

Aiming to become a corporate group trusted by stakeholders

Basic philosophies

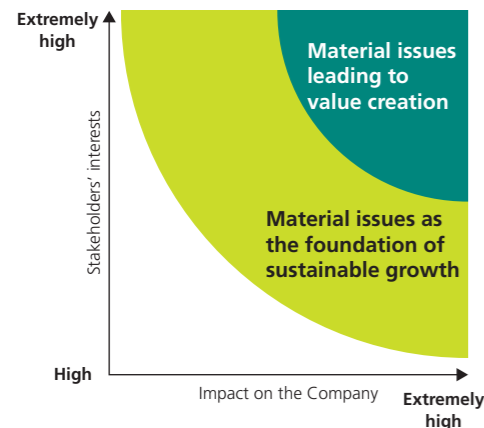
- At the Sawai Group, we believe that a healthy society and its sustainable development are the foundation of why we exist.
- The Sawai Group can only be sustainable if it is recognized as an entity (in other words, an institution of our society) necessary for the realization of a sustainable society, and if it maintains a firm relationship of trust with all our stakeholders.
- As our society changes, the Sawai Group can continue to exist in a sustainable way by rapidly responding to these social changes and by continuing to evolve.

Key policies

- Based on our corporate philosophy of "Always putting healthier lives first," we strive to do our part in realizing a sustainable society through our business, by contributing to the maintenance and development of healthy lives and superb healthcare systems.
- We endeavor to stay engaged (building bonds of mutual trust) with all our stakeholders including patients and consumers, healthcare professionals such as medical institutions, business partners, employees, shareholders, local communities, and the global environment.
- We pursue creativity and constantly evolve along with society, so that the Sawai Group can remain sustainable.

Material issues (set May 2022)

For the Group to achieve a sustained enhancement of its corporate value, we identify material issues (important issues) that should be given priority in resolving from the two perspectives of stakeholders' interests and impact on the Company, which are based on the idea that business activities that take into consideration sustainability for the whole of society are indispensable.



| Material issues leading to value creation | |
|---|--|
| Improving healthcare access | Product quality and safety Maintaining a stable supply Providing meaningful information |
| Contributing to healthcare financing | Development of high-value-added generic drugs |
| Contributing to extension of healthy life expectancy | Expanding business to a wider range of healthcare domains, including pre-symptomatic illness and prevention |
| Developing talent | Training for future management candidates |
| Material issues as the foundation of sustainable growth | |
| Environmentally friendly business | Responding to climate change Recycling and waste control Water use reduction Biodiversity |
| Work styles/motivation, respect for human rights | Realization of work-life balance Maintenance of a safe, healthy workplace environment Diversity promotion |
| Corporate governance | Stronger risk management/compliance Stakeholder engagement Prevention of bribery/corruption Supply chain management/fair, transparent transactions Stronger information security |

Process for setting material issues

The Group's material issues are identified through the following steps. We also regularly review and confirm their appropriateness and revise them around once every three years from a medium- to long-term perspective because it is necessary to take into account changes in the business environment and new social issues.

Step 1 List issues

List the management issues that are considered deeply connected to medium- to long-term corporate value based not only international initiatives, such as the International Integrated Reporting Council (IIRC) Framework, Sustainability Accounting Standards Board (SASB) Standards, GRI Sustainability Reporting Standards, and SDGs but also the Group's corporate philosophy, Group vision, and business environment

Step 2 Extract and evaluate impact of issues

Map issues on the two axes of stakeholders' interests and impact on the Group and classify as either material issues leading to value creation or material issues as the foundation of sustainable growth

Step 3 Check appropriateness

Approve after the Board of Directors deliberates and examines the appropriateness of the issues

Risks and opportunities and our response

| | Risks | Opportunities | Response |
|---|---|---|--|
| Generic drug business | <ul style="list-style-type: none"> • Decline in drug prices for various reasons including annual drug price revisions • General decline in trust in generic drugs • Increase in launch of AGs • Increase in API and raw material costs due to changes in exchange rates and inflation | <ul style="list-style-type: none"> • Growing demand because of aging society • Diversification and growing sophistication of healthcare and medicine needs • Movement to review drug price system • Chance to restructure the generic drug industry | <ul style="list-style-type: none"> • Work to reform the system so that it is possible to provide a long-term stable supply • Promote transition to a responsible corporate group • Work to further reduce costs |
| Digital medical devices business | Non-invasive neuromodulation device | <ul style="list-style-type: none"> • Increase in the medical consultation and treatment rate due to the provision of new treatment methods • Provision of new treatment options to patients for whom drug treatment is not appropriate | <ul style="list-style-type: none"> • Collaborate closely with KOL* and related academic associations • Collaborate with experts knowledgeable in medical devices |
| | NASH treatment app | <ul style="list-style-type: none"> • Delays in development or failure of clinical trials • Launch of new drugs by competitors before the app is ready | <ul style="list-style-type: none"> • Become standard treatment and increases medical consultation, diagnosis, and treatment rates |
| | PHR management app (SaluDi) | <ul style="list-style-type: none"> • Continued differentiation from other apps • Delays in creating in-house system as use of app expands • Entry of overseas IT companies into healthcare services | <ul style="list-style-type: none"> • Presence established in the pre-symptomatic illness and disease prevention fields • Contribution to achieving a well-being society • Launch of services overseas, including Asia |
| Health food business | <ul style="list-style-type: none"> • Fiercer competition • Stricter advertising regulations and system changes due to revisions to laws • Safety and quality issues due to lack of knowledge and experience | <ul style="list-style-type: none"> • Greater health awareness as people live longer lives • Trust and brand strength built up in GE business | <ul style="list-style-type: none"> • Clarify target by setting meticulous marketing strategy and sales plans • Recruit human assets who possess professional knowledge and experience |
| Orphan drug business | <ul style="list-style-type: none"> • Delay or failure of clinical trials | <ul style="list-style-type: none"> • Larger market by providing new treatment options • R&D capabilities acquired through the GE business | <ul style="list-style-type: none"> • Possess sufficient resources and plan flexibility |

* KOL(Key opinion leader), an expert with influence in a particular field.

Sustainability promotion structure

We are promoting initiatives through the Group Sustainability Committee, which is chaired by Sawai Group Holdings Representative Director and President (COO). To undertake practical initiatives, three promotion teams, the Environment (E) Team, Society (S) Team, and Governance (G) Team, subordinate bodies under the committee, were created and conduct related activities. The Secretariat is responsible for aiding the committee, communicating information on sustainability, and supporting the promotion team.

