Revised Version

Corporate Governance Report

Last Update: June 26, 2025

SAWAI GROUP HOLDINGS Co., Ltd.
Mitsuo Sawai, Representative Director, Chairman & President, GCEO & GCOO
Contact:Taku Nakaoka, Senior Executive Officer
Securities code:4887
https://global.sawaigroup.holdings/

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

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

1. Basic Views

To achieve sustainable growth for the Company and its subsidiaries (hereinafter referred to as "the Group") as a whole, and to enhance corporate value over the medium to long term, the Company has established a management structure capable of making appropriate and prompt decisions and executing operations in response to changes in the external environment. In addition, to realize fair and highly transparent management, we consider the enhancement of corporate governance to be a key management issue. Furthermore, as a company whose core group companies are engaged in life-related businesses providing ethical pharmaceuticals, we promote corporate activities in accordance with our Code of Conduct and various internal regulations for all stakeholders, under the shared corporate philosophy of "Dedicated to building a healthier future for all" to maintain and improve high ethical standards throughout the entire Group.

(1) Securing the Rights and Equal Treatment of Shareholders

The Company strives to improve the environment for exercising voting rights and responds appropriately to ensure that shareholders' rights are effectively secured. We also endeavor to ensure that the rights of minority and foreign shareholders are substantially equal.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

To realize our Group's common corporate philosophy of "Dedicated to building a healthier future for all" achieve sustainable growth, enhance corporate value over the medium to long term, and contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs), we work not only with shareholders but also with medical and healthcare professionals, business partners, employees, local communities, and other stakeholders. We are committed to appropriate collaboration with these various stakeholders and actively fulfill our corporate social responsibility (CSR) throughout our business processes.

(3) Ensuring Appropriate Information Disclosure and Transparency

We disclose consistent and reliable corporate information to shareholders, investors, and other capital market participants in a timely manner in accordance with laws and regulations, striving to ensure equal access to disclosed information for all market participants. In addition to financial information, we proactively disclose useful information on management strategies,

management issues, risks, and ESG matters through our website and public relations materials, ensuring appropriate and highly transparent disclosure of corporate information.

(4) Responsibilities of the Board

Based on its fiduciary responsibility and accountability to shareholders, the Company's Board of Directors pursues both efficiency and legality in management, under an oversight function that balances the "autonomy" of internal directors familiar with the Group's businesses and the "objectivity" of outside directors who are independent. We are committed to "initiative-taking governance," responding appropriately to changes in the external environment and making prompt and decisive decisions. We also strive to foster a corporate culture that respects free, open-minded, and constructive opinions at Board meetings, and to strengthen the "defensive functions" expected of directors who are members of the Audit & Supervisory Committee.

(5) Dialogue with Shareholders

The President and CEO, as well as the officer responsible for information disclosure, actively engage in dialogue with shareholders and investors, providing substantial information on management strategies, financial matters, and other topics, and strive to maintain constructive two-way communication. The results of such dialogue are reported to the Board of Directors and the opinions of shareholders and other stakeholders are actively utilized in the Company's management.

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

Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources

The Company's policies on ensuring diversity in the appointment of core human resources, human resource development, improvement of the internal environment, and the target ratio of female managers are published on the Company's website, including in the Mid-Term Business Plan. Since the majority of our Group's managers are mid-career hires and we recognize that diversity among mid-career management positions is already sufficiently advanced, we have not set a specific target for this category. Additionally, we have not set a target for the ratio of non-Japanese managers, as the importance of this metric has relatively decreased following the transfer of shares and equity of a subsidiary that was a major part of the Group's U.S. business, and the subsequent concentration of management resources in the Japanese market.

https://global.sawaigroup.holdings/sustainability/social/development/

https://global.sawaigroup.holdings/about/plan/

Supplementary Principle 4.1.3 Succession Planning for the CEO and Other Top Executives

The Nomination, Remuneration, and other Governance Committee has already discussed and prepared an outline of the overall succession plan for the CEO and other key positions. In fiscal 2024, the Committee began specific discussions on succession planning, including for senior management other than the CEO. Going forward, we plan to formulate a more concrete plan, including specific selection criteria for successor candidates and a training plan, and will report to the Board of Directors for deliberation and approval prior to implementation.

Disclosure Based on each Principle of the Corporate Governance Code

Principle 1.4 Cross-shareholdings

To achieve sustainable growth and enhance corporate value over the medium to long term, the Group may hold listed shares as deemed necessary as part of its management strategy, but, in principle, does not hold shares for the purpose of pure investment. We also view Cross-shareholdings as a potentially effective means of forming strategic alliances. When the Group holds listed stocks, the Board of Directors periodically reviews the rationale for major policy stockholdings, considering the purpose of holding, including the cost of capital. If the Board determines that a holding is not rational, it is the Group's policy to reduce such holdings.

The Mid-Term Business Plan includes a policy to reduce Cross-shareholdings in line with the "Basic Policy on Reviewing Business Portfolio and Capital Policy," which was approved by the Board of Directors in January 2024. During fiscal 2024, we sold three stocks (approximately 70% of the book value of the stocks) as part of a review of our cross-shareholdings, and we also sold one stock in April 2025.

When exercising voting rights, the Company does not apply uniform standards, as the content and background of each proposal differ. We exercise voting rights appropriately after considering whether each proposal contributes to the sustainable growth of the Group and the enhancement of corporate value over the medium to long term, deepening our understanding of the management policies and proposals of the relevant company through dialogue.

Principle 1.7 Related Party Transactions

The Company's Board of Directors Regulations stipulate that approval of competitive transactions, self-dealing, and transactions involving conflicts of interest by directors must be resolved by the Board, and directors with special interests in such matters may not participate in the vote. Transactions between the Company and its major shareholders are also subject to Board approval to ensure the interests of general shareholders are not harmed. Furthermore, the Board of Directors appropriately monitors these related-party transactions in accordance with relevant laws and regulations.

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company has adopted a defined contribution pension plan and does not anticipate any conflict of interest between the Company and its employees regarding plan management, as the employees, who are the beneficiaries, are responsible for managing the plan. However, since the management of the corporate pension plan affects employees' asset formation, a person in charge is assigned to the Group Human Resources Department to provide education so that employees can manage their pension plans. This person receives a report on the management status from the investment management institution every six months. When selecting investment products, the Company chooses financial products with distinctive characteristics as stipulated by the Defined Contribution Pension Plan Law and notifies and consults with the labor union in advance when adding or changing investment products.

Principle 3.1 Full Disclosure

(i) The Company's corporate philosophy, management strategy, and management plan (Mid-Term Business Plan) are disclosed on the Company's website.

https://global.sawaigroup.holdings/about/philosophy/

https://global.sawaigroup.holdings/about/plan/

(ii) Please refer to "I.1. Basic Views" in this report for the Company's basic philosophy and basic policy on corporate governance.

(iii) For the policy and procedures regarding the determination of remuneration for senior management and directors, please refer to "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" in "Director Remuneration" in this report.

(iv) The Board of Directors' policy for appointing senior management responsible for the Company's sustainable growth and enhancement of corporate value over the medium to long term, as well as for nominating candidates for the Board, is to fully respect the advice and recommendations of the Nomination, Remuneration, and Other Governance Committee. The Board considers the overall size, balance, and diversity of the Board, and determines nominees based on a comprehensive assessment of their experience, expertise, business performance, insight, character, and other factors appropriate to the duties of the Board. The procedures for these decisions are stipulated in the "Regulations of the Board of Directors" and the "Regulations of the Nomination, Remuneration, and Other Governance Committee."

The policy for dismissing senior management, including directors, is also determined with full respect for the advice and recommendations of the Nomination, Remuneration, and Other Governance Committee, and with comprehensive consideration of the following:

- When a member of management no longer meets the requirements for appointment
- In the event of 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 incapacity 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.

Such procedures are also stipulated in the relevant regulations.

The policy for nominating candidates for Directors who are members of the Audit & Supervisory Committee is determined in accordance with the "Code of Audit & Supervisory Committee Auditing and Supervising Standards" including ensuring independence from the executive management and maintaining a fair and unbiased attitude. The procedures for such nominations are set forth in the "Regulations of the Audit & Supervisory Committee."

(v) In light of the above, explanations regarding the individual selection, dismissal, and nomination of director candidates are included in the "Notice of the General Meeting of Shareholders."

Supplemental Principle 3.1.3 Initiatives on Sustainability

Recognizing sustainability as one of our most important management issues, the Company has established the Group Sustainability Committee and collaborates with Group companies on sustainability initiatives. The status of these efforts and ESG-related data are published on the websites of the Company and each Group company. In addition, disclosures regarding investments in human capital and information based on the TCFD (Task Force on Climate-related Financial Disclosures) are posted on the Company's website.

https://global.sawaigroup.holdings/sustainability/

https://global.sawaigroup.holdings/sustainability/environment/tcfd/

Supplementary Principle 4.1.1 Scope and Content of the Matters Delegated to the Management

The Board of Directors makes judgments and decisions on matters stipulated in the Regulations of the Board of Directors as being of high management importance, in addition to those required by laws, regulations, and the Articles of Incorporation. Recognizing that one of the Board's key duties is to supervise management, the Company has adopted an executive officer system, delegating the execution of operations to executive officers in accordance with Board decisions. Discussions and decisions on execution policies are made at the Group Strategy Council, which consists of the Chairman, the President and CEO, and Executive Officers. With the transition to a company with an Audit & Supervisory Committee, certain matters are delegated to the management team to enhance discussions on more important management issues. To ensure efficiency and agility, the Company delegates the execution of matters below a certain monetary threshold and deemed less significant, in accordance with a separately established "Authority Matrix." 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 Independence Standards and Qualification for Independent Directors

The Company appoints five independent outside directors who meet the requirements stipulated by the Companies Act and the independence standards of the Tokyo Stock Exchange, and who can provide advice and making decisions from an objective perspective that contributes to the Company's sustainable growth and enhancement of corporate value over the medium to long term. Of these five, three outside directors who are not Audit & Supervisory Committee members serve as key members of the Nomination, Remuneration, and Other Governance Committee, which was established to enhance the independence, objectivity, and transparency of the Board's functions and to strengthen its accountability. These directors can provide appropriate involvement and advice on important governance matters. In addition, Mr. Masatoshi Ohara was selected as the lead independent outside director by mutual vote of the outside directors. The lead independent outside director regularly holds meetings with outside directors who are not Audit & Supervisory Committee members and with directors who are members of the Audit & Supervisory Committee, playing a leading role in strengthening the supervisory function by communicating and coordinating with non-outside directors (including representative directors).

Supplementary Principle 4.10.1 Independent Nominating and Remuneration Committees

For information on the committees that consider important governance-related matters such as nomination and remuneration, and their members, please refer to "Voluntary Established Committee(s)" in the "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight" in this report.

Supplemental Principle 4.11.1 Balance between Knowledge, Experience and Skills, Diversity and Size of the Board

The maximum number of members of the Company's Board of Directors is set at 12, considering the size of the company and

the need for substantive discussion and exchange of opinions. Currently, our Board consists of eight directors, five of whom are independent outside directors. For the Company's approach to the balance of knowledge, experience, abilities, and diversity of the Board as a whole, as well as policies and procedures regarding director appointments, please refer to Principle 3.1(iv) of this report. Regarding the appointment of independent outside directors with management experience at other companies, Mr. Masayuki Mitsuka, Ms. Yasuko Aitoku and Ms. Yukiyo Nose have been appointed to this position. A skill matrix listing the knowledge, experience, and abilities of each director will be included in the "Notice of the General Meeting of Shareholders" and other documents.

https://www2.jpx.co.jp/disc/48870/140120250530575138.pdf

Supplemental Principle 4.11.2 Concurrent Appointments of Directors

The Company limits the number of concurrent positions held by directors at other companies to a reasonable extent, so that directors can appropriately fulfill their roles and responsibilities. The status of concurrent positions held by the Company's directors at other companies will be disclosed in the "Notice of the General Meeting of Shareholders."

Supplementary Principle 4.11.3 Analysis and Evaluation of Board Effectiveness

The Company conducts an annual analysis and evaluation of the effectiveness of the Board of Directors and takes steps to improve effectiveness, as necessary.

<Evaluation Method>

A self-assessment format was used, with a questionnaire prepared by a third-party organization administered to directors and corporate auditors (8 in total).

・A third-party organization conducts a self-assessment questionnaire using a confidential written format.

・The third-party organization compiles the responses and analyzes the results.

・The Board of Directors reviews and discusses the findings based on the report provided by the third-party organization.

<Evaluation Items>

The evaluation consisted of forty questions in eleven categories: thirty-one questions on a 5-point scale and nine open-ended questions for comments and suggestions.

1. Structure of the Board of Directors
2. Operation of the Board of Directors
3. Discussion at the Board of Directors
4. Monitoring function of the Board (including issues from previous evaluations)
5. Performance of internal directors
6. Performance of outside directors
7. Support system for directors and auditors (including training)
8. Dialogue with shareholders (investors)
9. Own initiatives
10. Operation of the Nomination, Remuneration, and Other Governance Committees

11. Summary

<Major Comments>

The key opinions raised during the discussion are summarized below:

- The presence of an outside director with top management experience in the pharmaceutical industry enhances the Board's capacity for meaningful management discussions.
- The ratio of internal to outside directors is considered appropriate.
- The Company provides timely updates on each issue in the mid-term plan, including those related to quality improvement.
- The Board benefits from a multifaceted monitoring structure, with outside directors possessing expertise in medicine, management, and law.
- We believe that the support system for the Board of Directors has been steadily enhanced over the years.
- Discussions around human capital development—specifically CEO and executive succession planning—remain insufficient.
- The internal human resource development system is still being refined to keep pace with rapid workforce expansion, posing challenges in succession planning. However, it is expected that robust and open discussions will help shape the way forward.
- In some cases, the link between the mid-term plan and overall management policy is not clearly articulated.
- While reports from each division offer sufficient information to grasp the company's overall operations, there is a desire for more insight into future challenges and risks, along with better-structured and more in-depth analysis.
- We believe that decisions made by the Board of Directors are most effective when they are communicated to the operational frontlines, with appropriate context and circumstances considered. However, we recognize that there are currently areas where this process remains insufficient.
- The Board is encouraged to communicate new business initiatives at an early stage and ensure it gathers ample information and stakeholder input.
- Group-wide monitoring should be further reinforced.
- As the number of subsidiaries and affiliates continues to grow and business operations expand, it will be increasingly important to strengthen the audit framework and enhance collaboration with the internal audit department.

<Evaluation Results>

Based on the evaluation conducted by a third-party organization and reviewed at the Board of Directors meeting held on April 25, 2025, the Board was assessed as generally effective overall, while acknowledging that there are areas requiring further improvement.

<Issues and Directions for Further Improvement>

To further enhance the Board's effectiveness in fiscal 2025, the following priority areas have been identified based on the latest evaluation:

- Succession planning, ensuring diversity, developing core talent, and enhancing the internal environment
- Following up on and monitoring progress with respect to the management plan and key resolutions
- Deepening discussions and enhancing information sharing related to sustainable growth and the creation of corporate value

Supplementary Principle 4.14.2 Training Policy for Directors

The Company will proactively provide directors and Audit & Supervisory Committee members with a wide range of information—including updates on the Company's business operations and financial status—to enable them to effectively fulfill their roles and responsibilities. In addition, the Company will offer information on relevant industry systems and governance frameworks, as well as training opportunities and other resources, as necessary.

Principle 5-1: Policy for Constructive Dialogue with Shareholders

For the Company's basic policy on dialogue with shareholders, please refer to "I.1. Basic Views" in this report.

Requests for dialogue (interviews) from shareholders and investors are managed by the IR group to the extent reasonable. If scheduling permits, a director and a senior member of management will also respond positively. Inquiries by email or telephone are answered verbally or in writing by the IR group, or information is posted on the website regarding key issues of interest to shareholders. The Company's policy for developing systems and initiatives to promote constructive dialogue with shareholders and investors is as follows:

(i) The Company has notified the Tokyo Stock Exchange that Mr. Yasushi Kora, General Manager of the Group Finance Department in charge of IR, is the person responsible for handling information.

(ii) The Company has established an IR group as a contact point for dialogue and has also set up a system for cooperation with the Brand Communication Department, Group Finance Department, Group General Affairs Department, Group Sustainability Management Department, and other departments to ensure constructive dialogue.

(iii) In addition to analyst and investor meetings, we prepare easy-to-understand IR materials, including English versions, and post them on our website to ensure equality and fairness for shareholders as much as possible.

(iv) The IR group compiles opinions, concerns, and other information obtained through dialogue with shareholders and investors and regularly provides feedback to management.

(v) The Company has established "Regulations of Insider Trading Management" and disseminates them internally to ensure thorough management of insider information. The number of persons overseeing vital information is limited to a minimum, and a system is in place to prevent insider information from being leaked to outside parties through mutual monitoring by involving multiple persons in dialogue.

In dialogues with shareholders and investors, topics such as the NHI drug price system, market trends, new businesses, capital policies, and corporate governance—which are also related to the cost of capital—are often the key issues of interest. The content of these dialogues, including the opinions of shareholders and investors, is reported to management by the IR group and is referenced in management discussions at Board of Directors and Group Strategy Council as appropriate.

For the system to promote constructive dialogue with shareholders and investors, please refer to "2. Other Matters Concerning the Corporate Governance System of "V. Other" in this report.

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available

Date of Disclosure Update	June 26, 2025

Explanation of Actions

The “Basic Policy on Reviewing Business Portfolio and Capital Policy,” as resolved at the Board of Directors meeting on January 16, 2024, is available on our website.

https://pdf.irpocket.com/C4887/ZoWa/Jdfs/MhK5.pdf

Specific numerical targets have been established in the medium-term business plan approved by the Board of Directors on June 6, 2024, and these are also published on our website.

https://global.sawaigroup.holdings/about/plan/

To achieve these targets, the Board of Directors implemented various initiatives in fiscal 2024 in line with this basic policy, including reducing cross-shareholdings, selling idle real estate, repurchasing treasury shares, and considering the introduction of a restricted stock remuneration system for executives. The progress of these initiatives is reviewed and discussed by the Board of Directors on a quarterly basis, reflected in financial results presentation materials, and communicated externally.

2. Capital Structure

Foreign Shareholding Ratio	20% or more but less than 30%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	22,353,900	19.36
Custody Bank of Japan, Ltd. (Trust account)	13,379,400	11.58
Mitsuo Sawai	3,171,700	2.74
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	3,029,200	2.62
Kenzo Sawai	2,562,000	2.21
BNYM AS AGT/CLTS 10 PERCENT	2,195,966	1.90
JP MORGAN CHASE BANK 385840	2,021,700	1.75
Sumitomo Mitsui Banking Corporation	1,950,000	1.68
Sawai Mitsuo Co., Ltd.	1,935,000	1.67
JPMorgan Securities Japan Co., Ltd.	1,754,907	1.52

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	—
Name of Parent Company, if applicable	—

Supplementary Explanation

(Notes)

1. The above “Status of Major Shareholders” is as of March 31, 2025.
2. With respect to the shares of Mr. 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) 22,353,900 shares
   Custody Bank of Japan, Ltd. (Trust Account) 13,379,400 shares
4. Although the Large Shareholding Report dated March 21, 2025, indicates that Nomura Securities Co., Ltd. own 8,921,374 shares in Sawai Group Holdings Co., Ltd., 6.79% of all shares, as of March 14, 2025, we cannot verify the actual number of shares held as of March 31, 2025. Nomura Securities Co., Ltd is not included in the above list “Status of Major Shareholders.”
5. Although the Large Shareholding Report (Amendment Report No.15) dated March 24, 2025, indicates that Silchester International Investors LLP owns 7,521,600 shares in Sawai Group Holdings Co., Ltd., 5.72% of all shares, as of March 17, 2025, we cannot verify the actual number of shares held as of March 31, 2025. Therefore, Silchester International Investors LLP is not included in the above list “Status of Major Shareholders.”

In addition to the above, there are 16,018,103 shares of the Company’s stock held by the Company. Of these, 16,016,600 shares were cancelled on April 30, 2025.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Pharmaceuticals
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

—

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

—

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	Maximum of twelve directors
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	Eight directors
Election of Outside Directors	Elected
Number of Outside Directors	Five outside directors
Number of Independent Directors	Five outside directors

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masatoshi Ohara	Lawyer											
Masayuki Mitsuka	From another company /											
Yasuko Aitoku	From another company											
Etsuko Taniguchi	CPA								△			
Yukiyo Nose	From another company											

*Categories for "Relationship with the Company."
(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)

h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Masatoshi Ohara	N/A	Applicable	Partner of KIKKAWA LAW OFFICES External Audit & Supervisory Board member of SHIBUYA CORPORATION External Director of Atsugi CO., LTD.	Except for his tenure as an outside director of Sawai, Mr. Masatoshi Ohara has never been, nor is he currently, an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting professional, or a legal professional who receives significant remuneration or other assets, nor is he a close relative of any such person. Therefore, we believe that there is no risk of a conflict of interest between him and general shareholders. Furthermore, as he possesses extensive legal knowledge through his legal practice and experience as an outside director of other companies, we believe he can provide valuable advice and judgment from an independent standpoint, thereby strengthening the supervisory function of the Board of Directors and enhancing transparency. He attended eleven out of 14 Board of Directors meetings held from April 2024 to March 2025, and as an outside

				director, he asked questions as necessary on matters reported or resolved at each meeting and expressed his opinions from an independent perspective. Based on the above, he has been appointed as an outside director and independent director of the Company.
Masayuki Mitsuka	N/A	Applicable	Outside Audit & Supervisory Board member of MEDIPAL HOLDINGS CORPORATION Outside Audit & Supervisory Board member of JCR Pharmaceuticals Co., Ltd.	Mr. Masayuki Mitsuka has never been, nor is he currently, an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting professional, or a legal professional who receives significant remuneration or other assets, nor is he a close relative of any such person. Therefore, we believe that there is no risk of a conflict of interest between him and general shareholders. In addition, as a former top executive of a leading manufacturer and distributor of ethical pharmaceuticals in Japan, he has a wealth of expertise and experience. We believe that his independent perspective will offer valuable advice and sound judgment, thereby strengthening the Board of Directors' supervisory functions and enhancing transparency. Furthermore, he attended all fourteen board meetings held

				between April 2024 and March 2025. As an outside director, he consistently asked pertinent questions regarding reported matters and resolutions at each meeting and provided insights from an independent standpoint. Based on the above, he has been appointed as an outside director and independent officer of the Company.
Yasuko Aitoku	N/A	Applicable	Representative of Tomo Value Healthcare Solutions	Ms. Yasuko Aitoku has never been, nor is she currently, an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting professional, or a legal professional who receives significant remuneration or other assets, nor is she a close relative of any such person. Therefore, we believe that there is no risk of a conflict of interest between her and general shareholders. She has extensive expertise in medicine and pharmacology, along with experience in the corporate management of pharmaceutical businesses. We believe her independent perspective will enable her to offer valuable advice and sound judgment, thereby enhancing the Board of Directors' oversight function and improving overall transparency. Based on the

				above, she has been appointed as an outside director and independent officer of the Company.
Etsuko Taniguchi	Applicable	Applicable	Representative, Etsuko Taniguchi CPA Office	Ms. Etsuko Taniguchi has never been, nor is she currently, an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting professional, or a legal professional who receives significant remuneration or other assets, nor is she a close relative of any such person. Therefore, we believe that there is no risk of a conflict of interest between her and general shareholders. In addition, she has experience and extensive knowledge as an accounting and tax specialist, and is expected to provide valuable advice and objective, independent auditing of the Company's management decisions and execution, thereby strengthening the Board's supervisory function and improving transparency. While she has not been directly involved in corporate management beyond her roles as an outside director or auditor, we believe she is qualified to fulfill the responsibilities of an outside director based on the reasons outlined above. Based on the above, she has been

				appointed as an outside director and independent officer of the Company.
Yukiyo Nose	Applicable	Applicable	President, Management Consultants for CEOs	Ms. Yukiyo Nose (Japanese American) has never been, nor is she currently, an officer or employee of the Company's group, a major shareholder or investor, a major business partner, a consultant, an accounting professional, or a legal professional who receives significant remuneration or other assets, nor is she a close relative of any such person. Therefore, we believe that there is no risk of a conflict of interest between her and general shareholders. In addition, she has a wealth of knowledge gained from many years of experience in a wide range of fields, including corporate management, medical and pharmaceutical sciences, and ESG. She is expected to provide valuable advice and auditing from an independent and global perspective, thereby strengthening the Board's supervisory function and enhancing transparency. Based on the above, she has been appointed as an outside director and independent director of the Company.

Audit & Supervisory Committee

Composition of Audit & Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	3	1	1	2	Outside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

Members of the Group Internal Inspection Office concurrently assist the Audit & Supervisory Committee in its duties, thereby strengthening information sharing and the Audit & Supervisory Committee's supervisory and auditing functions. In addition, the duties of assistant employees instructed by the Audit & Supervisory Committee are independent from the chain of command of directors and belong to the Audit & Supervisory Committee, and the Company stipulates that the consent of the Audit & Supervisory Committee is required for the personnel transfer of such assistant employees to ensure the effectiveness of instructions by the Audit & Supervisory Committee. Furthermore, if it is deemed that the Audit & Supervisory Committee's authority to give necessary instructions to assistant employees is unreasonably restricted, the Audit & Supervisory Committee will make the necessary request to the Board of Directors.

Cooperation among the Audit & Supervisory Committee, Accounting Auditors, and Internal Audit Department

The Company has established the "Regulations of the Audit & Supervisory Committee," "Code of Audit & Supervisory Committee Auditing and Supervising Standards," and the "Regulations of Internal Audit," and will strengthen its auditing and supervisory functions in cooperation with the Audit & Supervisory Committee, the Group Internal Inspection Office, and the accounting auditor.

The full-time Audit & Supervisory Committee member attends meetings of the Group Strategy Council, and other important meetings, inspects important approval documents, examines the state of operations and assets at the head office and major business locations. By reporting to the Audit & Supervisory Committee, the full-time Audit & Supervisory Committee member shares information and collaborates with the outside directors who also serve as Audit & Supervisory Committee. In addition, the full-time Audit & Supervisory Committee member maintains regular communication with the Representative Director through scheduled dialogues, and exchanges information with the directors and others at subsidiaries and receives reports on their business activities. Mr. Tadao Tsubokura, the full-time Audit & Supervisory Committee member, was previously oversaw the business administration and general affairs divisions at Sawai Pharmaceutical, a core company of our group. The full-time Audit & Supervisory Committee member and the General Manager of the Group Internal Inspection Office exchange information as necessary regarding the establishment and operation of internal controls, operational audits, theme-based audits, and other matters, in accordance with the "Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial

Calculation and Other Information." Internal audit reports prepared by the Group Internal Inspection Office are also provided to the full-time Audit & Supervisory Committee member, who then reports their contents to the Audit & Supervisory Committee.

The Audit & Supervisory Committee mainly conducts operational audits (audits of the "Maintenance and operation of a system to ensure appropriate business operations"), while the accounting auditor mainly conducts accounting audits, to improve audit efficiency. Both parties shall exchange relevant information and views to ensure that the audit is conducted thoroughly and without oversight. The Audit & Supervisory Committee also periodically receives explanations of the basic audit plan and audit summary reports to gain an understanding of the accounting auditor's audit activities. In addition, the Audit Division (the Audit & Supervisory Committee, the Group Internal Inspection Office, and the accounting auditor) conducts audits of business sites to ensure the effectiveness of audits and to ensure that audits are conducted thoroughly throughout the Company. Each department within the Audit Division gathers information and engages in dialogue with departments responsible for promoting internal control, assesses the development and implementation status of internal control systems, and, when necessary, reports to the Internal Control Committee to enhance internal control through opinions and recommendations.

Voluntary Established Committee(s)

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

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee, and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination, Remuneration, and Other Governance Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination, Remuneration, and Other Governance Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Company's Nomination, Remuneration, and Other Governance Committee performs the functions of both the Nomination Committee and the Remuneration, Committee, and its members are composed of directors selected by resolution of the Board of

Directors. The chairperson of the committee is elected by its members in accordance with internal regulations. Conversely, the lead independent outside director is elected by the outside directors.

Members with a special interest in matters under deliberation are not permitted to participate in the resolution process. Resolutions require both the presence of a majority of eligible members and the approval of a majority of those present.

The committee primarily deliberates on matters such as the appointment and dismissal of senior management, the selection and removal of the CEO, CEO succession planning, and the remuneration of senior management and executive officers. These discussions are conducted with consideration for diversity and a range of skills, including gender diversity. The outcomes of these deliberations are submitted to the Board of Directors.

Regarding the appointment and dismissal of directors who are members of the Audit & Supervisory Committee, the committee deliberates in accordance with the “Code of Audit & Supervisory Committee Auditing and Supervising Standards” ensuring independence from management and maintaining impartiality. These matters are submitted to the Board of Directors as proposals for the General Meeting of Shareholders, following prior explanation to and approval by the Audit & Supervisory Committee.

Furthermore, Regulation of the Board of Directors stipulate that the Board of Directors shall fully respect the advice and recommendations received from the Committee.

In fiscal year 2024, the committee convened seven times, with all members in full attendance.

Matters Concerning Independent Directors

Number of Independent Directors	Five directors

Other Matters Concerning Independent Directors

All outside directors of the Company qualify as Independent Officers and have been officially designated accordingly.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-based Remuneration Scheme

Supplementary Explanation for Applicable Items

[Summary of Performance-Based Remuneration]

Remuneration for Directors (excluding Directors who are members of the Audit & Supervisory Committee and Outside Directors; hereinafter referred to as "Eligible Directors") consists of base remuneration (fixed), bonuses (performance-based), and restricted stock remuneration as a medium- to long-term incentive.

Restricted stock remuneration consists of two types:

- Service-continuation-type restricted stock awards, which are granted in advance in accordance with predetermined rules based on position and other factors; and
- Performance-based restricted stock awards, which are granted retrospectively based on the achievement of the Company’s

medium- to long-term corporate value enhancement targets.

Restricted stock remuneration is granted based on position, years of service and performance, in accordance with separately established internal regulations, with the aim of granting at least 10% of the total remuneration amount. The ratio of base remuneration to bonuses is generally targeted at 3:1.

[Overview of service-continuation-type restricted stock awards]

(1) Allocation and payment of service-continuation-type restricted stock awards

The Company grants monetary remuneration claims up to an annual amount of fifty million yen to eligible directors as remuneration related to service-continuation-type restricted stock awards, based on a resolution of the Company's Board of Directors. Each eligible director receives the allocation of service-continuation-type restricted stock awards by contributing the entire amount of the monetary remuneration claim as a capital contribution in kind. The payment amount for the restricted stock awards shall be determined by the Board of Directors of the Company within a range that does not result in an amount particularly favorable to the eligible directors receiving such restricted stock awards, based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Board of Directors of the Company regarding the issuance or disposition of such restricted stock awards (if no transactions were concluded on such date, the closing price on the immediately preceding trading day). Furthermore, the above monetary remuneration claims shall be paid subject to the condition that the eligible director has agreed to the above in-kind contribution and has entered into a service-continuation-type restricted stock allocation agreement containing the contents specified in (3) below.

(2) Total number of restricted stock awards

The total number of restricted stock awards to be allocated to the eligible directors shall be 100,000 shares, which shall be the upper limit for the number of restricted stock awards to be allocated in each fiscal year. However, if a stock split (including a free allocation of common shares) or a stock merger of the Company's common shares is conducted after the resolution of the proposal regarding restricted stock remuneration at the general meeting of shareholders held on June 25, 2025, or if it becomes necessary to adjust the total number of restricted stock awards subject to continued service due to circumstances analogous to the above, the total number of such restricted stock awards may be reasonably adjusted.

(3) Contents of the allocation agreement for service-continuation-type restricted stock awards

The allocation agreement for service-continuation-type restricted stock awards, which is concluded between the Company and the eligible directors who receive the allocation of restricted stock for continuing service based on a resolution of the Board of Directors of the Company, shall include the following contents.

① Content of Transfer Restrictions

Eligible directors who have been allocated service-continuation-type restricted stock awards shall not transfer, pledge, establish a transfer security interest, make a lifetime gift, bequeath, or otherwise dispose of the service-continuation-type restricted stock awards allocated to such eligible directors (hereinafter referred to as “Allocated Stock I”) to any third party (hereinafter referred to as “Transfer Restrictions”) during the period from the date of delivery of the Allocated Stock I until the date of resignation from any of the positions of director or executive officer of the Company or its subsidiaries (hereinafter referred to as “Transfer Restriction Period I”).

② Release of Transfer Restrictions

The Company shall release the Transfer Restrictions on all of the Allocated Stock I at the expiration of the Transfer Restriction Period I, provided that the eligible director who received the allocation of transfer-restricted shares has continuously held any of the target positions from the commencement date of the Transfer Restriction Period I until the date of the first regular shareholders' meeting of the Company. However, if the eligible director resigns from any of the target positions prior to the date of the first regular shareholders' meeting of the Company following the commencement of Transfer Restriction Period I for reasons deemed valid by the Company's Board of Directors, the number of shares subject to the Transfer Restriction and the timing of the lifting of the Transfer Restriction shall be reasonably adjusted as necessary.

[Overview of performance-based-type restricted stock units]

(1) Allotment and payment of performance-based restricted stock units

The Company sets each fiscal year as the performance evaluation period ("Applicable Period") and pays performance-based-type restricted stock units to Eligible Directors according to the degree of achievement of numerical targets ("Performance Evaluation Indicators"), such as business performance and stock price indices, set by the Board of Directors during the Applicable Period. Each Eligible Director receives an allotment of performance-based-type restricted stock units by paying all monetary remuneration claims, in the amount of up to one hundred million yen per year, in accordance with the degree of achievement of the Performance Evaluation Indicators. At the beginning of the Applicable Period, whether monetary remuneration claims for the delivery of performance-based-type restricted stocks units will be paid, as well as the amount and the number of stock units to be delivered ("Number of Stock Units"), are not fixed. The payment is conditional upon the Eligible Director agreeing to the contribution-in-kind and entering into a performance-based restricted stock units allotment agreement; however, this excludes persons who resigned from any of the above positions due to term expiration or other reasons deemed valid by the Board of Directors before the payment of the above monetary remuneration. The initial Applicable Period shall be the fifth fiscal year (April 1, 2025, to March 31, 2026), and thereafter, each fiscal year may be used as a new Applicable Period for the allocation of performance-based-type restricted stock unit, to the extent approved by the Annual General Meeting of Shareholders.

(2) Total number of stock units

The total number of performance-based-type restricted stock units to be allotted to eligible directors shall not exceed 200,000 shares for each applicable period. In the event of a stock split (including a free allocation of shares) or reverse stock split after the general meeting of shareholders held on June 25, 2025, for restricted stock units, the total number of shares may be reasonably adjusted, as necessary.

(3) Calculation method for the number of stock units

The number of performance-based restricted-type stock units to be delivered to each Eligible Director is determined based on the degree of achievement of the performance evaluation indicators set by the Board of Directors for each Applicable Period. The specific calculation method and evaluation indicators are determined by the Board of Directors and disclosed in advance to the Eligible Directors; however, any fractional shares less than one share shall be rounded up. Performance-based-type restricted stock units shall be allocated to each eligible director based on the calculation formula below. If the total number of performance-based-type restricted stock units allocated to the above eligible directors exceeds the total number of performance-based-type restricted stock units to be allocated or the total amount of monetary remuneration to be paid, the number of performance-based-type restricted stock units and the amount of monetary remuneration shall be adjusted within

the limits of the total number and total amount, the number of performance-base-type restricted stock units and the amount of monetary remuneration claims allocated to each eligible director shall be adjusted by a reasonable method, such as proportional allocation, as determined by the Company's Board of Directors.

Number of shares to be delivered to each eligible director:

Base remuneration amount (*1) ÷ Price per share of the Company's common stock (*2)

*1 Based on the position and duties of each eligible director, the base remuneration amount will be determined, and the percentage will be determined by the Company's Board of Directors within a range of 0 to 200% based on the achievement rate of performance evaluation indicators for each target period.

*2 The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day prior to the date of the resolution of the Company's Board of Directors to determine the base remuneration amount, performance evaluation indicators, etc.

The composition and calculation method of performance evaluation indicators for the initial target period are as follows:

[Composition of Performance Evaluation Indicators]

(Performance Evaluation Indicators)	(Weighting)
① Core Operating Profit	50%
② ROE	30%
③ Relative TSR	20%

[Calculation Method for Performance Evaluation Indicators]

① and ② are calculated based on the percentage change between the numerical values for the applicable fiscal year and the average numerical values for the previous three fiscal years, while ③ is calculated based on a comparison with the TOPIX for the applicable period. However, regarding ②, if there are any one-time special factors, such as the occurrence of significant asset sales or structural reform expenses that would affect the ROE value by ±1% or more, these factors shall be excluded from the calculation.

(4) Grant conditions, etc.

Upon the expiration of the applicable period, if the following grant conditions are met, monetary remuneration claims shall be paid to each eligible director, and all such monetary remuneration claims shall be contributed in kind to grant performance-based-type restricted stock units to each eligible director. Note that the grant of performance-based-type restricted stock units shall be made through be conducted through the issuance of new shares or the disposal of treasury shares by the Company, and the subscription price shall be determined by the Board of Directors of the Company within the range that does not result in an amount particularly favorable to each eligible director, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors' resolution regarding the allocation of performance-based-type restricted stock units (if no transactions were concluded on that day, the closing price on the immediately preceding trading day).

① The eligible director has continuously held any of the target positions until the conclusion of the first regular shareholders' meeting held after the end of the applicable period.

② There have been no violations of certain rules established by the Company's Board of Directors.

③ The eligible director has satisfied other requirements deemed necessary by the Company's Board of Directors.

Note that if the eligible director resigns from any of the target positions due to the expiration of their term of office, other reasons deemed valid by the Company's Board of Directors, or death prior to the issuance of performance-based-type restricted stock units, the Company's Board of Directors may, in lieu of issuing performance-based-type restricted stock units, pay an amount equivalent to the value of the number of shares to be issued, as reasonably determined by the Company's Board of Directors based on the eligible director's tenure, etc., to the eligible director (or, in the case of resignation due to death, to the heir who succeeds the eligible director).

(5) Details of the performance-based-type restricted stock units allocation agreement

Based on a resolution of the Company's Board of Directors, the performance-based-type restricted stock units allocation agreement to be concluded between the Company and the eligible directors who will receive the allocation of performance-based-type restricted stock units shall include the following details.

① Details of transfer restrictions

Directors who receive the allocation of performance-based-type restricted stock units shall not be able to transfer, pledge, establish a transfer security interest, make a lifetime gift, bequeath, or otherwise dispose of the performance-based restricted stock units allocated to such directors to any third party (hereinafter referred to as the “Transfer Restriction”) from the date of delivery of performance-based restricted stock units until the date of resignation from any of the target positions (hereinafter referred to as “the Allocated Stock II”) .

② Release of Transfer Restrictions

The Company shall release all transfer restrictions on the Assigned Shares II upon the expiration of Transfer Restriction Period II.

Persons Eligible for Stock Options	—

Supplementary Explanation for Applicable Items

—

Director Remuneration

Status of Disclosure of Individual Director’s Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

In fiscal 2024 (April 2024 to March 2025), two directors (excluding three outside directors) received a total of ¥98 million in remuneration, consisting of ¥57 million in fixed remuneration, ¥20 million in performance-based remuneration, and ¥21 million in stock options.

A total of ¥45 million was paid as remuneration to three outside directors and two outside audit & supervisory board members,

and ¥18 million was paid to one audit & supervisory board member.

Since there are no directors or audit & supervisory board members whose total remuneration exceeds ¥100 million, this information is not subject to disclosure.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Following approval of the proposal for stock remuneration for directors at the general meeting of shareholders held on June 25, 2025, remuneration for directors (excluding those who are members of the Audit & Supervisory Committee and outside directors, hereinafter referred to as "eligible directors") consists of base remuneration (fixed), bonuses (performance-based), and restricted stock remuneration as a medium- to long-term incentive. The Nomination, Remuneration, and Other Governance Committee evaluates the performance of each eligible director, deliberates on bonus payments as performance-based remuneration, and reports the results to the Board of Directors for final decision.

[Details of policies for each position regarding the determination of remuneration amounts and calculation methods]

The Company determines the standard amount of remuneration for each position by referring to data from research organizations on remuneration for directors of listed companies. The remuneration system is designed to provide incentives for sustainable improvement of corporate value, secure excellent management talent, and curb excessive risk-taking. Outside directors receive only fixed remuneration.

The Nomination and Remuneration, and Other Governance Committee, with a majority of outside directors, deliberates on remuneration matters and submits recommendations to the Board of Directors, which then the decisions are made at the Board of Directors.

[Indicators regarding performance-based remuneration and reasons for adopting those indicators]

As performance-based remuneration metrics, we have adopted two metrics: performance evaluation metrics and department evaluation metrics. Of these, for performance evaluation metrics, we have adopted "core operating profit" as the basis, which is calculated by excluding non-recurring factors determined by our group from operating profit, and then deducting investment expenses such as research and development expenses to arrive at "core operating profit before investment expenses."

The targets and actual results for performance evaluation indicators related to performance-based remuneration for the 2024 fiscal year are as follows:

Core operating profit before investment expenses

(target): 38,000 million yen

(actual): 34,140 million yen

(Note) Core operating profit before investment expenses is calculated based on internal regulations, considering the impact of business restructuring, etc.

Department evaluation indicators are indicators for each director that are consistent with the Company's targets for each fiscal year and are evaluation indicators based on the degree of achievement of annual targets in their respective areas of responsibility. The representative director is evaluated solely based on performance evaluation indicator, while other directors with departments are evaluated based on the degree of achievement of these two indicators, in accordance with the calculation rules stipulated in advance in internal regulations, after the end of each fiscal year.

The reason for adopting these indicators is that we have determined that the performance evaluation indicators more accurately reflect contributions to the enhancement of corporate value. In addition, for directors other than the representative director who have departments under their responsibility, we have determined that it is desirable to set evaluation targets for their departments that include not only quantitative evaluation items but also qualitative evaluations for each fiscal year, and to evaluate the degree of achievement of these targets. Note that this qualitative evaluation includes initiatives related to risk management, compliance, and other ESG matters.

Furthermore, as indicators for performance-based-type restricted stock units, which determines the number of shares to be granted based on the degree of achievement of the company's medium- to long-term corporate value enhancement goals, we have adopted core operating profit, ROE, and relative TSR. Core operating profit and ROE are calculated based on the percentage change between the numerical values for the applicable period and the average of the past three fiscal years, while relative TSR is calculated based on a comparison with the TOPIX over the applicable period.

[Method of determining the amount of performance-based remuneration]

In principle, the amount is calculated based on a predetermined standard amount for each position, in accordance with the achievement of the above performance evaluation indicators and the calculation formula stipulated in the internal regulations. However, for directors who have responsibility for specific departments, the amount is determined by considering both the achievement of the performance evaluation indicators and the achievement of the department evaluation targets.

The maximum amount of remuneration for directors (excluding directors who are members of the Audit & Supervisory Committee) is set at 620 million yen per year (of which one hundred million yen is for outside directors).

The total amount of monetary remuneration claims paid as continuing service-type restricted stock awards is set at up to fifty million yen per year, and the total amount of monetary remuneration claims paid as performance-based-type restricted stock units is set at up to one hundred million yen per year. In addition, the maximum amount of remuneration for directors who are members of the Audit & Supervisory Committee is set at up to one hundred million yen per year.

The specific amounts and timing of payments for each member of the Audit & Supervisory Committee will be determined through consultation among the members of the Audit & Supervisory Committee.

The Company has established a policy to comprehensively consider market trends regarding director remuneration, the Company's performance trends, and price trends, and to review the overall remuneration system, including director remuneration amounts, in principle every three years.

Support System for Outside Directors

[Support system for outside directors (excluding directors who are members of the Audit & Supervisory Committee)]

When outside directors (excluding those who are members of the Audit & Supervisory Committee) incur expenses such as

investigation costs while performing their duties, the Company recognizes their right to claim reimbursement for such expenses within reasonable limits. In addition, to enable outside directors (excluding directors who are members of the Audit & Supervisory Committee) to fully focus on their responsibilities, members of the Group General Affairs Department provide administrative support, thereby facilitating information sharing and strengthening the supervisory functions of outside directors.

[Support system for outside directors who are members of the Audit & Supervisory Committee]

The full-time director serving as a member of the Audit & Supervisory Committee acts as a liaison among the Audit & Supervisory Committee, the Board of Directors, and the accounting auditor. This director also receives reports from relevant internal departments and communicates necessary information to those departments, thereby establishing a framework that enables outside directors who are members of the Audit & Supervisory Committee to efficiently fulfill their audit responsibilities. In addition, the full-time Audit & Supervisory Committee member consolidates opinions and reports from each outside director serving on the committee, prepares agenda items for committee meetings, and implements measures to ensure the smooth operation of the Audit & Supervisory Committee.

Should outside directors who are members of the Audit & Supervisory Committee require expenses such as investigation costs for audit activities, the Company recognizes their right to claim such expenses within reasonable limits. To further support these outside directors in focusing on their audit duties, members of the Group Internal Inspection Office provide administrative assistance, thereby facilitating information sharing and strengthening the supervisory and audit functions of outside directors who are members of the Audit & Supervisory Committee.

In these cases, assistants operate independently from the direction, orders, and supervision of directors, and perform their duties under the supervision of either the outside directors (excluding Audit & Supervisory Committee members) or the outside directors who are members of the Audit & Supervisory Committee, as appropriate.

[Other]

The “Outside Directors’ Liaison Meeting,” consisting of outside directors and directors who are members of the Audit & Supervisory Committee, is generally held once a month to facilitate the exchange of opinions and information.

Additionally, the Board of Directors Secretariat (Group Sustainability Management Department) distributes materials in advance to all Board members, including outside directors, and provides prior explanations as necessary to enhance the quality of discussions at Board meetings.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Hiroyuki Sawai	Saikokomon	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.
Kazuhiko Sueyoshi	Tokubetsukomon	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 27, 2023	The term of office is one year in principle, however, it may be renewed as necessary.

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	Two persons

Other Related Matters

Our Saikokomon (top advisor), Mr. Hiroyuki Sawai, joined Sawai Pharmaceutical, a core subsidiary of our group, in April 1963 and has made significant contributions to the company's growth and development. He continues to provide advice and insights to our management team upon request, drawing on his extensive knowledge of the generic pharmaceutical industry. However, he does not possess any decision-making authority regarding matters related to the Company or Sawai Pharmaceutical Co., Ltd. at meetings of the Board of Directors, Group Strategy Council, or any other decision-making bodies.

Mr. Kazuhiko Sueyoshi, our Tokubetsukomon (special advisor), has played a key role in establishing group governance since joining Sawai Pharmaceutical Co., Ltd., a core subsidiary of our group, in April 2012. He led the reorganization and strengthening of the management division and the establishment of the holding company structure. He also provides advice and offers opinions—either proactively or in response to requests from our management team—leveraging his extensive expertise in finance, accounting, management, and legal affairs. However, he does not hold any decision-making authority regarding matters related to the Company or Sawai Pharmaceutical at meetings of the Board of Directors, Group Strategy Council, or other decision-making bodies.

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

[Overview of current corporate governance system]

Our corporate governance structure comprises five directors (excluding those who are members of the Audit & Supervisory Committee), including three outside directors, and three directors who serve on the Audit & Supervisory Committee, including two outside directors. We have adopted Company with Audit & Supervisory Committee system. Additionally, we have introduced an executive officer system to clearly separate management decision-making functions from operational execution, thereby strengthening and streamlining operations in line with management strategies and clarifying accountability. A summary diagram of the governance structure is provided on the final page of this report.

[Board of Directors]

The Board of Directors generally meets once a month. In fiscal year 2024, prior to the transition to the current Company with Audit & Supervisory Committee system, the Board convened fourteen times. Attendance was as follows: 100% for all directors except Mr. Ohara (who attended eleven out of fourteen meetings, 78.6%), 100% for all audit & supervisory board members except Mr. Tomohiro (also thirteen out of fourteen meetings, 92.9%).

[Group Strategy Council]

The Group Strategy Council, held at least quarterly, deliberates, and makes decisions on important matters to be brought before the Board of Directors, as well as on the implementation policies of board resolutions. It also monitors the progress of each Group company's business plans on a quarterly basis.

[Group Investment Committee, Group Governance Council, and other meetings]

The Group Investment Committee is convened as needed to objectively and carefully deliberate major investment projects and annual investment budgets. The Group Governance Council is held at least once a year to establish, maintain, and improve the Group's overall governance framework. This meeting is supported by specialized committees in the areas of risk, compliance, sustainability, and information security. These committees regularly report to the Board of Directors, which in turn issues necessary instructions to ensure the prevention of damage to corporate value. Each of the four specialized committees consists of directors, executive officers, and managerial-level members, with at least two female members participating in each committee.

[Audit & Supervisory Committee]

The Audit & Supervisory Committee comprises three members—one full-time and two outside members—and fulfills the responsibilities set forth in Article 399-2, Paragraph 3 of the Companies Act. Key matters under its purview include the development of audit policies and plans, internal control systems, the appropriateness of accounting audit methods and results, audit reports, and the audit environment.

In fiscal 2024, prior to the transition to the current system, the Audit & Supervisory Board met between fifteen times, with 100% attendance from all Audit & Supervisory Board members, including outside members. The Board held regular meetings with the Representative Director and outside directors to facilitate communication and received reports from the accounting auditor on audit plans and results, seeking explanations, as necessary. The current Audit & Supervisory Committee will continue similar activities.

The Audit & Supervisory Committee also exchanges information with the Group Internal Inspection Office and the accounting auditor, receives audit reports, conducts its own investigations, and prepares audit reports. To ensure compliance with legal requirements regarding the number of Audit & Supervisory Committee members, we have appointed one alternate director as potential Audit & Supervisory Committee member. Our Articles of Incorporation stipulate that the number of Audit & Supervisory Committee members shall not exceed five.

[Internal Audit System]

Our internal audit system is led by the Group Internal Inspection Office, which operates independently from business execution departments and reports directly to the President and CEO. It conducts audits based on an annual plan and evaluates internal control systems in accordance with the Cabinet Office Order on the System for Ensuring the Adequacy of Documents on Financial Calculation and Other Information. The Office reports audit results and other relevant information to both the President and CEO and the Board of Directors at least once a year to support the Board's oversight functions. The Office consists of four members.

We aim to enhance flexibility in governance by revitalizing the functions of the Board of Directors, the Audit & Supervisory Committee, and the Group Strategy Council, while promoting information sharing through joint meetings with Group subsidiaries.

[Accounting Auditor]

Our accounting auditor is Azusa Audit Corporation. The continuous audit period, including the period for Sawai Pharmaceutical, is approximately 31 years. However, due to the difficulty of investigating periods prior to the audit period specified in the securities registration statement submitted at the time of listing, the actual audit period may be longer. Our current accounting auditors are Ms. Sakurako Otsuki and Mr. Keishi Suzuki, both certified public accountants and executive partners at the firm, supported by eight CPAs and twenty-two other staff.

The Audit & Supervisory Committee and its members evaluate the accounting auditor by considering several factors, including its quality control system, professional ethics, independence, expertise, communication with the committee, and appropriateness of audit fees. The selection of the accounting auditor was based on a comprehensive assessment of its scale, experience, independence, and internal controls. We believe that appointing the same auditor for both the Company and its consolidated subsidiaries enhances audit efficiency and effectiveness.

If the Audit & Supervisory Committee determines that the accounting auditor is unable to fulfill its duties or should be replaced,

it will submit a proposal for dismissal or non-reappointment to the general meeting of shareholders. In cases where the accounting auditor falls under any of the conditions listed in Article 340, Paragraph 1 of the Companies Act, the auditor will be dismissed upon unanimous consent of all Audit & Supervisory Committee members. In this case, the committee member selected by the Audit & Supervisory Committee will then report the dismissal of the accounting auditor and its reasons at the first general meeting of shareholders convened after the dismissal.

The Audit & Supervisor Committee also reviews the status of audits conducted by accounting auditors, audit plan, and proposed fees of the accounting auditor in accordance with the "Practical Guidelines on Cooperation with Accounting Auditors" issued by the Japan Audit & Supervisory Board Members Association, and approves audit remuneration in line with Article 399, Paragraph 3 of the Companies Act.

For matters related to corporate management and day-to-day operations, the Company consults lawyers and other professionals as necessary, and engages with the Group Compliance Committee or the Internal Control Committee depending on the issue. The Compliance Committee is chaired by the Group Chief Compliance Officer, while the President chairs the Internal Control Committee. Members of both committees include directors and executive officers relevant to the subject matter.

[Group-wide Governance]

To ensure the appropriateness and efficiency of Group operations, we promote a shared corporate philosophy and management policies across Group companies, including Sawai Pharmaceutical, and offer guidance and support on daily operations. Our consolidated subsidiaries undergo accounting audits by the accounting auditor as needed for consolidated reporting, as well as regular audits by the Group Internal Inspection Office. The Audit & Supervisory Committee also oversees the execution of duties related to the management of these subsidiaries.

[Other Governance Functions]

For details on the functions of the nomination, remuneration and other governance matters, please refer to the section on "Voluntary Established Committee" for the Nomination, Remuneration, and other Governance Committee, nomination matters in "Principle 3.1 Full Disclosure (iv)," and "Director Remuneration" in this report.

The Company and its outside directors including those who are member of the Audit & Supervisory Committee have entered into agreements limiting their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under these agreements is capped at the amount prescribed by law.

3. Reasons for Adoption of Current Corporate Governance System

Our group's corporate philosophy is "Dedicated to building a healthier future for all," and our Sawai Group Vision is to "We aim to create a heathier, more sustainable world where people have easier access to healthcare services and can live a full life with peace of mind." To achieve this vision and ensure our sustainable growth and long-term corporate value, we recognize that continually strengthening corporate governance is essential as the foundation for maintaining sound, transparent, and efficient management.

Guided by this philosophy, we have advanced corporate governance reforms by increasing the number of outside directors,

establishing a Nomination, Remuneration, and Other Governance Committee, and transitioning to a holding company structure. These initiatives have enabled us to enhance the Board of Directors' supervisory functions while streamlining business execution. We have also worked to increase corporate value by building an agile execution framework that supports sustainable growth, complemented by effective oversight through thorough deliberations at board meetings.

To further strengthen our ability to respond to the rapidly changing external environment and achieve continued growth, we have decided to transition from a "Company with Audit & Supervisory Board" to a "Company with Audit & Supervisory Committee," subject to approval at the 4th Annual General Meeting of Shareholders held on June 25, 2025. We also believe that having directors who are well-versed in both the medical and pharmaceutical industries—our group's core business—and internal company matters, and who demonstrate strong ethics and provide oversight across all areas of the company, is the most effective way to ensure both efficiency and compliance in management. We have therefore adopted the Audit & Supervisory Committee system, in which management is supervised by both outside directors and the audit and supervisory committee, as the most suitable structure for our company's size and management style.

We expect our outside directors to provide valuable advice, sound judgment, and effective audit and supervisory functions from an independent perspective, drawing on their specialized knowledge and experience in fields such as corporate management, healthcare, global business, medicine and pharmacy, finance/accounting/tax practice, legal/risk management, and sustainability/ESG.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The Notice of Convocation of the General Meeting of Shareholders held on June 25, 2025, was sent one day prior to the statutory deadline.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	To avoid scheduling on peak days, the Company has taken appropriate measures.
Electronic Exercise of Voting Rights	The Company allows shareholders who are unable to attend the General Meeting of Shareholders to exercise their voting rights electronically. Voting can be conducted via the Internet using smartphones and other devices.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company also participates in and utilizes the electronic voting platform for institutional investors, enabling them to cast their votes through the platform.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	A summary of the Notice of Convocation of the General Meeting of Shareholders is available in English. https://www2.jpx.co.jp/disc/48870/140120250530575138.pdf
Other	The Notice of Convocation for the Annual General Meeting of Shareholders, the Notice of Resolutions, and the results of the exercise of voting rights are all

	published on the Company's website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company's Disclosure Policy is available on its website: https://www.sawaigroup.holdings/ir/policy/ir	
Regular Investor Briefings held for Individual Investors	The Company regularly holds briefing sessions for individual investors.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	Financial results briefings for analysts and institutional investors are held twice a year—after the second quarter and at the end of the fiscal year. In addition, online briefings are conducted for first and third quarter results.	Held
Regular Investor Briefings held for Overseas Investors	The Company actively engages with overseas investors by participating in IR events hosted by securities companies in Japan, accommodating individual interviews, and holding large meetings, small-group sessions, and one-on-one discussions as part of its overseas IR activities.	Held
Online Disclosure of IR Information	Securities reports, financial statements and related supplements, integrated reports, shareholder newsletters, IR presentation materials, press releases, and briefing videos are made available on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	**[IR Structure and Responsibilities]** Disclosure Organization: The IR Group within the Group Finance Department is responsible for disclosure activities. The group consists of six members. Person Responsible for Disclosure: Mr. Yasushi Kora, Deputy General Manager of the Group Finance Department. Internal Training:	

	Employees regularly participate in disclosure-related training hosted by organizations such as the Tokyo Stock Exchange and the Investor Relations Council. **[Procedures for Timely Disclosure]** ・Procedures for managing and disclosing decisions, events, and financial results of the Company and its subsidiaries are established in the Insider Trading Management Regulations. ・Communication channels for reporting material information to disclosure personnel are maintained and reinforced. ・Coordination among relevant departments ensures consistency in judgments and disclosures of material information. ・A thorough review and approval process for disclosure materials is in place. ・The President and CEO are actively involved in the Company's disclosure efforts. ・The Audit & Supervisory Committee and the Group Internal Inspection Office will establish a framework to monitor the effectiveness of the timely disclosure system.
Other	Please refer to [Principle 5-1: Policy for Constructive Dialogue with Shareholders], as well as "V.2. Other Matters Concerning the Corporate Governance System," and the "Schematic diagram illustrating the governance structure and the timely disclosure system."

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	We have established a Code of Conduct for each stakeholder group, grounded in our corporate philosophy. We are committed to instilling our Corporate Philosophy and Code of Conduct throughout the organization and to earning the continued trust and expectations of our stakeholders. https://www.sawaigroup.holdings/about/philosophy
Implementation of Environmental Preservation Activities and CSR Activities, etc.	To help prevent global warming, we promote various initiatives, including: ・Implementation of the Cool Biz and Warm Biz campaigns ・Introduction of hybrid vehicles into our sales fleet ・Adjustment of air conditioning settings (28° C in summer, 20° C in winter) ・Reduction or shutdown of lighting ・Adoption of energy-saving technologies, including LED lighting We also conduct regular cleanup activities around our business sites to beautify the surrounding communities. Additionally, we participate in local biodiversity conservation efforts, such as riverbed cleanups and the removal of non-native fish species, to protect Itasenpara (Acheilognathus longipinnis), a nationally designated natural treasure and endangered species. To further strengthen our ESG initiatives, we will establish a Group Sustainability Committee.
Formulation of Policies, etc. on Provision of Information to Stakeholders	Our Disclosure Policy sets forth clear policies and procedures for providing information to stakeholders. https://www.sawaigroup.holdings/ir/policy/ir Our Code of Conduct also affirms our commitment to constructive dialogue and collaboration with stakeholders. This includes the timely and appropriate disclosure of both financial and non-financial information, together with proactive environmental communication. Additional sustainability-related information—including policies on human rights, human capital development, and a range of ESG data—is available on our website. https://global.sawaigroup.holdings/sustainability/
Other	[Plant Tours] As part of our community outreach activities, we host plant tours for various

	groups such as students, neighborhood associations, parent-teacher associations (PTAs), and medical institutions. These tours offer insight into the manufacturing process of high-quality generic pharmaceuticals produced by Sawai Pharmaceutical, a core company of the Group. [Board Diversity] Currently, three of our outside directors—Ms. Yasuko Aitoku, Ms. Etsuko Taniguchi, and Ms. Yukiyo Nose—are women. Of the eight directors on our Board, three are female, representing 37.5% of the total.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company has adopted a resolution at the Board of Directors' meeting regarding the “System to Ensure Appropriate Business Operations” as stipulated by the Companies Act and its Enforcement Regulations. The outline of the system is as follows:

To achieve sustainable growth and enhance corporate value over the medium to long term, the Company is committed to building a management structure that enables agile and appropriate decision-making and business execution in response to changes in the external environment. Recognizing the enhancement of corporate governance as a key management priority, we strive to ensure fairness and transparency in our operations. Our corporate activities are conducted in line with our corporate philosophy, “Dedicated to building a healthier future for all,” and in accordance with our Code of Conduct, stakeholder-oriented standards, and applicable internal rules.

[1] System to Ensure Compliance with Laws, Regulations, and the Articles of Incorporation in the Execution of Duties by Directors and Employees

i. All officers and employees shall conduct business activities in accordance with the Group Corporate Philosophy and the Group Code of Conduct, and shall comply with relevant laws, regulations, and internal rules.

ii. The Company has established a Nomination, Remuneration, and Other Governance Committee, which deliberates on key governance matters—such as the appointment and dismissal of senior management, executive remuneration, and succession planning—and provides counsel and proposal to the Board of Directors to enhance its independence, objectivity, transparency, and accountability.

iii. The Group Compliance Committee has been established to:

- Formulate and review the Group’s basic compliance policies;
- Build and enhance the compliance framework within the Company and provide support to Group companies;
- Identify and report material compliance issues to the Board of Directors;
- Respond appropriately to investigations arising from the Corporate Ethics Helpline;

・Determine compliance improvement measures and monitor their progress across the Group.

iv. The Corporate Ethics Helpline Regulations provide a mechanism to appropriately receive and address reports and consultations regarding misconduct. This system helps detect and correct issues at an early stage and strengthens compliance management.

v. The Group Internal Inspection Office, which reports directly to the President, conducts internal audits to ensure the effectiveness of the governance framework.

vi. The Company endeavors to disclose reliable corporate information in a timely, consistent, and appropriate manner to both internal and external stakeholders.

[2] Document and Information Management pertaining to the execution of duties by Directors

i. In accordance with the Document Management Regulations, documents that are legally required to be retained—such as minutes of key meetings, approval documents related to important matters, significant contracts, and other information (including electronic records) pertaining to the execution of duties by Directors—shall be appropriately preserved for the period specified by relevant regulations.

ii. The Company shall take all necessary measures to manage material facts and sensitive information obtained during business, in compliance with the Insider Trading Management Regulations and Information Security Management Regulations. Furthermore, the Company shall strive to protect personal and specified personal information in accordance with the Regulations for Protection of Specified Personal Information and the Regulations for Personal Information Protection.

iii. The Group Information Security Committee shall be established to oversee group-wide information security management, including risk analysis, implementation of countermeasures, monitoring of threats and vulnerabilities to information assets, and the continuous improvement of security measures.

[3] Regulations and other systems for managing the risk of loss

i. The Group Risk Management Committee shall be established to supervise overall risk management activities, monitor and evaluate progress, and continuously improve the Group's risk control framework. In addition, risks that may affect management shall be identified and critical risks shall be specified, and each department in charge shall take measures to deal with each critical risk.

ii. With respect to the quality and safety of products and services provided by Group companies, operations shall be conducted effectively and appropriately in accordance with the Group Quality Policy and the Group Safety Policy.

iii. Regarding emergency risk management, the Company shall aim to minimize damage in the event of a crisis and promptly restore business operations, based on the Crisis Management Regulations, the Business Continuity Plan (BCP), and other relevant procedures.

iv. For risks related to financial reporting, the Internal Control Committee shall identify issues and determine policies, while overseeing the establishment and operation of internal controls by departmental process owners. The Group Internal Inspection Office shall evaluate these risks and ensure the effectiveness of the internal control systems.

v. The Company is committed to fair and transparent business practices, strictly prohibiting ambiguous transactions. It maintains a firm stance against anti-social forces or groups that threaten public order and safety, working in close

coordination with law enforcement, relevant government agencies, and legal counsel.

[4] System to Ensure the Efficient Execution of Directors' Duties

i. To accelerate and enhance the efficiency of decision-making, the Company separates management decision-making from business execution through the introduction of an executive officer system.

ii. The Board of Directors meets, in principle, once a month and additionally as needed to deliberate and resolve matters prescribed by laws and the Articles of Incorporation, as well as other significant management issues. It also oversees the execution of duties by Directors.

iii. The Group Strategy Council, composed mainly of Directors and Executive Officers, is convened at least quarterly to deliberate and decide on executive policies concerning important matters such as basic management policies and strategies of the Group as decided by the Board of Directors and, and to monitor the progress of each Group company's business plans in line with the medium-term management plan.

iv. To facilitate more focused deliberation on management policies and strategies and to strengthen the Board's oversight function, the Company may delegate all or part of decision-making authority on important business matters to Directors.

v. The Company shall clarify roles and responsibilities by establishing the "Regulations of the Board of Directors," "Regulations of Division of Duties," and "Regulations of Administrative Authority," which define the scope of authority and responsibilities. and shall clarify and accelerate the decision-making process by adopting a request for approval system.

vi. To address a range of management issues, the Company consults legal and other external experts as needed to support informed and prudent decision-making.

[5] System for Ensuring the Appropriateness of Operations within the Group (comprising the Company and its subsidiaries)

i. To ensure sound and appropriate operations across the Group while respecting the autonomy and managerial responsibility of each subsidiary, the Company promotes a thorough understanding of the "Group Corporate Philosophy" and "Group Code of Conduct" throughout all Group companies. Additionally, based on the "Group Policy Management Regulations," the Company formulates and implements Group-wide policies that reflect core values and guiding principles, thereby fostering a shared sense of unity across the Group.

ii. A Group Sustainability Committee shall be established to propose or report on sustainability-related matters to the Board of Directors. This committee will also deliberate and report on items referred to it by the Board concerning sustainability initiatives to be undertaken jointly or independently by Group companies. Through ongoing dialogue with internal and external stakeholders, the Company aims to build trust and contribute to the sustainable development of both the Group and society at large.

iii. Regarding subsidiary oversight, the Company will regularly receive and review reports from subsidiaries to monitor their operational status and will offer advice and guidance as necessary, in accordance with the "Regulations on the Management of Affiliated Companies."

iv. The Group Internal Inspection Office shall conduct periodic audits of Group subsidiaries to ensure compliance and operational effectiveness.

[6] Matters Related to Employees Assisting the Audit & supervisory Committee, Their Independence from Directors

(Excluding who are members of the Audit & Supervisory Committee) and ensuring the effectiveness of instructions to such employees.

i. Upon request by the Audit & Supervisory Committee, a member of the Group Internal Inspection Office shall concurrently serve as an assistant to the Committee, giving priority to supporting its duties.

ii. Employees assigned to assist the Audit & Supervisory Committee shall operate independently of the chain of the command of Directors (excluding those who are members of the Audit & Supervisory Committee) and shall report directly to the Audit & Supervisory Committee. Any personnel changes or related matters concerning these assistants shall require the consent of the Audit & Supervisory Committee.

iii. If the Audit & Supervisory Committee determines that its authority to direct and instruct assistant employees is being unreasonably restricted, it shall report the matter to the Board of Directors and request appropriate measures.

[7] Systems for reporting to the Audit & Supervisory Committee by directors (excluding those who are Audit & Supervisory Committee members) and employees of the Company and its subsidiaries, as well as other mechanisms for reporting to the Committee, shall be established. These systems shall also ensure that no individual is subjected to any disadvantageous treatment because of making such a report.

i. Members of the Audit & Supervisory Committee appointed by the Committee shall attend meetings of the Board of Directors and other key meetings to understand important decision-making processes and the status of business execution.

ii. The Audit & Supervisory Committee may review significant documents related to business operations and request explanations from officers and employees of the Group, as necessary.

iii. Directors shall promptly report to the Audit & supervisory Committee any matters that may result in material harm to the Group.

iv. If an officer or employee of the Group becomes aware of a serious compliance violation, such as misconduct by a director, they may report it directly to the Audit & Supervisory Committee. The Company strictly prohibits any form of disadvantageous treatment against whistleblowers.

[8] Other Systems to Ensure Effective Audits by the Audit ＆ Supervisory Committee

i. The Group Internal Inspection Office shall maintain close coordination with the Audit & Supervisory Committee, including providing timely reports on internal audit plans and findings.

ii. The Audit & Supervisory Committee shall hold regular meetings with the accounting auditors to stay informed about audit activities and exchange information to enhance audit efficiency and quality.

iii. The Audit & Supervisory Committee shall regularly meet with the Representative Directors to exchange views and shall also communicate with Outside Directors (excluding those who are the Audit & Supervisory Committee members) to foster mutual trust and shared understanding.

iv. The Audit & Supervisory Committee shall maintain close collaboration and share information with the corporate auditors & supervisory board members of Group companies.

v. The Company shall promptly reimburse any expenses deemed necessary by the Audit & Supervisory Committee in the performance of its duties.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

(Concept)

The Company is committed to conducting fair and transparent business operations, eliminating ambiguous transactions, and resolutely confronting antisocial forces and organizations that threaten the safety and order of civil society. This is achieved through close cooperation with law enforcement agencies, relevant government authorities, and legal counsel.

(Status of Maintenance)

Our Code of Conduct clearly outlines our stance on the exclusion of antisocial forces, and we have established a system to appropriately respond to unjust demands.

We also communicate our policy to business partners and require them to sign a “Memorandum of Understanding on the Exclusion of Antisocial Forces” upon the initiation or renewal of contracts to prevent any involvement with such entities.

In addition, the Company reinforces its defenses by participating in activities organized by the Corporate Defense Council and providing in-house training programs.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

The Board of Directors has adopted a resolution regarding the "Basic Policy Concerning Persons Who Control Decisions on the Company's Financial and Business Policies," in accordance with Article 118, Item 3 of the Regulations for Enforcement of the Companies Act. The policy is outlined as follows.

Basic Policy

The Company believes that those who influence decisions regarding its financial and business policies must have a clear understanding of the sources of its corporate value and must be capable of ensuring and enhancing that value over the long term. This, in turn, serves the common interests of all shareholders.

Since its founding in 1948, Sawai Pharmaceutical—the Company's predecessor and the core entity of the Group—has promoted its pharmaceutical business under the philosophy “Always Putting Patients First.” By consistently delivering affordable and high-quality pharmaceuticals to meet public expectations for healthy living, we have fulfilled our social responsibility as a generic drug manufacturer. We believe our corporate value stems from decades of accumulated expertise in three key areas critical to the generic pharmaceutical business: quality, stable supply, and information provision. By leveraging this expertise, we strive to further enhance corporate value. In addition, we are committed to engaging in constructive dialogue with investors and shareholders to ensure our market valuation accurately reflects our true worth.

The Company does not categorically oppose large-scale purchases of its shares, provided they contribute to the enhancement of corporate value and align with shareholders' common interests. We also believe that the ultimate decision regarding a proposed acquisition or transfer of control should be based on the collective will of our shareholders. However, certain large-scale acquisitions of shares may significantly undermine corporate value and the common interests of shareholders. This may occur, for example, when the purpose of the acquisition is clearly detrimental, when shareholders are effectively pressured to sell their shares, or when insufficient time or information is provided for the Board of Directors or shareholders to assess the offer or consider alternative proposals. Such acquisitions may also compel the target company to negotiate under pressure for more favorable terms than initially offered or grant the acquirer inappropriate advantages not originally intended. These types of transactions are often not considered to contribute to the corporate value of the target company or to serve the common interests of its shareholders. If a potential acquirer fails to understand or preserve the Company's core sources of value, such actions may significantly harm the Company and its shareholders in the medium to long term.

In the event of a proposed large-scale acquisition, the Company will request detailed information from the acquirer. After thorough deliberation by the Board of Directors, with active participation from independent outside directors, we will disclose our views and reasoning in a timely and transparent manner. The Company will take all legally permissible and appropriate actions to protect and maximize the common interests of its shareholders.

2. Other Matters Concerning the Corporate Governance System

The Company aims to enhance the quality of audits and supervisory functions by fostering close collaboration among the Audit & Supervisory Committee, Accounting Auditors, and the Group Internal Inspection Office, while also strengthening their expertise in areas such as IT, financial reporting, and accounting practices.

The Company's governance structure and timely disclosure system are as follows:

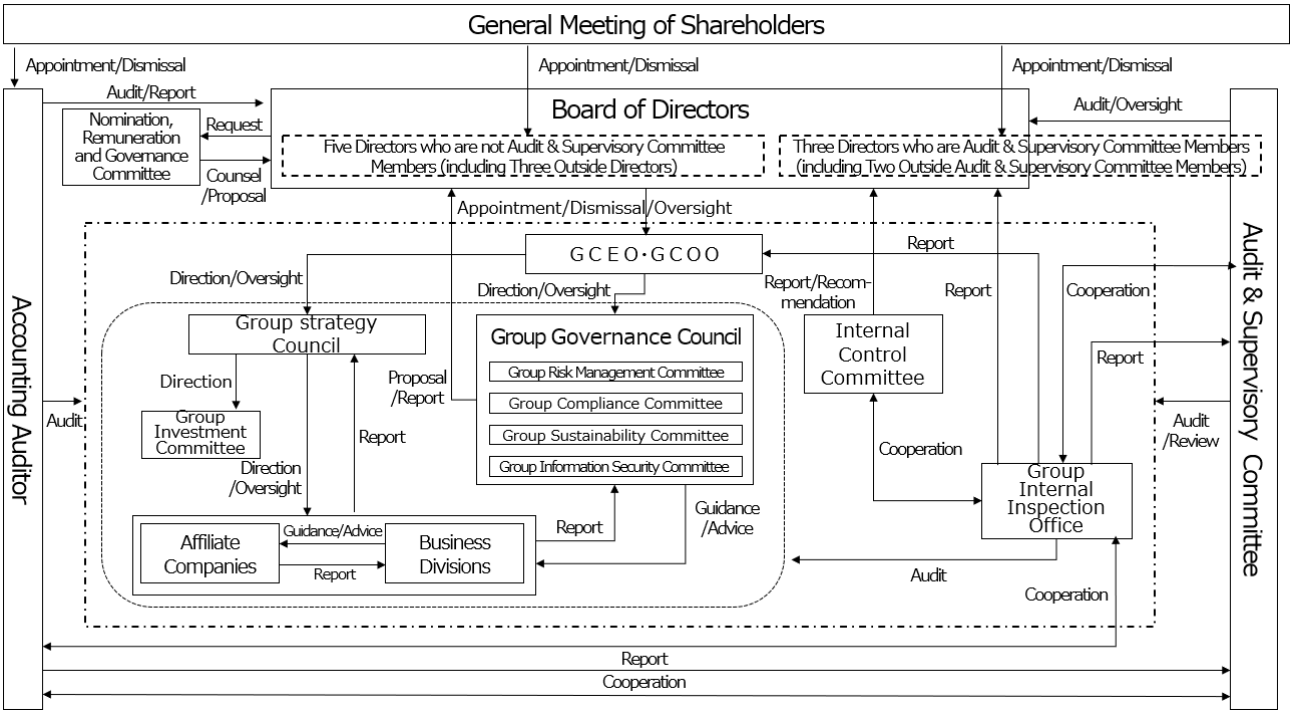
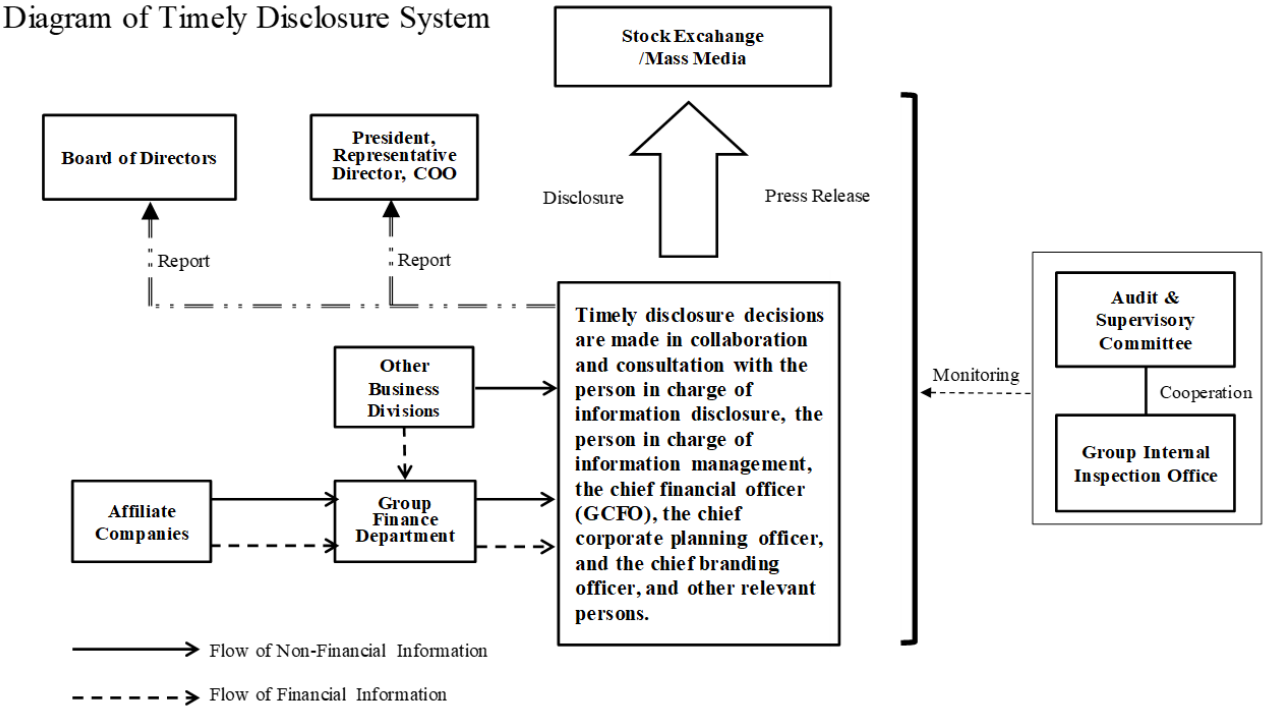


Diagram of Timely Disclosure System



END