarcity

Impact

There is a risk that mid- to long-term water scarcity may result in interruption of operations due to water use restrictions.

Measures

Conduct water resource acquisition risk studies using the AQUEDUCT Water Risk Atlas provided by the World Resources Institute to determine the impact on the Group's operations.

Opportunity

Products and services

Growing demand for medicines and drug discovery

Impact

Revenue may increase due to increased demand for existing drugs or the development and commercialization of new drugs because of changes in disease trends caused by global warming.

Measures

Continue to strengthen our development pipeline and seek opportunities for research and development of drugs in disease areas where our pipeline can make new contributions in relation to global warming.

[1] RCP: Representative Concentration Pathways

[2] The RCPs include a stringent mitigation scenario (RCP2.6), two intermediate scenarios (RCP4.5 and RCP6.0) and one scenario with very high GHG emissions (RCP8.5). Scenarios without additional efforts to constrain emissions ('baseline scenarios') lead to pathways ranging between RCP6.0 and RCP8.5. RCP2.6 is representative of a scenario that aims to keep global warming likely below 2°C above pre-industrial temperatures.

Transition Scenario (1.5˚C)

Risk

Policies and Regulations

Carbon taxes and CO2 emission regulations

Impact

The introduction of the carbon price mechanism in Japan, UK, South Korea, Ireland, US, Switzerland, and other countries where we have our operational bases may result in increased regulatory frameworks on energy use and increased expected energy costs. However, we expect the impact on our company-wide operating costs to remain limited.

Measures

Calculated GHG emissions for our head office and each of our sites and analyzed the financial impact of the carbon price mechanism if it were introduced in each of our markets. Started to examine initiatives to reduce GHG emissions.

Opportunity

Resilience

More efficient energy use

Impact

The promotion of a decarbonized society will lead to the development of new products and services that improve energy efficiencies.

Measures

Reside in an office building with enhanced eco-friendly features to increase energy efficiency and reduce energy consumption and greenhouse gas ("GHG") emissions.

With regard to climate change, the Group's Scope 1 and Scope 2 GHG emissions were 800.66 t-CO_2[3] in FY2023.

[3] The Group's GHG emission reduction targets will be discussed in the future.

Social

Safety and Quality Assurance

Laboratory Animal Care and Alternatives to Animal-Based Biomedical Research

Nxera Pharma is committed to the humane and responsible use of animals in biomedical research. No animal research is conducted in our laboratories or premises. Instead, we work with experienced and reputable Contract Research Organizations (CROs) to conduct any necessary research. Our CROs are selected following careful assessment, and we work only with organizations that conform to the highest standard of animal care, legal and regulatory compliance processes, obtained through independent accreditation procedures and in agreement with our internal ethical review processes.

All studies in which animals are used are carefully planned and reviewed by our In Vivo Review Forum (IVRF), which comprises a team of scientists and statisticians before any research starts, in addition to CRO review by their internal ethical committees. We abide by the 3R principles of Replacement, Reduction and Refinement of the use of animals in research and only commission studies involving the use of animals where there are no scientifically appropriate alternatives. Through our internal review processes, we work to ensure that all experiments are designed to use the minimum number of animals possible to deliver the required data and minimize or avoid unnecessary pain, distress, or discomfort to the animals.

Nxera Pharma is committed to the development and use of scientifically validated alternative testing methods that are acceptable to regulatory authorities which do not compromise patient safety or the effectiveness of our medicines. Accordingly, we have invested heavily in methods to test effects of candidate drugs on isolated human cells and in clusters of human cells (organoids), and in the use of state-of-the-art computational modelling to predict the effective concentration of the drug in the body and biological effects in humans.

Core Development-Stage Activities

Nxera Pharma is passionate about improving the quality of life and health of people around the world through the discovery and development of effective and safe medicines. With this core principle in mind, we have developed comprehensive internal policies and procedures that assure the quality and compliance of our core development stage activities. These procedures are revised every two years or more frequently as required.

Nxera Pharma undertakes clinical trial activities regulated by Good Clinical Practice (GCP) and is governed by related regulations and guidance concerned with manufacturing (Good Manufacturing Practice (GMP), laboratory and non-clinical testing (Good Laboratory Practice (GLP) and pharmacovigilance.

Development-stage teams are made up of scientists, medical and other trained professional staff, supported by consultants. The team provides scientific and operational expertise and oversight to facilitate drug development including Active Pharmaceutical Ingredient (API) and drug product manufacture, non-clinical study sponsorship, clinical study design, medical oversight, drug metabolism, pharmacokinetics and expertise in program management, regulatory affairs and clinical operations. Therefore, all development-stage staff are trained in procedures needed to assure quality compliance of every aspect of clinical trial conduct. Team members receive training in legislation and regulation relevant to their role when they join, and periodic updates thereafter. GMP and GCP training is delivered annually. Additionally, employees and relevant consultants are required to be trained in the organization's policies and procedures relevant to their roles.

Supply Chain Transparency and Quality Assurance

We have adopted a fabless model that possesses no manufacturing plant, and for commercialization, we contract the manufacturing of pharmaceuticals to contract development and manufacturing organizations (CDMOs). We select our partners based on quality standards established in accordance with our philosophy and policies to ensure a stable supply of our products. We select our partners based on comprehensive evaluation criteria that include Quality & Regulatory, Development, Manufacturing, Environment, Health & Safety (EHS), ability to promote projects in partnership, Legal & IP and Finance. We have developed a process to ensure quality through robust collaboration with our business partners, including procedures to assure quality by reviewing data and documents provide by these business partners. These steps include review and approval of externally generated protocols and reports, review of completed batch manufacturing records for produced batches, review of analytical method development and validation reports, review and approval of certificates of analysis, ongoing review and monitoring of clinical trial data while studies are ongoing, and review of Tables Figures and Listings (TFLs).

Furthermore, all suppliers are assessed to ensure sufficient quality management systems are in place which meet our internal quality assurance procedures and all relevant regulatory standards. Relevant suppliers are provided with training by us on procedures to meet our quality management systems. Regulated development stage suppliers are expected to comply with GLP, GMP and GCP as applicable to the activity being undertaken and to maintain certification from the relevant national authorities. Certificates are collected during the assessment and selection of such suppliers and the suppliers are contractually and legally obliged to maintain all necessary certifications.

Suppliers undertaking animal experiments are required to maintain their Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) accreditation. The AAALAC International accreditation program evaluates organizations that use animals in research, teaching or testing. Those that meet or exceed AAALAC standards are awarded accreditation. Where legally permissible Nxera Pharma will at all times ensure that all relevant information is provided to CROs to comply with their internal ethical review processes.

Finally, our UK Modern Slavery Statement outlines our approach to managing modern slavery risks in our supply chain. Our 2023 UK Modern Slavery Statement can be found here.

Marketing Authorization in Asia-Pacific

Nxera Pharma Japan Co. Ltd. (NPJ; a wholly owned subsidiary based in Japan) and Nxera Pharma Korea Co. Ltd. (NPK; a wholly owned subsidiary based in South Korea), mainly engage in clinical development and product commercialization in Japan and South Korea, respectively, with potential to expand into other Asia-Pacific (APAC) regions.

In Japan, NPJ successfully launched PIVLAZ™ in April 2022 for the prevention of cerebral vasospasm, vasospasm-related cerebral infarction, and cerebral ischemic symptoms after aneurysmal subarachnoid hemorrhage (aSAH) securing. In South Korea, NPK received marketing approval of PIVLAZ™ from the Ministry of Food and Drug Safety (MFDS) in December 2023.

NPJ holds our marketing authorization licenses in Japan from the Ministry of Health, Labor and Welfare (MHLW).

In accordance with the Ministerial Ordinance on Standards for Manufacturing Management and Quality Control of Pharmaceuticals and Quasi-Drugs (GMP), NPJ ensures relevant suppliers are provided with manufacturing and quality control training. In addition, since August 2021, NPJ have worked to establish pharmaceutical quality systems (PQS) based on the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use's ICH Q10 Pharmaceutical Quality Systems. Furthermore, NPJ provides educational training on pharmaceutical quality control to those who engage in quality control operations based annual plans, and introductory educational training on quality control to all employees at the time they join the company.

NPJ conducts post-marketing safety control operations in accordance with the "Ministerial Ordinance Concerning Standards for Post-Marketing Safety Control for Pharmaceuticals, Quasi-pharmaceutical Products, Cosmetics, Medical Devices and Regenerative Medicine Products" (GVP Ministerial Ordinance). Under the GVP Ministerial Ordinance, NPJ provides educational training on pharmaceutical safety control operations to those who engage in safety control operations and to the marketing team members based on annual plans, and introductory educational training on safety control to all employees at the time they join the company.

NPJ formulated the Code of Practice for its information provision activities and conducts information provision activities in compliance with laws and regulations based on the Information Provision Procedure Manual. In addition, NPJ provides all employees who engage in information provision to healthcare professionals with the necessary educational training on information provision activities based on annual plans. In addition, NPJ monitors its marketing activities by reviewing monthly reports on what the marketing team has done.

Human Capital Development

Promoting Diversity and Pay Equity

The promotion of diversity and inclusion and the creation of a collaborative working environment are core pillars of Nxera Pharma's vision, as pioneers from Japan, to lead the new era of biopharma and medicine, innovating for both Japanese patients and the world. As a global company, Nxera Pharma's Board of Directors comprise 33% non-Japanese nationals (including our CEO) and 54% of our global workforce are non-Japanese nationals (Japanese – 46%, British – 32%, Rest of the World 22%). We are also proud to have a diverse workforce comprising 46% female colleagues, including 49% new female hires in 2023.

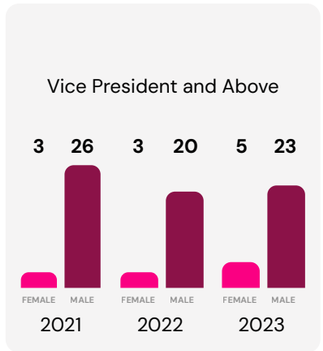
We are committed to pay equality for all colleagues with our intention to continue to build a diverse and inclusive workforce. Commencing in 2021, a global review of staff salaries has been conducted on an annual basis against market benchmarks based on each employee's role and experience. Our annual Pay Philosophy is agreed in December and is consistently applied across the organization based on calibrated performance rating and position against benchmark relative to performance.

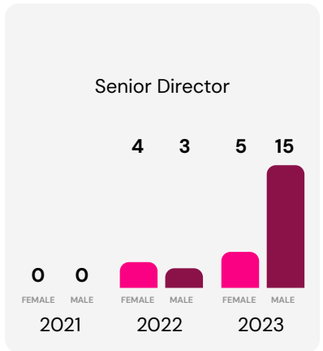
In December 2021, Nxera Pharma introduced a new performance calibration process as part of our workforce's performance management framework. The new process is a business-led forum conducted annually to ensure a consistent and fair approach across the organization for promotions and annual rewards. In 2023, 55 promotions were made, including 34 female promotions however our global female employees in senior management roles was 32%, down slightly from to 34% in 2023. In addition, in March 2023, Eiko Tomita was elected to the Nxera Pharma Board of Directors. As part of our drive to create an inclusive and informed culture within our organization, we established a diversity, equity and inclusion council (DEI Council) in 2023. The Council is made up of representatives from across the organization, at all levels.

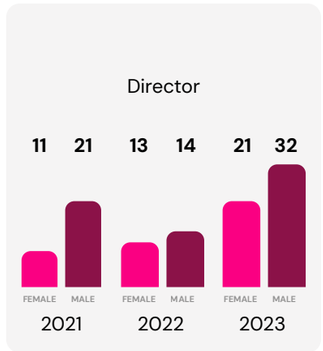
Nxera Pharma actively forecasts its hiring needs by determining the required number of full-time equivalent (FTE) employees needed on each program. This practice ensures that our programs are well resourced with people who have the requisite skill sets. As an organization, we are proud to support skilled worker visa applications for non-British nationals to work at our R&D facility in Cambridge, UK. In 2023, we supported six skilled worker visa applications.

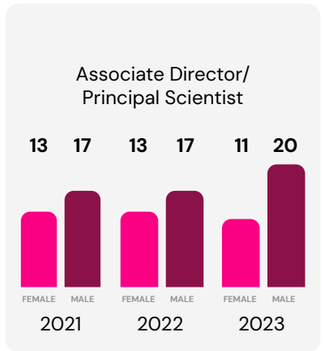
Nxera Pharma believes meaningful progress has been made to promote diversity and pay equity in 2023 and will continue to make year-on-year progress across the organization.

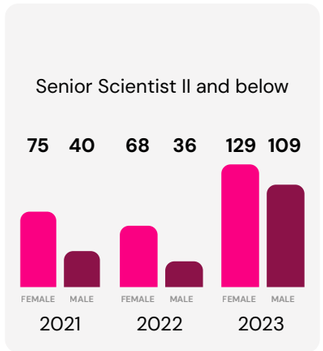
Gender Representation











Employee Stock Ownership

Nxera Pharma actively appoints talented people with the aim of encouraging them to remain with the business for the long term. We truly believe that employees should have a stake in the ownership of the organization, so they can benefit from their direct contribution to the company. Accordingly, since April 2022, all permanent employees are eligible to be considered for grants of Restricted Stock Units (RSUs) under Nxera Pharma's Long-Term Incentive Plan (LTIP) every year. The participation in and the actual grants of awards and/or payments to our employees are made in accordance with the rules of the relevant LTIP scheme. As of December 2023, 87% of permanent staff hold RSUs of Nxera Pharma. It is Nxera Pharma's intention to continue to award employees further grants on an annual basis as an additional process of recognizing their performance and contributions to the organization.

Benefits and Work-Life Balance

Nxera Pharma runs an active benefits package which includes salary sacrifice benefits such as Cycle to Work schemes and pensions. The company also provides private health insurance, dental, optical, hearing, complementary therapies to all employees and subsidized gym memberships for all staff including placement students.

Nxera Pharma believes in supporting employees who have young families. The company's UK family friendly policies (including maternity, paternity and adoption leave) were revised in 2022 to provide enhanced packages to employees compared to the UK statutory requirements. In 2023, 83% of staff returned to work after child-care leave, compared to 50% in 2022. Continued support to families and staff with elderly family members are also provided through childcare and elderly care support program, which entitles employees to up to ten days per year of subsidized childcare and elderly care. In 2023 a total of 94 sessions were booked by our employees to support working parents during periods of school closures, child illness or school holidays. In Japan, a new program was started in 2023 that allows employees with young families to access childcare services free of charge.

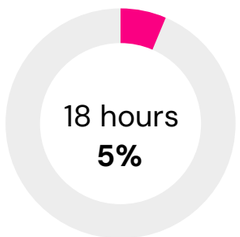
Nxera Pharma is committed to supporting employees with flexibility in their work schedules while allowing us to maintain a progressive and productive work environment. The company has provided a formal policy to ensure consistency of approach with how roles can operate flexibly in our working environment. It balances the need for roles that physically need to be in the office with those that can have greater flexibility but still ensuring we maintain presence at our sites to promote collaboration and connectivity across the company.

Development Training

We are committed to supporting our colleagues reaching their full potential by providing opportunities for growth and development, and through rewarding performance and leadership. Nxera Pharma ensures that each employee has the requisite and up-to-date skills training for their role, facilitated through regular personal development discussions and tailored training programs based on our training matrix. The company also supports individuals attaining further qualifications or certifications within their field of expertise. We are committed to scientific talent development through internal secondments and regular conference attendance.

In 2022, we began a new leadership strategy by introducing formal management training for all line managers in addition to the tailored training programs. There are three programs targeted at different levels and experience of line managers. New managers or soon-to-become managers are enrolled in the Management Foundation Program and managers who have had a few years' experience are enrolled in the Management Development Program. Managers who are at Director-level or above are enrolled in the Inspiring Leadership Program. These three programs are rolled out on an annual basis and new participants are enrolled as they become promoted, are newly hired into the business, or are flagged as potential managers in the near term.

Tailored Training Program for each employee based on training matrix



Inspiring Leadership Program

Management Development Program

Management Foundation Program

In addition to fostering an environment to encourage our employees to develop as leaders, Nxera Pharma has a formal performance management framework which includes objective setting for every employee in the company and bi-annual performance appraisals. Performance calibration meetings at the end of the year are conducted with senior leaders of each team to discuss the performance of every employee. These meetings also include discussions on promotions and the near-term development pathway as part of the development plans for each individual.

Finally, Nxera Pharma utilizes a specialized third-party online platform to deliver an employment engagement survey annually to measure the connection employees have towards their work, team and company, and examine the factors that influence it. We aim to use the survey results to guide us with further developing ways to increase employee satisfaction and development strategies. In 2023, our employee survey response rate was 91% globally, with the overall split of responses being 64% positive, 29% neutral and 7% negative. This is an increase from 2022 where we saw 60% positive responses. We have developed action plans to focus on improvement areas throughout 2024, with a focus on action plans by department.

Studentship Programs and Academic Sponsorships

Nxera Pharma supports world-leading academic institutions and their students through various research, studentship and sponsorship arrangements. Such programs are designed to help post-graduate students and academics work on collaborative research programs in line with their higher education requirements. In some circumstances, Nxera Pharma supports such students and academics on writing their theses and publication of their findings. In 2023, Nxera Pharma worked with 19 academic institutions around the world on such sponsorship arrangements.

In addition, Nxera Pharma supports industrial placement student programs in conjunction with UK universities. This is an annual program designed to provide students with practical experience within their designated field of expertise. In 2023, Nxera Pharma welcomed ten industrial placement students to work alongside our scientists on 12-month placements.

Social

Contribution to Society

Meeting Unmet Medical Needs

Our proprietary GPCR-targeted structure-based drug discovery NxWave™ platform has enabled us to develop small molecules, peptides and antigens for antibody discovery. To date, we have leveraged our technologies and expertise to create a pipeline of drug candidates targeting GPCRs that we believe have potential to become first-in-class or best-in-class medicines in therapeutic areas such as neurology, immunology and gastroenterology diseases.

Alongside our in-house programs, we are collaborating with world-leading partners, including major biopharmaceutical companies, emerging technology companies and innovative venture capital funds to address diseases with high unmet medical needs, and for which there are no suitable treatments currently available.

Nxera Pharma gained Japan and Asia-Pacific (ex-China) territory rights to an exciting pipeline of medicines from Idorsia's portfolio in July 2023 in the context of its acquisition of IPJ and IPK (now NPJ and NPK).

Our lead product PIVLAZ® (clazosentan) is already commercially available in Japan for the prevention of cerebral vasospasm, vasospasm-related cerebral infarction, and cerebral ischemic symptoms after aneurysmal subarachnoid hemorrhage (aSAH) and following a successful launch in April 2022. Another exciting candidate, Daridorexant, was filed in Japan for insomnia in October 2023 and is already marketed in US/Europe as QUVIVIQ®.

The NPJ and NPK team joining Nxera Pharma brought significant experience in drug development and commercialization with a strong footprint in Japan. The enlarged Japan team also provides a platform to expand commercial operations beyond Japan to other APAC markets and extend the regional product range over time, which should lead to delivering more drugs to patients in the region.

We are dedicated to developing life-changing medicines for the many millions of patients with these diseases around the world.

Neurological Disorders				Immunological Disorders			Other	
INDICATION				INDICATION			INDICATION	
Dementia	Schizophrenia	Substance use disorders	Narcolepsy	Cancer	IBD	Atopic Dermatitis	Type 2 Diabetes / Obesity	Anorexia
NUMBER OF PATIENTS*				NUMBER OF PATIENTS*			NUMBER OF PATIENTS*	
~55 million	~24 million	~350 million	~3 million	~18 million	~7 million	~200 million	~460 million	~70 million
OUR CANDIDATES				OUR CANDIDATES			OUR CANDIDATES	
M1 agonist M1/M4 agonist	M4 agonist M1/M4 agonist GPR52 agonist	mGlu5 NAM	OX2 agonist	EP4 antagonist	CCR6 antagonist GPR35 agonist EP4 agonist	H4 antagonist PAR2 mAb	GLP1 agonist	MC4 antagonist

* Source of Number of Patients: World Health Organization, Evaluate Pharma, The European Federation of Crohn's & Ulcerative Colitis Associations (EFCCA), Narcolepsy Network, Inc., GBD 2015 Disease and Injury Incidence and Prevalence Collaborators (October 2016). "Global, regional, and national incidence, prevalence, and years lived with disability for 310 diseases and injuries, 1990-2015: a systematic analysis for the Global Burden of Disease Study 2015". Lancet. 388 (10053): 1545–1602. Cancer Research UK worldwide incidence of new cases of cancer per year. GBD 2017 Inflammatory Bowel Disease Collaborators. The global, regional, and national burden of inflammatory bowel disease in 195 countries and territories, 1990–2017: a systematic analysis for the Global Burden of Disease. Lancet Gastroenterol Hepatol. 2020;5(1):17–30. doi:10.1016/S2468-1253(19)30333-4. British Journal of Dermatology, Volume 190, Issue 1, January 2024, Pages 55–61, https://doi.org/10.1093/bjd/ljad339. https://www.singlecare.com/blog/news/eating-disorder-statistics/

Right to Health

Nxera Pharma takes its responsibility to work towards providing access to medicines and healthcare to all people around the world seriously. The company provides access to some of its scientific discoveries in order that others may use them for their own research to improve the understanding of diseases and accelerate the development of new medicines. For example, our scientists have solved over 390 GPCR structures from more than 50 different GCPR targets using our innovative GPCR-targeted structure-based drug discovery NxWave™ platform, with many of these released into the scientific community.

In April 2024, Nxera Pharma joined the World Orphan Drug Alliance (WODA), a global alliance of commercial distributors dedicated to providing access to treatments for rare diseases and specialty medicines in complex markets around the world. The Alliance consists of 13 member companies and provides access to approximately 200 million rare disease patients across 154 countries. Nxera Pharma will represent WODA in Japan and South Korea. Through the Alliance and its global networks, Nxera Pharma will gain access to a pipeline of novel medicines targeting rare or orphan diseases as potential licensing opportunities (with no obligation) for its late clinical stage and commercialization operations in Japan and South Korea. Economic terms would be determined on an individual basis should Nxera Pharma decide to in-license any product opportunities from the WODA.

Charity Initiatives

Nxera Pharma actively seeks to contribute to the development and enhancement of our communities as well as to the broader society. In 2023, we made charitable donations amounting to £16,891.62 to the following organisations and initiatives:

2023 Donations

£4,374	£4,999.99	£3,000	£500	£4,017.63
St Nicholas Hospice	Ecologi Action Ltd	DEC Turkey / Syria Earthquake	Alzheimers Research UK	In2Science UK

Our Charity Committee raised £4017.63 for In2Science through various initiatives such as running a step challenge, quiz evening, bake-offs and a Christmas raffle. Nxera Pharma agreed to match the fundraised amount raised by the Charity Committee which brought the total amount donated to In2Science to £8035.26. In2Science UK is a charity that provides young people from low-income and disadvantaged backgrounds an opportunity to gain practical insight into the STEM sector as well as knowledge and confidence to progress to university.

In 2024, the Charity Committee will be raising money for EACH, a UK charity that provides support for families and care for children and young people with life-threatening conditions across Cambridgeshire, Essex, Norfolk and Suffolk, UK.

Governance

Corporate Governance Structure

With our vision as pioneers from Japan to lead the new era of biopharma and medicine, innovating for both Japanese patients and the world, we recognize that building an effective system of corporate governance is an important management priority to enhance corporate value over the medium to long term.

We have therefore continued to strengthen our governance structure and management system through the appointment of independent external directors and the establishment of cooperation between the Audit Committee, the external auditor and the Internal Audit Department to support the strategic management and oversight functions of our Board of Directors. At the same time, we have strived to increase the integrity and transparency of our management governance structure by maintaining accountability to and communication with all stakeholders, including shareholders, employees, business partners, customers, creditors, consumers and local communities.

We have adopted a governance structure comprising the Nomination Committee, Audit Committee and Compensation Committee as stipulated by the Companies Act of Japan in order to strengthen our Board of Directors' oversight, increase transparency and speed up the decision-making of management, among other reasons. Under this structure, we have separated the oversight function and business execution function of management and have largely delegated business decision-making authorities to our Executive Officers. We believe this structure supports our focus to increase management oversight and efficiencies and our governance principles are set out in our Corporate Governance Guidelines.

Our Scientific Advisory Board consists of leading scientific experts from the pharmaceutical industry and academia, who ensures management decisions are based on scientific expertise. Our significant investment decisions are made by our Board of Directors based on recommendations made by our Investment Committee. Lastly, our ESG Committee was formed in 2022 with the mandate to make recommendations to our Board of Directors and oversee our overall ESG strategy, policies and practices.

Dr. Shinichi Tamura
Chairman of the Board

Mr. Chris Cargill
Representative Executive Officer, President and Chief Executive Officer

Mr. Tomohiro Tohyama
External Independent Director

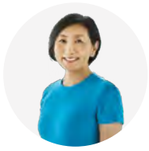
Mr. Kuniaki Kaga
External Independent Director

Dr. David Roblin
External Independent Director

Mrs. Eiko Tomita
External Independent Director

Mr. Rolf Soderstrom
External Independent Director

Mr. Noriaki Nagai
External Independent Director



Ms. Miwa Seki
External Independent Director

LEADERSHIP GROUPS AND COMMITTEES	DESCRIPTION AS OF 31 DECEMBER 2023
Board of Directors and Executive Offices	Our Articles of Incorporation stipulate that there may be no more than ten directors. Our Board of Directors comprises nine directors (two internal directors and seven independent external directors). Our Board of Directors sets basic management policies, supervises the execution of duties by our Executive Officers and directors, and deliberates on management strategies to realize sustainable growth and add corporate value. One of the directors serves concurrently as our representative executive officer (CEO). We currently have eight Executive Officers, including our CEO, who have been mandated by the Board of Directors with business execution authorities.
Independent External Directors	We have seven independent external directors. There are no personal, capital, or transactional relationships or other special interests that may affect their impartiality and objective decision-making between the independent external directors and Nxera Pharma. In electing our independent external directors, we recognize the importance of ensuring the effectiveness of corporate governance and ensure adequate impartiality to execute their duties as an independent external director. Based on their career histories and relationships to Nxera Pharma, we have determined that each independent external director can ensure adequate impartiality to execute their duties as an independent external director.

Nomination Committee	Our Nomination Committee comprises our Chairman of the Board and three independent external directors. The Committee assesses whether candidates have sufficient expertise and experience to support our global strategy and puts nominations forward to our shareholders for such candidates to be elected as directors. Furthermore, the Nomination Committee makes candidate recommendations to the Board of Directors for the appointment of executive officers.
Compensation Committee	Our Compensation Committee comprises three independent external directors, one of whom is the Chair of the Committee, our CEO and our Chairman of the Board. The Committee sets the remuneration policy for directors and Executive Officers, and based on that policy determines their individual remuneration in view of performance and other contributions to Nxera Pharma.
Audit Committee	Our Audit Committee comprises five independent external directors. The Audit Committee works closely with the Internal Audit Department and is responsible for auditing finance and internal control processes, overseeing the execution of duties of directors and executive officers, as well as the appointment and dismissal of external auditors.
Investment Committee	Our Investment Committee comprises our CEO, Chairman of the Board, three independent external directors and five Executive Officers. The Investment Committee evaluates prospective investment and divestment projects and makes investment recommendations to the Board of Directors.
R&D Committee	Our R&D Committee comprises our CEO, three independent external directors and two Executive Officers. The R&D Committee promotes an open, transparent and respectful cross-border working culture, and supports best practice knowledge sharing regarding innovation and R&D.
ESG Committee	Our ESG Committee comprises our CEO, four independent external directors and three Executive Officers. The ESG Committee was established in 2022 with the mandate to make recommendations to the Board of Directors and oversee our overall ESG strategy, policies and practices.
Scientific Advisory Board	Our Scientific Advisory Board consists of a total of 11 world-leading experts, including one independent external director. The SAB provides valuable insight and perspective relevant to drug discovery, development and strategic areas of focus for Nxera Pharma.

Operation of Governance Systems

We are committed to conducting our business with integrity and our governance systems ensure that appropriate operational structures are in place. A summary of our governance systems is as follows:

GOVERNANCE SYSTEMS	DESCRIPTION
Business Ethics and Compliance Systems	Nxera Pharma is overseen by the Board of Directors, committed to ensuring ethical business practices across our business and acting as a responsible member of society in all our business endeavors. Our principles of corporate behavior are instilled throughout the organization through our Code of Conduct. Mandatory training covering relevant laws, regulations and policies, as well as compliance awareness including corruption (e.g., bribery and anti-corruption) are provided to our staff and compliance with training requirements are monitored on an ongoing basis. **Anti-Corruption Measures** We strive to undertake our business fairly with honesty and transparency and therefore are committed to maintaining the highest possible standards of business practice. Consequently, in accordance with our Anti-Bribery and Corruption Policy, Nxera Pharma observes and upholds a zero-tolerance approach to acts of bribery and corruption. We do not tolerate fraud, corruption or abuse of position for personal gain by any member of staff or any other person associated with us. Accordingly, through our Anti-Fraud and Anti-Facilitation of Tax Evasion Policies, we have established mechanisms to minimize the risk of fraud and criminal facilitation of tax evasion. **Supply Chain Due Diligence** Along with our Supply Chain Transparency and Quality Assurance measures, we undertake due diligence when considering taking on new suppliers and continuously review our existing suppliers. All our suppliers undergo a supplier approval process that includes risk assessments based on qualitative and economic factors to identify any indicators of supply chain risks. Such risk assessment includes checks against association with "anti-social forces" (hanshakaiteki seiryoku) and organized crime groups. In addition, to make or receive payments from counterparties who have passed prescribed screening processes, we require such payments to be made through wire-transfers or remittances via bank accounts which are verified by our Finance department. In addition, since the war in Ukraine began in February 2022, we have taken measures to ensure that we do not trade directly with any Russian suppliers and do not breach any internal sanctions. We require all our contracting partners, suppliers and other third parties to operate in line with internationally recognized legal, regulatory and human rights frameworks. We are committed to ensuring that we identify and eliminate to the fullest extent possible all potential modern slavery risks related to our business. We do not tolerate forced labor either within our business itself or within our supply chain. For further details of our actions to prevent modern slavery in our business dealings, please refer to our 2023 Modern Slavery Statement. As at the date of this 2023 ESG Report, we currently are not aware of any areas that would be considered high risk and we are not aware of any third-party company and/or supplier activity that may contravene our ethical business practices. *Continues overleaf*

	Whistleblowing Policy Our Whistleblowing Policy encourages staff and external stakeholders to raise any concerns that they may have about our conduct or the way in which our business operates. All our staff have a duty to report any concerns they may have about potential breaches of our Code of Conduct, the laws and regulations of the countries we operate in, or our policies, procedures and guidelines. Our policy outlines our internal mechanism for reporting, investigating, and remedying any wrongdoing in the workplace and encourage individuals to raise their concerns and any grievances internally in the first instance. Along with our internal whistleblowing mechanism, we have external whistleblowing hotline services that can be used by both internal and external stakeholders. The external independent whistleblowing service and confidential reporting service, which allow staff and external stakeholders to raise any issues or concerns in complete confidence and if they wish, on an anonymous basis. Our policy ensures the safety of whistleblowers from any damage and retaliation because of making the reporting.
Document Management System	Document management rules and policies ensure strict controls for the management and storing of documents.
Risk Management System	Decision making by our Board of Directors are made based on discussions and deliberations considering, where relevant, opinions of external experts. Responsible executive officers and senor staffs analyze and make the status of risks and mitigation measures taken on a quarterly basis to the Audit Committee and Board of Directors. Further, based on internal audit findings, our Internal Audit Department also provides guidance and recommendations on risk management systems to our Board of Directors.
Job Execution System	Authority of officers and employees are defined and managed in accordance with our governance policies. To ensure operations are conducted efficiently and appropriately, subsidiaries have been delegated authorities with structured governance reporting responsibilities to Nxera Pharma and our Board of Directors.
Internal Controls Systems	Our Internal Audit Department continuously evaluates the design and operation of internal controls to comply with relevant laws and regulations. Our Internal Audit Department conducts internal audits across all the Group companies on a three-year rotation with the aim of maintaining and strengthening our internal controls whilst ensuring appropriate and effective business operations. The scope of our internal audit includes areas such as policies and procedures, organizational structure, procurement, IT security and compliance awareness. Specifically, the activities of the Internal Audit Department include: Assurance and Recommendations • Decide audit themes on a risk-based approach, execute internal audits, and report the results to the CEO and the Audit Committee. • Issue audit recommendations for remediation and support the audited units to develop action plans. • Continue to work together with the audited units and follow up on the remediation actions.
	Internal Controls • Evaluate the design and operation of internal controls over financial reporting every year to ensure effectiveness according to the guidelines of the Financial Services Agency (J-SOX). • Prepare an annual Internal Control Report pursuant to the Financial Instruments and Exchange Act. Independence and Objectivity • The Head of Internal Audit Department reports administratively to the CEO and functionally to the Audit Committee, and also reports directly to the Board of Directors, thus maintaining independence and objectivity. In this way, the Board of Directors oversees the compliance with relevant laws and regulations in the abovementioned areas. The Internal Audit Department has meetings with both the CEO and the Audit Committee on a frequent basis to share information and provide updates on risks and controls.
Data Protection & Privacy Systems	We consider the protection of personal data and privacy a vital part of our governance structure. We have implemented a comprehensive global data protection framework along with General Data Protection Regulation (GDPR) policies to comply with both the EU and UK GDPR in addition to personal information management regulations in Japan. The handling and monitoring of EU and UK personal data is managed by our Privacy Team comprising members from key departments including Legal, Information Technology, HR and Investor Relations and our Privacy Lead is our Chief Accounting Officer. We have appointed Hamish Corner, Privacy Partner at Shoosmiths LLP, as our external Data Protection Officer.

www.nxera.life

TOKYO, JAPAN

Group Headquarters

Midtown East
9-7-2 Akasaka Minato-ku
Tokyo 107-0052
Japan

SEOUL, SOUTH KOREA

Corporate Office

F17, 410 Teheran-Ro
GangNam-Gu
Seoul 06192
South Korea

CAMBRIDGE, UNITED KINGDOM

R&D Facilities

Steinmetz & Cori Buildings
Granta Park, Great Abington
Cambridge CB21 6DG
United Kingdom

LONDON, UNITED KINGDOM

Corporate Office

First Floor, Burleigh on the Strand
355-359 Strand
London WC2R 0HS
United Kingdom

BASEL, SWITZERLAND

Corporate Office

Office 1901, Spaces Grosspeter Tower
Grosspeteranlage 29
4052 Basel
Switzerland