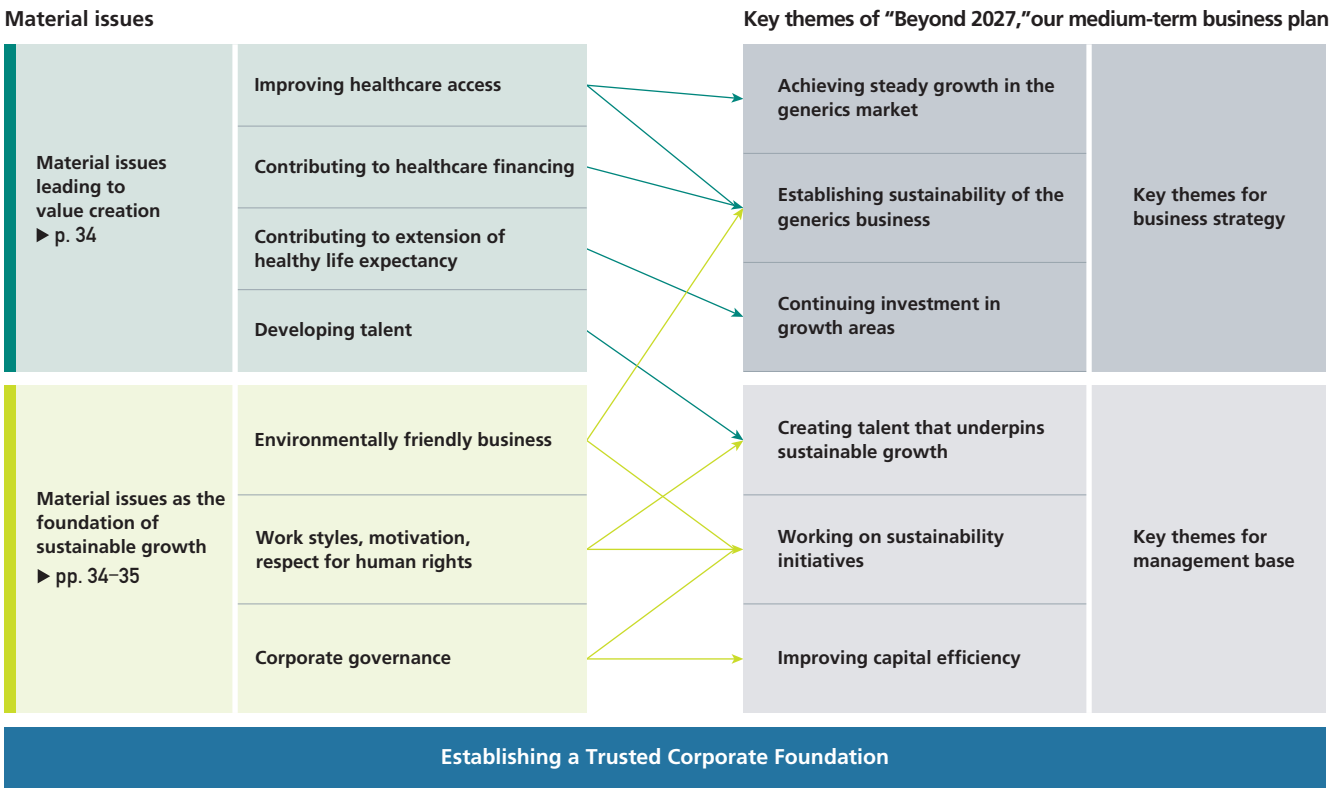
Materiality for Realizing Value Creation and Sustainable Growth

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