Corporate Governance Report

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The corporate governance of SAWAI GROUP HOLDINGS Co., Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

In order to achieve sustainable growth and increase corporate value over the medium and long term for the Company, its subsidiaries and affiliates (hereinafter referred to as the "Group") as a whole, the Company has positioned the enhancement of corporate governance as an important management issue in order to build a management system that enables decision-making and business execution that responds appropriately and swiftly to changes in the external environment, and to achieve fair and highly transparent management.

In addition, in order to maintain and improve high ethical standards, the Company, which has a life-related company that provides prescription pharmaceuticals as one of its core group companies, will promote corporate activities in accordance with the Sawai code of conduct and various internal regulations to be followed for various stakeholders under the common corporate philosophy of "Our Passion, Our Health."

(1) Ensuring the rights and equality of shareholders

The Company will strive to improve the environment for the exercise of voting rights and take appropriate measures to ensure that the rights of shareholders are substantially secured, and will also strive to ensure that the rights of minority shareholders and foreign shareholders are substantially equal.

(2) Appropriate collaboration with stakeholders other than shareholders

In order to realize the Group's common corporate philosophy of "Our Passion, Our Health," to achieve sustainable growth and enhance corporate value over the medium to long term, and to contribute to the realization of the Sustainable Development Goals (SDGs) adopted by the United Nations, the Company shall strive to collaborate with not only shareholders but also medical and healthcare professionals, business partners, employees, and other stakeholders including local community. In addition, we will actively fulfill our corporate social responsibility (CSR) in our business processes.

(3) Ensuring appropriate information disclosure and transparency

In accordance with laws and regulations, we will disclose consistent and reliable corporate information to shareholders, investors, and other capital market participants in a timely manner, and strive to ensure that all market participants have equal access to the information we disclose. In addition to financial information, we will actively disclose highly useful information on management strategies, management issues, risks, ESG

information, etc., through our website and public relations materials, and strive to disclose appropriate and highly transparent information.

(4) Responsibilities of the Board of Directors

Based on its fiduciary responsibility and accountability to shareholders, the Board of Directors of the Company will strive for "proactive governance" that enables us to respond appropriately to changes in the external environment and to make decisions quickly and decisively, under a management oversight function that balances the "autonomy" of internal directors who are familiar with the core businesses of the Group and the "heteronomy" of external directors who are objective and independent from the perspective of the optimal allocation of the Group's overall resources as well as pursuing efficiency and legality in management. In addition, we will strengthen the "defensive functions" expected of Audit & Supervisory Board Members by ensuring that they have opportunities to express their opinions appropriately at meetings of the Board of Directors and by fostering a corporate culture that respects free, vigorous and constructive opinions.

(5) Dialogue with shareholders

The President and the person in charge of information disclosure shall actively participate in dialogue with shareholders and investors, provide substantial information on management strategies, finances, etc., and strive for two-way constructive communication with shareholders and investors. In addition, the results of the dialogue shall be reported to the Board of Directors, etc., and the opinions of shareholders, etc., shall be actively utilized in the management of the Company.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplemental Principle 4-1-3: Succession Planning for the CEO, etc.]

The Board of Directors shall provide guidance and supervision through the Nomination, Compensation and Other Governance Committee to ensure that the succession plan for the CEO and other officers is formulated as early as possible.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4: Strategic Shareholdings]

In order to achieve sustainable growth and enhance corporate value over the medium to long term, the Group may hold listed shares as it deems necessary as part of its management strategy, including stable procurement of raw materials, fund procurement, and business alliances. In addition, we believe that strategic shareholdings can be an effective means of strategic alliances. When the Group holds listed shares, the Board of Directors periodically reviews the rationality of holding major strategic shareholdings in line with the purpose of holding the shares, including the consideration of the cost of capital, and reduces its shareholdings when it judges that such shareholdings are not rational.

In exercising voting rights, we have not established uniform standards for the exercise of voting rights, as the content of each agenda item and its background differ from one another. The Company will exercise its voting rights appropriately after examining each proposal individually to determine whether it will contribute to the sustainable growth and medium- to long-term enhancement of the Company's corporate value by conducting dialogue with the companies in which we hold shares and deepening our understanding of their management policies and the contents of their proposals.

[Principle 1-7: Transactions with related parties]

The Company stipulates in the Regulations of the Board of Directors that the approval of competitive transactions, self-dealing, and transactions with conflicts of interest of directors shall be a matter for resolution, and similarly stipulates that directors who have a special interest in such matters may not participate in voting. In addition, to ensure that the interests of general shareholders are not harmed, transactions between the Company and its major shareholders, etc., are also stipulated as a matter for resolution by the Board of Directors. In addition, the Board of Directors appropriately monitors transactions between related parties in accordance with relevant laws and regulations.

[Principle 3-1: Enhancement of Information Disclosure]

(i) The Company's corporate philosophy, management strategy and management plan (medium-term management plan) are scheduled to be disclosed on the Company's website.

(ii) Please refer to "I.1. Basic Views" in this report for the Company's basic views and basic policy regarding the Corporate Governance Code.

(iii) For the policies and procedures of the Board of Directors of the Company in determining the remuneration of senior management and directors, please refer to "Existence of Policy on Determining Remuneration Amounts and Calculation Methods" in "II.1. Organizational Composition and Operation [Director Remuneration]" of this report.

(iv) The policy of the Board of Directors of the Company in appointing senior management and nominating candidates for directors who will be responsible for the sustainable growth of the Company and the enhancement of its corporate value over the medium to long term is to consider the size, balance and diversity of the Board of Directors as a whole, while fully respecting the advice and recommendations of the Nomination, Compensation and Other Governance Committee. Decisions are made based on a comprehensive assessment of the extensive experience and expertise appropriate to the position, the business performance, and the high level of insight and character. The procedures for this are stipulated in the "Regulations of the Board of Directors" and the "Regulations of the Nomination, Compensation and Other Governance Committees. The policy for the dismissal of senior management, including directors, is determined by comprehensively considering the following matters, while fully respecting the advice and recommendations of the Nomination, Compensation and Other Governance Committee.

- When the requirements for the appointment of senior management are no longer met
- Violations of laws, regulations, the Articles of Incorporation, or other acts that damage the Company's credibility
- Inability to perform duties due to mental or physical loss or other health reasons
- In the event that he or she violates the duty of care of a good manager and causes significant loss to the Company.

These procedures are also stipulated in the "Regulations of the Board of Directors" and the "Regulations of the Nomination, Compensation and Other Governance Committee."
The policy for nominating candidates for Audit & Supervisory Board Members is determined in accordance with the "Auditing Standards for Audit & Supervisory Board Members," which includes ensuring independence from executive officers and maintaining a fair and unbiased attitude. The procedures are set forth in the "Regulations of the Board of Directors" and the "Regulations of the Audit & Supervisory Board."

(v) Based on the above (iv), when nominating candidates for directors and Audit & Supervisory Board Members, the explanation of each election, dismissal and nomination shall be included in the "Notice of Convocation of General Meeting of Shareholders."

[Supplemental Principle 4-1-1: Outline of the scope of delegation to management]

The Board of Directors makes judgments and decisions on matters stipulated in laws and regulations and the Articles of Incorporation, as well as on matters stipulated in the Regulations of the Board of Directors as being of high managerial importance. In light of the fact that an important duty of the Board of Directors is to supervise management, we have adopted an executive officer system and delegate to executive officers the execution of duties in line with decisions made by the Board of Directors. Discussions and decisions on execution policies are made at the Group Strategy Council, which consists of the Chairman, President, and Executive Officers. For the purpose of efficiency and mobility, the Company executes matters of less than a certain amount of money and deemed less important based on the "Decision-Making Standard List" separately established. In addition, through the development of the Regulations on the Management of Affiliated Companies, we will promote the delegation of authority to each company in the Group to realize prompt and efficient business operations. At the same time, we appoint a supervising officer or an officer in charge for each function of each Group company to provide guidance and supervision to the Group companies, and ensure appropriate supervision by having them regularly report the status to the Board of Directors. In addition, the Company has established the Group Governance Council and other committees that include members from each Group company to share, discuss, and review information, as well as to provide a function for prior deliberation of matters to be resolved or reported to the Board of Directors, thereby strengthening the management supervision system for the entire Group.

[Principle 4-9: Criteria for determining the independence of independent outside directors and their qualifications]

The Company has appointed two independent outside directors who satisfy the requirements for outside

directors stipulated in the Companies Act and the independence standards stipulated by the Tokyo Stock Exchange, and who are capable of providing advice and making judgments that contribute to the sustainable growth and medium- to long-term enhancement of the Company's corporate value from an objective perspective. These two independent outside directors serve as key members of the Nomination, Compensation and Other Governance Committee, which was established to improve the independence, objectivity and transparency of the functions of the Board of Directors and to strengthen accountability, and have been appointed as outside directors to provide appropriate involvement and advice in the consideration of important matters related to the Company's governance. In addition, Mr. Masatoshi Ohara has been appointed as the leading independent outside director by mutual election of the outside directors. The leading independent outside director plays a leading role in strengthening the supervisory function by holding regular meetings with the outside directors and the Audit & Supervisory Board Members to promote cooperation, and by communicating and coordinating with directors other than the outside directors (including representative directors).

[Supplemental Principle 4-11-1 Views on the balance, diversity and size of the Board of Directors]
The Company has set the maximum number of members of the Board of Directors at twelve (12) from the viewpoint of corporate size and the realization of substantive discussions and exchanges of opinions. The Company's Board of Directors is currently comprised of six directors, two of whom are independent outside directors. Please refer to Principle 3-1-(iv) in this report for the Company's approach to the balance of knowledge, experience and ability, diversity, etc., of the Board of Directors as a whole, as well as its policies and procedures for the election of directors.

[Supplemental Principle 4-11-2: Status of concurrent positions held by directors and Audit & Supervisory Board Members]
In order to ensure that the Company's directors and Audit & Supervisory Board Members are able to appropriately fulfill their roles and responsibilities, concurrently serving as officers of other companies is limited to a reasonable extent. The status of concurrent positions of directors and Audit & Supervisory Board Members at other companies will be described in the "Notice of Convocation of the General Meeting of Shareholders.

[Supplemental Principle 4-11-3: Analysis and Evaluation of the Effectiveness of the Board of Directors]
It is the Company's policy to analyze and evaluate the effectiveness of the Board of Directors on a regular basis and to make improvements as necessary. As the Company is a newly established company established on April 1, 2021, the analysis and evaluation of the effectiveness of the Board of Directors will be conducted by the end of March 2022, and the results will be disclosed in this report in June 2022.

[Supplemental Principle 4-14-2: Training Policy for Directors and Audit & Supervisory Board Members]
The Company will proactively provide directors and Audit & Supervisory Board Members with a variety of information, including the current status of the Company's business and finances, so that they can appropriately fulfill their expected roles and responsibilities. The Company will also provide information on various systems and rules related to the industry and governance, as well as opportunities for training, etc., as necessary.

[Principle 5-1: Policy on constructive dialogue with shareholders]
For the Company's basic policy on dialogue with shareholders, please refer to "I.1. Basic Views (5) Dialogue with Shareholders" in this report.
Senior management will respond positively to requests for dialogue (interviews) from shareholders and investors as long as their schedules permit. In case of schedule conflicts, the department in charge of IR will respond to the request, or respond to the main concerns of shareholders by posting them on our website or in writing. Our policy on the establishment of systems and initiatives to promote constructive dialogue with shareholders and investors is as follows.
(i) The Company has notified the Tokyo Stock Exchange of the name of Yasushi Kora, General Manager of the Group PR & IR Office, as the person responsible for handling information.
(ii) The Company has established the Group PR & IR Office, which reports directly to the President and CEO, as the point of contact for dialogue, and has established a system for cooperation with the Group Finance Department, the Group General Affairs Department, the Group Sustainability Management Office, etc., to ensure constructive dialogue.

(iii) In addition to briefings for analysts and investors, the Company prepares easy-to-understand IR materials, including English versions, and posts them on our website from the perspective of ensuring equality and fairness to shareholders as much as possible.
(iv) The Group's PR & IR Office compiles the opinions and concerns identified in dialogue with shareholders and investors, and regularly provides feedback to management.
(v) The Company has established Regulations on Insider Trading Management, which are disseminated internally to ensure thorough management of insider information. In addition, we take all possible measures to manage important information by limiting the number of persons who handle important information to a minimum extent, and we have a system in place to ensure that insider information is not leaked to outside parties through thorough multi-person interaction during dialogue and mutual monitoring.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,282,200	7.50
Custody Bank of Japan, Ltd. (Trust account)	2,595,100	5.93
Sawaken Co., Ltd.	994,000	2.27
Mitsuo Sawai	948,200	2.17
Custody Bank of Japan, Ltd. (Trust account 9)	911,300	2.08
Custody Bank of Japan, Ltd. (Trust account 5)	855,800	1.95
Kenzo Sawai	854,000	1.95
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC SECURITIES/UCITS ASSETS	794,598	1.81
THE BANK OF NEW YORK MELLON 140044	673,500	1.54
JP MORGAN CHASE BANK 385781	652,409	1.49

Controlling Shareholder (except for Parent Company)	–
Parent Company	–

Supplementary Explanation

(Note)
1. As the Company is a newly established company, we are not yet able to identify its shareholders as of the date of submission of this report. Therefore, the above figures are based on the status of shareholders of SAWAI PHARMACEUTICAL, which will become a wholly owned subsidiary of the Company, as of September 30, 2020, taking into account the share transfer ratio in the share transfer.

2. With respect to the shares of Kenzo Sawai, a trust agreement has been concluded for the purpose of managing the shares. The name on the shareholders' register is "Trustee for Specified Securities, SMBC Trust Bank, Ltd. Other information is as stated in the shareholders' register.

3. The number of shares related to trust business among the above number of shares held is as follows.

The Master Trust Bank of Japan, Ltd. (Trust Account)	3,282,200 shares
Custody Bank of Japan, Ltd. (Trust Account)	2,595,100 shares
Custody Bank of Japan, Ltd. (Trust Account 9)	911,300 shares
Custody Bank of Japan, Ltd. (Trust Account 5)	855,800 shares

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Pharmaceutical
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12 Directors
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	Company Chairperson, Representative Director
Number of Directors	6 Directors
Number of Outside Directors	2 Directors
Number of Independent Directors	2 Directors

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masatoshi Ohara	Lawyer											
Nawomi Todo	Other											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Masatoshi Ohara	Applicable	Partner of KIKKAWA LAW OFFICES	Except for his service as an outside director of SAWAI PHARMACEUTICAL, Mr. Masatoshi Ohara is not, and has never been, an

		Outside Director of TEIJIN FRONTIER CO., LTD.	officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting expert or a legal expert who receives a large amount of money or other assets, nor is he from any of them, nor is he a close relative of any of them, and is not thought to pose a risk of conflict of interest. In addition, he has a wide range of legal knowledge through his activities as an attorney and has experience as an outside director of other companies. Therefore, we believe that he can be expected to provide useful advice and judgment from an independent standpoint, which will strengthen the supervisory function of the Board of Directors and improve transparency. In consideration of the above, he has been appointed as an outside director and Independent Officer of the Company.
Nawomi Todo	Applicable	Staff Doctor at Osaka University Hospital, etc. Staff Doctor at Osaka-tetsusyou Health Insurance Society Obtained Certified Occupational Physician Qualification of Japan Medical Association	Except for her service as an outside director of SAWAI PHARMACEUTICAL, Ms. Nawomi Todo is not currently or has never been an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting expert or a legal expert who receives a large amount of money or other assets, nor is she from any of them, nor is she a close relative of any of them, and is not thought to pose a risk of conflict of interest. In addition, as she has extensive expertise, experience, etc., as a physician, we believe that she can be expected to provide useful advice and judgment from an independent standpoint, which will strengthen the supervisory function of the Board of Directors and improve transparency. In consideration of the above, she has been appointed as an outside director and Independent Officer of the Company.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Governance Committee on Nomination and Remuneration	Governance Committee on Nomination and Remuneration
All Committee Members	3 persons	3 persons
Full-time Members	–	–
Inside Directors	1 persons	1 persons
Outside Directors	2 persons	2 persons
Outside Experts	–	–
Other	–	–
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Nomination, Compensation and Other Governance Committee of the Company is composed of directors selected by resolution of the Board of Directors. The Committee is chaired by Mr. Masatoshi Ohara, the leading independent outside director, who is elected by the members of the Committee in accordance with the internal rules. It is also a requirement that any member who has a special interest in the matters to be discussed by the Committee may not participate in its resolutions.

Resolutions of the Committee are adopted by a majority of the members present at the meeting, with a majority of the members eligible to participate in the resolution. The Committee mainly deliberates on the appointment and dismissal of senior management, the selection and dismissal of the CEO, etc., succession planning for the CEO, etc., and remuneration for senior management and corporate officers, as well as basic policies, rules and procedures for these matters, and reports the results of its deliberations to the Board of Directors. It is also stipulated that the Board of Directors shall fully respect the advice and recommendations received from the Committee.

[*Kansayaku*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	5 Audit & Supervisory Board Members
Number of *Kansayaku*	3 Audit & Supervisory Board Members

Cooperation among *Kansayaku*, Accounting Auditors and Internal Audit Departments

We have established the Regulations of the Board of Audit & Supervisory Board, the Auditing Standards for Audit & Supervisory Board Members, and the Regulations of Internal Audit, and are working to strengthen the functions of Audit & Supervisory Board through cooperation with the Board of Audit & Supervisory Board, the Group Internal Inspection Office, and the Accounting Auditor.

Full-time Audit & Supervisory Board Member serves as the chairman of the Board of Audit & Supervisory Board, attends meetings of the Board of Directors, the Group Strategy Council and other important meetings, inspects important approval documents, etc., investigates the status of operations and assets at the head office and major business offices, and reports to the Board of Audit & Supervisory Board to share information, collaborates and cooperates with outside Audit & Supervisory Board Members. In addition, the full-time Audit & Supervisory Board Members regularly have opportunities to communicate with the President and Representative Director, and exchange information with the directors of subsidiaries and receive reports on

their businesses. In addition, Mr. Tadao Tsubokura, a full-time Audit & Supervisory Board Member, was in charge of the Controller Department and General Affairs Department of SAWAI PHARMACEUTICAL, a core company of the Group. Full-time Audit & Supervisory Board Members and the General Manager of the Group Internal Inspection Office exchange information on the status of development and operation of internal control, business audit, theme audit, etc., based on the "Cabinet Office Order on the Systems for Ensuring the Adequacy of Documents on Financial Calculation and Other Information." In addition, the internal audit reports prepared by the Group Internal Inspection Office are circulated to the full-time Audit & Supervisory Board Members, and the contents are reported to the Board of Audit & Supervisory Board by the full-time Audit & Supervisory Board Members. In addition, members of the Group Internal Inspection Office assist the Audit & Supervisory Board Members in some of their administrative work to strengthen the Audit & Supervisory Board's functions so that they can concentrate on auditing. In this case, such assistants will be independent from the direction and supervision of the directors and will perform their duties under the supervision of the Audit & Supervisory Board Members.

We will strive to improve audit efficiency by dividing the roles of the Audit & Supervisory Board Members and the accounting auditors into two groups: the Audit & Supervisory Board Members will mainly conduct operational audits (auditing the status of the development and operation of the "system to ensure the appropriateness of operations") and the accounting auditors will mainly conduct accounting audits. In addition, the Audit & Supervisory Board Members regularly receive explanations of the basic audit plan and reports on the audit summary, and collaborate or cooperate with the accounting auditors in the evaluation of internal controls, on-site inventories, and attendance at other on-site inspections. In addition, the Audit Division (the Audit & Supervisory Board, the Group Internal Inspection Office, and the accounting auditor) conducts audits of business sites, etc., to ensure the effectiveness of audits and to ensure thoroughness throughout the Company.

Each audit division collects information and exchanges opinions with each division that promotes internal control to evaluate the status of development and operation of internal control, and strives to improve the level of internal control by reporting to the Internal Control Committee and recommending opinions as necessary.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	2 Audit & Supervisory Board Members
Number of Independent *Kansayaku*	2 Audit & Supervisory Board Members

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takanobu Tomohiro	Lawyer													
Junichi Hirano	Tax Accountant													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Takanobu Tomohiro	Applicable	Partner of Kobe-Kaito Law Office	Mr. Takanobu Tomohiro, except for his term of office as an outside Audit & Supervisory Board Member of SAWAI PHARMACEUTICAL, is not currently or has not been an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting expert or a legal expert who receives a large amount of money or other assets, nor is he from any of them, nor is he a close relative of any of them, and is not thought to pose a risk of conflict of interest. In addition, as a partner of a law firm, he has extensive legal expertise and experience in office management through his activities as an attorney. Therefore, we believe that he can provide useful advice and audits from an independent standpoint and can appropriately perform his role as an outside Audit & Supervisory Board Member. In consideration of the above, he has been appointed as an outside Audit & Supervisory Board Member and Independent Officer of the Company.
Junichi Hirano	Applicable	Representative of Hirano Junichi Tax Accounting Office Outside Audit & Supervisory Board Member of MIWA CORPORATION	Mr. Junichi Hirano, except for his service as an outside Auditor of SAWAI PHARMACEUTICAL, Mr. Junichi Hirano is not currently or has not been an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant receiving a large amount of money or other assets, an accounting expert or a legal expert who receives a large amount of money or other assets,

			nor is he from any of them, nor is he a close relative of any of them, and is not thought to pose a risk of conflict of interest. He also has considerable knowledge of taxation, finance and accounting through his activities as a tax accountant with his own tax accounting office and his previous positions at the National Tax Agency and as head of several tax offices, as well as his experience as an outside Audit & Supervisory Board Member of other companies. He is expected to provide useful advice and auditing from an independent standpoint, and we believe that he will be able to appropriately perform his role as an outside Audit & Supervisory Board Member. In consideration of the above, he has been appointed as an outside Audit & Supervisory Board Member and Independent Officer of the Company.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	4 persons (2 Directors and 2 Audit & Supervisory Board Members)

Matters relating to Independent Directors/*Kansayaku*

All outside officers of the Company meet the qualifications for Independent Officers, and all have been designated as Independent Officers.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration/Stock Options

Supplementary Explanation

The following is a summary of the remuneration for directors.
The Company's remuneration for directors (excluding outside directors) shall consist of basic remuneration (fixed remuneration), performance-linked remuneration (bonuses), and stock options (stock acquisition rights) as medium- to long-term incentives.

- The ratio of basic remuneration to performance-linked remuneration shall be approximately 3:1.
- Stock options shall be based on the position and years of service, and shall be at least 10% of total remuneration in accordance with the internal rules separately established.
- The Company shall adopt two types of indices for performance-linked remuneration: performance evaluation indices and department evaluation indices.
- As performance evaluation indices, the Company shall use "core operating profit before investment expenses," which is before deducting investment expenses such as R&D expenses from "core operating profit," which excludes the profit and loss from non-recurring factors determined by the Group, as a base.
- Department evaluation indices mean the evaluation indices for each director are consistent with the

Company's annual targets, and are based on the degree of achievement of annual targets in the area of responsibility.

- Only the performance evaluation indices shall be applied to the representative directors, and the calculation of remuneration for other directors with departments in charge shall be determined after the end of each fiscal year in accordance with the calculation rules established in advance in the bylaws according to the degree of achievement of these two indexes according to their positions.
- The determination of the amount of performance-linked remuneration shall be based on the standard amount predetermined for each position, and shall be calculated in principle according to the predetermined calculation formula in accordance with the degree of achievement of the above performance evaluation indices. However, for directors who have departments in charge, the amount shall be determined by taking into consideration both the performance evaluation indices and the degree of achievement of the evaluation target of the department in charge.
- The amount of remuneration, etc., for each position shall be determined based on the standard amount of remuneration for each position in the Company, while referring to data from research organizations regarding remuneration for directors of listed companies. In addition, the remuneration system shall be such that the standard amount of the total amount and the composition of the total amount as a whole shall be in line with the following: (i) incentives for executives that contribute to the medium- to long-term and sustainable enhancement of the Company's corporate value, (ii) the ability to secure excellent human resources as the Company's management team, and (iii) the suppression of excessive risk-taking.

The reason for adopting the above indices is that the Company judged that the performance evaluation indices would more accurately reflect the contribution to the enhancement of corporate value. In addition, with regard to directors who are not representative directors but have departments in charge, we have determined that it is desirable to set evaluation targets for the departments in charge, including qualitative evaluation for each fiscal year, in addition to quantitative evaluation items, and to evaluate the degree of achievement of these targets as well. This qualitative evaluation includes initiatives related to ESG such as risk management and compliance.

Recipients of Stock Options	Inside Directors / Employee / Other

Supplementary Explanation

The purpose of granting stock options is to enable the Company's directors (excluding outside directors), corporate officers and managers to share the benefits and risks of stock price fluctuations with shareholders, thereby further promoting shareholder-oriented management and further increasing their motivation and morale to contribute to the medium- to long-term enhancement of corporate value.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

As the Company is a newly established company established on April 1, 2021, there is no actual record of remuneration for directors. As there are no directors whose total amount of remuneration, etc., is expected to exceed 100 million yen, the Company has excluded them from disclosure.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration for directors (excluding outside directors) consists of basic remuneration (fixed remuneration), performance-linked remuneration (bonuses), and stock options (stock acquisition rights) as medium- to long-term incentives.
The amount of performance-linked remuneration for each director is determined by holding the Nomination, Compensation and Other Governance Committee, which evaluates the performance of each director (excluding outside directors), deliberates on the payment of bonuses as performance-linked remuneration reflecting the results of the evaluation and performance, and reports the results of the deliberation to the Board of Directors for final decision.
The maximum amount of remuneration for directors is set in the Articles of Incorporation to be within 670 million yen per year (not including employee salaries). The Company's Articles of Incorporation stipulate that the maximum amount of remuneration for Audit & Supervisory Board Members shall be within 50 million yen per year. The Company has established a policy to review the overall design of the system, including the amount of remuneration for directors, every three years in principle, comprehensively taking into consideration market trends regarding remuneration for directors, the Company's performance trends, price trends and other factors.

[Supporting System for Outside Directors and/or *Kansayaku*]

[Support system for outside directors]
In addition to serving as the point of contact with the Board of Audit & Supervisory Board Members and the Accounting Auditor, a specific director is in charge of the operation of the Board of Directors and communicates and coordinates information with all directors, including outside directors. In the event that outside directors require expenses for research or other purposes in the performance of their duties, they are granted the right to claim such expenses from the Company within a reasonable range, and in addition, some members of the Group General Affairs Department assist the outside directors in their administrative work so that they can concentrate on their duties, thereby sharing information with them and strengthening the supervisory function of the outside directors. In addition, the full-time Audit & Supervisory Board Members regularly set up meetings where the outside directors and Audit & Supervisory Board Members, including the outside Audit & Supervisory Board Members gather to exchange opinions and information.

[Support system for outside Audit & Supervisory Members]
The Company has established a system to ensure that the auditing work of each outside Audit & Supervisory Board Member is efficient, such as having a specific Audit & Supervisory Board Member serve as the contact point between the Audit & Supervisory Board, the Board of Directors and the accounting auditor, as well as reporting from relevant internal departments and communicating information to the relevant departments via the full-time Audit & Supervisory Board Member. The Company has adopted a system under which full-time Audit & Supervisory Board Members compile opinions and reports from each outside Audit & Supervisory Board Member, prepare agenda items for the Audit & Supervisory Board, and otherwise ensure the smooth operation of the Audit & Supervisory Board. In addition, the full-time Audit & Supervisory Board Members regularly set up meetings where the Audit & Supervisory Board Members, including the outside Audit & Supervisory Board Members, and outside directors gather to exchange opinions and information. In addition, in the event that the outside Audit & Supervisory Board Members require expenses for research or other purposes in the performance of their audits, they are granted the right to claim such expenses from the Company within a reasonable range, and in addition, some members of the Group Internal Inspection Office assist the outside Audit & Supervisory Board Members in their administrative work so that they can concentrate on their duties, thereby sharing information with them and strengthening the supervisory and auditing functions of the outside Audit & Supervisory Board Members.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Jiro Sawai	Sodanyaku of SAWAI PHARMACEUTICAL	To advise the Management	[Working style] Part-time [Remuneration] Yes	June 24, 2008	No fixed term of office
Hiroyuki Sawai	Saikokomon of the Company and SAWAI PHARMACEUTICAL	To advise the Board of Directors on important matters concerning the management of the Company or to express opinions voluntarily.	[Working style] Part-time [Remuneration] Yes	June 23, 2020	The term of office is one year in principle, however, it may be renewed as necessary.

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	2 persons

Others

Mr. Jiro Sawai, Sodanyaku of SAWAI PHARMACEUTICAL Co., Ltd. has been providing advice, etc., to the management of SAWAI PHARMACEUTICAL, a core subsidiary of the Company's Group, upon their request, utilizing his extensive knowledge and experience in the company over the course of his long career since he joined SAWAI PHARMACEUTICAL when it was established in July 1948. However, he does not attend meetings of the Board of Directors, Group Strategy Council and other meetings of SAWAI PHARMACEUTICAL and the Company, and does not have authority over decision-making of SAWAI PHARMACEUTICAL and the Company.

Mr. Hiroyuki Sawai, Saikokomon of the Company and SAWAI PHARMACEUTICAL has made significant contributions to the development of the Company since he joined SAWAI PHARMACEUTICAL, the core subsidiary company of the Company's group, in April 1963. He also provides advice or expresses his opinions voluntarily at the request of the Company's management, utilizing his extensive knowledge of the generic drug industry. However, he does not have the authority to make decisions of the Company at the Board of Directors meetings of the Company and SAWAI PHARMACEUTICAL, the Group Strategy Council and other meetings.

2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The corporate governance of the Company consists of six (6) directors (including two (2) outside directors) and three (3) Audit & Supervisory Board Members (including two (2) outside Audit & Supervisory Board Members), and the Company has adopted a company system with a Board of Audit & Supervisory Board Members. In addition, the Company has adopted a corporate officer system to separate the management decision-making function from the business execution function, to strengthen and improve the efficiency of the business execution function based on management strategies, and to clarify the responsibility for business execution.
An overview diagram is shown on the last page of this report.

The Board of Directors is scheduled to meet at least once every three months. In addition, the Group Strategy Council, which is held at least once every three months, deliberates on important matters to be submitted to the Board of Directors, discusses and decides the execution policy of matters resolved at the Board of Directors meetings, and analyzes monthly business results and discusses the countermeasures. In addition, the Group Investment Committee is held as needed to objectively, rationally, and carefully deliberate on important investment projects and annual investment budgets, and the Group Governance Council is held as needed to build, maintain, and improve the governance system of the entire Company's group. In addition, under the umbrella of the Group Governance Council, we have established specialized committees for risk, compliance, sustainability, and information security, and have put in place a system to prevent damage to corporate value.

As for the organization of audits by Audit & Supervisory Board Members, three Audit & Supervisory Board Members (one full-time Audit & Supervisory Board Member and two outside Audit & Supervisory Board Members) constitute the Audit & Supervisory Board, which performs the duties stipulated in Article 390, Paragraph 2 of the Companies Act. The Audit & Supervisory Board regularly reviews the audit policy and audit plan, status of development and operation of the internal control system, appropriateness of the method and results of the audit by the accounting auditor, audit reports, and development of the audit environment. The Audit & Supervisory Board strives to communicate with the representative directors and outside directors by providing opportunities for dialogue on a regular basis, and receives reports from the accounting auditor on audit plans and audit reports, and requests explanations as necessary.

Audit & Supervisory Board Members attend meetings of the Board of Directors and express their opinions as necessary from an objective standpoint. In addition, the Audit & Supervisory Board Members exchange information with the Group Internal Inspection Office and the

accounting auditor, receive investigation reports on the status of audits, and conduct their own investigations and prepare audit reports. In addition, the Company has appointed two substitute Audit & Supervisory Board Members (one internal and one external) in case the number of Audit & Supervisory Board Members stipulated by laws and regulations becomes vacant. The Company's Articles of Incorporation stipulate that the Company shall have no more than five Audit & Supervisory Board Members.

The internal audit organization of the Company is the Group Internal Inspection Office under the direct control of the President and Representative Director, which is independent of the business execution divisions. The department conducts audits based on the audit plan and audits and evaluates the status of development and operation of the internal control system based on the "Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information." The Group Internal Inspection Office has three members.

The Company will strive to demonstrate mobility by activating the Board of Directors, the Audit & Supervisory Board, the Group Strategy Council, and other various meeting bodies, as well as the General Managers' Meeting, etc., and will share information by operating joint meetings with subsidiaries of the Group.

The Company's accounting auditor is KPMG AZSA LLC.

The Company's Audit & Supervisory Board Members and the Audit & Supervisory Board evaluate the auditing firm, and the evaluation includes the quality control system of the auditing firm, professional ethics, independence and expertise as an accounting auditor, communication with Audit & Supervisory Board Members, etc., and appropriateness of audit fees. The reason for the Company's selection of KPMG AZSA LLC as its accounting auditor is that the Company has comprehensively reviewed the size, experience and other aspects of KPMG AZSA LLC, including its ability to perform its duties, independence, and internal control system, and has determined that it is suitable for the position. In particular, the Audit & Supervisory Board believes that the accounting audits of the Company and its overseas consolidated subsidiaries will be effectively and efficiently conducted by the KPMG Group, which belongs to the same network.

When the Audit & Supervisory Board determines that it is necessary to do so, such as when there is a hindrance to the performance of duties by the accounting auditor, the Audit & Supervisory Board decides the details of the proposal for dismissal or non-reappointment of the accounting auditor to be submitted to the General Meeting of Shareholders. In addition, if it is deemed that the accounting auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the accounting auditor shall be dismissed with the unanimous consent of the Audit & Supervisory Board Members. In this case, the Audit &

Supervisory Board Member selected by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and the reasons thereof at the first General Meeting of Shareholders to be convened after the dismissal.

The Company's Audit & Supervisory Board Members and the Audit & Supervisory Board will conduct an evaluation of the auditing firm. The contents of the evaluation include the quality control system of the auditing firm, professional ethics, independence and expertise as an accounting auditor, communication with Audit & Supervisory Board Members, etc., and appropriateness of audit fees. In addition, the Audit & Supervisory Board, based on the "Practical Guidelines for Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, has confirmed and reviewed the status of the implementation of the audit by the accounting auditor, the appropriateness of the audit plan and the estimated remuneration, and as a result, agrees to the amount of remuneration for the accounting auditor as stipulated in Article 399, Paragraph 1 of the Companies Act.

With respect to various issues related to corporate management and daily operations, the Company has a system in place whereby the Company receives various advice, etc., from attorneys and other experts as necessary and uses it as a reference in making management decisions, and consults with committees such as the Group Compliance Committee and the Internal Control Committee, depending on the nature of the issue. The committee is chaired by the President and Representative Director, and the relevant directors and corporate officers are designated as committee members.

In addition, for the purpose of ensuring the appropriateness and efficiency of the Company's business operations as a Company's group, the Company ensures that all Group companies including SAWAI PHARMACEUTICAL and Upsher-Smith Laboratories, LLC thoroughly understand the corporate philosophy and management policies common to the Company's group, and provides guidance and advice in the execution of daily business operations. The Company's consolidated subsidiaries are subject to the necessary accounting audits by the Company's accounting auditor as well as periodic audits by the Group Internal Inspection Office. In addition, Audit & Supervisory Board Members monitor the execution status of duties by directors in relation to the management of subsidiaries.

The Company, its outside directors and Audit & Supervisory Board Members have entered into an agreement to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the amount stipulated by laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System

We believe that the best way to pursue efficiency and legality in management is to have directors who are

familiar with the ethical pharmaceutical industry, which is the core business of the Group, as well as with the internal affairs of the Company, engage in business operations with a high sense of ethics while paying close attention to various areas within the Company. The Company has adopted a company system with a Board of Audit & Supervisory Board Members, which enables outside directors and the Audit & Supervisory Board Members to supervise the management of the Company, because the Company believes it is the most appropriate system in consideration of the Company's corporate scale and management approach. We expect outside directors and outside Audit & Supervisory Board Members to provide useful advice, judgment, auditing and supervision from an independent, outside standpoint with expertise in law, taxation, accounting and medicine.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sends out the notice of convocation earlier than the statutory deadline.
Scheduling AGMs Avoiding the Peak Day	We will avoid concentrated days.
Allowing Electronic Exercise of Voting Rights	Enables shareholders who do not attend the general meeting of shareholders to exercise their voting rights by electromagnetic means.
Participation in Electronic Voting Platform	The Company participates in and uses the platform for electronic exercise of voting rights for institutional investors and makes it possible for them to use the platform.
Providing Convocation Notice in English	The Company provides the notice of convocation of the general meeting of shareholders (summary) in English.
Other	The notice of convocation of the Ordinary General Meeting of Shareholders, the notice of resolutions, and the results of the exercise of voting rights are scheduled to be posted on the Company's website.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company plans to post it on its website.
Regular Investor Briefings for Individual Investors	We will hold briefings for individual investors at least four times a year on a regular basis.
Regular Investor Briefings for Analysts and Institutional Investors	We will hold financial results briefings for analysts and institutional investors twice a year, once for the second quarter and once for the full year, as well as conference calls for the first and third quarter results.
Regular Investor Briefings for Overseas Investors	In addition to participating in IR events held in Japan by securities companies or accepting press coverage, and holding large meetings, small meetings, and responding to individual interviews, the Company will conduct overseas IR on a regular basis.
Posting of IR Materials on Website	We will post securities reports, financial statements and supplementary materials, integrated reports, shareholder newsletters, other IR presentation materials, press releases, and briefing videos.

Establishment of Department and/or Manager in Charge of IR	We have established the Group PR & IR Office.
Other	–

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have established "Code of Conduct" for each stakeholder based on our Corporate Philosophy. We strive to instill our Corporate Philosophy and Code of Conduct to meet the expectations and trust of our stakeholders. The full text will be posted on our website.
Implementation of Environmental Activities, CSR Activities etc.	In order to prevent global warming, we will implement the Cool Biz and Warm Biz programs, introduce hybrid cars to our sales fleet, change the temperature setting of air conditioners (28 degrees Celsius in summer and 20 degrees Celsius in winter), reduce and turn off lights, introduce LED lighting, and take other energy-saving measures. In addition, we will regularly conduct cleanup activities around our business sites to beautify the local environment. We will also participate in the protection activities (extermination of non-native fish and cleanup of riverbeds) for the Acheilognathus longipinnis (deep body bitterling), which is designated as a national natural treasure and is an endangered species, in order to preserve biodiversity. We have established the Group Sustainability Committee to strengthen our ESG initiatives.
Development of Policies on Information Provision to Stakeholders	We will establish policies for the provision of information in our Disclosure Policy. In addition, the Code of Conduct stipulates that we will strive for constructive dialogue and collaboration with our stakeholders, including timely and appropriate disclosure of financial and non-financial information and environmental communication.
Other	(Factory tour) As part of our activities to contribute to the local community, we hold factory tours for groups such as students, residents' associations, PTAs, and medical institutions to show the manufacturing process of high-quality generic drugs produced by SAWAI PHARMACEUTICAL, the core company of the Group. (Current status regarding the appointment of women as directors) Ms. Nawomi Todo, an outside director, is a woman. The gender composition of officers (directors and Audit & Supervisory Board Members) is 8 males and 1 female (11.1% of officers are female).

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company has adopted a resolution at the Board of Directors meeting regarding the "Systems for Ensuring the Appropriateness of Business Activities" as stipulated in the Companies Act and the Enforcement Regulations of the Companies Act. The outline is as follows.

In order to achieve sustainable growth and increase corporate value over the medium to long term, the Company will build a management system that enables decision-making and business execution that responds appropriately and promptly to changes in the external environment. In addition, in order to realize fair and highly transparent management, we will position the enhancement of corporate governance as one of the important management issues, and promote corporate activities based on the Code of Conduct and various internal regulations that we should follow for various stakeholders based on our Corporate Philosophy of "Our Passion, Our Health."

(1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

i) All officers and employees shall strive to conduct business operations based on the "Group Corporate Philosophy" and the "Group Code of Conduct," and shall ensure compliance with laws, regulations and internal rules.

ii) The Company shall establish the Nomination, Compensation and Other Governance Committee and strive to strengthen the independence, objectivity and accountability of the functions of the Board of Directors.

iii) The Company shall establish the Group Compliance Committee, which shall conduct education and enlightenment activities, etc., for officers and employees and strive to raise awareness of compliance throughout the Group.

iv) The Company will ensure the proper operation of the "Regulations on Corporate Ethics Helpline" to prevent, detect at an early stage, and correct misconduct caused by violations of laws and regulations.

v) The Group Internal Inspection Office, which reports directly to the President, shall conduct internal audits. The Audit & Supervisory Board Members shall also audit the execution of duties by the directors.

vi) The Company shall strive for the timely and appropriate disclosure of consistent and reliable corporate information, both internally and externally.

2. Systems for the storage and management of information related to the execution of duties by directors

i) In accordance with the "Regulations on Document Management," the Company shall properly preserve documents required to be preserved by laws and regulations, minutes of important meetings, approval documents for important matters, important contracts, and other information (including electromagnetic records) related to the execution of duties by directors that should be preserved under the regulations, in accordance with the prescribed preservation period.

ii) The Company shall take all possible measures to manage important facts and important information obtained in the course of duties in accordance with the "Regulations on Insider Trading Management" and the "Regulations on Information Security Management," and shall strive to protect specified personal information and personal information in accordance with the "Regulations on Specified Personal Information Protection" and the "Regulations on Personal Information Protection."

3. Regulations and other systems for managing the risk of loss

i) The Group Risk Management Committee shall be established to oversee risk management, manage and evaluate its progress, and make continuous improvements. In addition, the Company shall identify risks that may have an impact on management and identify important risks, and each department in charge shall take measures against each important risk.

ii) With regard to quality and safety, the Company shall carry out its business effectively and appropriately based on the Quality Policy and the Safety Policy.

iii) With regard to the management of risks related to emergencies, the Company shall strive to minimize damage and quickly recover business activities in the event of a crisis, based on the Regulations on Crisis Management and the Disaster BCP (Business Continuity Plan).

iv) With respect to risks related to financial reporting, the Internal Control Committee shall raise issues and determine policies, and shall oversee the development and operation of internal controls for each division process owner, while the Group Internal Inspection Office shall evaluate such risks.

v) In addition to ensuring fair and honest business operations and the elimination of unclear transactions, the Company shall take a resolute stance against antisocial forces and groups that threaten the order and safety of civil society, in cooperation with the police and other relevant administrative agencies and legal advisors.

4. Systems to ensure efficient execution of duties by directors

i) The Company shall introduce a corporate officer system in order to separate the management decision-making function from the business execution function and to accelerate and streamline decision-making.

ii) The Board of Directors shall be held at least once every three months, or on an extraordinary basis as necessary, to make decisions on matters stipulated in laws and regulations and the Articles of Incorporation, as well as on important management matters, and to supervise the execution of business. In addition, the Group Strategy Council shall be held at least once every three months to deliberate on execution policies concerning important matters.

iii) The Company shall formulate business plans for each division based on the medium-term management plan and manage the progress of the plans in a meeting body consisting mainly of directors and executive officers.

iv) The Company shall clarify authority and responsibility by establishing the "Regulations on Division of Duties" and the "Regulations on Administrative Authorities," and shall clarify and expedite the decision-making process by adopting the approval system.

v) With respect to various management issues, the Company shall receive various advice from attorneys and other experts as necessary and use it as a reference in making management decisions.

5. Systems to ensure the appropriateness of business operations in the Group (corporate group consisting of the Company and its subsidiaries)

i) To ensure the appropriateness of business operations of the Group while respecting the autonomous and responsible management of subsidiaries, the Company shall ensure that each Group company is thoroughly informed of the Company's "Group Corporate Philosophy" and "Group Code of Conduct." In addition, in accordance with the "Regulations on Group Policy Management," the Company shall strive to develop and operate Group policies that indicate the basic spirit and stance to be complied with, and to foster a sense of unity within the Group.

ii) With respect to the business management of subsidiaries, the Company shall receive necessary reports from subsidiaries on a regular and timely basis in accordance with the "Regulations on Affiliated Company Management," ascertain their actual business conditions, and provide necessary advice and guidance.

iii) The Group Internal Inspection Office shall conduct audits of subsidiaries on a regular basis.

iv) The Audit & Supervisory Board Members shall endeavor to collect information on subsidiaries and monitor the execution of duties by directors in relation to the management of subsidiaries.

6. Matters concerning employees to assist the Audit & Supervisory Board Members in their duties, matters concerning the independence of such employees from the directors, and matters related to ensuring the effectiveness of instructions to such employees

i) In the event that the Audit & Supervisory Board Members request auxiliary employees to assist them, members of the Group Internal Inspection Office shall concurrently serve as such employees.

ii) The duties of auxiliary employees as instructed by the Audit & Supervisory Board Members shall be independent from the chain of command and order of the directors and shall belong to the Audit & Supervisory Board Members.

iii) In cases where it is deemed that the necessary authority of the Audit & Supervisory Board Members to direct and order auxiliary employees is unreasonably restricted, the Audit & Supervisory Board Members shall make the necessary request to the Board of Directors.

7. Systems for reporting to Audit & Supervisory Board Members by directors and employees of the Company and its subsidiaries, and other systems for reporting to Audit & Supervisory Board Members, and systems to ensure that directors and employees are not treated unfavorably due to reporting

i) Audit & Supervisory Board Members shall attend important meetings of the Board of Directors and other important meetings in order to ascertain the process of important decision-making and the status of business execution.

ii) Audit & Supervisory Board Members may inspect important documents related to the execution of business and may request explanations from the officers and employees of the Company′s Group as necessary.

iii) If any director discovers any fact that may cause significant damage to the Company, he or she shall immediately report such fact to the Audit & Supervisory Board Members.

iv) Any report of misconduct by a director shall be made by an officer or employee of the Company's group to the Audit & Supervisory Board Members, and the informant shall not be treated disadvantageously.

8. Other systems to ensure that audits by Audit & Supervisory Board Members are conducted effectively
i) The Group Internal Inspection Office shall maintain close cooperation with the Audit & Supervisory Board Members in order to contribute to efficient audits by the Audit & Supervisory Board Members, such as by reporting the plans and results of internal audits to the Audit & Supervisory Board Members in a timely manner.
ii) Audit & Supervisory Board Members shall strive to understand the auditing activities of the accounting auditor and exchange information through regular meetings with the accounting auditor, as well as to improve the efficiency and quality of auditing activities by witnessing audits by the accounting auditor and attending audit reviews.
iii) The Company shall pay promptly upon request any expenses deemed necessary by the Audit & Supervisory Members in the performance of their duties.

2. Basic Views on Eliminating Anti-Social Forces

(Concept)
We will take a resolute stance against antisocial forces and groups that threaten the order and safety of civil society, in cooperation with the police, other relevant administrative agencies, and attorneys, while ensuring fair and honest business operations and the elimination of questionable transactions.

(Status of system development)
We have established a system to respond to unreasonable demands from antisocial forces by stipulating our approach to the elimination of antisocial forces in our Code of Conduct. The Company also explains its stance to its business partners and requests them to issue a "Memorandum of Understanding for the Elimination of Antisocial Forces" at the time of contract signing or renewal to prevent the Company from transacting with antisocial forces and groups.
In addition, the Company makes efforts to defend itself against antisocial forces by participating in the activities of the Corporate Defense Council and conducting in-house training.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

Basic policies regarding persons who control determination of the financial and business policies of the Company

(Basic Policy)
The Company believes that the persons who control determination on the Company's financial and business policies must understand the source of the Company's corporate value and enable the Company to continuously secure and improve its corporate value and, in turn, the common interests of its shareholders.
Since its establishment in 1948, SAWAI PHARMACEUTICAL, the predecessor of the Company and the core company of the Group, has promoted the pharmaceutical business based on the corporate philosophy of "Always putting patients first," and we have been fulfilling our social responsibility as a generic drug manufacturer by continuing to manufacture and sell economical, high-quality pharmaceutical products to

meet the expectations of people who seek to live a healthy life. We believe that the source of our corporate value is our management know-how to maintain an unrivaled level of "quality," "stable supply," and "information provision," which are the three most important elements for the Group's core business of generic drug manufacturing and sales, and we have earned the highest level of reputation from medical institutions and distributors, and we launch and sell many new products every year.

The Company does not generally reject large-scale purchases of the Company's shares, etc., as long as they contribute to the corporate value of the Company and the common interests of its shareholders. In addition, we believe that decisions on takeover bids that involve the transfer of control of a stock company should ultimately be made based on the will of the shareholders as a whole.

However, the Company believes that there are many cases that are not considered to contribute to the corporate value of the target company and the common interests of shareholders, such as those that may cause obvious infringement on corporate value and the common interests of shareholders in terms of their purpose, etc., may effectively force shareholders to sell their shares, or those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the countermeasure for the large-scale acquisition of shares or for the target company's board of directors to propose an alternative plan, and those that require the target company to negotiate with the acquirer in order to obtain more favorable terms than those proposed by the acquirer. Unless the acquirer of our company's shares understands the above-mentioned sources of corporate value and is able to secure and improve them over the medium to long term, our company's corporate value and, in turn, the common interests of our shareholders will be damaged.

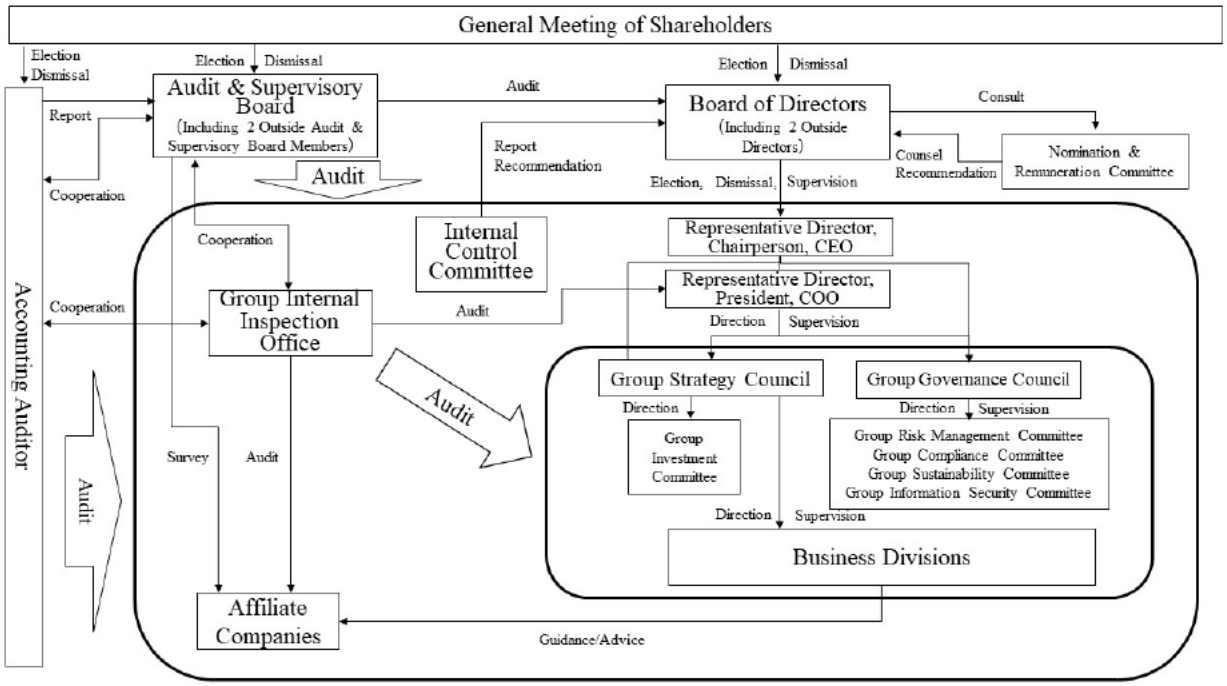
In the event that a party intends to conduct a large-scale purchase of the Company's shares, the Company will proactively request information from the party, promptly disclose the opinion of the Board of Directors and the reasons therefor so that the shareholders can make an appropriate decision, and, if necessary, take appropriate measures to the extent permitted by the Companies Act and other applicable laws and regulations.

2. Other Matters Concerning to Corporate Governance System

The Company will maintain cooperation among the Board of Audit & Supervisory Board Members, the accounting auditor, and the Group Internal Inspection Office, and will work to improve audit quality by enhancing IT-related, account settlement and financial-related expertise and audit skills. In addition, the Company has adopted the following timely disclosure system.

- Appointment of the person responsible for information disclosure and the person in charge
- Establishment of a department in charge of information disclosure (Group PR & IR Office)
- Formulation of and compliance with disclosure policy
- Development and enhancement of regulations on information security management, insider trading management, etc.
- Improvement and enhancement of channels for communicating material information to the person responsible for disclosure
- Consolidation of the determination and disclosure of material information
- Establishment of an appropriate checking and approval system for disclosure materials
- Proactive involvement of the President as the top management in information disclosure
- Establishment of a monitoring system by Audit & Supervisory Board Members and the Internal Inspection Office for the timely disclosure system

【Overview diagram of governance structure】



【Overview diagram of information provision structure】

