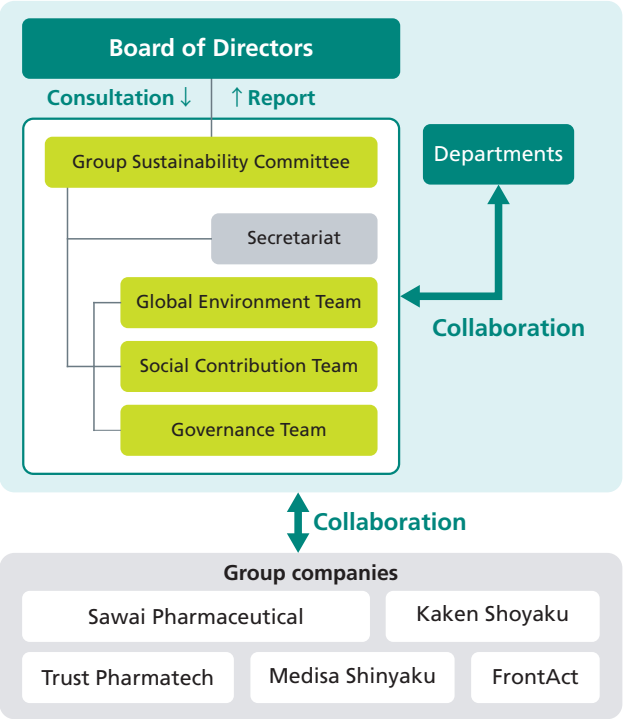
Aiming to become a corporate group trusted by stakeholders

Sustainability Promotion Structure

The Sawai Group has established the Group Sustainability Committee, which comprises officers from Sawai Group Holdings and representatives from Group companies and meets quarterly, to advance sustainability. At the operational level, three teams—Environment (E), Social (S), and Governance (G)—have been set up under the committee to drive specific initiatives in each area in alignment with the medium-term business plan.

Sustainability promotion diagram



The committee reports to the Board of Directors at least once a year on matters such as sustainability-related risks and opportunities, strategies, and progress toward goals, and receives guidance and advice on key measures and response policies. In this way, under the supervision of the Board of Directors and in collaboration with various departments and Group companies, the committee promotes sustainability initiatives across the entire Group and works to refine measures and confirm strategic direction.

Major discussions at the Group Sustainability Committee (FY2025)

Theme	Discussions
Progress Report on Medium-Term Business Plan ESG Targets	We reported on the progress of ESG-related targets set forth in the medium-term business plan—covering areas such as CO_2 emission reductions, improved employee engagement, respect for human rights, and compliance—while also discussing future initiatives and sharing a common direction for future efforts.
Establishment of the Group Environmental Policy ►p. 43	Following extensive discussions, the Group Environmental Policy was established in March 2026, serving as the Group's fundamental policy for preserving the global environment, protecting natural resources, and conserving biodiversity across all business activities.
Forest Adoption Initiative Activity Report ►p. 45	We reported on the results of our Forest Adoption Initiative activities, which were conducted in collaboration with Osaka Prefecture and local residents. We also discussed the details of the initiative, the significance of satoyama (woodland-farmland mosaic) conservation, and how participation by employees and their families can raise environmental awareness.
Supporting the "Docodemo EXPO" project	We reported on our sponsorship of the "Docodemo EXPO" (Expo Anywhere) project, an initiative aligned with the SDG principle of "leaving no one behind." That project enables children who have difficulty going out due to intractable diseases or disabilities to experience the Osaka-Kansai Expo. Our report covered the process leading up to its implementation and the reactions of the participating children.
Non-financial information management regulations	In light of the mandatory disclosure of non-financial information in securities reports, we discussed the establishment of a company-wide information collection and management system, clarification of responsibilities, regulations governing training and monitoring, and efforts to ensure awareness among all employees. We also shared related issues and measures.

Message from the Group Sustainability Management Department

We aim to establish a framework for effectively driving sustainability initiatives.



Motokazu Takeuchi
Corporate Governance Group Manager
Group Sustainability Management Department
Sawai Group Holdings Co., Ltd.

The Group Sustainability Committee shares policies and key issues relevant to the entire Sawai Group and engages in ongoing discussions.

The Group Sustainability Management Department, which serves as the committee's secretariat, establishes an operational framework to ensure that committee discussions translate into effective initiatives. This involves setting agendas, preparing materials, and managing the progress of various measures.

Additionally, three promotion teams composed of members selected from various departments act as the driving force behind the Group's sustainability efforts. The secretariat actively supports these activities and serves as a link between the promotion teams and the Sustainability Committee, which includes senior management, thereby aligning frontline initiatives with management decisions and facilitating the implementation of measures across the entire Group.

Advancing sustainability entails addressing numerous challenges, such as ensuring alignment with management, embedding sustainability principles throughout the company, and fostering understanding across departments. While tackling these challenges, we strive to build trust through transparent, timely, and appropriate disclosure of information to internal and external stakeholders.

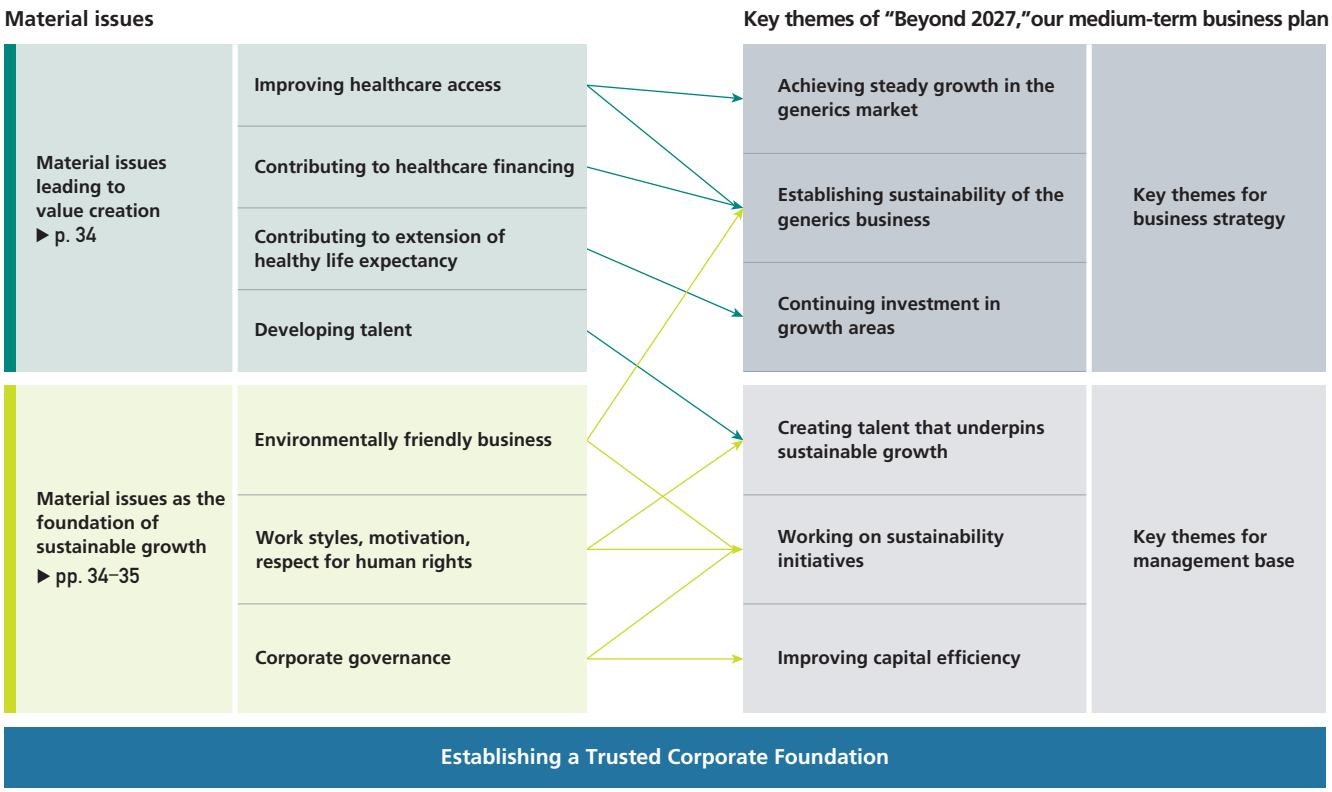
Looking ahead, we remain committed to continuously enhancing corporate value by meeting societal expectations and responding swiftly to emerging issues.

Materiality for Realizing Value Creation and Sustainable Growth

The Sawai Group has identified specific materiality issues as key challenges to be addressed through our business activities in order to achieve both the sustainable enhancement of corporate value and contributions to society. In identifying these issues, we referenced international guidelines and standards while comprehensively considering dialogues with internal and external stakeholders, external evaluation results, and trends in the business environment and social issues surrounding the Group. Based on this, we organized and prioritized these issues according to two perspectives: "stakeholder interest" and "importance to the Group."

Materiality is not merely a list of issues demanded by society. It serves as a management compass guiding the Group to continue creating value over the medium to long term. We have designated themes deeply linked to our business and social responsibilities as priority areas. These include the responsibility to ensure a stable supply of pharmaceuticals, quality and safety assurance, reduction of environmental impact, promotion of employee engagement and success, and strengthening of governance. We also integrate these priority areas into our management strategies and various initiatives.

The environment surrounding society and our business is constantly evolving, marked by issues such as the loss of biodiversity, the aging population, and the diversification of medical needs. The Group closely monitors these changes, periodically reviews the validity of its materiality, and makes adjustments as necessary to reflect shifting priorities in our business activities. Moving forward, we will continue to use materiality as a starting point in our pursuit of both the realization of a sustainable society and the Group's own sustainable growth.



Step 1

Creating lists of candidate issues

We held exchanges of opinion among employees and identified issues for each of the ESG areas (environmental, social, and governance), where the participants created a list of management issues that were considered closely related to the Sawai Group's medium- to long-term corporate value in line with standards and goals established by international initiatives, including the Sustainability Accounting Standards Board (SASB) Standards, the Global Reporting Initiative (GRI) Standards, and the Sustainable Development Goals (SDGs), as well as the Sawai Group Corporate Philosophy, the Code of Conduct, the Sawai Group Vision, and the status of the business environment.

Step 2

Identifying issues and assessing their impacts

The candidates for material issues listed in Step 1 were mapped from the two perspectives of stakeholders' interests and the impact on the Sawai Group, and the issues in each relevant area on the map were categorized into two groups: material issues leading to value creation and material issues as the foundation of sustainable growth.

Step 3

Verifying appropriateness

Targets, initiatives, and monitoring indicators were defined for each of the identified material issues, and their appropriateness was verified by the Group Sustainability Committee. Subsequently, the Board of Directors discussed and deliberated on the issues before granting final approval.

Material issues leading to value creation and progress toward achievement

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Improving healthcare access	**Product quality and safety**	Supplying high-quality, safe products based on our corporate philosophy, the goal of which is to achieve healthy lives, is an important responsibility as a pharmaceutical company.	● Introduce a system and fortify the personnel structure to establish reliability assurance system ● Introduce the Quality Event Management System	● Continuously promote a quality culture to ensure the stable supply of high-quality generic drugs	○	● Strengthen oversight frameworks for all manufacturing sites—both in-house and contracted—based on GQP regulations to reinforce product management
	Maintaining a stable supply	A stable supply of medicines and, consequently, constant access to medicines for healthcare professionals and patients is the important responsibility of pharmaceutical companies.	● Update top-level production capacity equipment in Japan ● Company production capacity: 22.0 billion tablets or more (increase Daini Kyushu Factory's solid dosage form capacity to 3.5 billion tablets)	● Produce 16.6 billion tablets to resolve generic drug supply instability ● Recruit personnel to secure the workforce needed to increase production ● Conduct training to promote understanding of the social mission and key role of pharmaceutical manufacturing	△	● Target 18 billion tablets in FY2026 production volume, including contract manufacturing ● Increase in-house production capacity to 22 billion tablets by the end of FY2026 with the start of Step 2 operations at the Daini Kyushu Factory's solid dosage form building
Contributing to healthcare financing	**Development of high value-added generic drugs**	The Company's reason for existence is to contribute to making healthcare financing sustainable through the early launch of high value-added generic drugs.	● Continue to make top-tier R&D investments in the generics industry (for the development of new products and the improvement of existing products) ● Plan to launch 44 or more new products over the three-year medium-term plan period	● Establish the "Portfolio Strategy Committee" to balance investment efficiency with alignment to societal needs ● Launch 9 new products across 5 active ingredients (December 2025)	○	● Continue operating the "Portfolio Strategy Committee" ● List 9 items across 6 active ingredients on the NHI drug price list (June 2026)
Contributing to extension of healthy life expectancy	**Expanding business to a wider range of healthcare domains, including pre-symptomatic illness and prevention**	We want to achieve sustainable growth by leveraging the strengths acquired through the generic drug business and contributing to solutions to social issues in related fields.	● Having digital medical devices (neuromodulation device) and PHR management application begin to contribute to earnings	● Begin sales of HAUDY, an alcohol reduction therapy app (product name: CureApp AUD Alcohol Reduction Treatment Support App) ● Expand adoption of FrontAct's MELTz® hand rehabilitation system	○	● Consider sales of the non-invasive neuromodulation device Relivion® for self-pay medical treatments ● Develop a portable hand movement robot equipped with MELTz® biosignal processing technology
Developing talent	**Securing production, quality, and R&D talent**	The Group's medium- and long-term growth will be achieved by securing and developing talent, which is most important for our business, as the labor force shrinks.	● Strengthening capability to recruit new graduates and mid-career workers ● Establishing attractive working conditions that are mindful of the work environment ● Appointing and utilizing diverse talent such as women and the elderly	● Recruit approximately 200 new graduates (joining April 2026) and 200 mid-career hires by leveraging diverse recruitment channels ● Establish a Group Human Capital Strategy Council to optimize talent deployment across the Company	○	● Drive HR strategies linked to business strategy through the Group Human Capital Strategy Council ● Strengthen recruitment for production personnel and hard-to-fill positions ● Promote active utilization of the internal job application system

Material issues as the foundation of sustainable growth and progress toward achievement

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Environmentally friendly business	**Responding to climate change**	Limiting climate change is the most important issue humanity faces because of its severity and seriousness	● Reduction of more than 46% in total emissions from the FY2013 level (FY2030)	● Reduce CO_2 emissions by approx. 24,100t-CO_2 (via purchasing approx. 8,700t equivalent of CO_2-free electricity and 15,400t equivalent of non-fossil certificates) ● Reduce annual CO_2 emissions by approx. 44t-CO_2 by lowering boiler steam discharge pressure	○	● Explore expanding the implementation of on-site and off-site PPAs ● Continue purchasing CO_2-free electricity and non-fossil certificates ● Evaluate the introduction of energy-saving equipment at each factory

Material issues		Reason for identifying these issues	Medium-Term Management targets (end of fiscal 2026)	Main initiatives and results in FY2025	Progress evaluation	Initiatives from fiscal 2026 onward
Environmentally friendly business	**Promotion of recycling/ energy conservation and the reduction of energy use and waste**	To build a sustainable future, we consider it necessary to contribute to the realization of a circular society and make effective use of and recycle resources.	● Waste plastic recycling rate of 65% or more (FY2030)	● Adopt packaging materials using mechanically recycled PET film for select products ● Promote the reuse of analytical equipment at five factories, including Kashima, and the R&D Division	○	● Establish a "Waste Team" within the Global Environment Team to consider measures for increasing waste plastic recycling rates
	Conservation of biodiversity	Recognizing that biodiversity provides various benefits, we consider promoting nature-positive initiatives important for business continuity.	● Consideration and start of content on TNFD-related initiatives	● Participate in Osaka Prefecture's Forest Adoption initiative to carry out sustainable forest management (thinning, weeding, planting) and satoyama conservation through environmental education and community engagement	○	● Continue the Forest Adoption initiative and Itasenpara bitterling protection activities ● Continue initiatives based on the TNFD framework
Work styles, motivation, respect for human rights	**Promoting inclusion, diversity and equity (ID&E)**	We consider fostering a corporate culture in which various values and backgrounds are accepted as an important element for the growth of the company and the individual.	● Ratio of women in management positions: 15% or more ● Men's utilization of childcare leave: 100% ● Percentage of employees with disabilities: 2.85% or more	● Continuously conduct training and awareness activities to develop next-generation female leaders ● Introduce a new childcare leave system for employees raising children under two years of age	○	● Continue training programs to support and develop next-generation female leaders ● Consider measures to help employees stay connected with the company while on childcare leave ● Consider career design training for young female employees
	Improving employee engagement	Under our human resources philosophy, we value the individuality and creativity of each employee and strive to enhance employee engagement.	● Employee engagement indicator score: 4.50	● Initiate improvement efforts by setting priority focus areas at the division and site levels—such as fostering a culture of taking on challenges and promoting communication—alongside company-wide initiatives	△	● Continue employee engagement surveys ● Conduct training for managers focused on improving engagement
	Working on human rights due diligence	As a healthcare company deeply linked to life, we believe that giving consideration to the human rights of all stakeholders is an important responsibility.	● Reinforcing human rights due diligence at business partners ● Initiatives to spread awareness of the importance of respecting human rights within the company	● Conduct e-learning human rights training for all executives and employees ● Raise awareness of whistleblowing channels for human rights issues such as harassment, and investigate and analyze reported cases	△	● Evaluate internal and external human rights risks as part of human rights due diligence, and determine priority initiatives ● Formulate, publish, and internally disseminate a basic policy to address customer harassment
Corporate governance	**Enhancing risk management and compliance**	As a company that handles drugs, which are products linked to life, we must ensure high ethics and business continuity.	● Reinforcing the Risk Management Committee and the Compliance Committee	● Hold Group Risk Management Committee meetings twice a year to evaluate risks related to disaster response and other contingencies ● Hold monthly Group Compliance Committee meetings to implement measures for raising compliance awareness and hold Company-Wide Compliance Day	○	● Continue the initiatives listed on the left
	Strengthening information security	It is important to build a system to fully protect and manage information related to our company and stakeholders.	● Enhancing the Computer Security Incident Response Team (CSIRT) ● Reinforcing cyber risk countermeasures ● Automating incident response	● Develop generative AI guidelines and user manuals ● Host lectures by external experts	○	● Strengthen the information security monitoring framework ● Continue enhancing security capabilities through external assessments ● Strengthen data backup measures

Driving individual and organizational growth through continuous investment in human resources

Ichiro Takahashi Executive Officer,
Group Chief Human Resource Officer
Sawai Group Holdings Co., Ltd.



Our Corporate Philosophy and human capital strategy

The Sawai Group conducts its business activities under the Corporate Philosophy of "Dedicated to building a healthier future for all." In particular, in the generic drug business, we have made it our mission to contribute to society through superior quality and a stable supply, placing Sawai Pharmaceutical's philosophy, "Always putting patients first," at the core of our daily duties.

In continuing to fulfill this mission, human resources are our most important management foundation. In this VUCA era, where the future is uncertain, and changes are rapid, sustainable corporate growth cannot be achieved solely through facilities and systems. Each and every employee is required to accurately grasp changes, think for themselves, make decisions on the front lines, and solve issues while collaborating with those around them. This is precisely why we consider our employees not as mere "costs," but as vital "capital" that creates corporate value.

Our Group's human resources philosophy is "Nurturing individuals and maximizing their potential." Under this philosophy, we place recruitment, placement, evaluation, promotion, and development at the core of our human capital strategy. At the same time, we are focusing on building supportive work environments through efforts such as promoting ID&E*, supporting career development, practicing health and productivity management, and supporting employees in balancing work with childcare and nursing care. By promoting these measures comprehensively, we are creating an environment in which each employee can experience growth and maximize their abilities, thereby driving the vitality of the entire organization.

At the same time, the driving force of growth is ultimately each individual employee. While the Company actively supports employee growth, we also expect our employees not to be satisfied with the status quo, but to identify issues from new perspectives and take on challenges aimed at improvement. As a pharmaceutical company, compliance with laws and regulations and a quality-first approach are absolute prerequisites. Beyond that, we require employees to act proactively—constantly pursuing ongoing learning, thinking independently, and seeking better ways to work. The core of our human capital strategy is to build an organization where all employees can thrive and be empowered, growing alongside the Company, by continuing to provide systems and opportunities that support their efforts to take on new challenges.

*An abbreviation for inclusion, diversity, and equity. We stipulate policies that focus on understanding and accepting differences in each person's background (race, nationality, gender, age, etc.) (inclusion), leveraging talent regardless of background (diversity), and treating all employees impartially (equity) .

To achieve the Medium-Term Business Plan "Beyond 2027"

To achieve the objectives of "Beyond 2027," our medium-term business plan, it is essential to steadily advance growth in the generic drug market, establish sustainability in the generic drug business, and make continuous investments in growth areas, all underpinned by "Establishing a trusted corporate foundation." To realize these goals, human resources remain one of our most critical management foundations. It is none other than the power of each employee working on the front lines that supports a stable supply while putting quality first, drives the expansion of production capacity and the development of high-value-added products, and responds to the changing market landscape.

Therefore, the Group is promoting a human capital strategy integrated with our management strategies, rather than simply securing the required headcount. In addition to strengthening recruitment in key operational areas such as production, quality control, R&D, and sales, we are holistically managing training, optimal placement, job rotation, evaluation, and promotion to build a system that maximizes the capabilities of our human resources.

We are also working on the systematic cultivation of next-generation leaders and executive candidates, human resource management from a company-wide perspective through the Group Human Capital Strategy Council, which is attended by senior management, and the more sophisticated use of human resources data. Through ongoing investment in human resources, we will continue to build a robust human foundation that underpins the realization of our medium-term business plan, "Beyond 2027."

Human resources are the source of a company's competitiveness

Regarding human resources, which are the source of our corporate competitiveness, we are currently placing particular emphasis on strengthening areas that directly support sustainable business growth, such as production, quality control, and R&D. As social demands for a stable supply of pharmaceutical products become increasingly higher, we are

systematically recruiting and training personnel for these roles, which could otherwise become bottlenecks in growing production capacity. In fiscal 2025, we achieved an increase of approximately 400 employees across Sawai Pharmaceutical and Trust Pharmatech combined. Going forward, we will not only increase headcount but also steadily train and retain employees who can perform effectively on the front lines. Furthermore, we will aim to improve the organizational strength that supports a stable supply through multi-skilling, knowledge sharing, and inter-factory collaboration.

In addition, cultivating leaders who will lead our future is essential for continuously enhancing our competitiveness. Through the Group Human Capital Strategy Council, our Group is advancing the selection and development of next-generation leaders, managers, and executive candidates from a company-wide perspective. By viewing human resources from a Group-wide perspective rather than a department-by-department perspective, we are building a human resource foundation that enables employees to take on greater responsibilities through job rotation, training, and dialogue.

Furthermore, creating a work environment in which diverse human resources can maximize their abilities is also important. We are promoting ID&E initiatives, including cultivating female leaders, promoting the employment of people with disabilities, and promoting understanding of LGBTQ+. We also support employees' autonomous growth through career counseling services, an internal job-posting system, and career design training. We are committed to creating a workplace where employees with diverse circumstances can continue to work with peace of mind, including supporting employees to balance work and childcare and nursing care, promoting remote work, and advancing health and productivity management.

Moreover, improving employee engagement is a critical theme that supports all of these initiatives. We implement semi-annual employee engagement surveys and will steadily advance improvement measures based on the results. By strengthening the utilization of human resources data and linking individual growth with organizational growth, we will fortify the human foundation required to ensure that our Group remains a company continuously trusted and chosen by society.

Human capital strategy to enhance corporate value

Medium-Term Business Plan "Beyond 2027"	Human capital strategy themes	High-priority measures	Emphasized indicators	Increase corporate value
Key themes for business strategy 1 Achieving steady growth in the generics market 2 Establishing sustainability of the generics business 3 Continuing investment in growth areas	**Strengthening our ability to recruit and secure human resources with the necessary skills and mindset**	● Strengthening the recruitment brand ● Utilizing various recruitment channels ● Optimizing the recruitment process and improving the candidate experience	● Number of internship programs held ● Number of recruitment briefings ● Number of new graduate and mid-career applicants	● **Provide a stable supply of generic drugs** ● **Increase quality control capabilities** ● **Increase R&D capabilities**
	Promoting inclusion, diversity and equity (ID&E)	● Promoting active engagement for women and cultivating leaders ● Supporting the elderly and employees with disabilities ● Creating an inclusive work environment	● Ratio of women in management positions ● Men's utilization of childcare leave ● Percentage of employees with disabilities	
	Human resource development and career growth support	● Systematically developing talent with a management perspective ● Supporting proactive career development ● Providing learning opportunities and skill development support	● Number of employees eligible for succession planning ● Number of employees using the internal recruitment or dual job system ● Number of career consultations	
	Creating more facilitative and motivating environments	● Promoting flexible work styles ● Strengthening health management and health and safety ● Improving employee engagement ● Reforming corporate culture	● Utilization of paid leave ● Health checkup rate ● Number of town hall meeting participants	
	Expertise and skill development support	● Strengthening expertise and skills ● Supporting external training and qualification acquisition ● Providing opportunities for self-directed learning	● Number of training participants ● Number of external training program courses ● Number of external training participants	

Continuous Organizational Improvement Cycle (PDCA Model)

Identifying Issues and Developing Improvement Plans
- Providing tools to visualize department-specific issues
- Creating an environment that supports stronger management capabilities
- Formulating frontline-participatory plans

Ensuring Feedback for Work Environment Improvements
- Conducting in-depth analysis and interpretation of human resources data
- Optimizing measures to accelerate employee ramp-up and reduce turnover, and other key outcomes



Frontline-Led Improvement Activities
- Implementing employee-led improvement actions
- Encouraging expressions of appreciation through recognition apps
- Deepening dialogue in a spirit of "mutual care"
- Sharing success stories on the intranet

Multifaceted Assessment and Evaluation of the Current Status
- Conducting various surveys
- Verifying the effectiveness of measures using quantitative and qualitative data
  - Engagement surveys
  - Evaluation feedback questionnaires
  - Stress checks, etc.

Human capital strategy

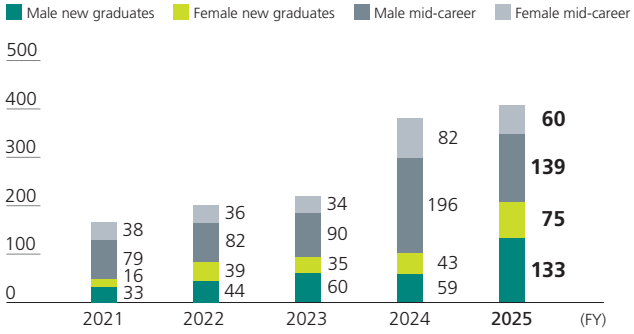
Building a Human Resource Foundation to Support a Stable Supply

As societal expectations for a stable supply of pharmaceuticals continue to rise, fulfilling our corporate mission of "quality and a stable supply" is our top-priority management issue for the Group's sustainable growth. To support this robust production and supply system, we are systematically securing human resources in tandem with our management strategies, while strengthening recruitment and development in critical operational areas such as production, quality control, and R&D. In fiscal 2025, we achieved a significant increase in headcount across Sawai Pharmaceutical and Trust Pharmatech—which is scheduled to merge with Sawai Pharmaceutical in April 2027—thereby expanding our supply capabilities and strengthening our organizational capacity in anticipation of future integration.

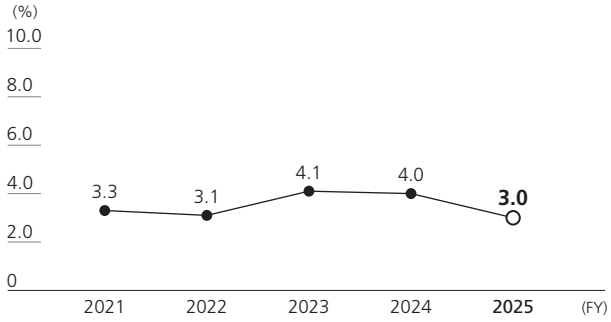
Amid continued competition for young talent, particularly in new graduate recruitment, the Group is expanding recruitment communications focused on minimizing expectation gaps and mismatches between candidates and the company. Specifically, building on the foundation of providing appropriate information to students and conducting internships, we focus on holding events and strengthening communications that help students form a realistic picture of what working at the Company will be like. In these activities, many young frontline employees participate in information sessions and events to convey their daily tasks and workplace atmosphere. They also serve as recruiters to attentively address students' concerns and anxieties about job hunting, establishing a company-wide cooperative framework. By responding carefully to each student's information needs and engaging in continuous dialogue, we ensure the acquisition of human resources who resonate with the Group's philosophy and working styles and aim to grow together with us.

Furthermore, we are enhancing onboarding activities so that mid-career hires—who have been increasing in recent years—and new graduates entering the workforce can smoothly adapt to and remain in the organization. Fostering awareness as employees engaged in the manufacture and sales of pharmaceuticals—a business involving human lives and carrying immense social responsibility—is an absolute prerequisite. To this end, we conduct introductory training to support their smooth adaptation to the strict regulatory environment of the pharmaceutical industry. As one example, we work to cultivate an attitude where employees go beyond merely complying with standard operating procedures (SOPs) to understanding their underlying rationale and purpose, thinking and acting independently. Through the development of such human resources, we aim to heighten ownership and problem-solving capabilities on the front lines, thereby building organizational strength that underpins a stable supply and sustainable growth.

Number of recruits (for Sawai Pharmaceutical)



Employee turnover rate



* Sawai Pharmaceutical (before FY2022), Sawai Group (from FY2023 onward).

Autonomous Career Development and Company-wide Human Resource Development

The driving force for the Group to achieve the targets of "Beyond 2027," our medium-term business plan, lies in each employee's ability and willingness to accurately grasp changes, make decisions on the front lines, and solve issues while collaborating with those around them. Under our human resources philosophy of "Nurturing individuals and maximizing their potential," the Group is advancing initiatives to support the autonomous growth of our employees.

Specifically, we offer multifaceted career development support, such as establishing career counseling desks to address individual concerns and introducing career design training for employees to periodically reflect on their strengths and future aspirations. In addition to fostering self-driven growth through these measures, our internal recruitment system, which allows employees to take on new duties and roles on their own initiative, has become an established mechanism for encouraging employees to take on new challenges.

Moreover, the Group links this career support with systematic human resource development from a company-wide perspective. Viewing human resources from the perspective of overall Group optimization rather than departmental optimization, we implement systematic selection and training programs for next-generation leaders,

managers, and executive candidates. We are also working to broaden the pool of talent that leads the organization through various training programs and rotations based on our human capital strategy. By continuously providing frameworks and opportunities to support employees' voluntary challenges, the Group strives to strengthen a solid human foundation that maximizes the potential of each individual and enables them to grow alongside the Company.

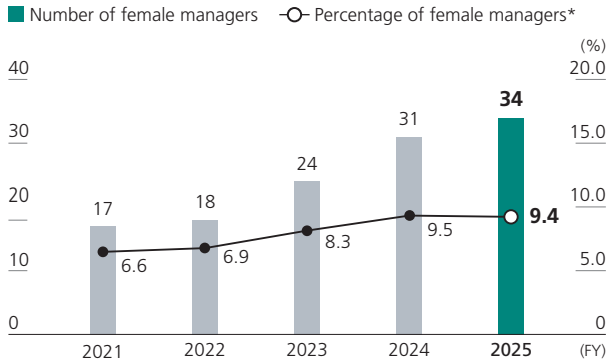
Establishing an ID&E Environment to Support Autonomous Growth

The Group is advancing the cultivation of an organizational culture (ID&E) in which talent with diverse backgrounds can maximize their potential and collaborate proactively. While systematically advancing measures such as cultivating next-generation female leaders, expanding the hiring of people with disabilities, and promoting understanding of LGBTQ+, we are working to build a workplace where employees with diverse lifestyles and values can work with peace of mind through support for balancing work with childcare and nursing care, promoting the use of a remote work system, and advancing health and productivity management.

To secure the diversity of human resources and leverage their capabilities, an environment where each employee can experience growth and autonomously shape their career is indispensable. The Group supports employees' autonomous growth in a variety of ways through the aforementioned career development support. At the same time, we promote flexible work styles by enhancing systems that help employees balance work with major life events like childcare and nursing care, as well as promoting the use of a remote work system. Creating a workplace environment where employees can continue to thrive and be empowered through these efforts leads to organizational vitality that generates new value from diverse perspectives.

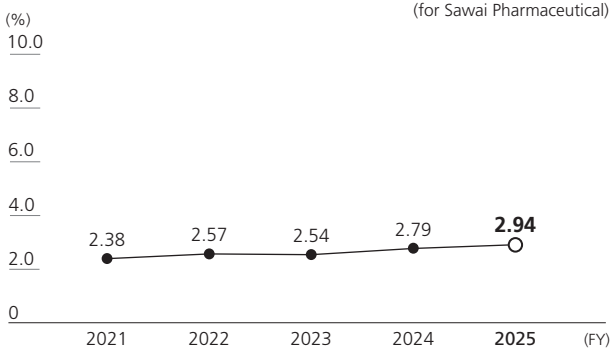
Going forward, through continuous investment in diverse talent and the workplace environment, we aim to strengthen a robust organizational capability that flexibly adapts to rapidly changing market landscapes and continuously creates corporate value.

Number and percentage of female managers*

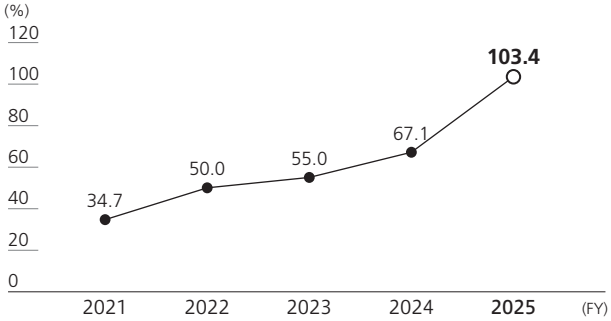


* Sawai Pharmaceutical (before FY2022), Sawai Group (from FY2023 onward).Target ratio of female employees in management positions: 15% and above by the end of March 2027.

Employment rate of persons with disabilities



Percentage of childcare leave take-up*



* Denominator is the number of employees who gave birth to children by themselves or their spouses among Sawai-registered or transferred employees to Sawai (before FY2023), Entire Sawai Group (from FY2024 onward).

Enhancing Employee Engagement

As a management foundation supporting sustainable value creation, the Group positions "employee engagement" as a key metric and is engaged in ongoing organizational improvements based on survey results.

To improve employee engagement, it is essential to accurately grasp the distinct challenges in each workplace. Rather than attempting to resolve these issues solely through the Group Human Resources Department, the Group focuses on building an environment to strengthen people management capabilities so that managers at each workplace can accurately identify organizational challenges in daily operations and changes in employee attitudes. For instance, we provide support such as providing departments with analysis results from internal surveys—including engagement surveys—to departments and providing tools that visualize department-specific issues. Furthermore, beyond merely sharing survey results, we promote participatory organizational development on the front lines so that employees can autonomously initiate improvement actions tailored to each workplace based on the data presented.

In addition, to create a workplace with high psychological safety where diverse employees can respect one another regardless of background or department, we are fostering a culture in which superiors, subordinates, and colleagues deepen dialogue in a spirit of "mutual care" and recognize positive everyday behaviors. Leveraging already introduced digital tools such as recognition apps, we are encouraging more active workplace communication by making small everyday contributions and expressions of gratitude visible.

By appropriately analyzing and utilizing engagement data obtained through these activities, we ensure that results are fed back into improving the environment of each workplace while striving to create a workplace environment that supports retention where employees can continue contributing with confidence over the long term. By linking individual growth with organizational growth, we are working to improve organizational capability to ensure that our Group remains a company continuously trusted and chosen by society.

Society

WEB
Sawai Group Human Rights Policy:
https://global.sawaigroup.holdings/about/globalpolicy/pdf/human-rights-policy.pdf
Human Resources Development:
https://global.sawaigroup.holdings/sustainability/social/development/

Consideration for Human Rights

As a comprehensive healthcare group deeply involved in matters affecting human life, the Sawai Group recognizes human rights as one of its most important responsibilities to all stakeholders, including patients, medical professionals, business partners, local communities, and employees. We therefore comply with all laws and regulations related to human rights and support and respect the protection of internationally proclaimed human rights.

The Group Code of Conduct also stipulates that we oppose any form of discrimination on the basis of race, gender, nationality, ethnicity, religion, ideology, political opinion, sexual orientation, disease, or disability and will not be complicit in any human rights abuses.

Initiatives to respect human rights

Formulation of the Human Rights Policy

The Sawai Group published the Group Human Rights Policy in April 2025 with the aim of further strengthening its commitment to respect for human rights. As the highest level of human rights policy based on the Group Corporate Philosophy, the Group Code of Conduct and the Group Sustainability Policy, this policy forms the basis for all of the Group's business activities. The policy applies to officers and employees of the Sawai Group and we will continue to encourage all business partners to support the policy and work together to respect human rights.

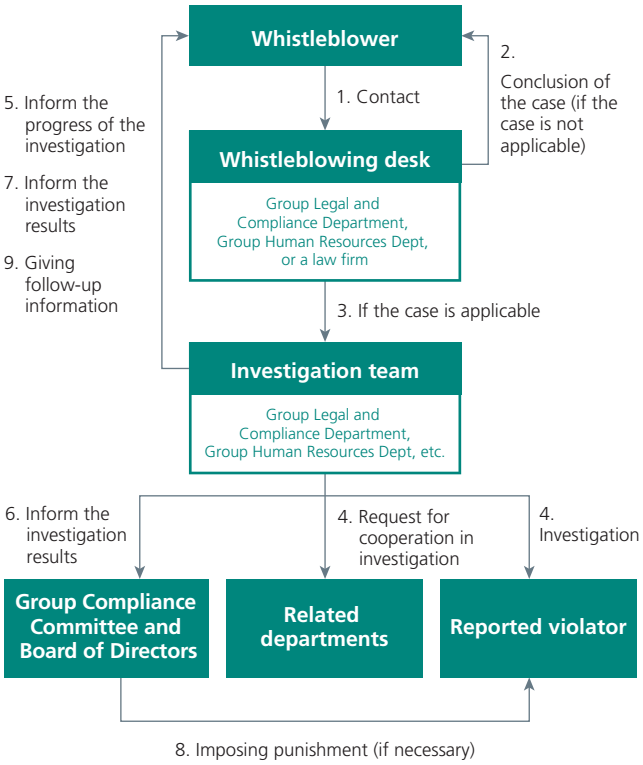
Human rights training

The Group provides human rights training to all employees to deepen their understanding of the importance of respecting human rights. In fiscal 2025, we conducted e-learning covering examples of human rights abuses by companies, the history of human rights, the background to the formulation of the United Nations Guiding Principles on Business and Human Rights, the content of the Group Human Rights Policy, and points to bear in mind in daily operations. We will continue working to raise awareness of respect for human rights among all employees through ongoing education.

Access to remedy

The Group has established the Corporate Ethics Helpline (internal whistleblowing system) as a reporting and consultation channel to facilitate the early detection and correction of human rights abuses in its business activities.

Corporate Ethics Helpline framework



The system is available to all Group employees as well as business partners. The confidentiality of whistleblowers and individuals seeking consultation is strictly protected, and anonymous reports and consultations are accepted. Any adverse treatment arising from making a report or seeking consultation is strictly prohibited. We promptly investigate the facts of each case and, if a human rights abuse is confirmed, take appropriate corrective action to provide remedy to the victim and prevent recurrence, thereby enhancing the effectiveness of our efforts to respect human rights.

Measures against harassment by customers

The Group places importance on appropriate communication with customers, including medical professionals and patients. However, harassment by customers, such as demands or behavior that exceed socially accepted norms, may affect employees' physical and mental health and their ability to perform their duties. The Group has therefore developed a manual defining criteria for identifying harassment by customers and methods for responding to it. In addition to annual training in this area, education is provided when employees are newly assigned. Going forward, we will continue working to create an environment in which employees can perform their duties with peace of mind.

At the Medical Information Center/Patient Support Office, we have also introduced a system that transcribes calls in real time and enables continuous monitoring of call content, helping to reduce the psychological burden on employees.

Message from the responsible officer

Establishing an accountable quality assurance system and continuing to earn trust in quality



Kazuhisa Adachi
Executive Officer
Group Chief Quality & Safety Officer (Group CQO)
Sawai Group Holdings Co., Ltd.

As Senior Vice President of the Reliability Assurance Division at Sawai Pharmaceutical and Group Chief Quality & Safety Officer (Group CQO) for the Sawai Group, I am responsible for reliability assurance relating to product quality, efficacy, and safety, as well as for maintaining and enhancing the Group-wide system for compliance with the Pharmaceuticals and Medical Devices Act and related regulations.

In light of past quality issues, my highest priority is now to establish a system capable of continuously ensuring compliance and to maintain the ability to explain that system transparently. I recognize that continuing to provide all stakeholders, including patients, medical professionals, and regulatory authorities, with products whose quality, efficacy, and safety are rigorously controlled is the foundation for further restoring trust.

Specifically, I am strengthening collaboration between the headquarters quality assurance division and our factories and continuing to identify and resolve issues at an early stage through regular factory visits. I am also drawing on the expertise of external specialists to enhance management based on Good Manufacturing Practice (GMP) and Good Quality Practice (GQP) and strengthen our audit system. In addition, I am promoting data integrity by systematizing quality information processing and reporting processes and enhancing responses to inquiries through the use of AI. I am also clarifying operational responsibilities to accelerate decision-making and improve the quality of decisions.

Going forward, I will continue working to restore and further enhance society's trust by strengthening our quality assurance system and further transforming our corporate culture, thereby continuing to embody our philosophy of "always putting patients first."

Strengthening the quality assurance system

The Group is guided by its aforementioned philosophy of "always putting patients first." It regards the stable delivery of high-quality pharmaceuticals as the cornerstone of reliability assurance and gives top priority to continuously strengthening its quality assurance system. For pharmaceuticals, which are directly linked to human life, ensuring efficacy and safety and maintaining a stable supply of high-quality products are our mission, while thorough and appropriate product management forms the foundation for sustainable value creation.

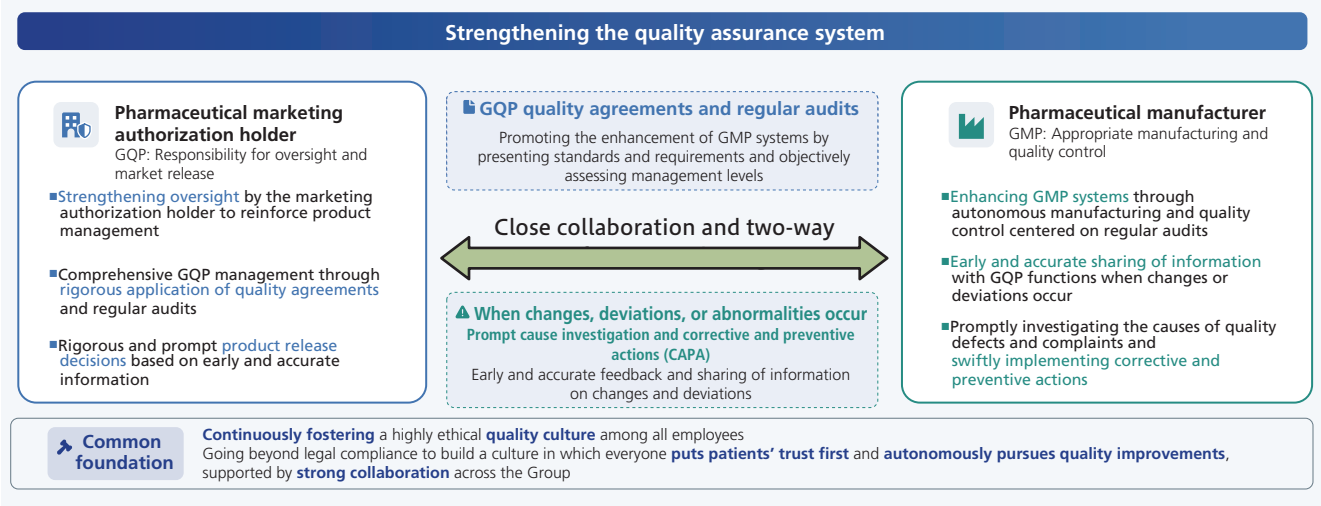
To further reinforce appropriate product management, we will strengthen our system for overseeing and supervising all manufacturing sites and their GMP systems, whether operated in-house or by contractors, in accordance with the Japanese government's ordinance on GQP. Rather than relying solely on unilateral monitoring, we emphasize close collaboration with manufacturing sites and are developing a two-way system that enables the prompt sharing and assessment of manufacturing and quality control conditions. Specifically, we support further enhancement of GMP systems through the rigorous application of quality agreements and regular audits. We also obtain information on changes and deviations earlier and more accurately and assess it appropriately based on scientific knowledge before products are released. If a quality defect or complaint arises, we thoroughly investigate the cause and promptly implement corrective action and preventive action (CAPA), thereby minimizing quality risks throughout the supply chain.

To support our quality assurance system, we are also fostering a culture of high ethical standards throughout the Group. By building an open organizational culture in which signs of quality risks can be detected and shared at an early stage and integrating frontline quality assurance activities with objective reliability assurance mechanisms, we will continue to earn society's trust.

Initiatives to ensure quality assurance and reliability

Promoting data integrity

To ensure the quality, efficacy, and safety of pharmaceuticals and medical devices, the Group ensures the authenticity of data and records throughout their life cycles, regardless of whether they are in paper or electronic form. To maintain this assurance appropriately, we are digitizing



operations and eliminating human intervention by automatically generating data and records. We also provide thorough education on appropriate recording and management methods to prevent deficiencies or errors from leading to misconduct and foster awareness of misconduct prevention. Electronic records are subject to rigorous security controls and backups, with audit trails ensuring verifiability. For paper records, we also make revision histories visible and protect original documents.

GMP training

Taking the Teprenone issue extremely seriously, the Group launched the Corporate Culture Reform Project under the direct leadership of the President in October 2023 to restore trust and fundamentally reform compliance awareness. As part of this initiative, we provided all employees with basic training on the Pharmaceuticals and Medical Devices Act and GMP.

Reflecting management's firm determination that all employees of a pharmaceutical company must acquire a sound basic knowledge of the Pharmaceuticals and Medical Devices Act and GMP, the program comprised 12 lectures delivered over one year beginning in November 2023. It covered all employees, including those in departments not directly involved in GMP operations, such as general affairs and human resources, and used extensively illustrated materials to promote understanding. The participation rate reached 100%, and the post-training survey found that, in addition to employees who were already aware of the importance of legal compliance, approximately 40% experienced a change in awareness. The program helped employees see the Pharmaceuticals and Medical Devices Act and GMP as relevant to their own work and gave us a tangible sense of progress in reforming our corporate culture.

In response to calls from many employees for continued learning, we continue to provide all employees with regular training on the Pharmaceuticals and Medical Devices Act and GMP. Rather than allowing this to be a one-time program, we will press ahead with embedding a corporate culture that gives top priority to compliance.

Approach to collaboration with stakeholders

The Group believes that building strong relationships of trust with all stakeholders and creating value through collaboration are essential to realizing a sustainable society and enhancing corporate value over the medium to long term. We emphasize dialogue and engagement with our business partners, employees who support the development of our business and their families, the local communities with which we coexist, children who will shape the future, and society as a whole. By fulfilling our responsibilities to each, we aim to achieve sustainable growth that draws on our respective strengths.

Building relationships with suppliers

Business Partner Briefings

A stable supply of generic drugs requires the continuous procurement of high-quality raw materials and other materials. We therefore hold an annual Business Partner Briefing to share information on the Group's production status, market trends, and outlook. The briefing also provides an opportunity to increase the transparency of transaction terms, promote technical cooperation, and seek understanding of and cooperation with our Sustainable Procurement Policy, including respect for human rights, environmental considerations, and compliance. Through close dialogue with our business partners, we will build strong relationships of trust and pursue sustainable growth together while fulfilling our social responsibilities.

Building relationships with employees and their families

Family Day

The Group held a Family Day for employees' children to express appreciation to the families who support our employees and deepen their understanding of the workplace environment.

The day included an online tour of the Sanda Nishi Factory, a visit to headquarters research and development facilities, and a program in which children experienced exchanging business cards, providing them with an opportunity to gain a feel for the workplace. We will continue fostering a corporate culture in which employees and their families can take pride.

Building relationships with local communities

Hosting factory tours

In the belief that improving access to healthcare requires promoting public understanding of generic drugs, the Sawai Group actively offers factory tours to people from various walks of life, including schoolchildren, students, local residents, and healthcare professionals.

On these tours, participants closely observe drug manufacturing processes while learning about our quality control and safety initiatives. Through question-and-answer sessions, we also seek to deepen their interest in pharmaceuticals.

We will continue engaging with local residents so that we are a trusted and approachable member of the community.

Social contribution activities

Sawai Pharmaceutical sponsors the International Women's Wheelchair Basketball Friendship Games OSAKA CUP, held annually in Osaka City.

This international tournament brings together women's wheelchair basketball teams from various countries, promoting understanding of persons with disabilities and providing opportunities for international exchange through sports.

During the tournament, exchange events are also held between local residents and participating teams, attracting many participants. Through these activities, we aim to realize a society in which everyone can enjoy sports and develop mutual understanding.

Environment

WEB

Sawai Group Environmental Policy (PDF) : https://global.sawaigroup.holdings/sustainability/environment/management/pdf/environmentalpolicy.pdf
Disclosure based on TCFD recommendations (details) : https://global.sawaigroup.holdings/sustainability/environment/tcfd/
Disclosure based on TNFD recommendations (details) : https://global.sawaigroup.holdings/sustainability/environment/biodiversity/
ESG data : https://global.sawaigroup.holdings/sustainability/esg/

Basic approach

At the Sawai Group, we strive to realize the Group Corporate Philosophy, "Dedicated to building a healthier future for all." As a comprehensive healthcare group committed to developing sustainably alongside society, we position environmental conservation activities, including responses to climate change and biodiversity conservation, among our key material issues in management and actively promote and continuously improve these activities.

Sawai Group Environmental Policy

In all of its business activities, the Sawai Group works to preserve the global environment, protect natural resources, and prevent pollution. Based on this fundamental policy and its commitment to continue contributing to the realization of a healthy and sustainable society for all people, the Group established the Sawai Group Environmental Policy in March 2026.

The following are excerpts of the key provisions of the Sawai Group Environmental Policy.

Sawai Group Environmental Policy

1. **Compliance with Environmental Laws and Regulations and Establishment of a Management Framework** ▶ p. 43
2. **Response to Climate Change and Reduction of GHG Emissions** ▶ pp. 43-44
3. Prevention of Environmental Pollution and Appropriate Management of Chemical Substances
4. **Efficient Use of Resources and Contribution to a Recycling-Oriented Society** ▶ p. 44
5. **Conservation of Biodiversity** ▶ p. 45
6. **Water Resource Management** ▶ p. 43
7. Environmentally Conscious Products and Services
8. Education, Training, and Awareness-raising
9. **Collaboration with All Parties in the Supply Chain** ▶ p. 46
10. **Auditing and Disclosure** ▶ p. 46

Compliance with Environmental Laws and Regulations and Establishment of a Management Framework 1

The Sawai Group will comply with international declarations, agreements, and conventions related to environmental conservation, as well as the environmental laws and regulations of the countries and regions where it operates and other arrangements it has agreed upon, treating these as the foundation of its business activities. To help achieve a sustainable society, each of us will actively work to preserve the global environment with keen awareness of the environmental impact of our corporate activities. To drive specific initiatives to address environmental issues, the Group has established a Global Environment Team under the Group Sustainability Committee and will maintain a system whereby sustainability-related risks and opportunities are reported to and overseen by the Board of Directors.

Response to Climate Change and Reduction of GHG Emissions 2

In recognition of climate change as a material risk with significant implications for management, the Sawai Group will identify, assess, and manage climate-related risks and opportunities across the entire value chain. The Group will also purposefully avoid donating to organizations that deny climate change or oppose climate-related regulations or funding any related lobbying activities. To achieve net zero greenhouse gas (GHG) emissions by 2050, the Group will promote its efforts to reduce GHG emissions, improve energy efficiency, and introduce and make wider use of renewable energy.

Water Resource Management 6

In recognition of the importance of water resources across the entire pharmaceutical value chain, the Sawai Group will strive to maintain a healthy water cycle and coexist harmoniously with local communities. The Group will support efforts to ensure all stakeholders' access to safe water and sanitation and, based on risk assessments conducted with external data such as those from the World Resources Institute (WRI) Aqueduct, promote the reduction of water withdrawal and consumption, as well as more efficient water use, in accordance with water stress in each region. In addition, the Group will work to protect freshwater ecosystems and reduce water-related risks through rigorous wastewater management, thereby contributing to the realization of a sustainable society.

Reduction of GHG emissions 2

The Group's GHG emissions are trending upward as we expand facilities to strengthen our stable supply system for generic drugs. At the same time, we are actively working to reduce our environmental impact to help realize a sustainable society.

Installation of solar power generation equipment

We have installed solar power generation equipment at the Sanda Nishi Factory (Sanda City, Hyogo Prefecture) and the Daini Kyushu Factory (Iizuka City, Fukuoka Prefecture).



Solar power generation equipment

The Sanda Nishi Factory has installed approximately 450 solar panels, which generate 266 MWh annually. This is equivalent to approximately 6% of the factory's annual electricity consumption and contributes to an annual reduction of 89 t-CO_2. Solar panels have also been installed on the roof of the new solid dosage form building at the Daini Kyushu Factory, completed in July 2024, with plans to expand capacity to approximately 300MWh in the future.

We will further advance our initiatives to expand the use of renewable energy while considering the optimal approach for the terrain and characteristics of each site.

Installation of heat pump equipment

The Kanto Factory (Mobara City, Chiba Prefecture) has an annual manufacturing capacity of more than 3.5 billion tablets and is one of the Group's key manufacturing sites. As part of its efforts to reduce environmental impact, the factory introduced a waste heat recovery heat pump system in March 2024.

This system efficiently recovers waste heat that was previously released into the atmosphere from air-cooled chillers and reuses it to heat the hot water required for cleanroom air-conditioning control, thereby making effective use of thermal energy. In the first year after installation, this initiative reduced city gas consumption by 22.7% year on year and CO_2 emissions by 822 tons annually. These results exceeded initial expectations, and we are expanding the system to other factories.



Heat pump equipment at the Kanto Factory

We will continue to accelerate Group-wide initiatives toward carbon neutrality while maintaining our production system and addressing environmental issues.

Efficient Use of Resources and Contribution to a Recycling-Oriented Society 4

Even as we expand facilities and equipment to increase drug production, the Group is thoroughly pursuing the efficient use of resources to reduce its environmental impact.

While providing large-scale production capacity, the new solid dosage form building at the Daini Kyushu Factory, which began operations in December 2024, was designed from the outset as a sustainable factory focused on resource and energy conservation. As part of this effort, approximately 1,070 kg of waste aluminum foil used for testing during validation and other procedures when the building was launched was recycled as material. By replacing conventional incineration with a resource circulation scheme that reuses the waste as a raw material for aluminum products, we reduced GHG emissions by 20% and curbed disposal costs.

We are expanding this initiative to other factories and plan to apply it when production equipment is expanded at Trust Pharmatech's Seima Factories No. 2 and No. 3 and on other occasions.

At all of its manufacturing sites in Japan, the Group promotes waste reduction suited to the characteristics of each facility and the effective use of finite water and energy resources, aiming to contribute to a sustainable, recycling-oriented society across the Group. The following are specific environmentally conscious initiatives at the new building of the Daini Kyushu Factory.

Supply equipment for liquefied natural gas (LNG)

In consideration of reducing GHG emissions, LNG was selected as the fuel for six steam boilers used primarily as

heat sources for the air-conditioning required for production. Because there is no city gas supply network around the factory, two 60 kL storage tanks were installed as LNG supply equipment. For safety management, the tank manufacturer also monitors the equipment continuously to ensure stable and safe operation.

Wastewater reuse equipment

Previously, 40%–60% of water to be purified by our purified water production equipment was discharged as wastewater. To make effective use of water resources, the wastewater is now temporarily stored, disinfected, and reused as toilet flushing water.

This initiative promotes resource circulation by minimizing waste in the use of finite water resources.

Steam-powered compressor

We have introduced a steam-powered compressor to make effective use of the energy generated when steam pressure is reduced. Steam is normally supplied after its pressure is adjusted by a pressure-reducing valve. This equipment instead uses the energy from pressure reduction to supply compressed air, while recovering the resulting waste heat as hot water for use as part of the feedwater for the steam boilers.

By using thermal energy effectively while minimizing energy loss, we are improving energy efficiency throughout the factory.

Conservation of Biodiversity 5

Forest adoption activities

Osaka Prefecture's forest adoption program matches companies and organizations wishing to participate in forest development activities with forest owners. The companies and organizations "adopt" and manage designated forests and conserve rural (agricultural) land. Through a variety of activities, including forest maintenance such as thinning, undergrowth clearing, and tree planting, environmental education, and interaction with volunteer members of local communities, the Group aims to foster sustainable forests and conserve agricultural land.

Forests play essential roles in our lives, including preventing global warming, conserving biodiversity, and nurturing water resources. However, in recent years, forest degradation and shortages of forest caretakers have become challenges. Through these forest adoption activities, we also help prevent wildlife damage caused when increasing amounts of abandoned farmland blur the boundary between mountainous areas and rural land.

By encouraging companies and organizations to take the initiative in conserving forest and rural land, the forest adoption program protects the local natural environment and passes on rich forests and satoyama (forest land used and maintained mainly for agricultural purposes by local communities)/rural land to future generations. It also leads to enhanced environmental awareness and strengthened relationships with local communities.



Forest adoption activities

Itasenpara conservation activities

The Group participates in activities to conserve the Itasenpara, a freshwater fish designated as a Natural Monument by the Japanese government and listed as an endangered species.

The Itasenpara is a small kind of bitterling-like cyprinid that was once commonly seen in rivers across the Kansai region, including the Yodo River. However, its population has declined drastically due to changes in river environments, the spread of non-native fish, and a reduction in its habitats,

Comment

Introducing optimal renewable energy solutions from a long-term perspective



Koya Irie
Facility Control Section,
Administration Department,
Daini Kyushu Factory
Manufacturing Division
Sawai Pharmaceutical Co., Ltd.

I was involved in installing solar power generation equipment at our factory as part of "working on sustainability initiatives," one of the key themes of the Beyond 2027 medium-term business plan.

The greatest challenge in advancing this project was balancing the initial and maintenance costs of two different installation models: in-house ownership and a power purchase agreement (PPA). Based on the plans submitted by each potential partner company, we performed and visualized multifaceted simulations of total costs over 20 years, failure risks, and future environmental value, enabling us to propose and promote the optimal installation method.

Through this initiative, I learned the importance of taking a long-term, forward-looking perspective. I will apply this experience to make the Daini Kyushu Factory more environmentally conscious. Going beyond solar power, I will take a comprehensive approach that also considers synergies with other energy-saving technologies and contribute to creating a factory that strongly drives the Sawai Group's sustainability while remaining closely attuned to the local community and the environment.

resulting in its inclusion in the Japanese Ministry of the Environment's Red List (list of endangered and threatened wildlife species). It has also been selected as the Yodo River's symbol fish and represents the biodiversity of the region.

Twice a year, we remove non-native fish and clean the riverbanks at the Shirokita Wando backwaters in Asahi Ward, Osaka City, near the birthplace of Sawai Pharmaceutical. These activities are essential to protecting a safe habitat and spawning environment for the Itasenpara.

These conservation activities also provide opportunities for each employee to learn about the importance of biodiversity and environmental conservation and strengthen their ties with the local community. We will continue our conservation activities to safeguard precious wildlife, including the Itasenpara, and hand it down to future generations.

Collaboration with All Parties in the Supply Chain 9

Basic approach

Through collaboration with business partners and suppliers, we promote initiatives to realize a sustainable society while addressing social expectations concerning the environment, human rights, and other issues. Through ongoing disclosure of environmental information, dialogue, and transparent communication, we build relationships of trust with stakeholders and contribute to the realization of a sustainable society.

Business Partner Briefings

The Group regularly holds briefings for business partners that supply raw materials and other materials. In fiscal 2025, we surveyed packaging material manufacturers to understand, identify, and mitigate risks involving environmental impacts, human rights, and other issues in the supply chain.

Through the survey, we share information on each company's initiatives and challenges, such as reducing waste and promoting resource recovery. By providing feedback on the results, we also engage in dialogue to enhance transparency and sustainability among our suppliers. In addition, to support decarbonization, which is becoming increasingly important throughout society, we requested specific forms of collaboration, including the provision of information on the carbon footprint of each product.

We will continue to deepen mutual understanding through ongoing dialogue and build sustainable procurement and supply systems.

Recycling of PTP packaging waste

At the Kashima Factory, prompted by a proposal from a business partner that supplies pharmaceutical packaging materials, including PTP packaging materials, we are working to recycle PTP packaging waste in collaboration with a company that developed technology for separating the plastic and aluminum components of such waste.

Because the plastic and aluminum in PTP sheets are firmly bonded through heat and pressure, they were previously difficult to separate and were therefore primarily incinerated. By using separation technology to separate the plastic and aluminum, we have achieved material recycling of each material. The supplier that collaborated with us on this initiative received an Excellence Award in the FY2025 Pharmaceutical Supply Chain Environmental Awards presented by the Federation of Pharmaceutical Manufacturers' Associations of Japan.

Members of the Global Environment Team, which promotes sustainability, also worked together to devise methods for sorting and storing the relevant waste, enabling us to become the first generic drug manufacturer to launch such an initiative. Expected to reduce CO_2 emissions by approximately 94% compared with incineration, this collaboration is a strong example of achieving both resource circulation and a reduced environmental impact.

We will continue working to enhance sustainability in pharmaceutical manufacturing through close collaboration with our suppliers.

Auditing and Disclosure 10

We emphasize transparency and reliability in our environmental initiatives and related data, striving to ensure objectivity and accuracy through internal audits and verification by independent third parties. Key environmental indicators are also disclosed in our integrated report and on our corporate website and updated as needed, providing stakeholders with clear and accessible information.

We also regularly audit and assess compliance with environmental laws and regulations and take corrective and preventive measures as necessary to ensure appropriate environmental management.

Going forward, we will continue to disclose our environmental initiatives and related data in a timely and appropriate manner and pursue more advanced environmental management through dialogue with stakeholders.

Recycling of PTP packaging waste



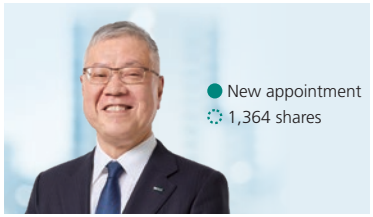
Board of Directors (as of June 25, 2026)

● Years of service as a Director (numbers in parentheses show service period at Sawai Pharmaceutical when it was publicly listed)
○ Board of Directors meeting attendance (FY2025)
◌ Shares of the Company held

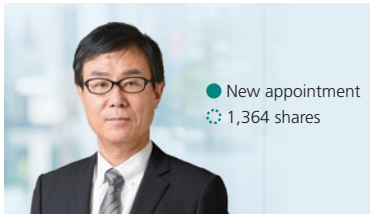
Directors


● 5 years (21 years)
○ 14/14 times (100%)
◌ 3,174,428 shares

Mitsuo Sawai
Representative Director, Chairman and President (Group Chief Executive Officer and Group Chief Operating Officer)


● New appointment
◌ 1,364 shares

Toshiomi Nakate
Director, Senior Managing Executive Officer


● New appointment
◌ 1,364 shares

Taku Nakaoka
Director, Senior Executive Officer


● 5 years (2 years)
○ 14/14 times (100%)
◌ 4,100 shares

Masatoshi Ohara
Outside Director (Independent Officer) (Nomination, Remuneration and Other Governance Committee Chair)


● 3 years
○ 14/14 times (100%)
◌ 200 shares

Masayuki Mitsuka, Ph. D.
Outside Director (Independent Officer)

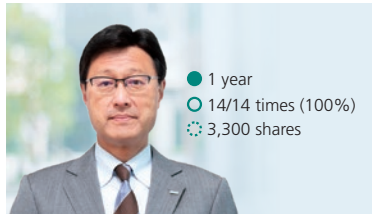

● 1 year
○ 11/11 times (100%)
◌ 0 shares

Yasuko Aitoku
Outside Director (Independent Officer)

Directors, Audit & Supervisory Committee Members


● 1 year
○ 11/11 times (100%)
◌ 0 shares

Etsuko Taniguchi
Outside Director, Audit and Supervisory Committee Member (Chair) (Independent Officer)


● 1 year
○ 14/14 times (100%)
◌ 3,300 shares

Tadao Tsubokura
Director, Full-time Audit and Supervisory Committee Member


● 1 year
○ 11/11 times (100%)
◌ 0 shares

Yukiyo Nose
Outside Director, Audit and Supervisory Committee Member (Independent Officer)

Skill matrix

	Reason considered important	Mitsuo Sawai	Toshiomi Nakate	Taku Nakaoka	Masatoshi Ohara	Masayuki Mitsuka	Yasuko Aitoku	Etsuko Taniguchi	Tadao Tsubokura	Yukiyo Nose
Corporate management	Experience in making decisions in line with the corporate philosophy and being responsible for business is important for management decisions that lead to the Group's sustainable growth.	●	●	●		●	●			●
Healthcare	Knowledge and experience in a wide range of healthcare fields is important to expand our core business, including new businesses as well as pharmaceuticals, and to increase corporate value.	●	●	●		●	●		●	●
Global	Understanding global markets and regulations is important for business operations, including international supply chains.		●	●	●		●			●
Medicine and pharmaceuticals	As a comprehensive healthcare group, medicine and pharmaceuticals are important for creating value in overall management, including quality improvement, by capturing the needs of healthcare professionals and patients.		●			●	●			●
Finance, accounting, tax practice	Knowledge of finance, accounting, and tax practice is important to accurately calculate corporate value, improve capital efficiency, and properly pay taxes.			●				●	●	●
Legal affairs/risk management	Legal affairs and risk management insights to ascertain and judge rules and risks is important to maximize corporate value through optimal decision making.				●			●		
Sustainability/ESG	ESG perspectives are important for the Group to both achieve sustainable growth and address social issues.			●	●	●				●

Corporate governance structure and initiatives

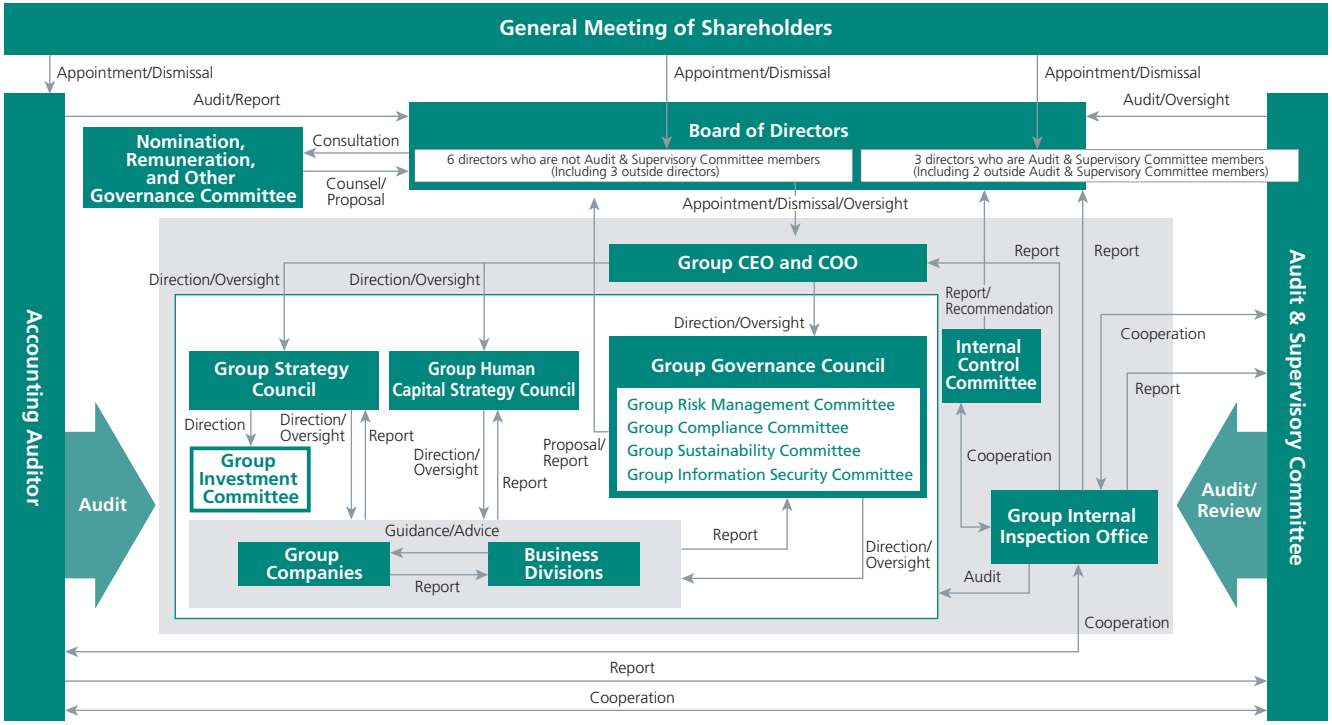
Governance system and reason for its adoption

To achieve sustainable growth and increase corporate value over the medium to long term across Sawai Group Holdings and its subsidiaries (hereinafter, the "Group"), the Sawai Group is working to establish a business execution structure capable of responding appropriately and promptly to changes in the external environment. The Group also regards enhancing corporate governance as a key management issue in order to ensure fair and transparent decision-making in management. With a company that provides prescription drugs at its core, the Group conducts corporate activities with due consideration for stakeholders in accordance with its various standards of conduct and internal regulations under the shared corporate philosophy, "Dedicated to building a healthier future for all", with the aim of maintaining and enhancing high ethical standards.

Under this policy, the Company's corporate governance structure comprises six directors who are not Audit & Supervisory Committee members, including three outside directors, and three directors who are Audit & Supervisory Committee members, including two outside directors.

After comprehensively considering factors such as the Company's size and approach to management, the Company determined that combining business management by directors who are well versed in the prescription drug industry and internal matters and who maintain high ethical standards with management oversight by outside directors and the Audit & Supervisory Committee would help ensure management efficiency and legal compliance. The Company therefore adopted the system of a company with an audit & supervisory committee. It has also introduced a corporate officer system to separate management decision-making from business execution, strengthen and streamline the execution of operations based on management strategies, and clarify responsibility for business execution.

Corporate governance structure

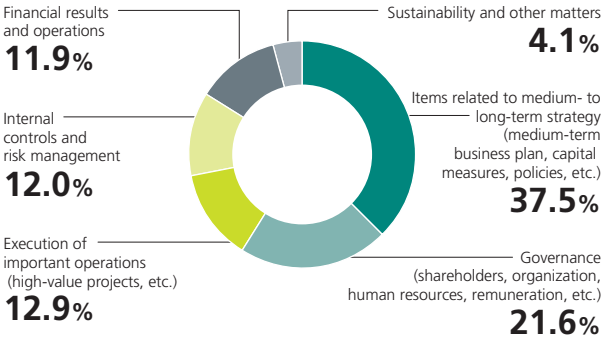


Main Board of Directors issues

The Company continually improves the operation of the Board of Directors and secures the time necessary for in-depth discussions on management. The key agenda items discussed by the Board of Directors in fiscal 2025 were as follows.

(1) Progress on the medium-term business plan and growth strategies
(2) Internal control system policies, evaluations, and reports
(3) Confirmation of the effectiveness of and follow-up on quality-related improvement initiatives
(4) Response to intellectual property litigation
(5) Succession planning
(6) Financing through bond issuance and bank borrowings
(7) Progress on capital efficiency KPIs
(8) Engagement with shareholders

Breakdown of time spent on deliberations and reports



Evaluation of the effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors once a year and makes improvements as necessary. In response to issues identified in the previous fiscal year's effectiveness evaluation, the Company addressed the following three issues in fiscal 2025.

Fiscal 2025 initiatives

- Succession planning, ensuring diversity of and developing core talent
- Following up on and monitoring progress with respect to the management plan and key resolutions
- Deepening discussions and enhancing information sharing related to sustainable growth and the creation of corporate value

The following diagram provides an overview of the results of the fiscal 2025 Board of Directors effectiveness evaluation and the policy for initiatives in fiscal 2026.

Overview of the results of the fiscal 2025 evaluation of the effectiveness of the Board of Directors

Evaluation method / results

- A third-party organization conducts a self-assessment questionnaire using a confidential written format.
- The third-party organization compiles the responses and analyzes the results.
- The Board of Directors reviews and verifies the findings based on the report provided by the third-party organization.
- The results showed improvement even in areas identified as issues in the previous evaluation, and the Company determined that its Board of Directors was generally functioning effectively.

Major comments

- Discussions continue to deepen regarding succession planning and mandatory retirement rules for directors.
- Based on detailed analyses of capital efficiency and other matters, open and constructive exchanges of opinions have increased, and publishing quarterly financial results enables progress to be reviewed in alignment with management strategies.
- Further discussion and consensus building are needed regarding the balance with future growth investments.
- Greater determination to achieve target profit margins and more thorough consideration of measures for responding to unplanned costs are also needed.

Policy for fiscal 2026 initiatives

We will work to improve the following two items.

(1) Deepening management strategy discussions from a broad perspective with a view to medium- to long-term growth while remaining mindful of profitability, capital efficiency, and other factors

(2) Strengthening internal control and risk management functions across the Group and enhancing discussions of sustainability initiatives

Message from the Nomination, Remuneration and Other Governance Committee Chair

Strengthening nomination and remuneration governance with a view to the next generation of management

Masatoshi Ohara Outside Director (Independent Officer)

The Nomination, Remuneration, and Other Governance Committee was established to make proposals and recommendations concerning the nomination and remuneration of senior management and other important governance matters, enabling the Board of Directors to make objective and transparent decisions. The committee consists of four members: three outside directors with diverse expertise and experience and one internal director with extensive knowledge of the Company's business and internal affairs. It has conducted repeated deliberations in light of Japan's Corporate Governance Code. This fiscal year in particular, the committee examined the succession plan for the Company's central management positions from objective and multifaceted perspectives, referring to guidelines issued by the Ministry of Economy, Trade and Industry and examples from other companies.

For succession planning, the committee has established multifaceted criteria that emphasize a passion for realizing the corporate philosophy, the confidence of stakeholders, outstanding foresight and leadership, and high integrity, while also considering candidates' potential capabilities and prospects, experience and track record, health, and age. The committee carefully deliberated the selection of the new president of Sawai Pharmaceutical, whose succession was expected this fiscal year, including by interviewing several potential candidates. As a result, it selected Toshiomi Nakate, who has extensive knowledge and experience in the pharmaceutical industry and worked diligently to restore trust as the Chief Quality Officer. The Company also decided to retain its Group CEO and Group COO structure to ensure that appropriate responses to the challenging environment facing the generic drug business continue to be implemented steadily under the new Representative Director and President of Sawai Pharmaceutical.

Looking ahead, the committee will remain mindful of its mission and responsibilities and continue to deliberate the appointment and development of senior management, including top executives, and decisions on remuneration from a medium- to long-term perspective.

Enhancing the effectiveness of governance to support quality assurance and stable supply

Etsuko Taniguchi
Outside Director, Audit and Supervisory Committee Member (Chair) (Independent Officer)



Expectations for governance under the new management structure

In June 2025, the Company transitioned to a company with an audit and supervisory committee and is working to establish a more effective governance structure.

Taking seriously the administrative sanctions imposed in December 2023 due to the quality issue, we have advanced corporate culture reform and recurrence prevention measures to restore the trust of all Group stakeholders. We are now at a critical stage in firmly embedding these initiatives and translating them into sustainable growth across the organization.

In the generic drug business, quality assurance and stable supply are fundamental to Sawai's operations and constitute a social mission that the Group must fulfill. Strengthening its production and supply systems and enhancing its quality assurance system are also key priorities as Sawai responds to future growth in demand and changes in the healthcare environment.

Based on this recognition, the Audit and Supervisory Committee focuses not only on whether various measures are being implemented as planned, but also on whether they are functioning effectively at operational sites. From the perspective of whether corporate culture reform and recurrence prevention measures have taken root throughout the organization and are functioning as mechanisms that support quality assurance and stable supply, we review management's decision-making processes and the operation of internal controls.

Strengthening supervisory functions through coordination among outside officers

The Company's five outside directors draw on their respective expertise and experience to engage in active discussions at meetings of the Board of Directors from the perspective of enhancing corporate value over the medium to long term.

We also use the Outside Officer Liaison Meeting not only to share information but also to clarify the key issues relating to important agenda items and management challenges. Through ongoing dialogue between outside officers and the executive team on issues such as quality assurance and stable supply, responses to changes in the business environment, and future growth strategies, we examine management challenges from multiple perspectives and enrich discussions at meetings of the Board of Directors.

As a certified public accountant, I focus on how changes in the business environment and industry structure affect the Group's management and corporate value over the medium to long term. Going forward, I will continue to work with my fellow outside directors to complement one another's professional expertise, enhance management transparency and objectivity, and, through constructive dialogue with the executive team, fulfill my role in supporting sustainable growth across the Group.

Role and effectiveness of the Audit and Supervisory Committee

The generic drug business has a significant public responsibility, and issues concerning quality assurance and stable supply directly affect corporate foundation and public trust.

Accordingly, the Audit and Supervisory Committee, comprising one full-time member and two outside members, reviews the status of legal compliance and internal controls from the perspective of whether systems for quality assurance, stable supply, and risk management have been appropriately established and are operating effectively.

We also work to identify significant risks through coordination with the accounting auditor, the Group Internal Inspection Office, and corporate auditors of subsidiaries. We share information obtained by attending important meetings and conducting site inspections, and perform audits commensurate with the significance of each risk.

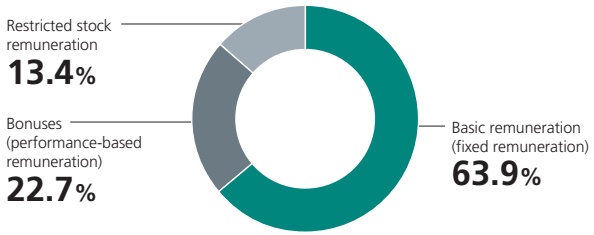
Over the past year, the Audit and Supervisory Committee has placed particular emphasis on whether the various reforms introduced in response to the quality issue have taken root at operational sites and are functioning effectively. We will continue to monitor how firmly these reforms have taken root and how effectively the various systems function; furthermore, we will enhance our audit and supervisory functions to support the social mission of quality assurance and stable supply while contributing to sustainable growth and increased corporate value across the Group.

Corporate Officer Remuneration System

Remuneration for directors of the Company (excluding directors who are members of the Audit and Supervisory Committee and outside directors) consists of a basic remuneration (fixed remuneration), bonus (performance-based remuneration), and restricted stock remuneration as a medium- to long-term incentive. Restricted stock remuneration consists of the continuous service type, which is granted in advance according to the position, etc., and the performance-based type, which is granted after the fact according to the degree of achievement of medium- to long-term corporate value improvement. Based on position and years of service, and in accordance with separately established internal regulations, a target of at least 10% of total remuneration is allocated as restricted stock remuneration, and basic remuneration and bonuses are generally paid at a 3:1 ratio.

Within the limits approved at the General Meeting of Shareholders, the Company has established a remuneration system designed to incentivize corporate officers to contribute to the medium- to long-term and sustainable enhancement of corporate value, enable the Company to secure outstanding management talent, and discourage excessive risk-taking.

Composition of remuneration for directors (excluding Audit & Supervisory Committee members and outside directors) (fiscal 2025)



Overview of the remuneration system

Type of remuneration	Basic remuneration	Bonuses	Restricted stock remuneration	
			Continuous service type	Performance-based type
Payment method	Cash	Cash	Shares	Shares
Performance-linked indicators	None (fixed remuneration)	Core operating profit before investment expenses, evaluated for the responsible area	None (continuous service for a specified period)	Core operating profit (50%), ROE (30%), relative TSR (20%)
Eligible officers	All directors	Directors (excluding outside directors and Audit & Supervisory Committee members)		
Maximum	The maximum total amount of all remuneration is as follows. [Directors (excluding directors who are Audit & Supervisory Committee members)] 620 million yen per year (including 100 million yen per year for outside directors) [Directors who are Audit & Supervisory Committee members] 100 million yen per year			
	None	None	50 million yen per year	100 million yen per year

Calculation methods for bonuses and performance-based restricted stock remuneration

Bonus = Standard amount by position × performance evaluation indicators + evaluation indicator for the responsible area (quantitative + qualitative)

Quantitative: Degree of target achievement for core operating profit before investment expenses
Qualitative: Degree of target achievement for the area of responsibility, including risk management and compliance initiatives*1

Number of shares granted = Base remuneration amount*2 ÷ share price of the Company's common stock*3

*1 The Representative Director is evaluated solely based on the performance evaluation indicators.
*2 Calculated by multiplying the standard amount determined by the Company's Board of Directors according to each eligible director's position, duties, and other factors by a percentage determined by the Company's Board of Directors within a range of 0% to 200%, based on the degree of achievement of the performance evaluation indicators for each applicable period and other factors.
*3 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the Company's Board of Directors resolution determining the standard amount, performance evaluation indicators, and other matters (If no transaction is concluded on that day, the closing price on the most recent preceding trading day)

Distribution of remuneration for Directors and Audit & Supervisory Committee members

Classification	Total remuneration (Millions of yen)	Total remuneration by category (Millions of yen)				Number of eligible persons
		Fixed salary	Bonuses	Restricted stock remuneration		
				Continuous service type	Performance-based type	
Directors (not including Audit & Supervisory Committee members and outside Directors)	97	62	22	6	7	2
Directors who are Audit & Supervisory Committee members (not including outside directors)	14	14	—	—	—	1
Audit & Supervisory Board members (not including outside Audit & Supervisory Board members)	5	5	—	—	—	1
Outside directors and Audit & Supervisory Board members	48	48	—	—	—	8

Group Compliance Committee

The Group Compliance Committee is at the core of the Group's compliance framework, supporting compliance with laws and regulations and the practice of fair and honest management.

The committee deliberates and decides on Group-wide basic compliance policies, supports the development of compliance systems, identifies and reports important matters to the Board of Directors, handles matters reported through the Corporate Ethics Helpline, manages the progress of compliance enhancement measures, and responds to misconduct, thereby strengthening governance across the Group. Since November 2023, the committee has met monthly to identify issues promptly and respond swiftly. It also shares information on incidents and quality issues at business sites and factories, including details of each incident, its cause, and the status of the response, reviews and evaluates the appropriateness of the actions taken and decisions made, and works to prevent similar incidents and drive continuous improvement.

In particular, to prevent the recurrence of misconduct, we are working to enhance the effectiveness of management oversight and verification in light of the improvement order and improvement measures. In addition, we draw on the expertise of external specialists to verify the appropriateness of decisions from a legal compliance perspective and enhance the effectiveness of recurrence prevention measures.



Company-wide Compliance Day

Building on the Corporate Culture Reform Project launched in October 2023, we are prioritizing efforts to foster observance of laws and regulations and a culture of compliance. In addition to developing mechanisms that keep employees mindful of compliance in their daily work, we provide e-learning for all employees, including basic training on the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices and GMP, to deepen understanding and raise awareness among officers and employees.

In December 2025, we held our Company-wide Compliance Day for the second consecutive year. Our headquarters and each business site were connected live, and the event featured remarks by Chairman Sawai and President Kimura as well as messages from external specialists and division heads, providing an opportunity to deepen understanding of compliance throughout the Company. Chairman Sawai spoke on four topics: our responsibility as a company that manufactures and markets pharmaceuticals that affect human lives; raising awareness of compliance with laws and regulations; organizational support systems for addressing human error; and the cumulative impact of improvements made by each employee.

External specialists also advised that a quality culture is fostered when employees continually examine their own work and consult those around them whenever they have concerns or uncertainties, and compliance awareness and the conditions that support it are strengthened when each employee takes ownership of quality culture and puts it into practice through daily actions.

Through these initiatives, we will continue to embed compliance in our organizational culture and pursue the stable, sustainable growth of the entire Group.

Message from an external specialist

Honest reporting and reliable action prevent risks before they materialize



Takamasa Horio
Partner
Mori Hamada & Matsumoto

Each month, the Group Compliance Committee receives reports on various types of quality information and deviation cases at each factory. For cases deemed particularly serious or requiring attention at other factories, the committee requests additional investigations or action and conducts careful follow-up.

I believe that sincerely addressing this quality information and these deviations and responding to them continuously are essential to fostering a quality culture at the Sawai Group and building a strong organization.

Unexpected events and human error naturally occur in day-to-day operations. These are not problems in themselves. What is important is for the organization to consider how to recover from them in accordance with internal processes. A true problem would be failing to report unexpected events or errors and concealing their occurrence.

Accurate records are vital to pharmaceutical manufacturing and quality control. Without accurate records, problems cannot be detected promptly and the measures needed to ensure quality cannot be taken, potentially resulting in serious quality issues. When a problem arises in the course of work, remaining calm, not handling it alone, reporting it honestly, and responding sincerely as an organization can lead to a better solution.

The goal should not be an organization in which no problems occur, but one in which everyone works together toward a solution when a problem arises. I hope that you will foster such a corporate culture.

Group Risk Management Committee

As part of developing an internal control system pursuant to the Companies Act and other laws and regulations, the Group Risk Management Committee works to strengthen risk management across the Group. The committee deliberates and decides on basic risk management policies and annual plans, confirms the reports or refers responses by each division and Group company, reviews progress, and considers necessary measures. It also reports or refers important matters to the Management Meeting and, as necessary, reports them to the Board of Directors.

In fiscal 2025, the committee met twice, in September 2025 and March 2026. At the September 2025 meeting, an external lecturer gave a presentation on disaster response and the duty of care for safety. Drawing on lessons from the Great East Japan Earthquake, the presentation confirmed the importance of advance preparations, information gathering, and appropriate instructions during a disaster. Committee members also learned about the latest risk trends and practical considerations, enhancing their risk awareness and response capabilities.

At the March 2026 meeting, the committee received a report on the use of risk assessment sheets and reviewed them. In fiscal 2025, it focused on the Reliability Assurance Division, Research & Development Division, and administrative divisions, confirming their risk assessment results and response status.

Going forward, we will continue to enhance the effectiveness of risk identification, assessment, and measures while continuously strengthening the Group-wide risk management system.

Examples of risks and measures discussed by the Risk Management Committee

Theme	Risk	Measures
Disaster response and duty of care for safety	Inadequate advance preparations or information gathering during a disaster may prevent appropriate instructions or action at the disaster site and could constitute a breach of the duty of care for safety.	• Thorough pre-emptive measures • Establishment of an information-gathering system • Establishment of a system for issuing appropriate evacuation and action instructions
Protection and infringement of intellectual property	Risk of infringing the intellectual property of original drug manufacturers or other parties, or of facing and/or losing litigation for infringement	• Stronger collaboration with intellectual property attorneys and other specialists • Preparation for asserting rights and sharing information internally and with regulatory authorities
Information system deficiencies and failures	Risk of outages in information systems used for production, research and development, adverse drug reaction information, and other purposes; network breaches; or compromised GxP data integrity, including authenticity, legibility, and retention	• Migrate servers to the cloud • Perform regular maintenance • Establish alternative operating procedures

Group Information Security Committee

Based on the Information Security Measures Matrix, the Group Information Security Committee continuously develops systems, strengthens measures, and provides education and awareness programs to protect information assets across the Group. Our information security measures address risks with respect to both unauthorized intrusions and internal misconduct and are constantly improved. We also regularly engage third parties to conduct information security assessments, using objective external evaluations to enhance the effectiveness of our measures.

Given the recent cyberattacks affecting various companies and organizations, we are reviewing and strengthening the Group's measures based on lessons from external incidents. Specifically, we are enhancing the management of key accounts, reviewing data protection measures, expanding third-party assessments, and improving monitoring and response capabilities.

Furthermore, as the spread of generative AI has made emails impersonating business partners or internal personnel increasingly sophisticated, we continue to review training materials and issue alerts so that every employee can identify and respond appropriately to suspicious emails.

Through the Group Information Security Committee, we will continue to monitor and review the status of measures and advance information security management under effective governance.