

Messages from external directors

Future issues of meeting stakeholders' needs and continuing to raise corporate value

Masatoshi Ohara
External Director



Leveraging my experience and knowledge as an attorney to provide advice and ask questions useful for management

As an external director who is an attorney, I try to leverage my experience and knowledge of numerous M&A deals to provide advice and ask questions useful for such issues as preventing legal risks and operations-related problems. I also try to ask questions and make comments related to whether the facts that Sawai's management and business execution are based on are appropriately understood, whether policies are set in line with established procedures, and whether the results are appropriately evaluated and used by management.

For example, regarding post-merger integration (PMI) with Trust Pharmatech, at the external board members Liaison Committee, which is composed of external directors and Audit & Supervisory Board members, I obtained information on measures and their implementation related to such issues as establishing systems and procedures and transforming employee awareness necessary to ensure product quality. At the Board of Directors meeting, I requested an explanation of and report on the subsequent state of those efforts from the responsible officer and provided my opinion.

Creating a personnel system necessary to meet the expectations of society

The Nomination, Remuneration and Other Governance Committee, which I serve as the chairman of, met eight times in fiscal 2022 and discussed such issues as the U.S. business, officer assessments, proposals related to future officers, revisions to remuneration rules, and succession plans for the CEO and other officers. We carefully set objective decision criteria and prepared reports regarding officer remuneration and personnel so that even stakeholders would consider them fair.

This fiscal year, we will take creative steps such as interviewing key officers so that even fairer decisions are

made. It is particularly important to meet the expectations of society and for Sawai to unite to provide a stable supply of high-quality drugs. I will carefully examine such issues as the creation of systems necessary to achieve that and the required personnel, and work to report on this to the Board of Directors. As for officer personnel as of May 2023, because we have completed creating in-house systems, rules, and other items for the Company and Group companies, I reported on proposals related to officers for the generic drug business, Sawai's core business, who can strengthen and promote production, development, and safety in order to create a system to ensure a stable supply of safe, high-quality drugs demanded by society and thus further increase society's trust in the Group.

Governance system must function effectively

At Sawai, the external board members Liaison Committee periodically meets to not only receive Board of Directors meeting material in advance but also share information on items to add to the Board of Directors agenda, items deliberated and reported on at the Management Meeting, and other important items. Furthermore, while a lot of time at Board of Directors meetings is spent on reports from the various committees, there are also opportunities to ask questions.

As for communication with investors, external officers are provided with reports on the state of meetings with investors at least once a quarter. Previously, I attended an IR meeting with leading overseas investors, and had the opportunity to directly respond to questions.

It can be argued that the Company has already established governance system mechanisms, which include various rules and committees. As for future issues, my opinion is that it is important to continually raise and expand Sawai's corporate value and ensure the governance system effectively functions in order to meet the needs of all stakeholders, including healthcare professionals, shareholders, patients, and employees.

Keeping in mind the path Sawai should follow as the leading generic drug company

Nawomi Todo
External Director



Principle of not changing the stable supply of "Sawai quality"

I always keep in mind the questions of what Sawai should accomplish and what it can do.

First of all, I think that what Sawai should do is provide a stable supply of generic drugs that are of Sawai quality. To do that, Sawai quickly launched work to ensure a stable supply, which involved establishing Trust Pharmatech and building a solid dosage form facility at the Daini Kyushu Factory. The Company does not hesitate to make investments in thorough quality management and the delivery of reliable generic drugs. Sawai's philosophy is not to change that in the future.

Therefore, Sawai must not overlook greater cuts in National Health Insurance official drug prices. I have persistently called for the Company's greatest efforts to be focused on ensuring quality, not lowering costs. That is Sawai's responsibility as the leading generic drug company.

Eliminating unconscious bias

Establishing diversity and inclusion is the next task that Sawai should tackle. The S-Wing project was launched in order to create a corporate system in which employees of all genders can equally work with hope and pride. The project is based on Sawai's desire for "all genders to play an active role" and "all employees to play an active role."

Unconscious bias—that is, unconscious preconceptions and prejudices—are a major factor that hinders a company's growth. This type of unconscious bias, including that related to gender, must be eliminated in all areas, including the work environment.

For example, regarding job-based employment, in which appropriate personnel for jobs required by Sawai are hired, I am aware that it is necessary to keep this in mind when implementing future shifts of a certain size, but ideas such as "only a person with this skill can handle this project" or "this experience is required for the person in charge of this" are based on a certain-type of unconscious bias.

What it takes to become a company that has a clear vision for the future

I want to eliminate all unconscious bias, be there for employees, and discover their potential, and I will not spare any effort to do that. This is because this stance is sure to give rise to new trends, and this effort will result in Sawai creating and developing new businesses, such as those related to health management apps and supplements, as a general healthcare company not limited to generic drugs, and growing into a company that does its utmost for people's health.

I will strive to transform Sawai into a company with a clear vision of the future for stakeholders. By attending Board of Directors meetings, collaborating with Audit & Supervisory Board members and external directors, and meeting with project staff, I will vigorously fulfill my role to always check whether Sawai is moving in the right direction.