



TOP INNOVATOR
TOP i 2030

Chugai ESG Meeting

CHUGAI PHARMACEUTICAL CO., LTD.

8 November, 2022



Important Reminders

This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the “Company”). These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.

Information regarding pharmaceuticals (including products under development) is included in this presentation, but is not intended as advertising or medical advice.

Agenda

01

Sustainability Management

Director, Executive Vice President & CFO

Toshiaki Itagaki

02

Chugai's Governance and Issues Going Forward

Independent Outside Director
Chairman of the Appointment Committee
Member of the Compensation Committee
Member of the Special Committee

Masayuki Oku

03

Transformation Tasks in Materiality - Environment and Human Resources -

Executive Vice President
Supervisory responsibility for Human Resource
Management and EHS
Head of Human Resources Management Dept.
In charge of Sustainability Dept.

Yoshiyuki Yano

04

Patient-Centric Business Activities - Medical Affairs -

Vice President
Head of Medical Affairs Div.

Dr. Kaori Ouchi

Sustainability Management



Director, Executive Vice President & CFO

Toshiaki Itagaki

Significance of Holding ESG Meetings

Aiming to enhance dialogue and upgrade ESG initiatives through PDCA cycling

1st ESG Meeting (Start of IBI 21)

- Objective of identifying issues
- Emphasis on versatility and comprehensiveness

【Meeting topics】

ESG overview

- Value Creation by Chugai
 - Creation of shared value
 - Material issues
- IBI 21 and ESG Initiatives (SCM, environment, human resources, governance)

2nd ESG Meeting (2nd year of IBI 21)

- Focus on matters of concern to investors
- Explanation of progress and core matters

【Meeting topics】

ESG strategies/plans

- Progress toward sustainability
- Sustainability-related indicators
- Long-term plan (SCM/environment)
- Global health

3rd ESG Meeting (Start of TOP I 2030)

- Focus on strategic aspects
- Emphasis on individual, unique company characteristics

【Meeting topics】

ESG as management strategy

- Sustainability management
- Materiality and ESG ratings
- ESG in the context of growth strategy
 - Research & Development (patient centric)
 - Environment (vision, pharmaceuticals)

4th ESG Meeting (2nd year of TOP I 2030)

- Setting themes that contribute to dialogue
- Continued emphasis on strategic aspects

【Meeting topics】

Evolution of ESG and promotion of engagement

- Sustainability management
- Governance
- Transformation tasks in material issues
- Patient-centric business activities

Management Structure

Deliberation and decision-making by the Board of Directors Meeting, Executive Committee, and Management Advisory Committees



Main executive officers involved in ESG

ES



Executive Vice President
Supervisory responsibility for Human Resource Management and EHS
Head of Human Resources Management Dept.
In charge of Sustainability Dept.

Yoshiyuki Yano

G



Executive Vice President
Supervisory responsibility for Legal, Intellectual Property, General Affairs, Risk Management, Compliance and Quality & Regulatory Compliance
In charge of Legal Dept., Intellectual Property Dept., and General Affairs Dept.

Junichi Ebihara

ESG communication

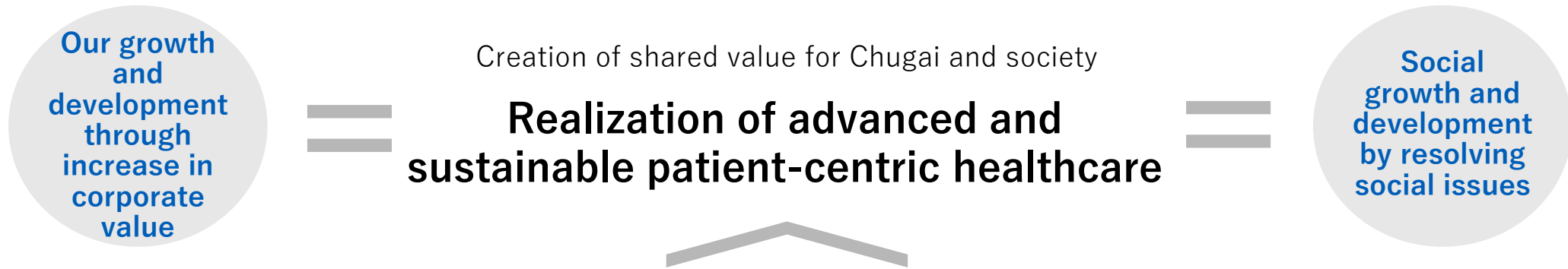


Director
Executive Vice President & CFO

Toshiaki Itagaki

Basic Policy (Vision of the Company)

Emphasis on alignment among Mission, Growth strategy, and Material issues



Envisioned Future for 2030

Top Innovator in the Healthcare Industry

Growth strategy to achieve our vision of Chugai as a top innovator in 2030

TOP INNOVATOR
TOP i 2030

Material Issues (Expectations and requirements of society)

Sustainable healthcare						
Global environment	Human rights	Human resources	Social contribution	Governance	Ethics and compliance	Supply chain management

Materiality Analysis

Examining changes in external expectations and requirements and progress on initiatives

◆ Themes to be explored today

Category	Material Issue	① External requirements	② Industry standards	③ Progress on initiatives
Sustainable Healthcare	Creation of innovative drugs and services	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Provision of solutions for patients ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Adverse event management* ¹			<div><div></div></div>
	Quality assurance and stable supply of products	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Fair marketing	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
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Global Environment	Climate change countermeasures (energy, etc.) ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Use of renewable/recycled resources (water, waste, etc.)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Protection of biodiversity (environmental burden mitigation)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Environmental management system	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Human Rights	Human rights	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Safety of clinical trial subjects* ¹			
Human Resources	Employee job satisfaction ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Development of employee potential ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Diversity and inclusion (D&I) ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Occupational health and safety	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Social Contribution	Social contribution activities	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Access to healthcare	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Governance	Corporate governance ◆	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Risk management	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Disclosure and engagement	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Personal information protection and information security	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Ethics and Compliance	Compliance	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Code of conduct	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Fair transactions	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Supply Chain Management	Supply chain management	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>

① External requirements:
Calculated from DJSI points allocation

② Industry standards:
Calculated from a comparison of the DJSI industry average and the Company's evaluation*²

③ Progress on initiatives:
Ranking on the DJSI (degree of achievement of global top-class initiatives)

*¹ Not calculated as there are no corresponding DJSI evaluation points

*² The broken line in the chart represents the industry average

Progress of Activities in Each Material Issue

Steady progress while adapting to changes in the external environment

Sustainable Healthcare

- Advanced new drug discovery, proof of value, and development
- Accelerated DX towards AI-based drug discovery and maximization of value provided
- Established an efficient manufacturing and supply system
- Strengthened coordination with Roche on global market access strategy for Chugai's products

Global Environment

- Formulated roadmap for reducing Scope 1, 2, and 3 emissions
- Increased sustainable electricity ratio
- Used environmental construction for new research labs and plants
- Made progress toward environmental goals

Human Rights

- Advanced human-rights due diligence on contractors
- Implemented safeguards for clinical trial subjects
- Collected feedback from patient organizations

Human Resources

- Operated I-Learning (supported self-directed growth)
- Acquired and developed highly specialized talent
- Promoted D&I
- Published health and productivity management map

Social Contribution

- Reset framework for social contribution activities
- Did not exercise patent rights for Actemra for COVID-19 pneumonia in low- to middle-income countries
- Supported team healthcare in developing Asian countries

Governance

- Compliance with the revised Corporate Governance Code
- Strengthened application of ERM
- Operated information governance project

Ethics and Compliance

- Conducted compliance monitoring
- Monitored transaction status and conducted awareness-raising activities

Supply Chain Management

- Made progress toward realizing digital plants
- Formulated supplier management guidelines
- Conducted supplier risk assessment

Recognition of Issues to Be Addressed in ESG

Creating shared value with stakeholders such as employees, industry, and capital market is fundamental

Employees

Acceleration of HR activities for value creation, and advancement of human capital information disclosure

Background

With the current need for increased innovation, human resource activities are becoming more important as a value creation driver for invested resources.

Given the trend in human capital disclosure, it is important to share the Company's strategy and progress.

Future Direction

- Promote strategy focused on active participation by human resources
- Cultivate a corporate culture based on the Core Values
- Promote human investment and human resource information disclosure

Industry

Expansion of cooperation with industry and other companies, and demonstration of leadership

Background

While aiming to be a top innovator in the healthcare industry, we need to lead as a role model on solving social issues.

Industry-level initiatives are becoming necessary for solving increasingly complex and diverse issues.

Future Direction

- Create leading initiatives that will be a model for other companies
- Accelerate coordination with industry organizations
- Collaborate with external organizations based on patient centricity

Capital Market

Verification of sustainability investments and organization of indicators

Background

With sustainability investment increasing, it is essential to verify the investment amount while sharing strategies with other companies and clearly presenting areas of resource investment. Based on the recommendations of each initiative it is important to consider and systematize indicators to be disclosed going forward.

Future Direction

- Examine medium- to long-term targets
- Consider disclosure of investment amounts
- Examine and organize indicators to be disclosed

Organization of Indicators to Be Disclosed

We will continue to examine and expand our disclosure

Drug Discovery

- Number of in-house projects in the development pipeline
- Publications in academic papers and presentations on research findings at scientific conferences
- Ratio of R&D expenditures

Development

- Number of pipeline projects
- New products launched and new indications
- Number of joint development projects with Roche Group
- Number of products in-licensed from Roche
- Number of patents held (including pending application)
- New patents granted worldwide

Pharmaceutical Technology

- Number of research papers in the Pharmaceutical Technology Div. and Manufacturing Technology Div.
- Capital investment into manufacturing facilities and plans
- Production and cultivation capacity of therapeutic antibodies

Value Delivery

- Share of sales in the Japanese therapeutic antibody market
- Share of sales in the Japanese oncology market
- Satisfaction ranking based on healthcare professionals' assessments
- Adequacy ranking for provision of drug safety information based on healthcare professionals' assessments
- Number of contract-based post-market studies
- Number of non-clinical joint studies
- Cases for which safety information was collected in clinical trials and post-marketing studies

Foundation for Growth

- Number and compositional ratios of employees
- Personnel expenses
- Number of recruits
- Percentage of employees taking childcare leave
- Percentage of people employed with disabilities
- Education and training expenditures per employee
- Ratio of female managers/female managers with subordinates
- Number of employees on assignment through the Roche Human Resource Exchange Program
- Number of supplier evaluations conducted
- Health and productivity management indicators (cancer screening participation rate, etc.)
- CO₂ emissions
- Energy consumption
- Sustainable electricity ratio
- Fuel consumption by MR vehicles
- Fluorocarbons usage
- Industrial waste reduction
- Plastic waste
- Water consumption (water withdrawal)
- Hazardous chemical substance use
- Hazardous waste reduction

Financial and capital related

Profit generation

- Revenue growth
- Royalty and profit-sharing income
- Core operating profit (Ratio)
- Core EPS CAGR

Reduction in invested capital

- ROIC
- Capital investment
- NOA

Reduction in cost of capital

- ESG rating
- Number of index inclusions

Enhancement of corporate value

Sustainability Investment

Investments themed on patient centric, human resources, and the environment will continue to grow

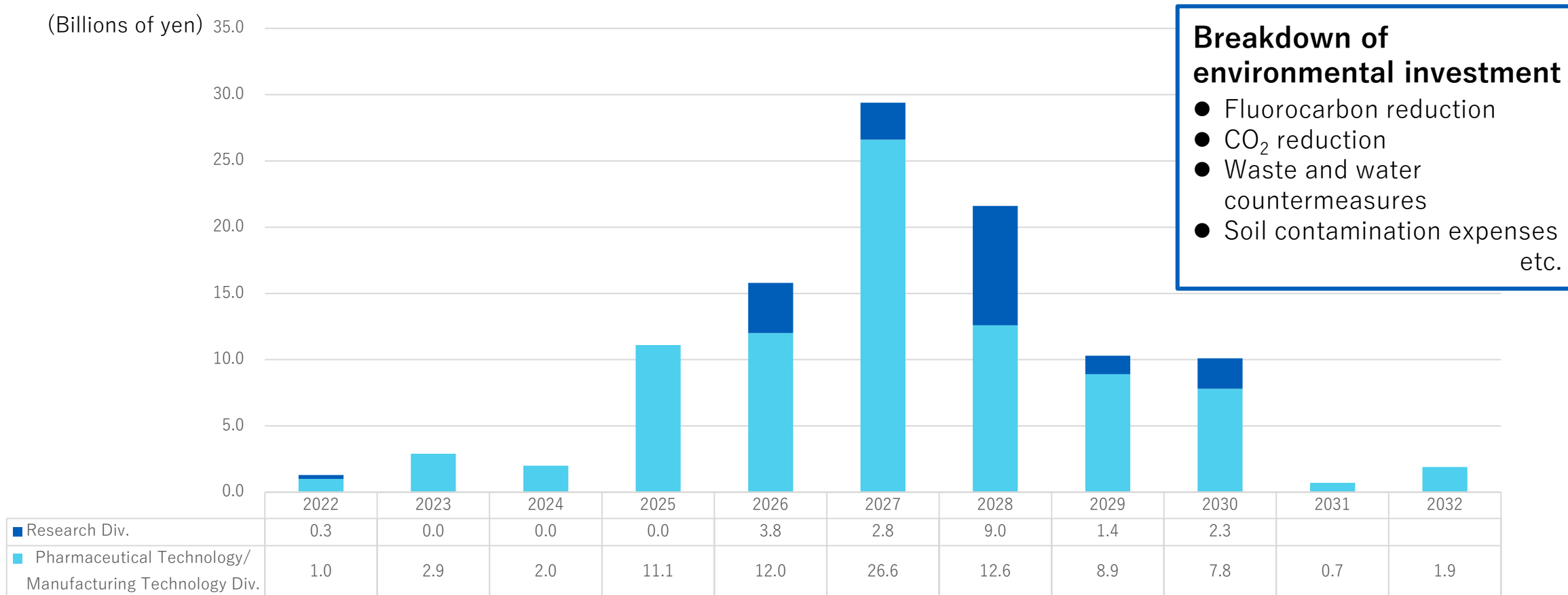
Categories that will increase over the medium term

	OPEX	CAPEX	“Time investment”
Patient centric Increase in created value and business model evolution	<ul style="list-style-type: none"> • Measurement and verification of patient value • Review of business flow • Industry recommendations and advocacy activities 	【DX Investment】 <ul style="list-style-type: none"> • Construction of information provision platform 	<ul style="list-style-type: none"> • Dialogue and workshops with management and employees • Strategy design to increase patient value
Human Resources Increase in created value (improve output and productivity)	<ul style="list-style-type: none"> • Internal and external seminar hosting expenses (patient centric, TOP I 2030 related) • Employee awareness, status survey expenses 	【DX Investment】 <ul style="list-style-type: none"> • Digital infrastructure (improve operation efficiency and productivity) • Increase in level of talent management, expansion of HR database 	<ul style="list-style-type: none"> • Engagement activities • Communication programs • Internal sessions
Environment Risk hedges and tapering of investment amount for the future	<ul style="list-style-type: none"> • Renewable energy procurement • Test introduction of new technologies • Biodiversity and water quality survey expenses • Climate change countermeasure expenses 	【Capital Investment】 <ul style="list-style-type: none"> • Investment in facilities such as Chugai life science park Yokohama • Investment for environmental mitigation of existing facilities • Modernization for environmental mitigation during production facility upgrades 	<ul style="list-style-type: none"> • Implementation and updating of environmental management system • Environmental technology verification

Sustainability Investment: Environment

Estimated environmental investment over the next 10 years (Research Div., Pharmaceutical Technology/Manufacturing Technology Div.)

- We estimate a cumulative total of ¥107.2 billion* in environmental investment through to 2032 (Research Div.: ¥19.6 billion, Pharmaceutical Technology/Manufacturing Technology Div.: ¥87.6 billion)



* Estimation for facility upgrades and accelerated execution of existing investment plans to achieve the Mid-Term Environmental Goals 2030. Amounts shown in this slide are rounded to the nearest 0.1 billion yen.

Chugai's Governance and Issues Going Forward



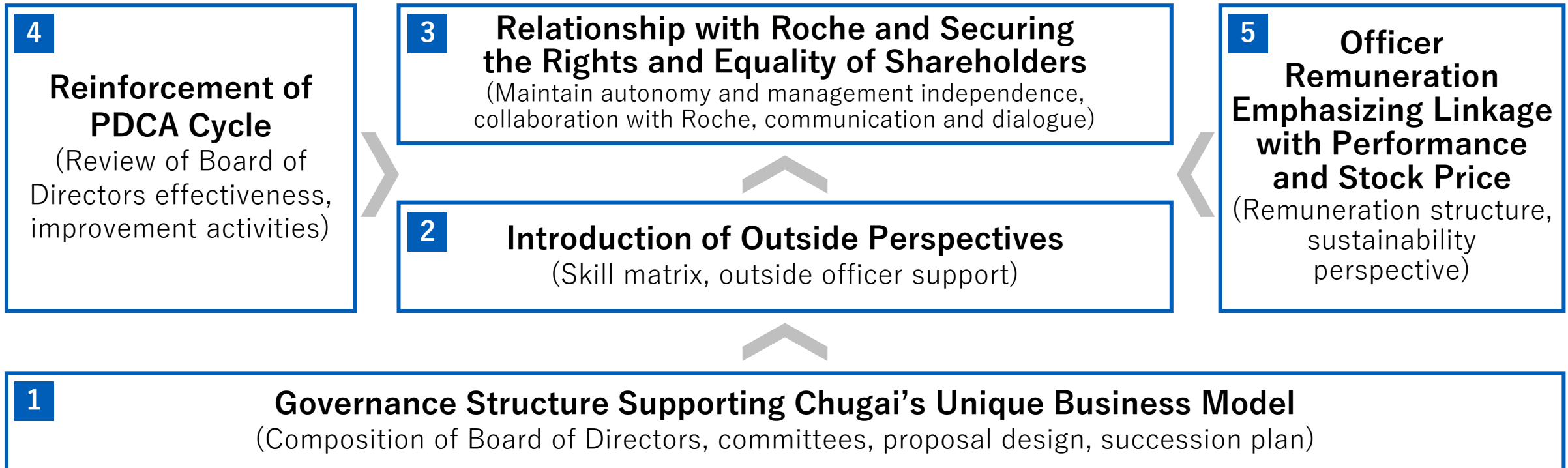
Independent Outside Director
Chairman of the Appointment Committee
Member of the Compensation Committee
Member of the Special Committee

Masayuki Oku

Material Issues in Governance

A system aimed at the continuous evolution of governance to realize our mission and create shared value

Realization of Mission and Creation of Shared Value



Business Model and Relationship with Roche

A rare business model establishing a true win-win relationship with Roche;
continuous evolution is key

Key Features of Collaboration with Roche

Independent management (maintain to be publicly listed)	Concentrate on innovation through emphasis on originality and diversity	Access emphasizing economies of scale and regional optimization
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Products from Chugai research:

Global marketing utilizing Roche's network

Products in-licensed from Roche:

Development and marketing in Japan

Advantages for Roche

- Handling of innovative drugs created by Chugai
- Presence in Japan, one of the world's largest markets
- Marketing that matches Japan's business environment
- Increase in Roche Group's corporate value

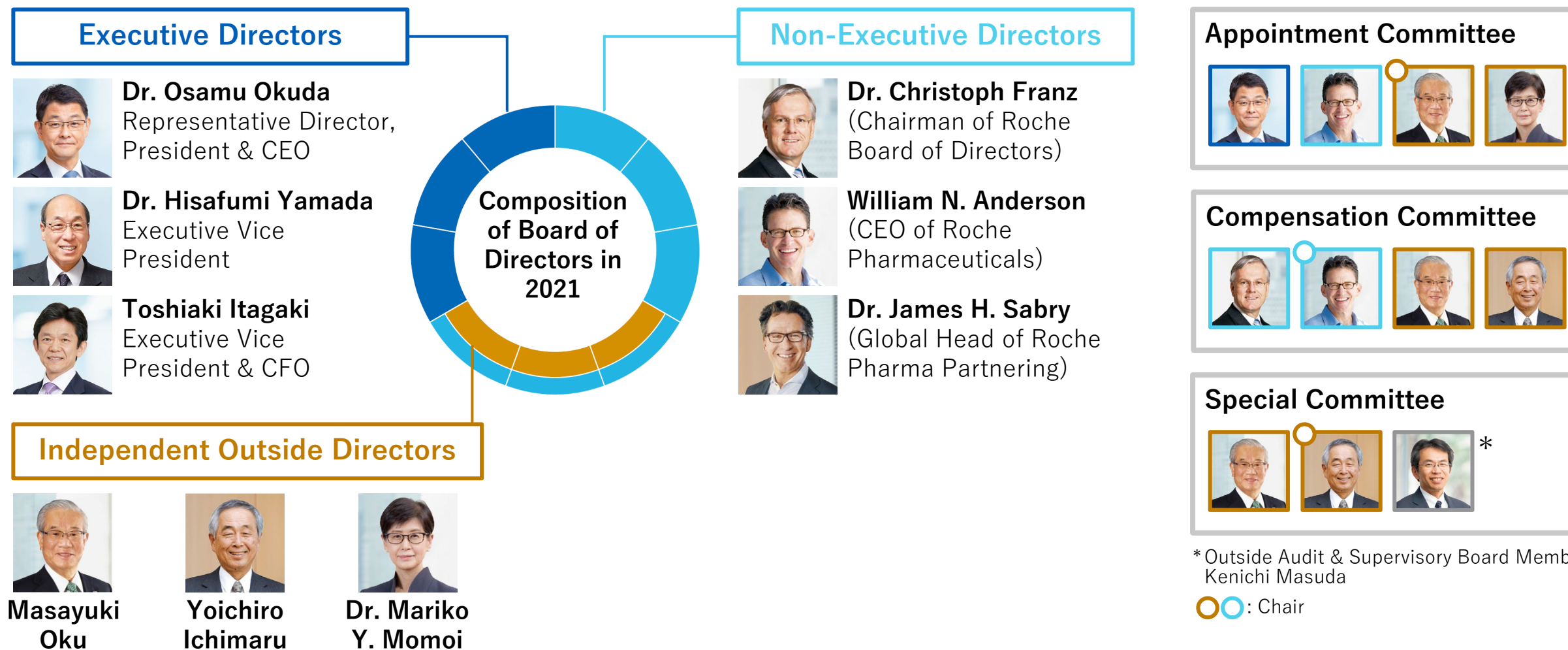
Features of Business Model through Collaboration with Roche

Area	Business Model Features
Management	<ul style="list-style-type: none"> ● Maintain to be publicly listed by guaranteeing independence ● Ensuring interests of minority shareholders ● Management with a broad, long-term view ● Executive directors, independent outside directors, and directors from Roche each comprise one-third of Chugai's Board of Directors ● Daily discussion with Roche management
Drug Discovery	<ul style="list-style-type: none"> ● Concentration on innovation through independent decision-making ● Utilization of Roche's research infrastructure, efficient research activities ● Acceleration of collaboration within Group
Development	<ul style="list-style-type: none"> ● Optimal timing of collaboration with Roche <ul style="list-style-type: none"> • Chugai products: Roche has right of first refusal on global development • Roche products: Chugai has exclusive development and marketing rights to Roche products in Japan (out-licensing of products from Chugai research is immediately offered to Roche upon achievement of early PoC) ● Efficient and rapid global marketing utilizing Roche Group's infrastructure ● Access to latest market information globally
Pharmaceutical Technology	<ul style="list-style-type: none"> ● Optimization of global production system ● Conformance with world's most advanced management standards ● Introduction of Roche know-how and information-sharing in the areas of supply chain management and EHS
Value Delivery	<ul style="list-style-type: none"> ● Provision of solutions and close information sharing tailored to regional characteristics ● Sharing of various information with Roche and establishment of common infrastructure for safety information

1 Governance Structure Supporting Chugai's Unique Business Model

Approach to Composition of Board of Directors

Diverse personnel composition and evaluation – from within Chugai, outside the company, and Roche – supporting the business model



Succession Plan

Making Appointment Committee activities multifaceted and diversified to proactively pursue initiatives

Perspectives Emphasized in Appointing Top Personnel

- **Focus on two perspectives: diversity and continued evolution of our distinctive business**
 - In future management, important to evolve and develop win-win business model with Roche and accelerate diversity
 - In particular, focus on management experience at Roche and experience with collaboration, etc. for appointment and development of top personnel
 - Discuss the future of management and management personnel, while considering the ideal evolution of diversity
- **Paramount point of discussion: development of leaders for post-Okuda era**
 - In line with value creation strategy to achieve our top innovator vision, important to identify best candidates for future executive roles and develop them through exposure to various opportunities

Current Initiatives

- **Expansion of Succession Plan**
 - Deliberation of current conditions such as succession plans and talent pool for Executive Directors including CEO
 - Expanding discussion in Appointment Committee to discussion including not only Executive Directors, but also Executive Director candidates
 - Continued deliberation of approach to future composition of officers
- **Expansion of opportunities for Appointment Committee members to improve selection and development**
 - Promote exchange of opinions and dialogue with potential successor candidates and leadership personnel through Board Meeting, General Manager & Manager Meeting, officer networking events, and social gatherings
 - Create opportunities enabling dialogue among potential successor candidates and Appointment Committee members without them being conscious of each other

2 Introduction of Outside Perspectives

Skill Matrix

Strengthening of RED SHIFT through appointment of personnel with expertise and experience in R&D, medical science and pharmaceutical sciences

(As of April 1, 2022)

	Positions, Responsibilities	Name	Roles			Expertise and Experience Expected of Directors and Audit & Supervisory Board Members						
			Appointment Committee	Compensation Committee	Special Committee	Corporate Management	R&D	Sales, Marketing	Finance, Accounting, Taxation	Legal Risk Management	Medical Science, Pharmaceutical Sciences	International Experience
Executive Directors	Representative Director, President & CEO	Dr. Osamu Okuda	○			●	●	●			●	●
	Director Executive Vice President	Dr. Hisafumi Yamada				●	●				●	●
	Director Executive Vice President & CFO	Toshiaki Itagaki				●		●	●			●
Independent Outside Directors	Outside Director*	Masayuki Oku	○ Chair	○	○	●		●	●	●		●
	Outside Director*	Yoichiro Ichimaru		○	○ Chair	●		●		●		
	Outside Director*	Dr. Mariko Y. Momoi	○								●	●
Non-Executive Directors	Director (Chairman of Roche Board of Directors)	Dr. Christoph Franz		○		●						●
	Director (CEO of Roche Pharmaceuticals)	William N. Anderson	○	○ Chair		●		●				●
	Director (Global Head of Roche Pharma Partnering)	Dr. James H. Sabry				●	●				●	●
Audit & Supervisory Board Members	Full-Time Audit & Supervisory Board Member	Atsushi Sato						●		●		
	Full-Time Audit & Supervisory Board Member	Dr. Yoshiaki Ohashi					●			●	●	●
	Outside Audit & Supervisory Board Member*	Takaaki Nimura							●			●
	Outside Audit & Supervisory Board Member*	Dr. Yuko Maeda				●	●					
	Outside Audit & Supervisory Board Member*	Kenichi Masuda			○					●		●

Diversity of scope of executive responsibilities

Diversity of industries, knowledge and values

Diversity of roles and relationships with Chugai

* Designated as an independent officer pursuant to the regulations of Tokyo Stock Exchange, Inc., to which notification has been made

Perspective of Board of Directors Seen in Examples of Discussion (Status of Voting in General Meeting of Shareholders)

Considering improvement of future dialogue with investors based on analysis of investors who cast opposing votes

[Agenda Item]

Reporting of status of approval and disapproval of proposals to General Meeting of Shareholders

Background:

- The Board of Directors analyzed the state of approval and disapproval of proposals to the General Meeting of Shareholders based on Chugai's Basic Corporate Governance Policy, and considered future measures
- In voting in the General Meeting of Shareholders at the end of March 2022, the approval rate for the President was 91%, which was low compared to the approval rate for other proposals (around 99%)
- As a result of analysis of and hearings conducted with investors casting opposing votes, it was found that the cause was the percentage of Outside Directors not being a majority



The approval rating for the President is very disappointing. Going forward, it is necessary to gain understanding by explaining to institutional investors that Chugai's governance system is functioning adequately, and offering examples of success in the alliance with Roche.



There are many cases of institutional investors voting as a formality, but understanding may be gained through dialogue and explanation, and I think effort to that end is required.

I would like to conduct dialogue with a full explanation of the strategic alliance with Roche, such as its unique character and how it is functioning well.



Significance and Initiatives on Special Committee

Recognized as a more open system that provides a sense of security for the rights and equality of minority shareholders

Discussion on Japan's Corporate Governance Code

(Principle 4.8.3) Establishment of Special Committee

- Current composition of executive directors, independent outside directors, and directors concurrently sitting on Roche's Board of Directors each comprising one-third of Chugai's Board of Directors was found to be appropriate for supporting the unique business model
- Principal members of Appointment Committee and Compensation Committee are Non-Executive Directors, including Independent Outside Directors
- With regard to conflicts of interest between Roche and minority shareholders, contract and transaction conditions with Roche had been presented to the Board of Directors as needed, and directors concurrently sitting on Roche's Board of Directors had not participated in deliberations on transactions with Roche in order to ensure transparency and objectivity; however, it was found that it is necessary to have a system that better clarifies protection of the interests of minority shareholders



Establishment of Special Committee (March 29, 2022)

Role of Committee

- Deliberate and review important transactions and acts involving a potential conflict of interest between parent company (Roche) and minority shareholders

Composition of Committee

- Made up of three or more members who are independent directors or Audit & Supervisory Board members
- Chair: Yoichiro Ichimaru, Independent Outside Director
Members: Masayuki Oku, Independent Outside Director; Kenichi Masuda, Independent Outside Audit & Supervisory Board Member

Status of Activities (Two Meetings Held to Date)

- Mutual election of chair, discussion of Special Committee format
- Revision of Basic Alliance Agreement (BAA) (report to Board of Directors), reporting of licensing agreements with Roche

Perspective of Board of Directors Seen in Examples of Discussion (Evaluation of Effectiveness of Board of Directors)

Evolve by applying the PDCA cycle based on evaluation of effectiveness; present focus is on the Special Committee

[Agenda Item]

Reporting results of evaluation of effectiveness of Board of Directors

Background:

- Report of results of self-assessment survey of Directors and Audit & Supervisory Board members, and results of analysis and evaluation by external third party on the effectiveness of Board of Directors in 2021 based on Chugai's Basic Corporate Governance Policy



External Expert
(Third-Party
Observer:
Attorney)

The effectiveness of the Board of Directors can be assessed as being ensured in terms of its composition, deliberation content, operations status, as well as the initiatives by individual directors and Audit & Supervisory Board members, and the activities of the Appointment Committee and the Compensation Committee.

Going forward, it is expected that the framework and elements for consideration pertaining to determining the fairness of transaction conditions with the Roche Group will be reorganized in the Special Committee, and deliberated by the Board of Directors on the basis of the report by the Special Committee to the Board of Directors.



Executive
Director

The role of the newly-established Special Committee is also important from the perspective of the protection of minority shareholders. It is necessary to provide committee members with information in advance, in addition to facilitating dialogue between directors.

Sharing information with members of the Special Committee will be appropriately carried out by Executive Directors.



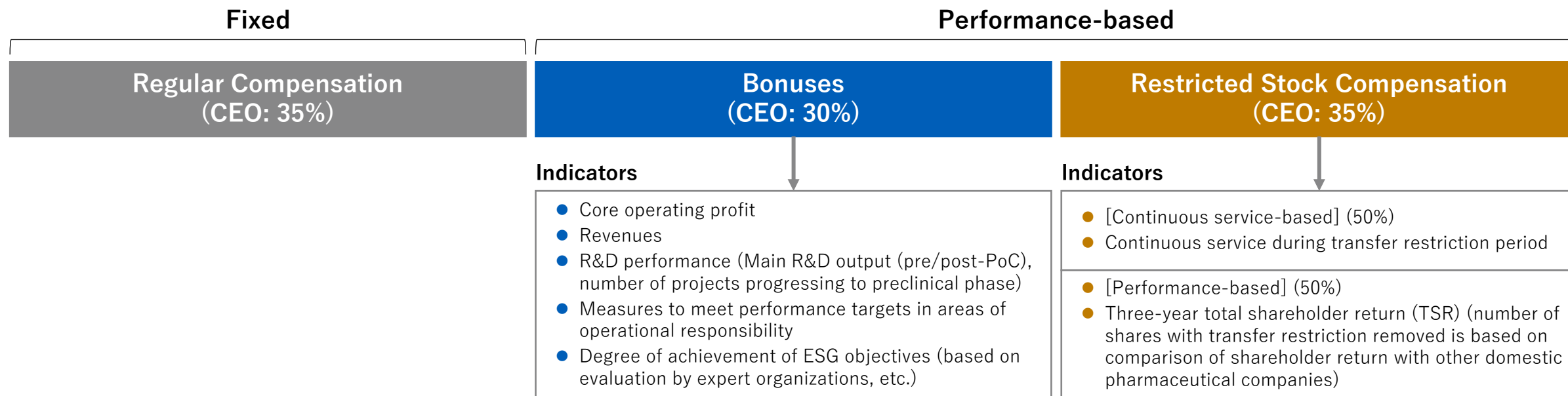
Non-Executive
Director (Roche)

Evolution of Officer Remuneration System

Seek continuous evolution based on the business environment and progress of growth strategy

Key Points in Revision of Officer Remuneration System

- Remuneration of Executive Directors is composed of regular compensation (fixed compensation), bonuses as a short-term incentive, and restricted stock compensation (tenure-based, performance-based) as a long-term incentive (2017 revision); the percentages are determined with consideration for factors such as duties
- In 2021, the Company determined the factors that will help Chugai achieve its newly-defined vision of becoming a top innovator, and these factors were reflected in the indices for performance-linked remuneration (e.g., achievement of ESG-related objectives was included in individual performance evaluations from 2021)



Transformation Tasks in Materiality

- Environment and Human Resources -



Executive Vice President
Supervisory responsibility for Human Resource Management and EHS
Head of Human Resources Management Dept.
In charge of Sustainability Dept.

Yoshiyuki Yano

Materiality Analysis

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Governance	Corporate governance	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Risk management	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Disclosure and engagement	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Personal information protection and information security	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Ethics and Compliance	Compliance	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Code of conduct	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
	Fair transactions	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
Supply Chain Management	Supply chain management	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>

Climate Change Countermeasures

- Global transformation tasks
- Continuous evolution is essential
- Strategy and setting KPIs are important
- Disclosures in line with TCFD recommendations

Human Resources

- Position as human capital in the capital market has been established
- Human resources investment domains and perspective of corporate value creation are becoming more important

① **External requirements:** Calculated from DJSI points allocation

② **Industry standards:** Calculated from a comparison of the DJSI industry average and the Company's evaluation (the broken line in the chart represents the industry average)

③ **Progress of initiatives:** Ranking on the DJSI (degree of achievement of global top-class initiatives)

Climate Change Countermeasures: Basic Policy

Set challenging goals

- In Mid-Term Environmental Goals 2030, we set challenging goals consistent with the Roche Group's environmental goals

CO₂ reduction

- Set higher than 1.5 °C target
- At this stage, we are aiming for zero emissions without taking carbon offsets into consideration
- Sustainable electricity fuel sources also comply with Roche Group's rigorous standards

Fluorocarbon elimination measures

- Set targets higher than the Kigali Amendment to the Montreal Protocol
- While making natural refrigerants the first choice, effectively select new refrigerants (green refrigerants)

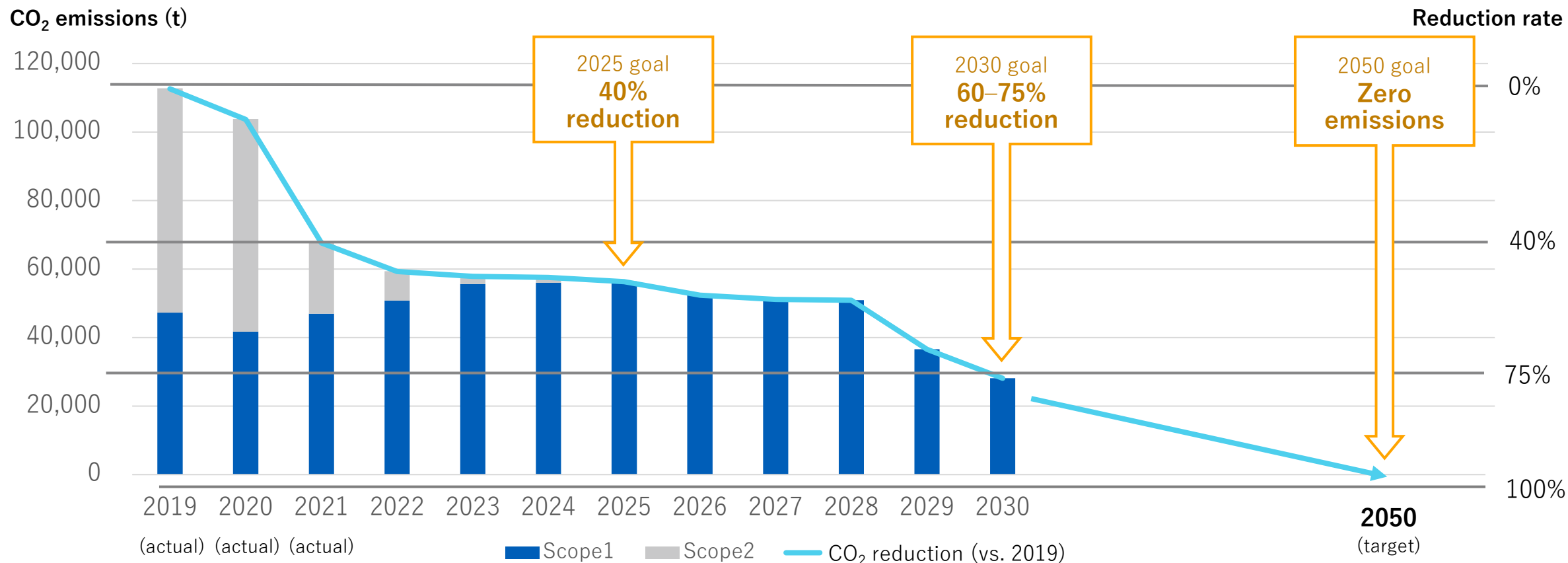
Material Issues	Item	KPI (Base year 2019)		
Climate change countermeasures (Prevention of global warming)	Scope 1+2 ^{*1} CO ₂ emissions	40% reduction by 2025	60–75% reduction by 2030	Zero emissions by 2050
	Scope 1+2 ^{*1} energy consumption	5% reduction ^{*2} by 2025	15% reduction ^{*2} by 2030	
	Sustainable electricity ratio	100% by 2025		
	Fuel consumption by MR vehicles	35% reduction by 2025	75% reduction by 2030	
	Halogenated hydrocarbons (Base year 2020)	25% reduction by 2025	100% reduction by 2030	

*1 Scope 1: Direct emissions, Scope 2: Indirect emissions from the generation of purchased energy *2 Per total floor area (Excluding leased properties)

Climate Change Countermeasures: Mid-Term Environmental Goals and Progress


Steady progress on milestones set in 2021

- In 2022, as a result of more meticulous promotion of the plan, 2025 goals are expected to be achieved ahead of schedule
- To achieve a 75% reduction in emissions by 2030, we will accelerate emissions reductions through measures such as introducing electric boiler and adjusting the operations of cogeneration systems



Climate Change Countermeasures: Major Initiatives

Despite overcoming challenges one by one, continued technological challenges remain to be examined

Mid-Term Environmental Goals 2030 Categories	Action steps	Main Progress and Initiatives
Scope 1+2 CO₂ emissions Energy consumption	<ul style="list-style-type: none"> • Build new facilities, update equipment, improve processes • Measures to increase efficiency of existing facilities • Electrification of Scope 1 facilities • Identify next-generation energy source(s) to replace natural gas 	<ul style="list-style-type: none"> ◎ Steady progress on achieving zero Scope 2 CO₂ emissions by 2025 ◎ Chugai Life Science Park Yokohama expected to obtain CASBEE* certification ◎ Introduced solar panels and non-distillation/membrane industrial water treatment facilities at new pharmaceutical manufacturing facilities <ul style="list-style-type: none"> ✓ Energy-saving at existing facilities is difficult, so measures are applied when renewing facilities ✓ Extremely difficult to introduce next-generation energy facilities by 2030  <p>Chugai Life Science Park Yokohama</p>
Sustainable electricity ratio	<ul style="list-style-type: none"> • Stable procurement of sustainable electricity • Introduction in Asia 	<ul style="list-style-type: none"> ◎ 100% introduction at four main business locations including Yokohama and Head Office planned from 2023 <ul style="list-style-type: none"> ✓ Consideration in the Asian region is at the initial stage. Going forward, we will examine issues in detail.
Fluorocarbons usage	<ul style="list-style-type: none"> • Update and introduce production/HVAC** equipment in line with facility characteristics • Handling equipment without non-fluorocarbon technology • Compatibility of production and facility renewal plans 	<ul style="list-style-type: none"> ◎ Introduced new HCFO-1233zd(E) refrigerant in some existing facilities, accelerated renewal and reduced investment amount ◎ Planned to adopt centralized systems for some HVAC equipment ◎ Developed small-scale trial devices for use with natural refrigerant through collaboration with manufacturers <ul style="list-style-type: none"> ✓ Careful examination and verification needed with regard to misalignment of 2030 production plan and facility renewal timing

Human Resources: HR Management Strategy and Human Capital in TOP I 2030

Design a strategy for accurate deployment and expansion of human capital

Sources of Shared Value Creation

Number of employees:
7,664
(Ratio of female employees: 30.2%)

Employee engagement:
Top level in global terms

Environment that utilizes employees:
Global average

Ratio of female managers:
15.9%

Attraction & Challenge

1. Design positions based on the new growth strategy, and recruit and assign the right people to the right positions
2. Realization of measured evaluation and treatment based on role and results, trying out personnel without regard to age and personal characteristics

Learning & Growth

3. Creation of a feedback culture through check-ins between supervisors and subordinates
4. Support for self-directed learning and growth through introduction and expansion of I-Learning

Engagement & Collaboration

5. Increase of effective employees through promotion of job satisfaction reforms, D&I, and health and productivity management
6. Cultivation of an innovation-producing culture across divisional boundaries

Mid-term milestones

- Percentage of effective employees: Achieved the same level as companies with strong global performance (2024)
- Positive response rate for employee awareness survey regarding innovation questions: Target not disclosed (2024)
- Ratio of female managers/Ratio of female managers with subordinates: 17% (2023)

(Other indicators monitored)

- Number of next-generation leader candidates
- One-on-one (Check-in) rate between supervisors and subordinates
- Job-fill rate for essential positions
- I Learning utilization rate
- Ratio of teleworkers to on-site staff
- Employee awareness survey (D&I)

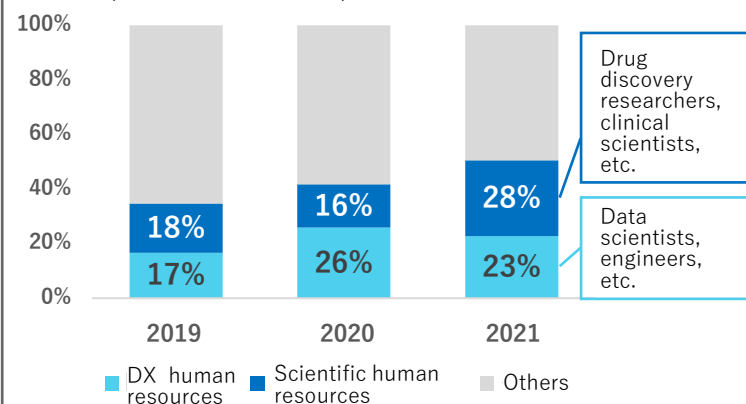
Human Resources: Progress and Initiatives

Acquire highly specialized talent, support self-directed learning, and realize progress on job satisfaction reforms

Acquiring highly specialized talent

- Strengthening of acquisition of DX human resources (prioritized)
- Acquisition of scientific human resources in conjunction with RED SHIFT
- Strengthening of mid-career hires through diversification of recruitment channels

Acquisition and composition ratio of highly specialized talent (mid-career hires)



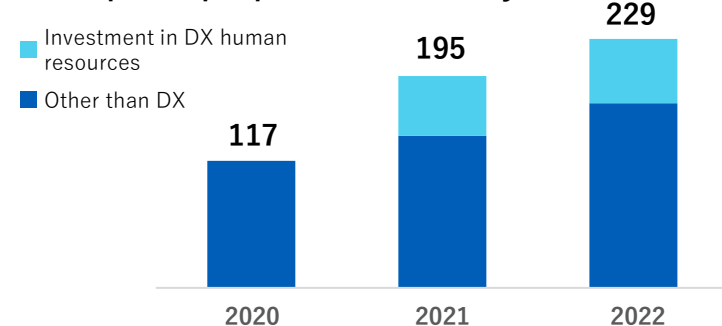
Initiatives going forward

- Secure and enhance key work types by visualizing highly specialized talent and skills required to realize TOP I 2030
- Strengthen Chugai Group's recruitment branding through alumni, referral, group recruitment, etc.

Supporting self-directed learning

- Operation of I-Learning, online learning platform
- Increase in investment for the development of DX human resources (Chugai Digital Academy, etc.)

Amount of investment in human resource development per person (thousand yen)



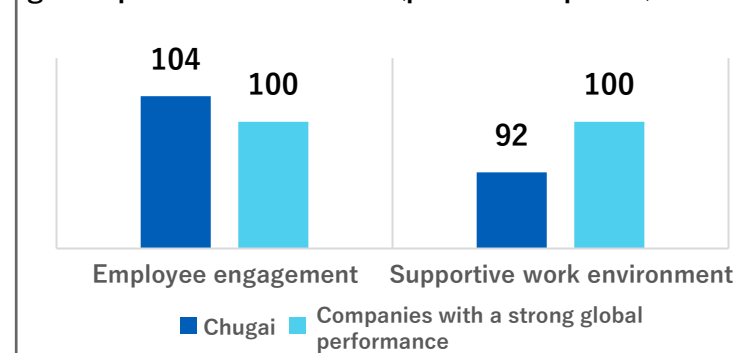
Initiatives going forward

- Promote self-directed learning and mutual study by utilizing I-Learning
- Strengthen development of innovation personnel by promoting cross-border learning programs, such as working for other companies, etc.

Promoting job satisfaction reform

- Increase in effective employees through an improvement of employee engagement and creation of an environment that utilizes employees
- Introduction of workstyles that are not rigidly concerned with working location
- Fostering trust between supervisors and team members through Check-in

Status of the Company taking companies with strong global performance as 100 (positive response)



Initiatives going forward

- Promote self-directed supportive management that supports growth through managerial reform
- Further promote D&I towards utilization of diverse human resources

Human Resources: Roadmap for Promoting D&I

- **D&I Code of Conduct:** Internal dissemination of 3 necessary activities for an inclusive culture that promotes innovation: “Communicate, Discuss, and Accept”
- **D&I dialogue opportunity creation:** Holding of Chugai Diversity DAYS for a wide range of participants, from management through employees
- **Female participation target (2030):** To bring the ratio of female managers at each level, including senior management, to the same level as the overall ratio of female employees



* Communicate, discuss, and accept

Patient-Centric Business Activities - Medical Affairs -



Vice President
Head of Medical Affairs Div.

Dr. Kaori Ouchi

Chugai's Patient-Centric Approach

Patient-centric is defined as one of the Company's most important values
(Core Values)

Core Values

1. Patient Centric

Make each patient's wellbeing our highest priority

2. Pioneering Spirit

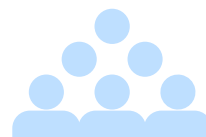
Pursue innovation by improving ourselves and thinking differently

3. Integrity

Maintain the highest standards in all we do to create shared value with society

Envisioned Future for 2030

Top Innovator in the Healthcare Industry



Expectation
from Patients
All over the
World



Attracting Talent
and Players
from around the
World



Role Model
for the World

Overview of Patient-Centric Initiatives

By placing patients at the center of everything we do, we aim to evolve our corporate activities and increase our corporate value

Increase in the value
delivered to patients through
products and services



Initiatives in partnerships
with patients



Approach to patients
and society



Dialogue with Patient Organizations

In addition to implementation in each division, we also held three Company-wide dialogues with commitment from top management.

Dialogues held in each division

- Implemented to incorporate patient understanding and feedback into the activities of each department
- Cooperation with patient organizations is an important method, precisely because direct communication with patients is difficult
- 2021 activity cases: 45 times in total
 - Lectures in new recruit training
 - Lectures for employees
 - Exchange of opinions about disease issues
 - Reflection in patient materials
 - Reflect initiatives in clinical development, etc.



Company-wide dialogues with participation from top management

Dialogue 2020



- Six members of cancer patient organizations spoke at the event
- Outline and define the issues shared

Dialogue 2021



- Participation from non-cancer patient organizations
- New collaboration initiated from discussion results

Dialogue 2022

Industry, government, academia and patients (private sector) came together to work on solutions to issues

To be held November 2, 2022

Participants:

Shinsuke Amano, CEO, Group Nexus Japan

Naomi Sakurai, Chief Director, NPO CSR Project

Dr. Atsushi Otsu, Director, National Cancer Center Hospital East

Dr. Masaru Iwasaki, Vice-president, University of Yamanashi

Yukiko Nishimura, President, NPO ASrid

Dr. Osamu Okuda, CEO, Chugai Pharmaceutical Co., Ltd.

Sharing issues regarding patient participation in research and development and patient access to clinical trial information

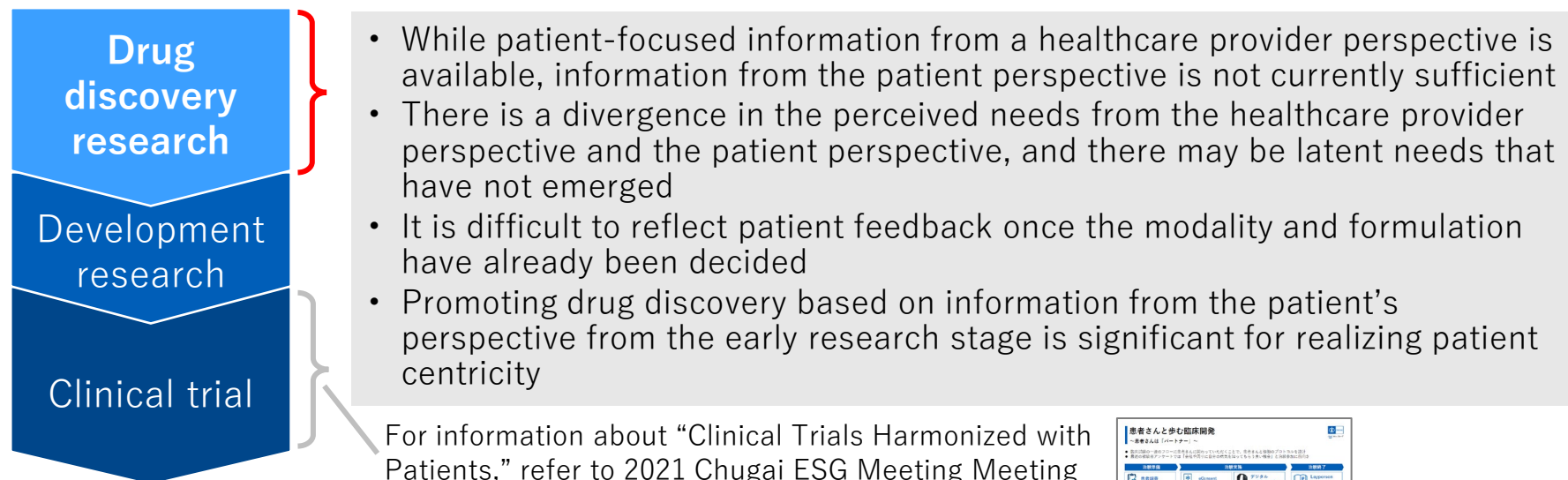


The Patient's Voice in Drug Discovery Research: Building the New Scheme "PHARMONY"

Cooperation on actual projects as a trial leading to future drug discovery research

- Create the new scheme "PHARMONY" to understand patients' real needs from an earlier stage in research and development
- Cooperate with target patients and patient organizations on actual projects as a trial to obtain knowledge from the patient perspective
- Continue to accumulate cooperation case studies going forward while making maximum use of Chugai's drug discovery capabilities, leading to drug discovery research that satisfies patients' real end-points

Current issues in drug discovery research and significance of including the patient's voice



For information about "Clinical Trials Harmonized with Patients," refer to 2021 Chugai ESG Meeting Meeting materials (slides 29 to 34).



PHARMONY

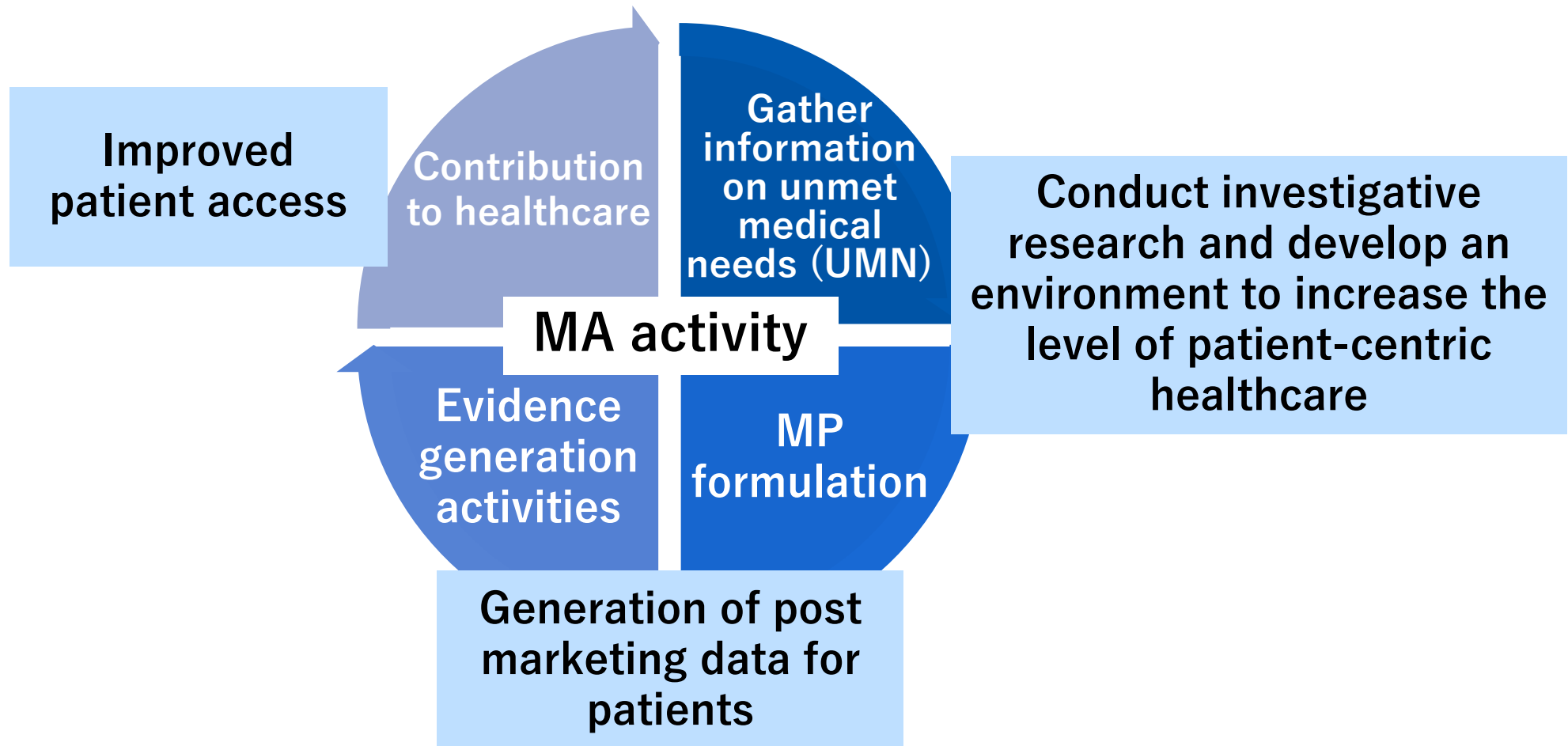
Patients × **P**harma
× **H**armony

The name of this initiative represents Chugai's desire to listen to patients' voices, respect and understand each other's ideas, and work together in drug discovery research for the benefit of patients

Patient Centricity in Medical Affairs (MA) Activities

Creating shared value for patients and the Company (medium- to long-term corporate value expansion)

- We will create evidence-backed solutions based on the diverse values of individual patients and aim to maximize patient and product value by having drugs used more effectively (post-marketing observation)



Key Initiatives for Patient Centricity in MA Activities

Specific activities to contribute to individual patients in actual clinical settings



Conduct investigative research and develop an environment to increase the level of patient-centric healthcare

- Research and activities that contribute to the advancement of individualized healthcare [Introduced in Case Study 1]
- Investigative research to apprehend the actual clinical state [Introduced in Case Study 2]
- Support for construction of Value Based Health Care (VBHC) using predictive algorithm

Generation of post marketing data for patients

- Examination of patients' real end-points [Introduced in Case Study 3]
- Generation of useful data not verified in clinical trials
- Sharing of data on patients for whom drug efficacy has declined (e.g., listing in hemophilia guideline)

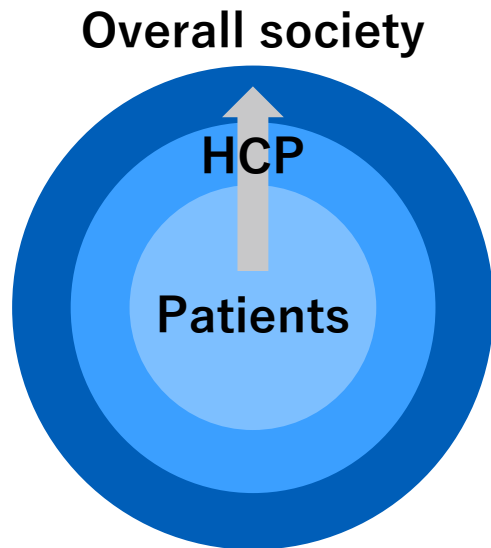
Improved patient access

- Increased fairness and diversification of information provision to patients [Introduced in Case Study 4]
- Creation and provision of layperson summaries (LPS)
- Construction of a data platform in connection with academia and other companies
(e.g., Support creation of registry for hemophilia and blood clotting disorders)

1. Advances in Personalized Healthcare (PHC)

Expanding value delivery by adding and enhancing various solutions in actual clinical settings

Expansion of the target



Expansion of value delivery

Clinical value



Economic value



Social value

Verification of **efficacy and effectiveness** in clinical settings and provision of new options

Verification and improvement of **safety** in clinical settings

QoL impact and respect for **patients' intentions**

Cost effect of drug treatment

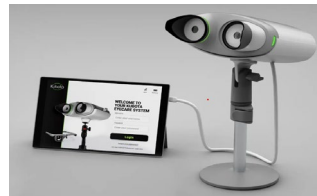
Reduction of total treatment cost

Impact on society such as optimization of healthcare resource allocation and elimination of healthcare disparity

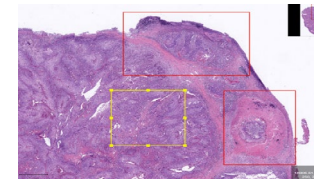
Promotion of innovation

Examples of digitally driven solutions

- Wearable home monitoring
 - **Creation of new end points** (towards optimal therapeutic intervention)



- AI algorithm for image analysis
 - **Acceleration and optimization of diagnosis** (provision of optimal treatment strategy)



- ePRO
 - **Possibility of predicting relationship to outcomes**, including QoL, and safety
 - **Promotion of the spread of ePRO**



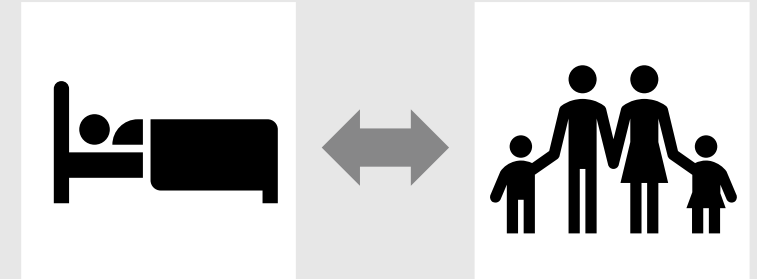
2. Prospective Observational Study in Patients with Triple Negative Breast Cancer

Fact-finding study on adverse events in administration of atezolizumab, including in living environment

Research background:

Show actual status in data and use in safety management

- Adverse events in immune checkpoint inhibitors (irAEs) are still unclear, and in long-acting drugs especially, there are reports of side effects occurring at home and so forth
- Tasks are to investigate irAE prediction markers and improve safety management methods
- It is also necessary to examine introduction of ePRO monitoring in safety management



Multicenter joint prospective observational study

Subjects: Patients with PD-L1-positive advanced, recurrent triple negative breast cancer

Number of cases: 150 cases (maximum of 50 cases undergoing 3rd line treatment)

Evaluation points:

- <Primary endpoints> Rate of adverse event occurrence by attending physician evaluation
- <Secondary endpoints> Progression-free survival time, overall survival time, cytoreductive effect, etc.
- <Exploratory endpoints> Number of logins to the Welby My Carte ONC app*, inputted symptoms, input date, biomarkers (planned for separate study)

Period: Four years (registration for 3 years, observation for 1 year)



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* A mobile app for recording symptoms

3. Prospective Observational Study in Patients with Hemophilia A

End point study on status of exercise and daily lifestyle related to emicizumab

Research background:

Generate evidence related to QoL, and increase real patient value

- Emicizumab is reported to have a high bleeding control effect (measured by annualized bleeding rate: ABR) but the true end points sought by patients are exercise and unrestricted lifestyle, etc.
- There is a need to investigate outcomes other than the bleeding control effect, and the degree to which administration makes exercise possible. It is also essential to collect efficacy and safety data for young children and infants



TSUBASA Study (UMIN000037448)

- Subjects: Patients with congenital hemophilia A and without inhibitors
- Number of cases: 160 cases (including 30 cases aged 6 to 17, and 10 cases aged under 2)
- Evaluation points: Physical activity, bleeding events, quality of daily life, safety (use patient reports and wearable activity measurement)
- Period: Four years (registration for 2 years, observation for 2 year)
- Interim report:
- In exercise status, in 28 of 42 cases (66.7%) the median continuous exercise time was 30.0 minutes
 - Two cases of side effects were recognized, but these conformed to the existing side effect profile
 - Zero bleeding events were reported by 36 of 64 cases (56.3%), and 1–3 events by 24 cases (37.5%)



Wearable device



ePRO

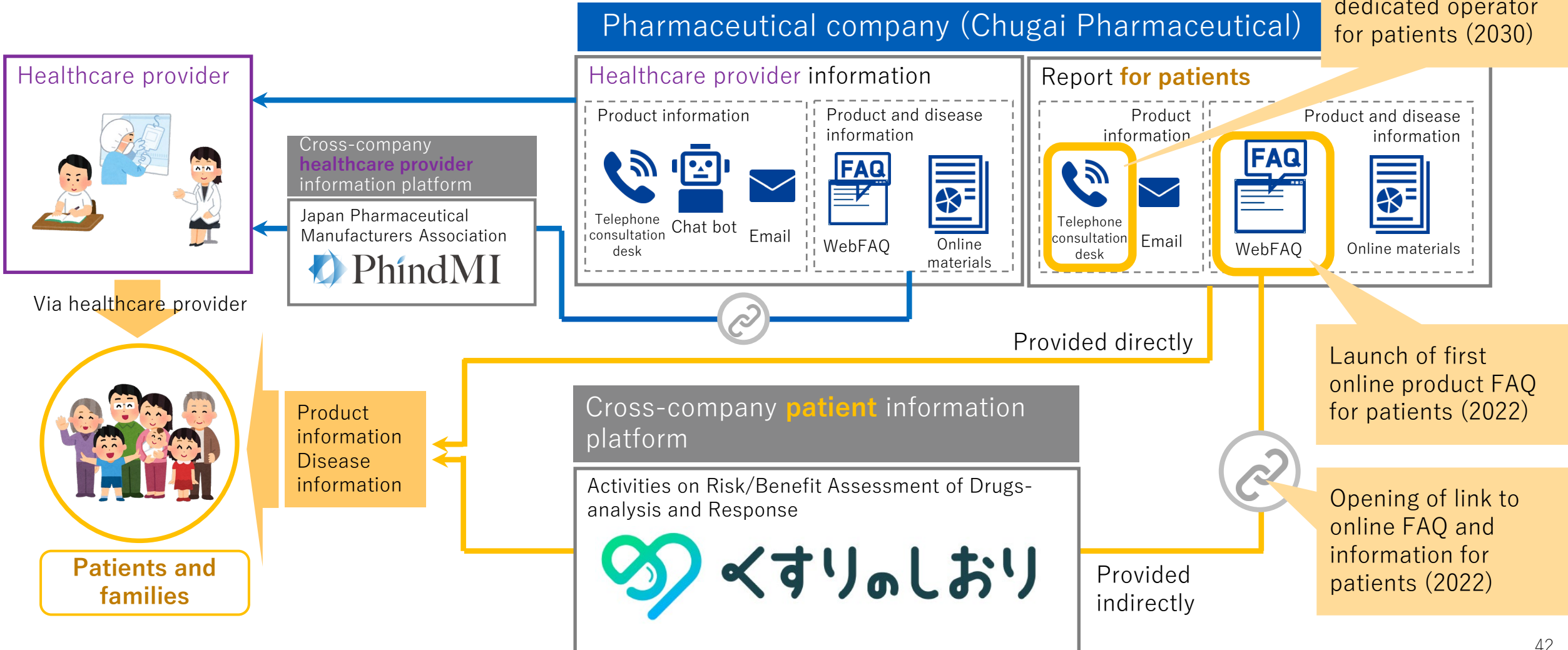
4. Increased Fairness and Diversification of Information Provision to Patients

Cooperating with external organizations to open a wider range of contact points accessible to patients

Establishment of dedicated operator for patients (2030)

Launch of first online product FAQ for patients (2022)

Opening of link to online FAQ and information for patients (2022)



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INNOVATION BEYOND IMAGINATION