

Board of Directors



Chairman, Representative Director

Hiroyuki Sawai

Apr.1963 Joined the Company
 Aug.1968 Managing Director
 Apr.1978 Representative Senior Managing Director
 Sept.1988 President, Representative Director
 Jun.2008 Chairman, Representative Director (incumbent)

Mr. Hiroyuki Sawai is well-versed in the generic drug business, having been honored with The Order of the Rising Sun, Gold Rays with Neck Ribbon in recognition of his experience working on the dissemination of generic drugs and related educational activities for many years in Japan.



President, Representative Director

Mitsuo Sawai

Jan.1989 Joined the Company
 Jun.2000 Director, Deputy Vice President of Sales Division, and General Manager of Sales Planning Department
 Jun.2002 Managing Director, Vice President of Sales Division, and General Manager of Sales Planning Department
 Jun.2005 Senior Managing Director, Vice President of Sales Division
 Jun.2008 President, Representative Director (incumbent)

Mr. Mitsuo Sawai is well-versed in the generic drug business. The Company appointed him to drive enhancements to the corporate value of the Sawai Group by building relationships with business partners and other stakeholders and conducting management in line with Sawai's corporate philosophy.



Director, Senior Managing Executive Officer, Vice President of Corporate Strategy Department and Supervisor of Research & Development Division

Kenzo Sawai*

Apr.1995 Joined Sumitomo Pharmaceuticals Co., Ltd. (currently Sumitomo Dainippon Pharma Co., Ltd.)
 Apr.2001 Joined the Company
 Jun.2010 Director, Vice President of Corporate Strategy Department
 Jun.2013 Director, Senior Executive Officer, Vice President of Corporate Strategy Department, and Deputy Vice President of Sales Division
 Jun.2017 Executive Officer, Vice President of Corporate Strategy Department and Supervisor of Sales Division
 Jun.2018 President, Member of the Board of Sawai America LLC (incumbent)
 Chairman of the Board of Upsher-Smith Laboratories, LLC (hereinafter referred to as "Upsher-Smith") (incumbent)
 Jun.2018 Director, Senior Managing Executive Officer, Vice President of Corporate Strategy Department and Supervisor of Research & Development Division (incumbent)

Mr. Kenzo Sawai is well-versed in the generic drug business. The Company appointed him to utilize his strategic planning and implementation abilities to support the Sawai Group's growth, medium- to long-term business plans overseas strategies, alliances and advertising efforts.



Director, Senior Executive Officer, and Vice President of Corporate Administration Division

Kazuhiko Sueyoshi*

Apr.1980 Joined The Sumitomo Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
 Apr.2012 Joined the Company
 General Manager of Controller Department
 Jun.2017 Executive Administration of the Board of Upsher-Smith (incumbent)
 Feb.2018 Executive Officer, Deputy Vice President of Corporate Administration Division, and General Manager of Controller Department
 Jun.2018 Director, Senior Executive Officer, and Vice President of Corporate Administration Division (incumbent)

Mr. Kazuhiko Sueyoshi has expertise in finance and accounting, and the Company appointed him to contribute deep insights into corporate management based on his extensive experience and being well-versed in compliance, CSR and all other aspects of corporate governance.



Director, Senior Executive Officer, Vice President of Reliability Assurance Division

Toru Terashima*

Apr.1984 Joined Sumitomo Chemical Company, Limited
 Oct.1984 Joined Sumitomo Pharmaceuticals Co., Ltd. (currently Sumitomo Dainippon Pharma Co., Ltd.)
 Jan.2016 Joined the Company
 Jun.2016 Corporate Officer, and Vice President of Reliability Assurance Division
 Jun.2017 Director, Corporate Officer, Vice President of Reliability Assurance Division
 Jun.2018 Director, Executive Officer, Vice President of Reliability Assurance Division, and General Marketing Compliance Officer (incumbent)
 Jun.2019 Director, Senior Executive Officer, Vice President of Reliability Assurance Division

Mr. Toru Terashima is in charge of general manufacturing and sales. The Company appointed him to provide professional knowledge and business experience in the research, development, and production of, and regulatory affairs related to, pharmaceuticals.



External Director

Nawomi Todo

Jun.1984 Obtained Medical License
 Jul.1984 Staff Doctor at Osaka University Hospital
 Jul.1987 Staff Doctor at Osaka Police Hospital, Association of Osaka Police Foundation
 Jul.1990 Staff Doctor at Nissay Hospital
 Jan.2002 Staff Doctor at Osaka-tetsusho Health Insurance Society (incumbent)
 Jan.2007 Obtained Certified Occupational Physician Qualification of Japan Medical Association
 Jun.2015 External Director of the Company (incumbent)

Ms. Nawomi Todo has extensive professional knowledge and experience as a medical doctor. The Company appointed her to continue providing beneficial advice to patients and physicians from an independent perspective.



External Director

Masatoshi Ohara

Apr.1979 Registered as a lawyer at Osaka Bar Association
 Joined Kikkawa Sogo Law Offices (currently Kikkawa Law Offices) (incumbent)
 Aug.1986 Attorney admitted in the State of New York, the U.S.
 Apr.2004 Member of the Board of Directors for the Kinki Federation of Bar Associations
 Apr.2017 The President of Osaka Bar Association, the Vice President of Japan Federation of Bar Associations
 Jan.2018 External Director of Teijin Frontier Co., Ltd. (incumbent)
 Jun.2019 External Director of the Company (incumbent)

Mr. Masatoshi Ohara has extensive experience and professional knowledge as a lawyer in the United States and Japan. The Company appointed him to utilize his experience as an external director at other companies to provide beneficial advice from an independent perspective.

*Concurrently as officers

Auditors (Audit & Supervisory Board Members)



Standing Statutory Auditor

Tadao Tsubokura

Jul. 2008 Joined the Company
General Manager of Controller
Department
Apr. 2012 General Manager of General
Affairs Department
Jun. 2018 Standing Statutory Auditor
(incumbent)

Mr. Tadao Tsubokura conducts audits drawing on his experience as the leader of the Company's business management and general affairs departments, participates in the Audit & Supervisory Board as a Standing Statutory Auditor, and serves as the contact point for the Board of Directors.



Statutory Auditor

Hidetsugu Matsunaga

Oct. 2005 Joined the Company
Apr. 2008 General Manager of Human
Resources Department, and
General Manager of Information
System Department
Apr. 2012 Advisor
Jun. 2012 Audit & Supervisory Board
Member (incumbent)
Standing Statutory Auditor
Jun. 2018 Statutory Auditor (incumbent)

Mr. Hidetsugu Matsunaga conducts audits based on his experience as the leader of the Company's human resources and information system departments and his experience as a Standing Statutory Auditor.



External Auditor

Takanobu Tomohiro

Apr. 1991 Registered as an attorney
Joined Kogoshi Takizawa Law
Office
(currently, Kobe-Kaito Law Office)
Apr. 1994 Partner of Kobe-Kaito Law Office
(incumbent)
Jun. 2016 External Auditor (incumbent)

Mr. Takanobu Tomohiro has a wealth of expertise and experience as a lawyer, and provides useful advice and auditing from an independent standpoint as an External Auditor.



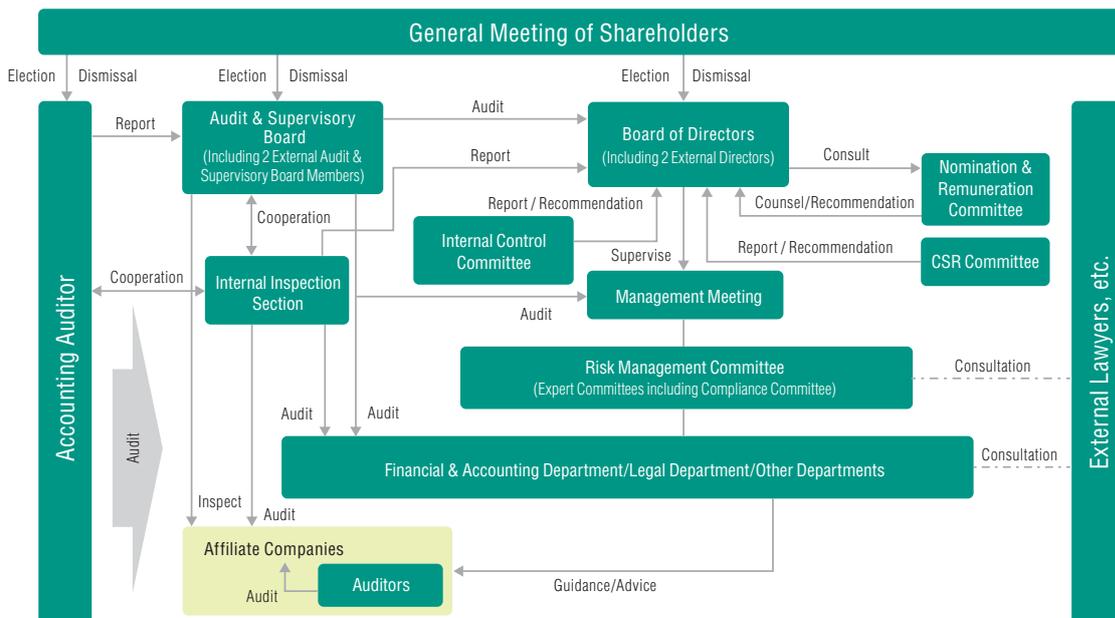
External Auditor

Junichi Hirano

Jul. 2013 Director, Co-ordination Division,
Second Large Enterprise
Examination Department, Osaka
Regional Taxation Bureau
District Director, Higashi
Yodogawa Tax Office
Jul. 2014 District Director, Himeji Tax Office
Aug. 2016 Established a Certified Tax
Accountant Office
(incumbent)
Jun. 2017 External Auditor (incumbent)

Mr. Junichi Hirano opened a tax accountant office after serving as the District Director of the Himeji Tax Office. He has considerable knowledge of finance and accounting, and provides useful advice and audits from an independent standpoint.

Corporate Governance Structure



Corporate Governance Activities

Basic Approach

Sawai emphasizes enhanced corporate governance as a top-priority management issue, and Sawai's corporate management embodies a high degree of fairness and transparency. To achieve sustainable growth, and increase corporate value in the medium- to long term, Sawai has built a management structure that enables rapid and appropriate decision-making and operational execution in response to changes in the external environment.

Analysis and Evaluation of Board of Directors Effectiveness

Sawai's Board of Directors votes on resolutions after holding careful discussions with a high degree of openness. However, upon analysis and evaluation of the need to undertake more deliberate reviews of decisions on nominations and compensation of management executives and directors, Sawai established the Governance Committee for Nominations and Compensation to receive suitable involvement and advice from independent external directors to a greater degree.

Governance Committee for Nominations and Compensation

Committee members consist of directors selected by a decision of the Board of Directors. The committee is required to have three or more members, with half or more independent, external directors. Members who have special conflicts of interest with matters for deliberation (such as matters relating to their own nomination or compensation) are required to recuse themselves from participating in the deliberations, and the Board of Directors is required to give the advice and suggestions of the committee due respect to ensure that, even more than in the past, decisions are made from objective viewpoints. The appointment and dismissal of management executives, of the chief executive officer (CEO), the CEO succession plan, compensation of management executives and corporate officers, and the basic policies, regulations, and procedures for these matters are the main topics of deliberation for the committee.

Executive Compensation

With the establishment of the Governance Committee for Nominations and Compensation, the internal regulations on executive compensation have been revised. Compensation of directors (excluding external directors) consists of fixed compensation, performance-based compensation, and stock options. One evaluation indicator that is used to determine performance-based compensation is the core operating income before deducting investment expenses, which is operating income before deductions are taken for losses due to non-recurring factors and investment expenses, including expenses for research and development. Quantitative as well as qualitative evaluation items are used to create incentives to contribute to sustained improvement of corporate value in the medium- to long term, retain talented management executives, and constrain excessive risk-taking.

Compliance

In FY2018, the Compliance Committee (chaired by the president) met quarterly and periodically conducted education on themes including respect for human rights with a central focus on preventing sexual harassment, e-learning for information security, and distribution of information security news. In FY2019, the President issued a statement on eliminating impropriety, and the company plans to conduct e-learning on compliance, monthly, for all employees starting in May.



Risk Management Committee

In fiscal 2018, the Risk Management Committee (chaired by the president) met two times. Each year, the committee reviews the importance and impact of risks classified into 18 categories, analyzing and

evaluating risks faced by the Company using a risk assessment sheet and reviewing countermeasures intended to minimize damage to Company management resources.

Business Risks

What Sawai considers to be its main risks are listed below. In the event that any such risks emerge, it is possible that such circumstances may have an effect on the Sawai Group's management performance and financial condition.

Types of Major Risk	Explanation of Risks
Regulatory risk arising from the Pharmaceutical and Medical Devices Law and other regulations	The Sawai Group's (The Group) activities are subject to regulations such as Japan's Pharmaceutical and Medical Devices Law, which requires the Group's places of business to obtain permits, registration, and licenses, as well as submit notifications to regional governments. There remains the possibility that the Group's operations will be suspended by the regulatory authorities and that permits to manufacture and sell pharmaceuticals could be cancelled.
Changes in Japan's NHI drug price scheme and healthcare system	Previously, the prices of many pharmaceuticals were reduced once every two years based on a survey of actual market prices. There remains the possibility, however, that there will be further changes to the drug pricing system and National Health Insurance for the purpose of reducing medical costs.
Lawsuits pertaining to intellectual property	Even after the expiration of substance or use patents on a generic's originator drug, there are many cases where more than one patent remains. There is the possibility that a lawsuit will be brought against the Group based on these remaining patents.
Effects of competition and other factors	In addition to the many companies entering the generic market, the manufacturers of the originator drugs are endeavoring to address the deterioration in market share even after the expiration of their patents by implementing various measures, such as authorized generic drugs*. Depending on the course of events, the possibility exists that the Company may not be able to secure its planned level of sales and profit.
Product recalls and suspension of sales	In the case of generic drugs, the risk of unknown serious side effects is extremely small. If new, unexpected side effects emerge, or incidents occur in which ingredients become contaminated with impurities, there is potential for a product recall or sales suspension. Depending on the details of any incident, the Group may have to bear responsibility for product liability.
Temporary suspension and delays in production due to natural disasters	The Group maintains production facilities in several regions. In the event of natural disasters or issues that arise because of technical or regulatory matters, production at these facilities may be suspended, and the possibility exists that the supply of products could be halted. In addition, since some major raw materials are provided by specified external suppliers, there is the possibility that, if supply of those materials were to be stopped because of natural disasters and/or other circumstances, substitutes for those materials would be difficult to source.
Global business development	The Group evaluates new business development opportunities such as overseas development, capital alliances, and company acquisitions, with market intelligence that, in addition to business profitability, includes the relevant laws and the politico-economic conditions. There is the possibility that, due to unexpected circumstances outside of our original assumptions, the desired effect will not justify the investment.
Company acquisitions	On May 31, 2017, the Company acquired Upsher-Smith Laboratories, LLC for U.S.\$1.05 billion. As is the case with company acquisitions, the possibility exists that the desired effect will not be obtained. This may be due to factors such as management, environment or business changes, or delays in the progress of the merger or information that did not come to light during due diligence.
Information management	The Group holds personal data and trade secrets from inside and outside the Company as well as large amounts of other information. We strive for thorough information management, and have put IT security measures in place, but there is always a possibility for leaks, alterations, and data loss due to system failures or accidents.
Other	In addition to the risks given here, the Group faces a range of other risks that may possibly arise. These include financial market conditions, foreign exchange fluctuations, corporate governance, including compliance risks, and various environmental issues.

*Authorized generics (AG) are generic drugs marketed and sold by a company that has been authorized by the original manufacturer or patent holder to make use of those patent rights.

External Director Message



Aiming to strengthen our international competitiveness and corporate value through social contributions in the pharmaceutical field

External Director **Masatoshi Ohara**

In recent years, awareness of the importance of corporate social responsibility (CSR) and environment, social, and governance (ESG) in corporate management has grown. To create a society that is better and easier to live in, corporations, as a member of society, are expected to make more contributions to society than before. Amid this trend, companies' approach to corporate governance is expected to not only consider increasing shareholder profits but also customers (in Sawai's case, patients and health care providers), employees, business partners, and local communities. Evaluations of corporate value are also placing more focus on long-term and sustainable value based on these factors. As a leading generics (GE) manufacturer, Sawai has made contributions to society through the provision of high-quality pharmaceuticals that patients and health care professionals can use with peace of mind. In our rapidly globalizing world, Sawai is working to transform itself into a leading company in the global GE field centered in the United States, through means

including acquisitions of U.S. GE companies. Meanwhile, the pharmaceutical field is directly connected to the health and life of patients, and as such, countries institute a range of pharmaceutical regulations and rigorous quality standards. The required compliance with these and other factors imposes constraints on Sawai's business activities, and the risks are many. As an external director, I intend to fulfill my responsibility in good faith based on my past experience as a lawyer so that I can, with close cooperation and information sharing among Sawai's corporate auditors, auditing firm, and internal control divisions, contribute in even small ways to maintaining fair governance in management and legal compliance, including in the supply chain, from procurement of active pharmaceutical ingredients to delivery of medicines to health care organizations, and to strengthening its international competitiveness so that Sawai can make contributions to society through its business activities and increase its corporate value.