

**Message from General Manager of Group Human Resource Department**



**A human asset strategy based on the Medium-Term Business Plan**

In June 2024, the Group announced its new Medium-Term Business Plan, which is supposed to be implemented by the end of March 2027. To achieve this plan, the Human Resources Department is likewise implementing various measures based on the human asset strategy. The new Medium-Term Business Plan lays out a path to provide a stable supply of generic drugs through the generic drug business, our core business, by increasing sales volume to 19.0 billion tablets and production capacity to 22.0 billion tablets so that we can capture a market share of 20.5% in the Japanese market.

Of course, delivering high quality, high value-added generic drugs as we do now is a precondition for expanding our scale. Therefore, it is important that we reinforce the systems and expand functions related to quality controls, quality assurance, and R&D. In light of this, the most important elements to achieve our new Medium-Term Business Plan are (1) securing talent and (2) retaining talent, both of which support business growth.

First, we must reinforce new graduate and mid-career recruiting to secure talent (1). Sawai Pharmaceutical, the Group's core subsidiary, plans to conduct large-scale recruiting of more than 400 people in fiscal 2024, twice that for the previous fiscal year. However, the recruiting market is getting tougher every year, with the so-called seller's market continuing. Name recognition and an image of being a major player in the industry will soon no longer be enough to attract workers, and additional measures will be necessary so that potential workers choose us from among the many companies.

Let's now consider retaining talent (2). This is a key management issue for many Japanese companies, not just the Sawai Group, and the result of the unprecedented

seller's market that has spread to the mid-career market. Just like other companies, the Group recorded a larger employee turnover than in the previous year.

Of course, it is a great loss when we lose employees who have spent years gaining experience and growing at the Company. In particular, for a drug manufacturer like the Group, the accumulation of expertise, skills, and knowledge backed by experience is important, and measures to reduce turnover are an issue we must address.

**Transforming into a dynamic company in which employees work with enthusiasm and fulfilment**

We must create an even more attractive company in order to steadily advance in addressing the Group's talent-related issues of securing and retaining talent.

"Attractive company" is a simple term, but it entails numerous elements. For example, two such elements are identification with the company, including its management policy and corporate culture, and agreement with working conditions, such as satisfaction, wages, and benefits. The Group aims to be attractive in terms of all elements, and I think that we need to implement flexible measures that reflect each individual's situation, which is particularly true regarding agreement with working conditions.

For example, young employees focus on treatment, including wages, and future career development, while employees with a family stress balancing work and family life, and older employees want a rich senior life and support for their health. Priority should be given to measures that can win agreement. Of course, attractive remuneration that reflects responsibilities and results is important regardless of the particular situation of the individual.

Regarding this point, the Group's human resources philosophy of "fostering and leveraging the individual"

refers to the idea of valuing each employees' personal individuality and characteristics in an unchanging pillar of our human resources policies. We consider as an attractive company one that values an employee's individuality and personality and provides support for each employee's individual situation, such as age or interests. To illustrate this, in the new Medium-Term Business Plan we use the phrase "a dynamic company in which employees work with enthusiasm."

By introducing the human resources measures described below, we will attract and retain talent by creating a dynamic company in which employees work with enthusiasm.

**Promoting ID&E,\* particularly the active participation of women**

Promoting diversity, particularly encouraging women to play an active role, is one of the important measures for expanding the Group's business.

Japan's labor force is on a one-way decline, and it is said that women working and making active contributions will be a major factor in mitigating the impact of Japan's shrinking labor force.

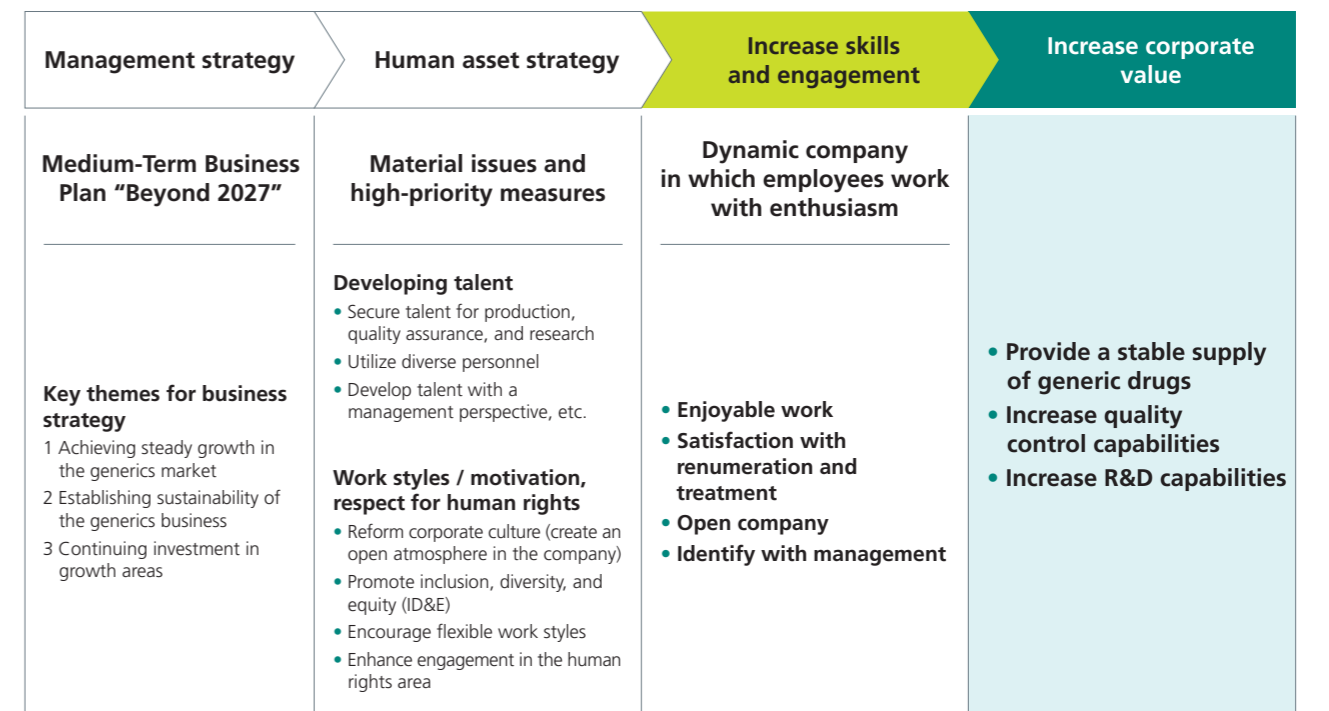
To secure talent at a time of fierce competition for recruitment, it is important to attract outstanding talent while recognizing various differences, such as gender, race, nationality, and age.

Women now account for around 40% of Group employees, which is relatively high for a drug manufacturer, and around 40% of new hires have been women in recent years. It is expected that the proportion of women will increase in the future.

While promoting the active participation of female employees by introducing a childcare leave system, short-time work systems, and other systems that go beyond legal requirements, the Company is working to further strengthen these measures.

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

**Human asset strategy to enhance corporate value**



# Human asset strategy

- WEB** **Labor Practices**  
<https://global.sawaigroup.holdings/sustainability/social/employee/>
- Diversity**  
<https://global.sawaigroup.holdings/sustainability/social/diversity/>
- Human Rights**  
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- Human Resources Development**  
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- Occupational Safety and Health Management**  
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## Respecting human rights

Everyone inherently has human rights, or the rights to live a full life as a human being, and every business is responsible for respecting human rights.

We recognize that, as a corporate group that procures the active pharmaceutical ingredients (APIs) and other raw materials it uses for business activities from both Japan and abroad, the Sawai Group must make efforts to protect, respect, and remedy human rights of all people not only within the Group but also throughout its supply chain. Therefore, the Group's Code of Conduct requires us not only to comply with all laws and regulations related to human rights but also to support and respect the protection of internationally proclaimed human rights, to oppose any form of discrimination on the basis of race, gender, nationality, ethnicity, religion, ideology, political opinion, sexual orientation, disease, or disability, and not to be complicit in human rights abuses. We also request our business partners to formulate their own human rights-related codes of conduct and guidelines and cooperate with us in protecting human rights with the aim of promoting sustainable business based on the harmonious coexistence and co-prosperity of the Sawai Group and its business partners.

As a healthcare corporate group involved deeply in life, the Sawai Group is committed to ensuring that the human rights of not only patients but also various other stakeholders, including employees and business partners both in Japan and abroad, are fully respected. We therefore support the United Nations Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and promote initiatives in accordance with the United Nations Guiding Principles on Business and Human Rights.

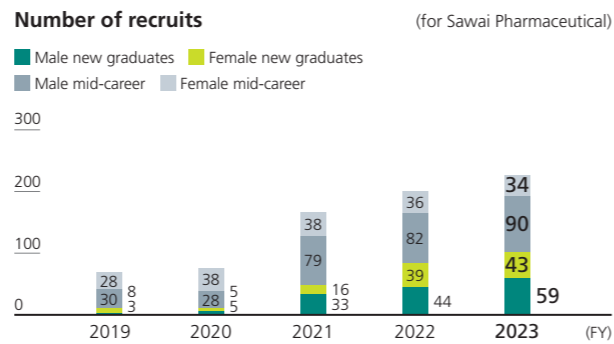
## Recruiting and developing talent

### (1) Recruiting talent

Amidst this unprecedented seller's market, it is growing more and more difficult to recruit, making it important to set attractive working conditions. Considering this situation, Sawai Pharmaceutical, our core subsidiary, raised its monthly salary approximately 7% in fiscal 2024, which includes regular raises and higher base pay, surpassing the usual level in Japan.

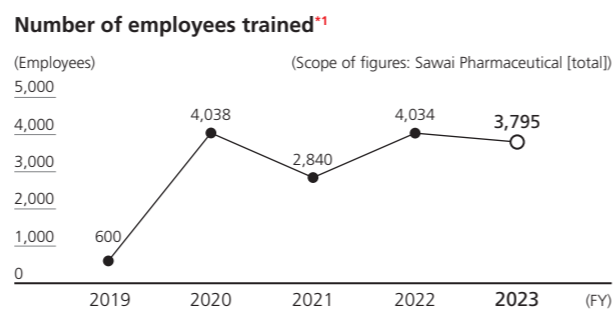
In addition, the starting pay for new graduates was raised to improve our recruiting capabilities.

We will continue to explore setting attractive working conditions while keeping a close eye on recruiting market trends.



### (2) Career development

Placing the greatest emphasis on the employee's drive, based on the core HR philosophy of "fostering and leveraging the individual," we have created an environment in which motivated employees can take the initiative to develop their careers.



\*1 From FY2020 the number of participants in e-learning, is included.

One example of this is the introduction of "the definition of competence requirements" by our core subsidiary Sawai Pharmaceutical. These documents stipulate in detail the skills that the Company wants employees to develop, and they are provided to employees to help them develop their careers and skills.

Furthermore, we have established financial support systems for employees taking Sawai Web School (e-learning), Sawai Open School (outside exchange training), and correspondence courses in order to support employee-driven skill development. These systems aid independent learning by making it possible for individual employees to take courses as many times as they want.

Furthermore, we have created systems that encourage employees to think about their own career path and provide opportunities to conduct work in line with this. These include the in-house recruitment system,\*2 in-house dual job system,\*3 and career consultation desk, which were introduced in April 2024.

We will continue to create various systems to support employee-driven career development.

\*2 In-house recruitment system is a system in which if there is a need for an in-house transfer, related information is made available to employees and employees can instigate the transfer.  
\*3 In-house dual job system: This is a system in which employees do not fully transfer to a new department but hold two positions.

## Promoting inclusion, diversity and equity (ID&E)

### (1) Promoting the active participation of women

At the Group, diverse talent actively contributes under the core HR philosophy of "fostering and leveraging the individual." Since we have a large number of female employees, we are striving to create a good workplace so that motivated and skilled talent can work with enthusiasm.

In 2022, we established a company-wide project to promote ID&E mainly by members gathered through internal recruitment. And then, in October 2023, the ID&E Promotion Office was established as a department dedicated to further promotions. In February 2024, we conducted training in the promotion of women's active engagement for management team members, which ultimately communicated the Company's determination and resolution to promote the active participation of women. Starting in fiscal 2024, we plan to launch a new training program for female leader candidates.

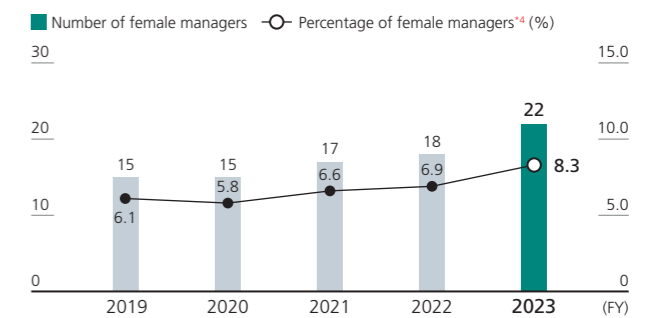
In the new Medium-Term Business Plan, we set the target of women accounting for 10% or more of department managers and 15% or more of managers by the end of March 2027. We will continue to promote the active participation of women, aiming to create a lively and vibrant company.

**ESG Data**  
<https://global.sawaigroup.holdings/sustainability/esg/>

### (2) Support for seniors' success

The Sawai Group has established the "employment extension system" that enables full-time employees to work up to the age of 70, even after the mandatory retirement age of 60, from the perspective of the declining birthrate and aging population in Japan, as well as the advent of a society of healthy longevity. This measure is intended to be one of the ways of supporting the active engagement of diverse talent. In addition, we allow employees over the age of 55 to choose to work alternate days or shorter hours so that they can use the resulting time off for community service, volunteering, or other activities. In this way, we encourage senior employees to work cheerfully in a flexible way.

### Number and percentage of female managers



\*4 Sawai Pharmaceutical (before FY2022), Sawai Group (from FY2023 onward). Target ratio of female employees in managerial positions: 15% and above by the end of March 2027.

## Initiative for health management

With a corporate philosophy of "always putting healthier lives first," the Group focuses on creating an environment in which employees can work while maintaining their health, based on the idea that "high-quality drugs come from workplaces that are both mentally and physically healthy."

We have placed public health nurses at the main offices and created an environment in which the physical and mental problems of employees can be quickly dealt with in collaboration with an occupational physician. We also cover the full cost of flu vaccinations for employees, as one of our measures to prevent infectious diseases.

We will consider expanding the current system in the future so that employees can feel free to seek advice about their health and life-related concerns.

Furthermore, to ensure that all employees can comfortably work with psychological security, we are striving to eliminate harassment by clearly stating the Company's stance toward ending harassment in our work rules and other material and operating a harassment helpline.