

Sustainability Meeting

CHUGAI PHARMACEUTICAL CO., LTD.

20 November, 2023



INNOVATION BEYOND IMAGINATION

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

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Shared Value Creation Model for Chugai and Society

Director, Executive Vice President & CFO
Supervisory responsibility for Finance & Accounting,
Corporate Communications and Procurement

Toshiaki Itagaki

02

Case Study: Collaboration with Patient Organizations

Head of Public Affairs Group
External Affairs Dept.

Hiroyuki Yamase

03

Sustainability and Risk Management Case Study: Preparation of a Digital Compliance System

Executive Vice President
Supervisory responsibility for Legal, Intellectual Property,
General Affairs, Risk Management, Compliance and
Quality & Regulatory Compliance

Junichi Ebihara

04

Human Capital and Innovation

Executive Vice President
Supervisory responsibility for Human Resource
Management and EHS

Yoshiyuki Yano

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Case Study: Promote the Success of Women

Head of Diversity Office
Human Resources Management Dept.

Kaeko Sato

01

Shared Value Creation Model for Chugai and Society



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Transition of Chugai ESG Meetings

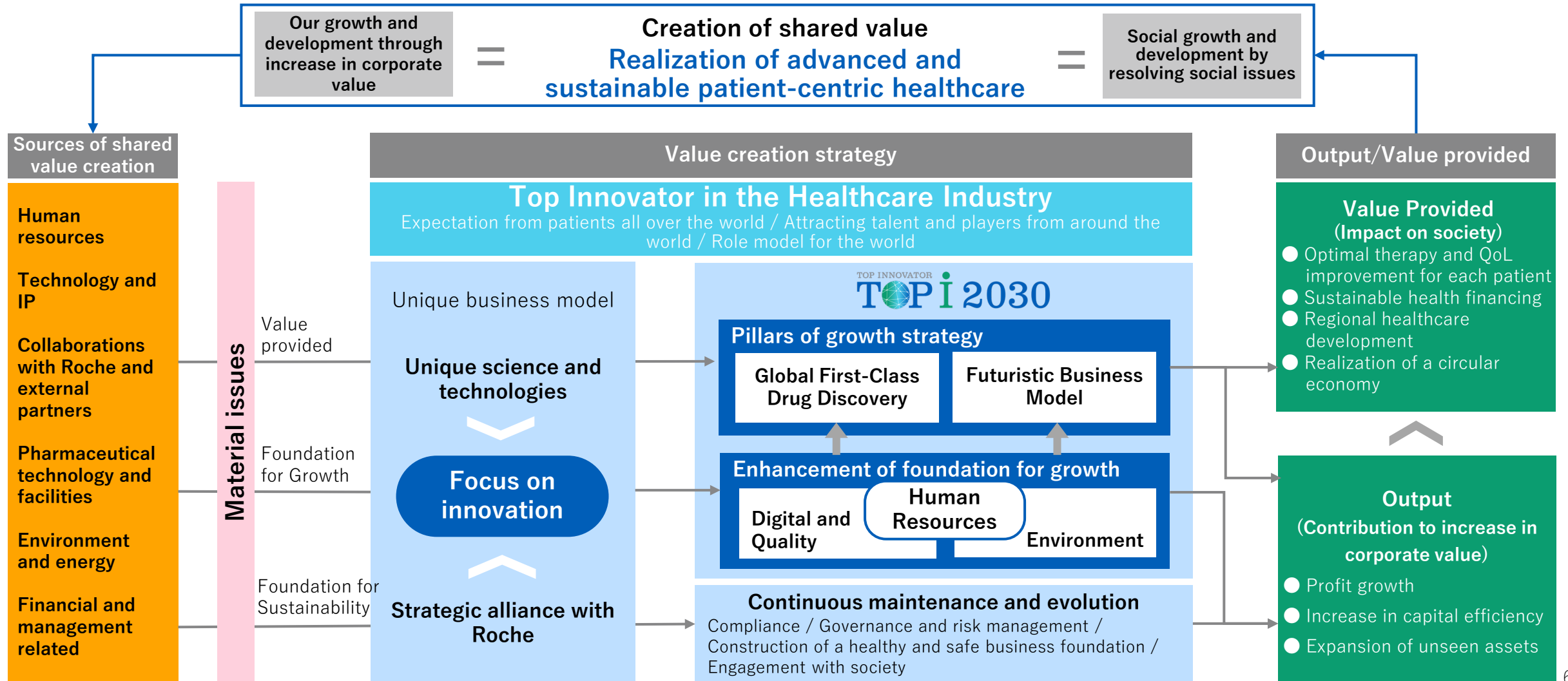
Continuing to enhance information and dialogue, and moving to the next stage

	2019 Start of IBI 21	2020 2nd year of IBI 21	2021 Start of TOP I 2030	2022 2nd year of TOP I 2030	2023 3rd year of TOP I 2030
Analysis of external evaluations (Evaluation of previous year's activities)	Asia Upper level <ul style="list-style-type: none">DJSI 9th* out of 54Issues were delayed response to human rights, SCM, and pharmaceutical access	Asia Top level <ul style="list-style-type: none">DJSI 8th* out of 60Issues were bringing the previous year's issues up to a global standard	Global Upper level <ul style="list-style-type: none">DJSI 3rd* out of 56Response on remaining issues below the world average	Global Top level <ul style="list-style-type: none">DJSI 2nd* out of 53Response exceeding ESG gap analysis and taking in social change	Global Top <ul style="list-style-type: none">DJSI 1st* out of 47Need to demonstrate leadership
Response to issues and focus points	<ul style="list-style-type: none">Clarification of companywide prioritiesSpecification of material issues	<ul style="list-style-type: none">Increase in companywide commitmentDisclosure of progress on each material issue	<ul style="list-style-type: none">Strengthening of medium-to long-term initiativesEnhancement of ESG disclosure	<ul style="list-style-type: none">Chugai's unique initiatives toward becoming a global role model	<ul style="list-style-type: none">Review of value creation modelExpansion of sustainability scope
ESG meeting themes	June 2019 (Inaugural) <ul style="list-style-type: none">ESG overview	September 2020 <ul style="list-style-type: none">ESG strategies/plans	November 2021 <ul style="list-style-type: none">ESG as management strategy	November 2022 <ul style="list-style-type: none">Evolution of ESG and promotion of engagement	November 2023 <ul style="list-style-type: none">Changed name to Sustainability Meeting

* Ranking in the Pharmaceutical Sector

Value Creation Model

Process and cyclical structure for creation of shared value for Chugai and society



Main Initiatives over the Year

Steady progress while flexibly adapting to changes in the internal and external environment

Sustainable Healthcare

- Expansion in the number of in-house projects
- Progress of multi-modality strategy
- Acceleration of AI drug discovery and DX utilization
- Establishment of efficient manufacturing and stable supply system

Global Environment

- Following plants and labs, from January 2023 locations in Japan included head office and branches have almost completed switching to sustainable electricity
- Chugai LSP Yokohama: adoption of natural refrigerant air conditioning system (welfare building), and natural refrigerant centrifuges (100% reduction in CFCs consumption)

Human Rights

- Advanced human-rights due diligence on contractors
- Implemented safeguards for clinical trial subjects
- Strengthening of collaboration with patient organizations, collection of feedback

Human Resources

- Promotion of measures based on employee awareness survey
- Progress in acquisition of highly specialized talent
- Promoted D&I
- Rebuilding of human capital strategy, disclosure of details and KPIs

Social Contribution

- Initiatives for co-existence with the local community at Chugai LSP Yokohama
- Global health support (Project for eliminating cervical cancer in Bhutan, ophthalmological examinations in Cambodia)

Governance

- Strengthening of dialogue between outside directors and investors
- Integrated management of whole company-level risks
- Execution of countermeasures according to risk appetite policies

Ethics and Compliance

- Compliance monitoring and improvement of the effectiveness of countermeasures
- Management of bribery risk and continuous evolution of procurement process




Supply Chain Management

- Completion of EHS compliance risk assessment and ongoing monitoring of all primary suppliers
- Expansion to secondary suppliers

Current Status and Issues for “Sources of Shared Value Creation” (1/2)

Six important capitals that contribute to innovation




◆ Matters related to today's themes

Sources of Shared Value Creation		Key Theme	Recognition of Issues and Countermeasures
Human resources (Human capital) 	Employees (Overall: 7,771; men: 65%; women: 35%)	<ul style="list-style-type: none"> ● Increase employees' job satisfaction, improve sense of fulfillment ● Acquire and develop human resources and foster a corporate culture that will contribute to innovation ● Continuously pursue D&I 	<ul style="list-style-type: none"> ◆ Acquisition and development of highly specialized talent ◆ Building of environment and systems for innovation, maintaining and enhancing corporate culture
	Organizational culture (Environment for engagement and employee enablement)		
Technology and IP (Intellectual capital) 	Antibody engineering technology and small molecule and mid-size molecule drug discovery technology	<ul style="list-style-type: none"> ● Advance multi-modality approach ● Expand patents for world-leading drug discovery technology and platforms ● Strengthen drug discovery platforms using digital technology ● Deepen our understanding of biology research 	<ul style="list-style-type: none"> ● Concentration on R&D investment ● Complement multi-modality technology ● Deepening of understanding of disease biology, external collaboration ◆ Enhancement of IP strategy in step with modality evolution
	Research process library		
	IP related to research and pharmaceutical technology (Number of patents held: 6,578)		
Collaborations with Roche and external partners (Social capital) 	Exclusive sales rights to Roche products/infrastructure (Number of products in-licensed from Roche in the pipeline : 41)	<ul style="list-style-type: none"> ● Develop products from Chugai research globally and collaborate via the Roche Group and other networks ● External collaboration in technology, science, and DX ● Engage in dialogue with stakeholders 	<ul style="list-style-type: none"> ● Ongoing substantial contribution to collaboration with Roche ● Collaboration with academia, start-ups, and others
	Networks with academia (IFReC, the University of Tokyo, National Cancer Center Japan, and overseas research institutions, etc.)		
	Dialogue with patient organizations, patients, investors, and others		

Current Status and Issues for “Sources of Shared Value Creation” (2/2)

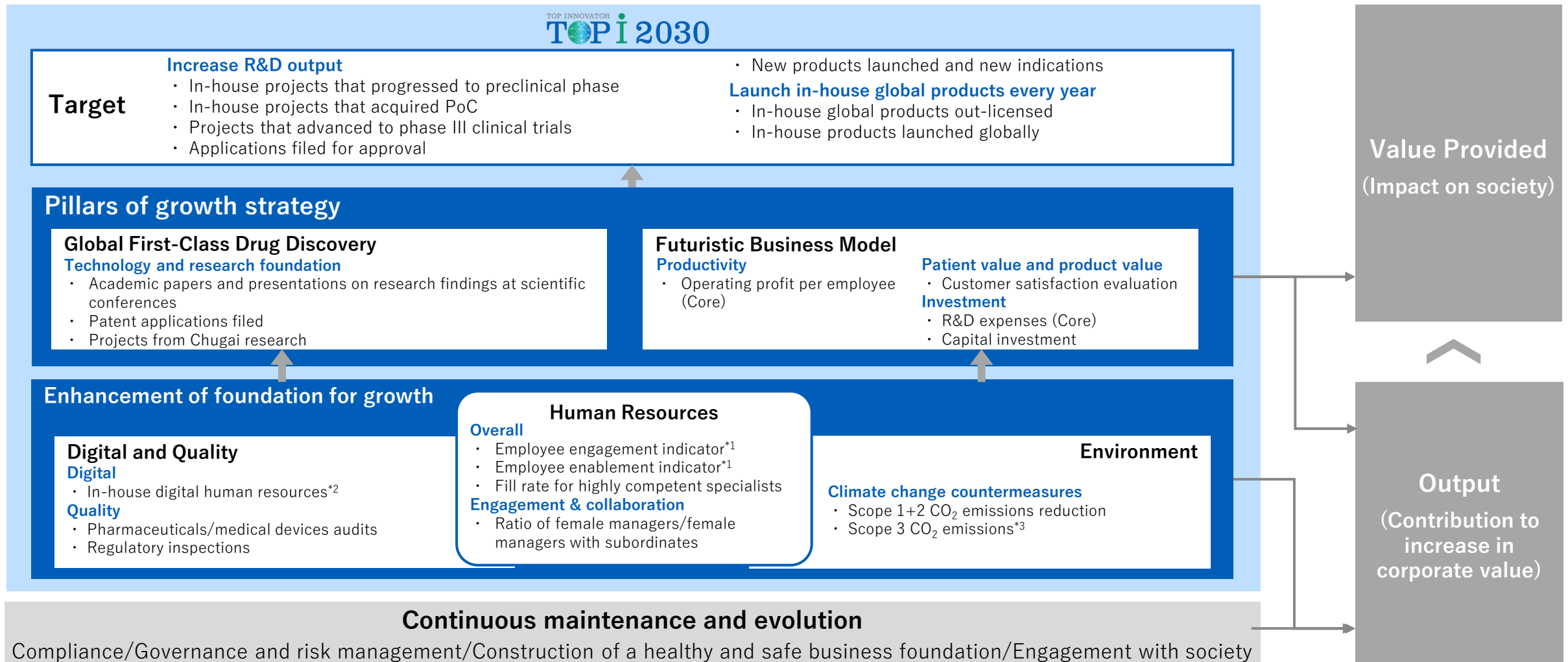
Six important capitals that contribute to innovation

◆ Matters related to today's themes

Sources of Shared Value Creation		Key Theme	Recognition of Issues and Countermeasures
Pharmaceutical technology and facilities (Manufacturing capital) 	Research sites (Yokohama, Ukima, and Singapore)	<ul style="list-style-type: none"> Advance research and production suited to modalities, technologies, and digital technology Develop systems for flexible and rapid development and next-generation production Ensure stable supply and rigorous quality assurance 	<ul style="list-style-type: none"> Establishment of systems to keep pace with increase in R&D output ◆ Response to quality and supply risks, and risk reduction
	Production sites (Ukima, Fujieda, Utsunomiya) Quality management system		
Environment and energy (Natural capital) 	CO₂ reduction Environmental investment Initiatives to abolish use of SVHC Environmental management system	<ul style="list-style-type: none"> Contribute to climate change countermeasures and protection of biodiversity Recycle resources consistent with a circular economy 	<ul style="list-style-type: none"> Stable, steady introduction of sustainable electricity Promotion of best mix of environmental impact and cost Development of low-EHS risk manufacturing processes
Financial and management related (Financial capital) 	Earnings structure (Core ROIC 36.1%, ratio of Core operating profit to revenue 38.7%)	<ul style="list-style-type: none"> Continuously evolve revenue structures Increase cash flows to ensure a growth trajectory and agile strategic investment 	<ul style="list-style-type: none"> Continuous reinvestment Continuously build up reputation in capital markets
	Cash position (Net cash ¥503.1 billion)		

“Value Creation Indicators” (Performance Indicators)

Setting important KPIs by the structure of TOP I 2030 strategies

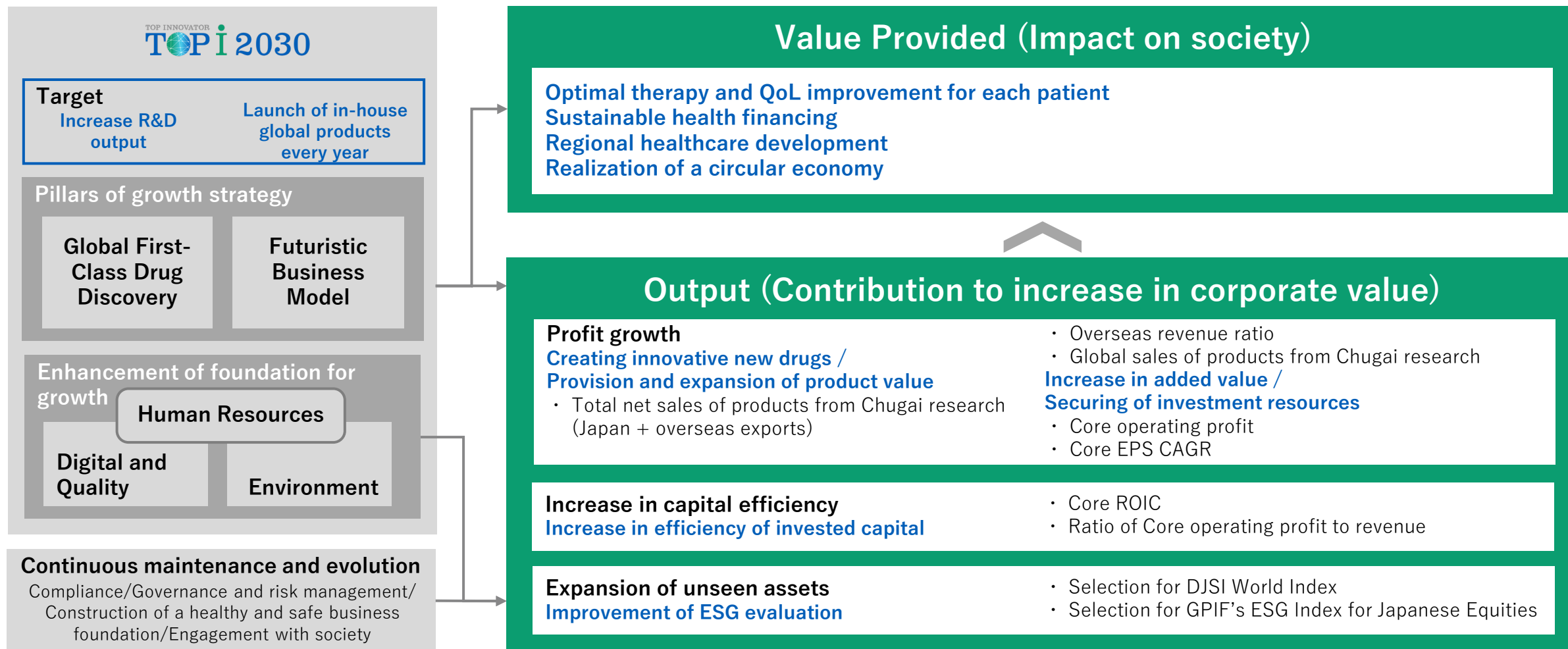


*1 Chugai's status where the score of companies with strong global performance is 100 (positive response) *2 Number of resources who have acquired Chugai's Digital Project Leader/Data Scientist certification

*3 Calculated based on the method certified by SBTi

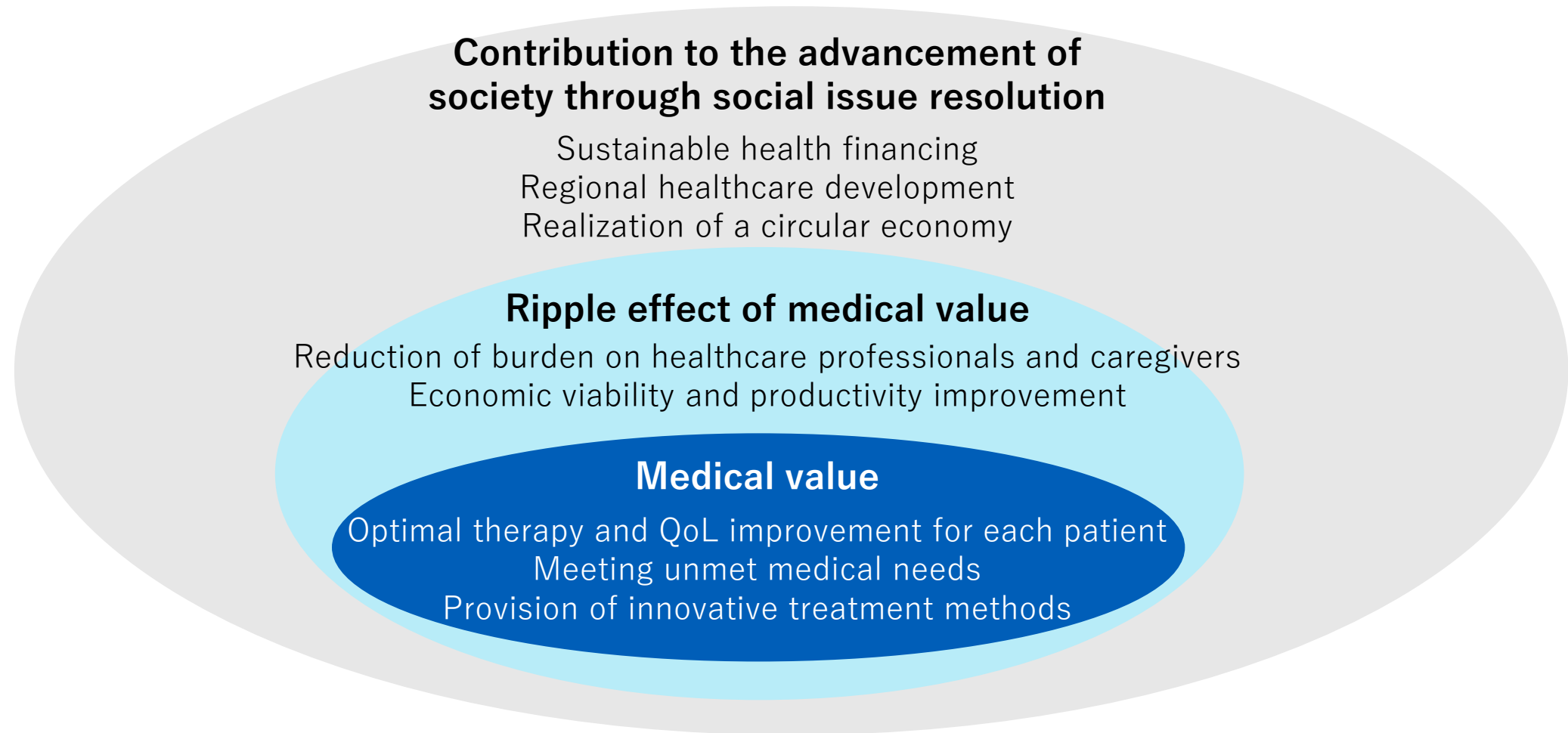
“Value Creation Indicators” (Output/Value Provided)

Both value indicators have grown as a result of execution and progress of TOP I 2030 strategies



Approach to Value Provided (Impact on Society)

Contribution to society through “realization of advanced and sustainable patient-centric healthcare”



Value Creation Example: Hemlibra for Hemophilia A

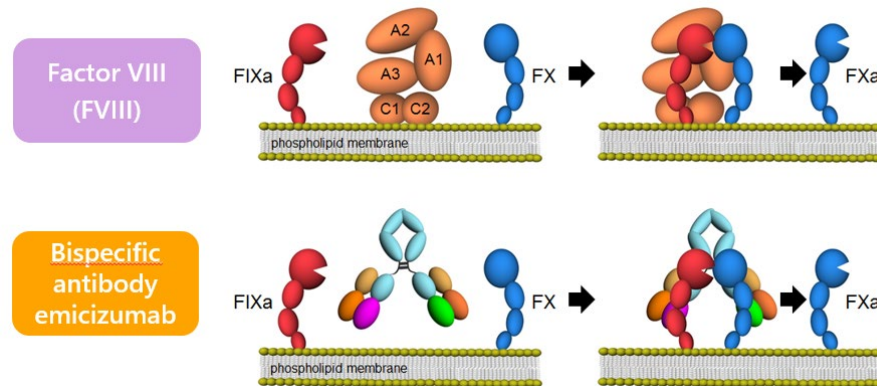
Providing value with original antibody technologies for unmet medical needs

Output

(Contribution to increase in corporate value)

Creating innovative new drugs

- Simplification of administration procedure and reduction in administration frequency through subcutaneous administration
- Also effective for patients who have anti-FVIII antibodies
- Sustainability of bleeding tendency controlling effect



Earnings contribution and profit growth as a global product of Chugai

- Global sales for 2022 of 3,800 million Swiss francs
- Share of the hemophilia A market: Japan 31.7%, EU5/US 40% (As of September 30, 2023)
- High operating profit margin

Value Provided

(Impact on society)

Optimal therapy and QoL improvement for each patient

- Increase in number of steps walked thanks to release from concern about bleeding (patient)
- Increase in exercise time (patient)
- Positive impact on study and work (patient)
- Increase in free time (families and caregivers)

Hemophilia A:

A disease where bleeding is difficult to stop once it starts. The standard of care before launch of Hemlibra was a FVIII replacement formulation (intravenous injection) administered 2-3 times per week

NXT007:

NXT007 is currently in development, aiming for even better coagulation function (at the level of a healthy person) and longer interval between administrations

*Sources of data related to QoL improvement by Hemlibra

https://www.jstage.jst.go.jp/article/jsptho/59/1/59_19/article/-char/ja/ (in Japanese only)

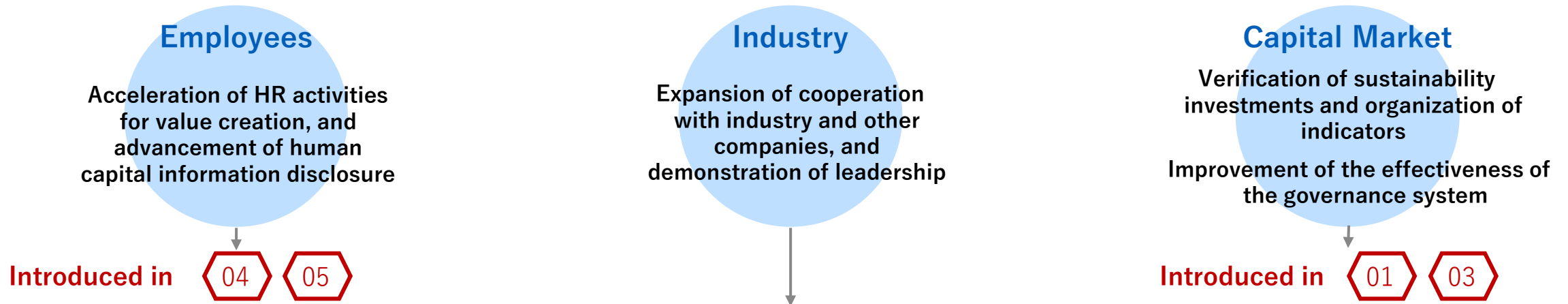
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7821108/>

<https://www.sciencedirect.com/science/article/pii/S1473050219301491?via%3Dihub>

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9615292/>

Recognition of Issues to Be Addressed in Sustainable Management

Cooperation and collaboration with multiple stakeholders is necessary for creation of shared value



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



Current Progress/Future Direction

Creation of leading initiatives that can be a model for other companies/solving social issues through coordination with economic organizations

- Formulate and execute biotechnological transformation (BX) strategy for building a biocommunity through coordination with the Japan Business Federation and its Committee on Bioeconomy

Acceleration of coordination with industry organizations and other companies

- Currently working with other pharmaceutical companies to initiate a switch to use of environmentally considerate pharmaceutical packaging (using 50% or more biomass plastic as raw material) developed by Sumitomo Bakelite Co., Ltd.
- Participating as a leading company in the Environmental Issues Subcommittee of the Japan Pharmaceutical Manufacturers Association (JPMA) and the Carbon Neutral Action Plan Working Group of the Federation of Pharmaceutical Manufacturers' Associations of Japan

Collaboration with external organizations based on patient centricity

→ Introduced in 02

02 Case Study: Collaboration with Patient Organizations — The Future of Medicine Created through Dialogue

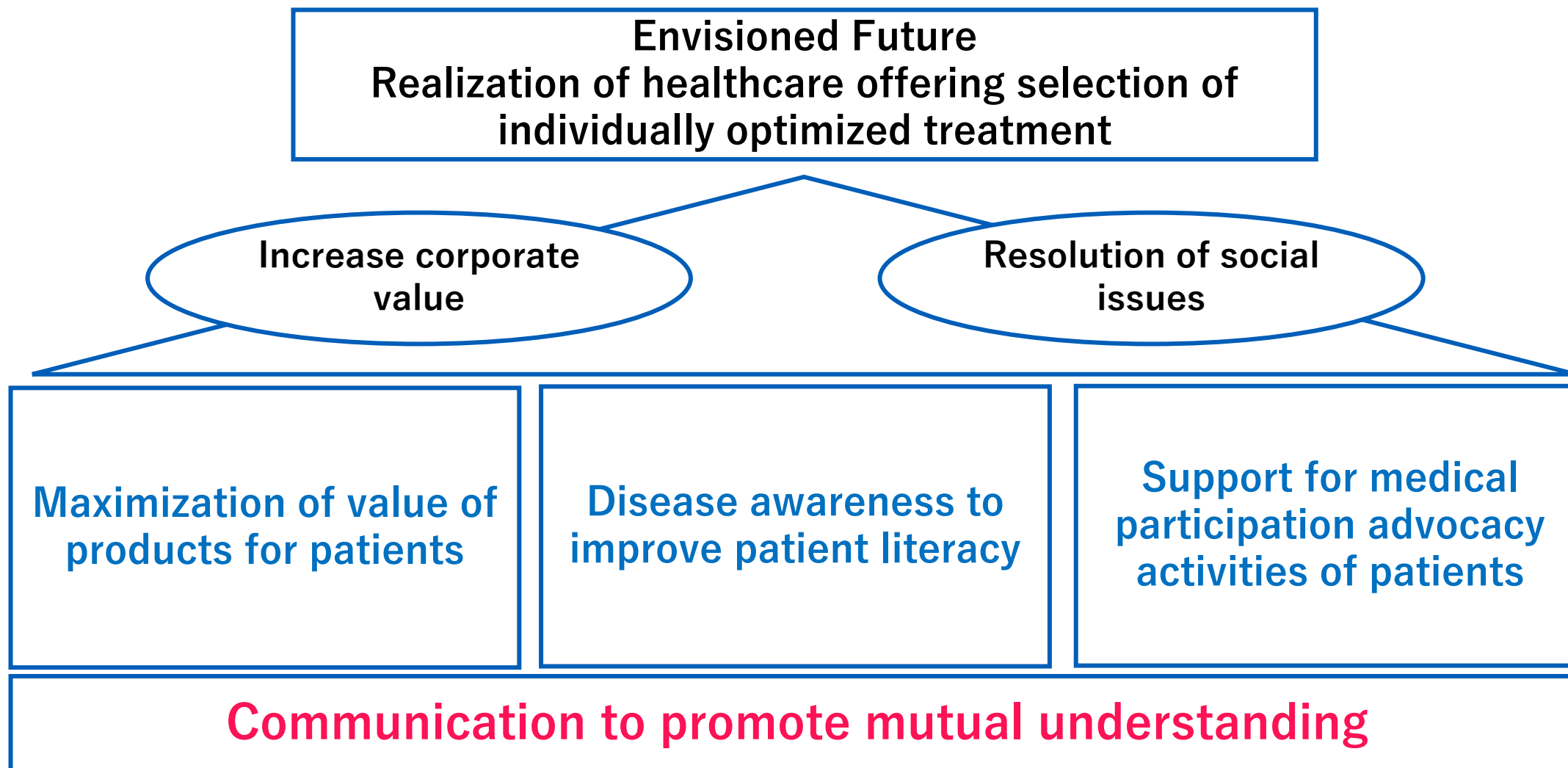


Head of Public Affairs Group
External Affairs Dept.

Hiroyuki Yamase

Chugai's Three Pillars of Collaboration with Patient Organizations

Promoting mutually beneficial collaboration toward shared goals

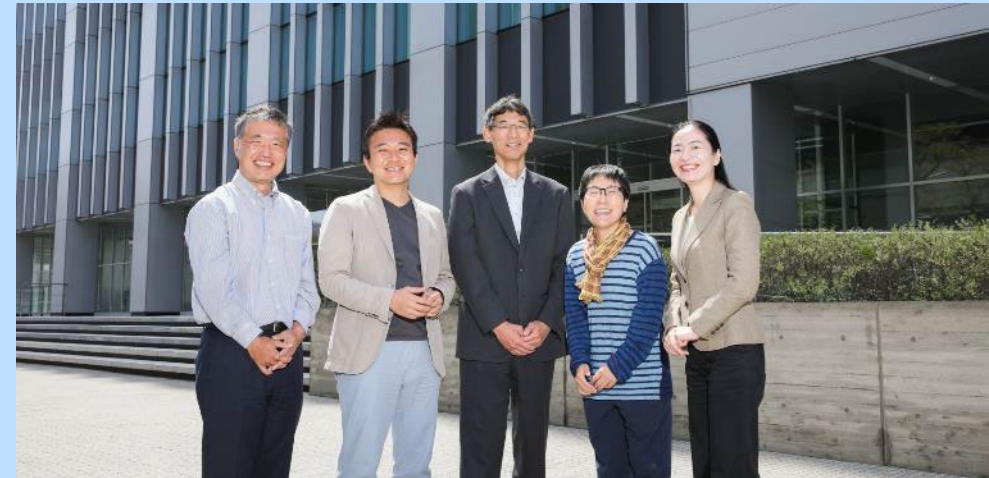


Initiatives Inspired by Dialogue

We have held dialogue between patient organization representatives and the CEO every year since 2020. We develop a cycle in which initiatives to address the identified issues are reported in the following year's dialogue.



- In response to CEO dialogue, held opinion exchange meetings with RED-related division heads and patient organizations
- Discussion on the significance of using patients' feedback in drug discovery research

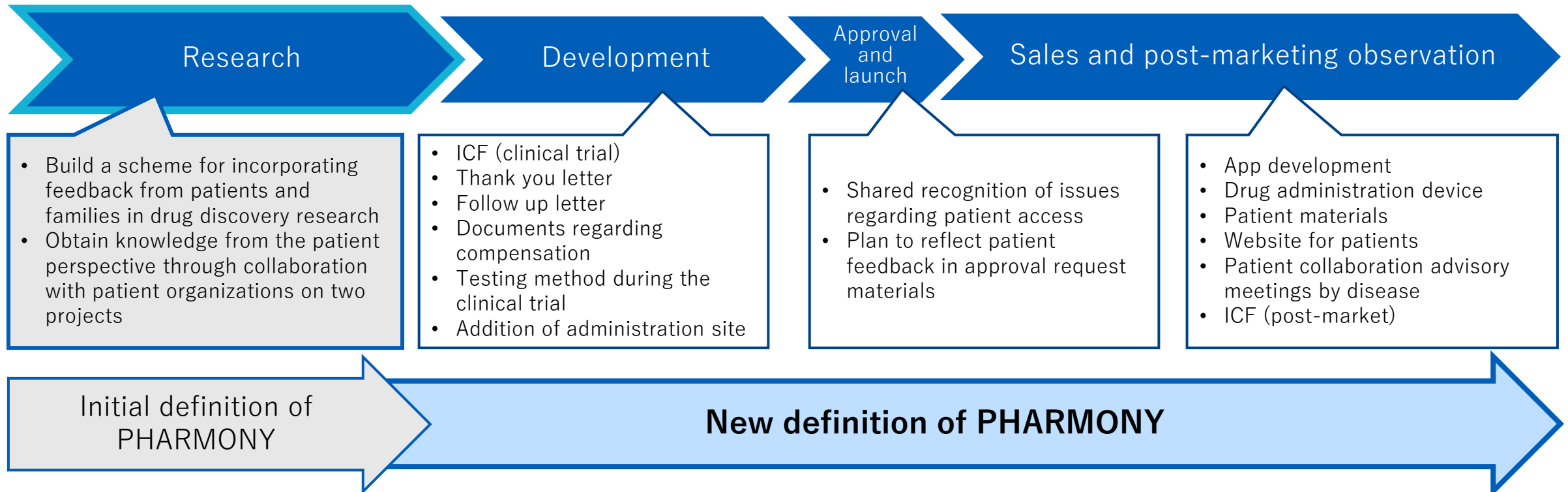


- Following on from the Research Division, build a new scheme for incorporating feedback from patients and families in the Pharmaceutical Technology Division
- Collaboration with patient groups on two projects

Redefinition of PHARMONY

Patients × Pharma × Harmony

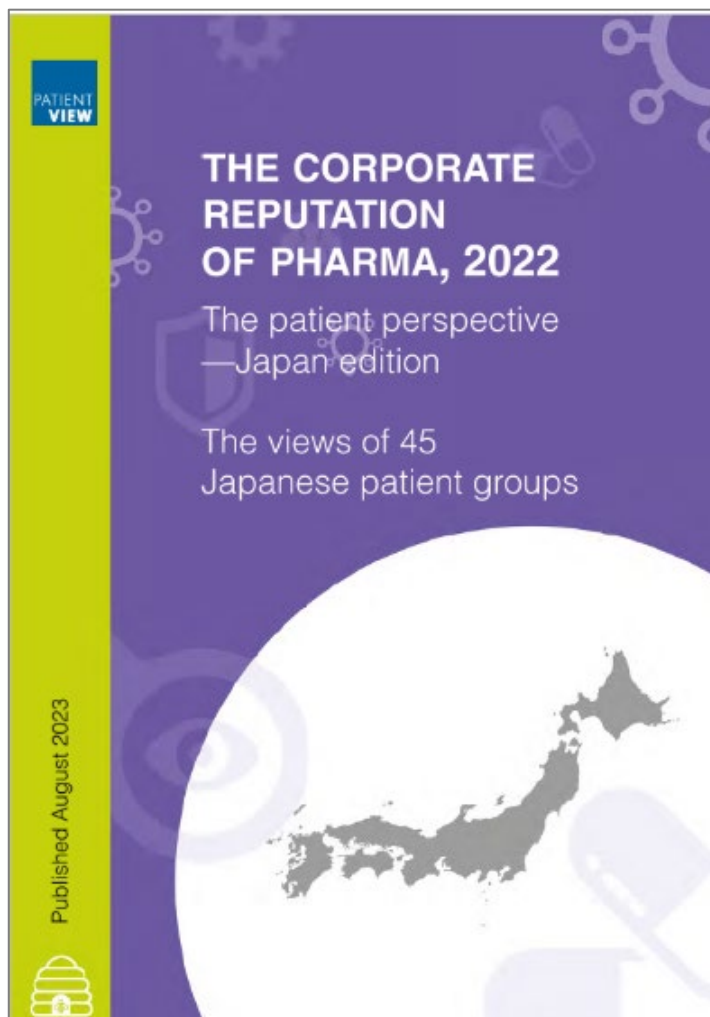
Previously defined as activities to incorporate patients' feedback in drug discovery research, PHARMONY is redefined as activities to incorporate patients' feedback throughout the entire value chain



Chugai's activities for listening to the voices of patients and their families, aiming to respect and understand each other's ideas, while working in **drug discovery** for the benefit of patients.

A coverall term for Chugai's **activities** for listening to the voices of patients and their families **with the aim of mutual understanding, while engaging in initiatives for shared value creation**

Patient Organization Survey: Ranked Number 1 in Japan for Overall Evaluation



- Survey company: PatientView Ltd
- Survey period: November 2022 to February 2023
- Number of patient group responded: 45
- Number of companies in the survey: 5* (Astellas, Takeda, Chugai, Novartis, Pfizer) *Selected based on revenue scale and request from patient organizations
- Number of survey items: 14 (patient centricity, information provision, communication, sincerity, medium- to long-term strategic objectives, ease of collaboration, R&D collaboration, etc.)



- Ranked number 1 in Japan for overall evaluation
- Top evaluation in 10 of the 14 survey items

We Want to Work Together with Patient Organizations

Chugai aims to create a society where patients can receive optimal individual healthcare.

We will listen to patients' voices, and look to engage in further collaboration with them as **partners**.

Moving towards Our Goals Together

Overcoming challenges together ❤️ to move to the next stage

Proposal & Action

We want to hear
the **voices of
patients**

Let's collaborate
as **partners**

03 Sustainability and Risk Management

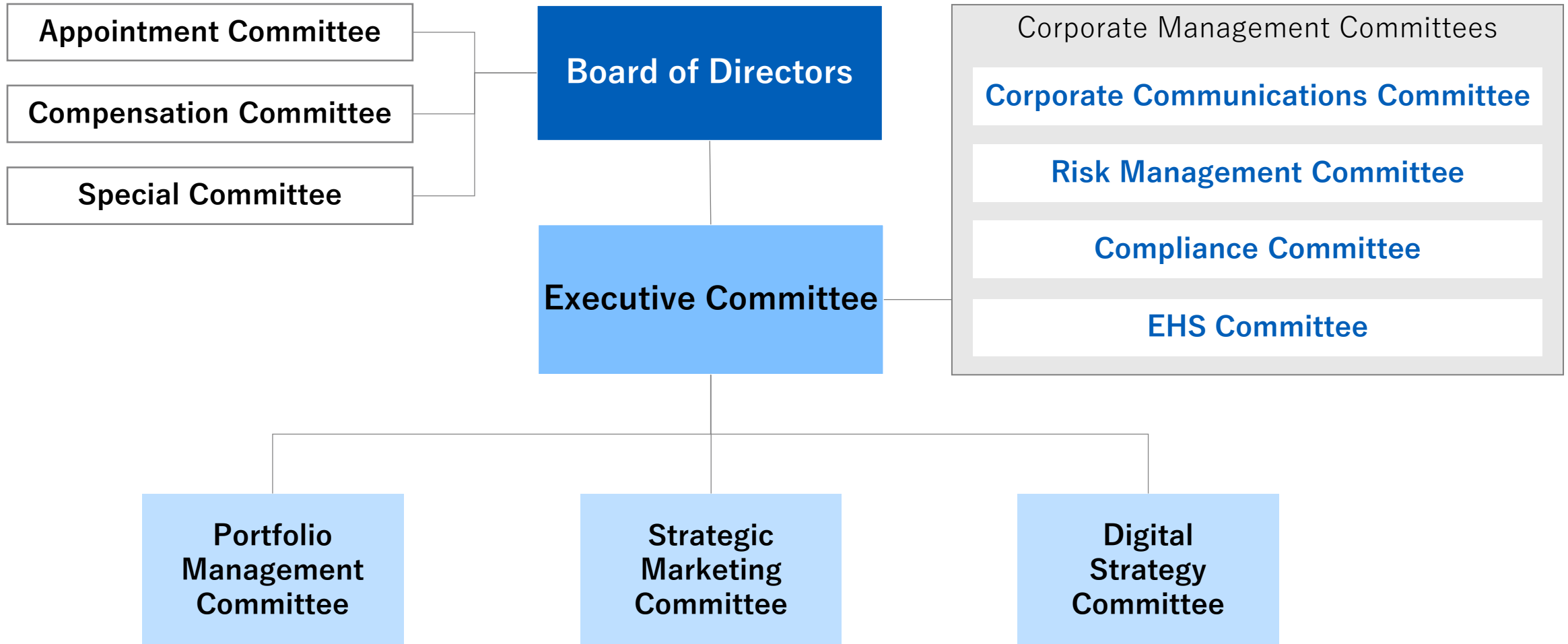


Executive Vice President
Supervisory responsibility for Legal, Intellectual Property,
General Affairs, Risk Management, Compliance and Quality &
Regulatory Compliance

Junichi Ebihara

Chugai's Decision-Making Bodies

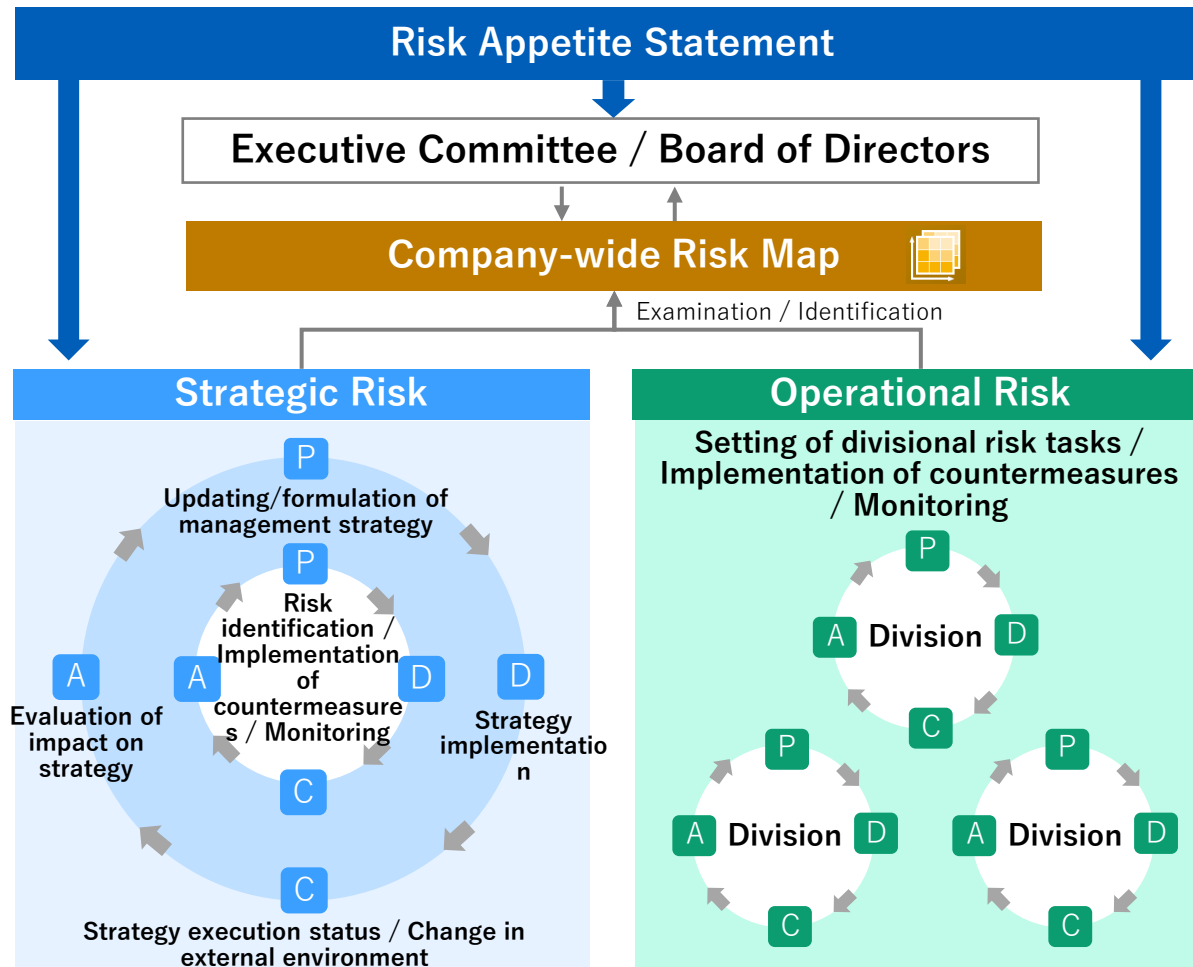
Governance System Encompassing Risks and Opportunities



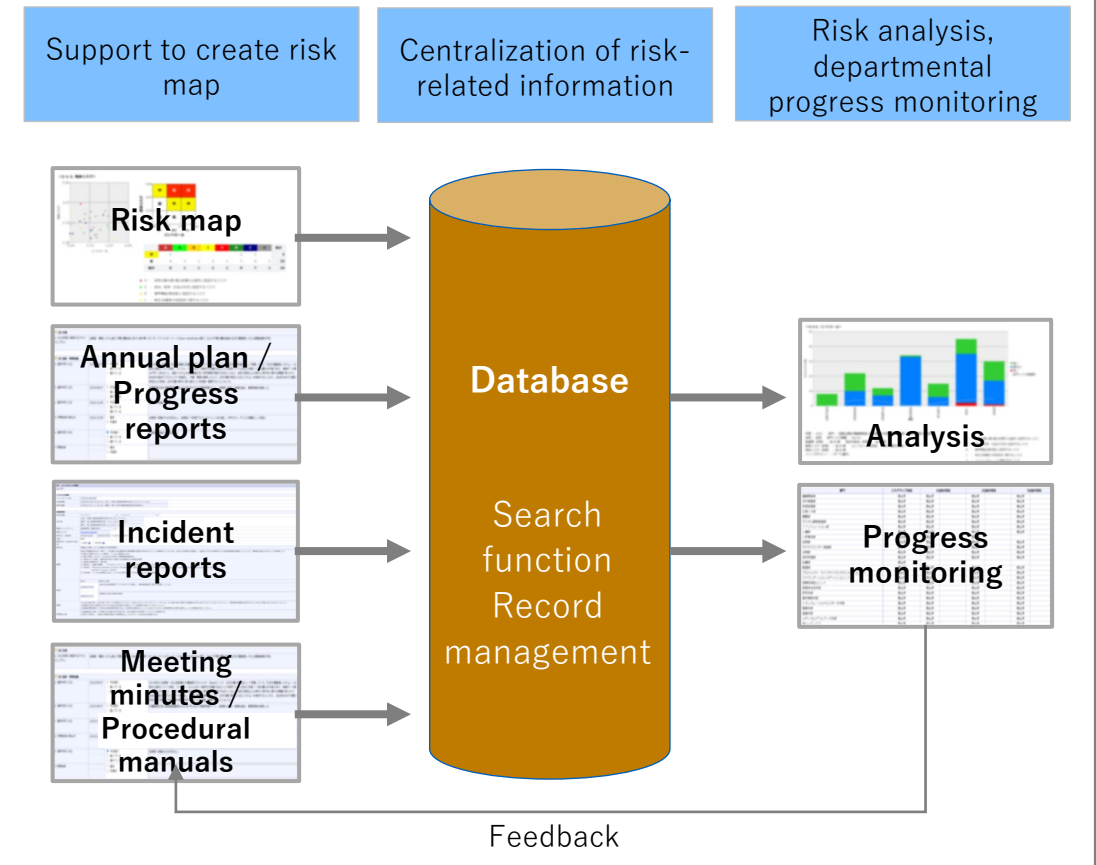
Operational Outline of ERM

Centralized identification, classification, and visualization of strategic and operational risks

Operational Outline of ERM



Centralized Control of Risk Information Using IT Systems



Main Risks

Reviewing risk scenarios with external environmental changes and progress on growth strategies and business plans

Underlined sections: Introduction of specific initiatives in today's presentation

Please see Annual Report 2022 p. 74-75 for details on our response policies to main risks, etc.

Strategic Risk					
Main risks	Specific risk scenarios	Appetite policy*			
		①	②	③	④
<u>Technology and Innovation</u>	<ul style="list-style-type: none"> ● Delay or failure in in-house drug discovery or technology development ● Failure in development of mid-size molecule drugs ● Emergence of innovative products and solutions by competition ● Emergence of disruptive new technologies and solutions ● Infringement of IP rights 	○			
Systems, Regulations, and Policies	<ul style="list-style-type: none"> ● Changes in pharmaceutical regulations, systems, and policies in Japan and overseas ● Further tightening of environmental regulations 	○	○	○	○
Markets and Customers	<ul style="list-style-type: none"> ● Market changes and decrease in market presence ● Restrictions on business due to increase in geopolitical risk 	○	○		○
<u>Business Platforms</u>	<ul style="list-style-type: none"> ● Failure of development or market penetration for products in-licensed from Roche/out-licensed to Roche ● Failure to attract, develop, and promote the active careers of human resources ● Deterioration in earning conditions due to greater-than anticipated cost increase ● Impediment to DX promotion 	○	○		

Operational Risk					
Main risks	Specific risk scenarios	Appetite policy*			
		①	②	③	④
<u>Quality and Side Effects</u>	● Emergence of product quality issue, emergence of serious side effects exceeding expectations		○		
<u>IT Security and Information Control</u>	● Operational impairment, suspension of external service delivery, interference with the content of information provided, the leakage of trade secrets relating to research and development or other areas, or of personal or other information, as a result of cyberattack or incident in-house or in supply chain		○	○	
Large-Scale Disasters	● Damage to business site or supplier from earthquake, typhoon, fire, or other large-scale disaster		○		○
Human Rights	● Delay in taking action on occupational health and safety, or other human rights issues			○	○
<u>Supply Chain</u>	● Delay or slowing of delivery from suppliers, environment, health, and safety (EHS)-related risk at suppliers		○		○
Global Environmental Issues	<ul style="list-style-type: none"> ● Delay in technology- and facility-related response to climate change ● Unexpected environmental contamination or damage by harmful substances ● Insufficient response to social expectations and requirements relating to environmental protection ● Further strengthening of environment-related regulations 			○	○
Pandemics	● National or global pandemic of new infectious disease		○		○

* Appetite Policy (categories of the risk appetite policy): ① Risk associated with pursuit of innovation, ② Risk that hinders product efficacy and safety, quality assurance, and stable supply, ③ Risk of compliance infringement, and ④ Risk related to social responsibility as a corporate citizen

Approach to Risk Management

In 2021, we formulated our risk appetite statement, promoting the cultivation of a healthy risk culture

Chugai Pharmaceutical Risk Appetite Statement (Summary)

1

Risk associated with pursuit of innovation

- Pursuit of innovation is the value in our existence and the source of our growth.
- To become a top innovator in the healthcare industry by pursuing cutting-edge science and technology and digital innovation, at the same time as putting in place the appropriate safeguards, we will **accept risk in a bold spirit of challenge** to pursue opportunities to generate innovation.

2

Risk that hinders product safety and efficacy, quality assurance, and stable supply

- Product efficacy and safety as well as quality assurance are our foremost priorities.
- Mindful that our products and the pursuit of innovation carry the inherent risk of causing unexpected side effects, and taking due account of economic viability, we will work to **avoid and reduce risk that hinders product safety and efficacy, quality assurance, and stable supply.**

3

Risk of compliance infringement

- Based on the belief that “corporate ethics take priority over profit,” we will not only respect laws and regulations but also ensure that our judgments and actions are firmly grounded in social values, ethics, and fair dealing, and will **tolerate no risk of infringing on compliance.**

4

Risk related to social responsibility as a corporate citizen

- In answer to the question of how Chugai as a company can help address the issues facing local communities and global society, we will cooperate and collaborate with a wide range of stakeholders to promote environmental protection and respect for human rights in all aspects of our business activities, working in this way to **reduce the risk of loss of public trust.**

① Risk Appetite Related to Innovation (1/2)

Boldly and aggressively pursue the creation of innovation

Risk associated with pursuit of innovation

Response Policy and Recent Focus Points

Proactive risk-taking in pursuit of innovation

- Concentration of management resources in RED
 - State-of-the-art drug discovery technology development
 - Enhancement of technology investment to increase development success rate
 - Production technology for realizing drug discovery ideas as pharmaceutical products

Strengthening of measures to reduce risk and create opportunities

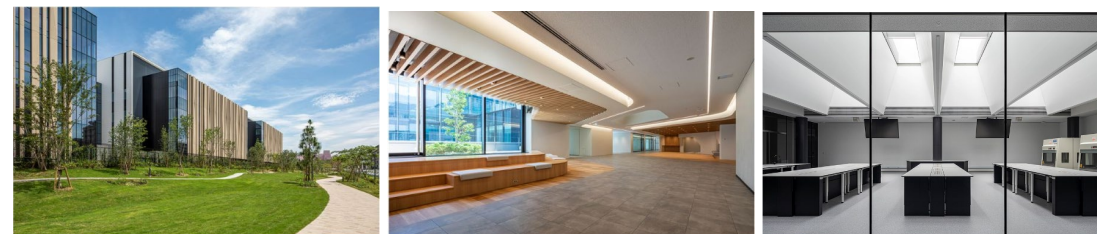
- Priority investment of resources in mid-size molecule drugs
- Utilization of digital technologies including AI
- Strengthening of cooperation and coordination with external partners

Reduction of risks that hinder innovation

- Development of proactive IP strategy
- Promotion of human capital strategies to encourage participation by high-level and diverse human resources
- Implementation of D&I, comfortable workplace environments, and health and productivity management

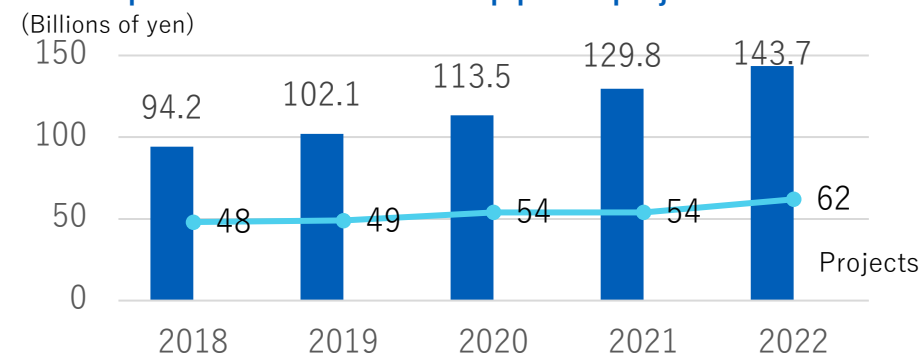
Example: Proactive investment of management resources in research foundation

- Chugai LSP Yokohama: Total investment ¥171.8 billion
- CPR (Singapore): SGD 282 million (2022-2026)
- IFRcC comprehensive collaboration: ¥10.0 billion (2017-2027)
- Chugai Venture Fund (est. 2023): total investment USD 200 million



Chugai LSP Yokohama

R&D expenditure and number of pipeline projects



① Risk Appetite Related to Innovation (2/2)

Taking risks looking 10 years in the future

Example: Large-scale upfront investment in mid-size molecule production facilities

- Building of an integrated in-house supply system from initial clinical development through to initial commercial production (Fujieda Plant)
 - FJ2 (manufacturing APIs for early-stage development): ¥19.1 billion (2019-2022)
 - FJ3 (manufacturing APIs for late-stage development and initial commercial production): ¥55.5 billion (2021-2024)

Phase I to phase II

Phase III to initial commercial production



FJ1



FJ2

2019: Construction start
August 2022:
Construction completion



FJ3

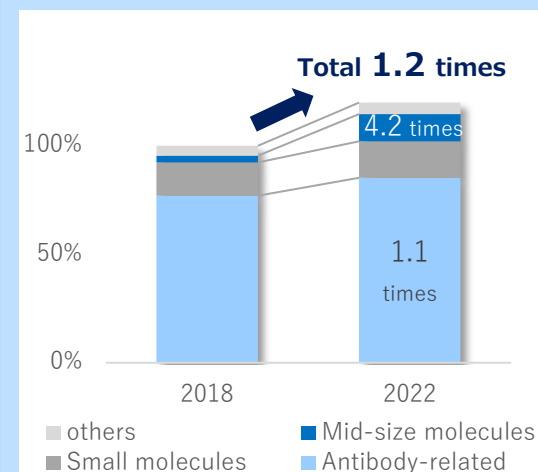
2021: Construction start
2024: Planned construction completion

FJ2: May 2023, award received at the International Society for Pharmaceutical Engineering “2023 Facility of the Year Awards”

Example: Proactive IP strategy

- Increasing patent strength in the mid-size molecule drug discovery domain in line with R&D strategy, and continued maintenance and enhancement of patent strength in antibody-related technologies/products
- Maximization of business value and reduction of IP risk through strategic utilization of IP assets
- Exploration of new drug discovery modalities based on multifaceted information analysis, including IP

Number of patents held



Example of strategic utilization of IP assets

- **Recycling antibody technology**
 - Resolution through patent infringement lawsuits in Japan and the U.S. (2022)
- **Alecensa**
 - Resolution based on ANDA lawsuit in the U.S. against a generic drug company
- **Actemra**
 - Settlement through out-of-court negotiation with generic drug company (2022-2023)

② Risk Appetite Related to Efficacy and Safety, etc.

Maintenance and enhancement of efficacy and safety, quality assurance, and quality of stable supply

Risk that hinders product safety and efficacy, quality assurance, and stable supply

Response Policy and Recent Focus Points

Enhancement of efficacy and safety

- Utilization of digital devices and biomarkers, etc. during the development stage
- Continuous value demonstration through post-manufacturing and marketing clinical studies, etc.
- Patient-centric implementation through dialogue with patients

Global standard management system related to quality assurance

- Further enhancement of GxP level through use of DX
- Increase in sophistication of risk management system for third parties, such as CMO
- Increase robustness of data integrity

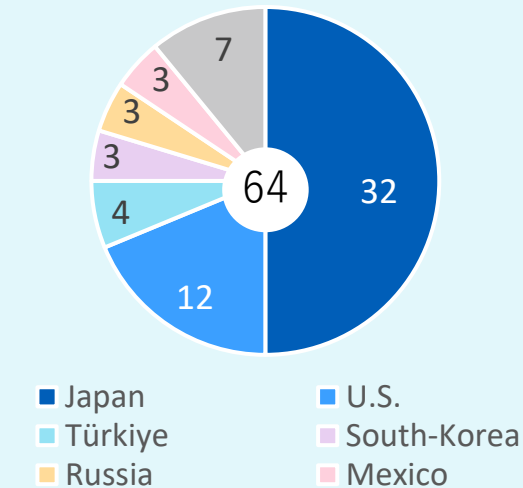
Reduction and avoidance of risk that hinders stable supply

- Construction of production and supply systems that respond flexibly to demand fluctuations
- Strengthening of BCP systems in preparation for emergencies
- Enhancement of supply chain management

Example: Initiatives in the manufacturing field

- Ensuring a global standard of GMP response capability in coordination with Roche
- Enhancement of initiatives to strengthen CMO quality
- Continuation of initiatives to realize smart factories

Number of inspections by authorities (2017-2023)



Examples of initiatives to strengthen CMO quality

- **Information exchange meetings**
Introduction and discussion, etc. of the latest topics to transmit quality levels
- **HR exchanges**
Dispatch and hosting of human resources to strengthen skills and share culture
- **Data integrity support**
Provision of latest knowledge and experience through technology transfer and audits

③ Risk Appetite Related to Compliance

④ Risk Appetite Related to Social Responsibility

Risk of compliance infringement

Response Policy and Recent Focus Points

Decisions and actions thoroughly based on corporate ethics

- Enhance effectiveness and efficiency of compliance promotion
- Effective internal training and monitoring, including internal audits

Digital strategy promotion and compliance risk

- Formulation and execution of Chugai Cyber Security Vision 2030
- Proactive use of generative AI and compliance risk response

Compliance throughout the entire supply chain

- Establishment of Supplier Code of Conduct
- Conduct due diligence checks for suppliers



Risk related to social responsibility as a corporate citizen

Response Policy and Recent Focus Points

Dialogue with stakeholders, understanding society's expectations and demands

- Cooperation and dialogue with patient organizations
- Enhancement of dialogue with capital markets regarding ESG and sustainability

Management of future social issue risks

- Setting of medium- to long-term vision and milestones for the environment, digital technology, D&I, and health and productivity management, and its implementation

Winning trust from society

- Formulation and promotion of the Chugai Group Human Rights Statement
- Proactive social contribution activities focused on healthcare and social welfare

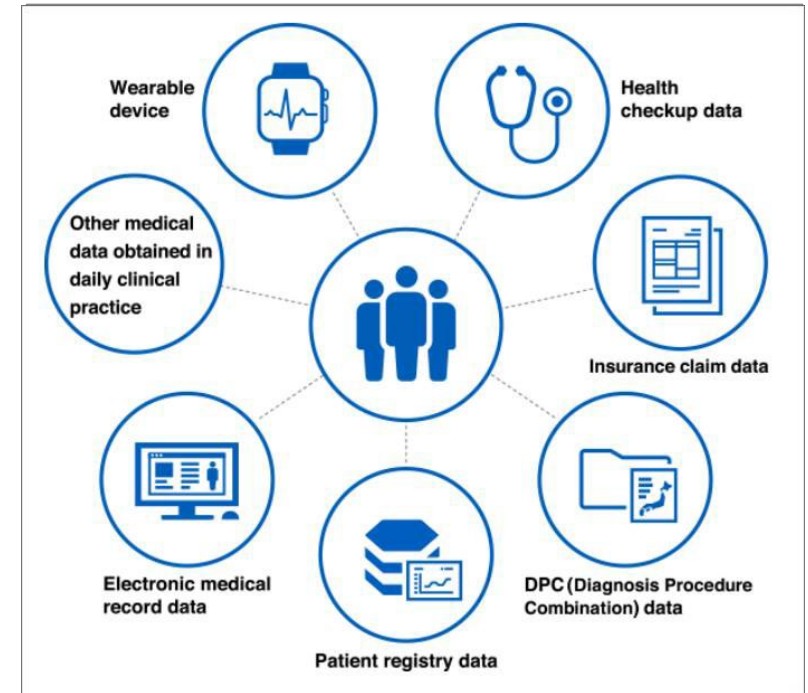


Case Study: Preparation of a Digital Compliance System

Creating Innovation Through Data Utilization

- Creation of innovative drug products through utilization of genome information
- Improving efficiency and sophistication of the development process by leveraging real-world data (RWD)
- Promotion of patient understanding through utilization of digital biomarkers, and demonstration of value of drugs
- Secondary use of data from treatment and clinical trial to make new drug development more efficient and faster

RWD (conceptual diagram)

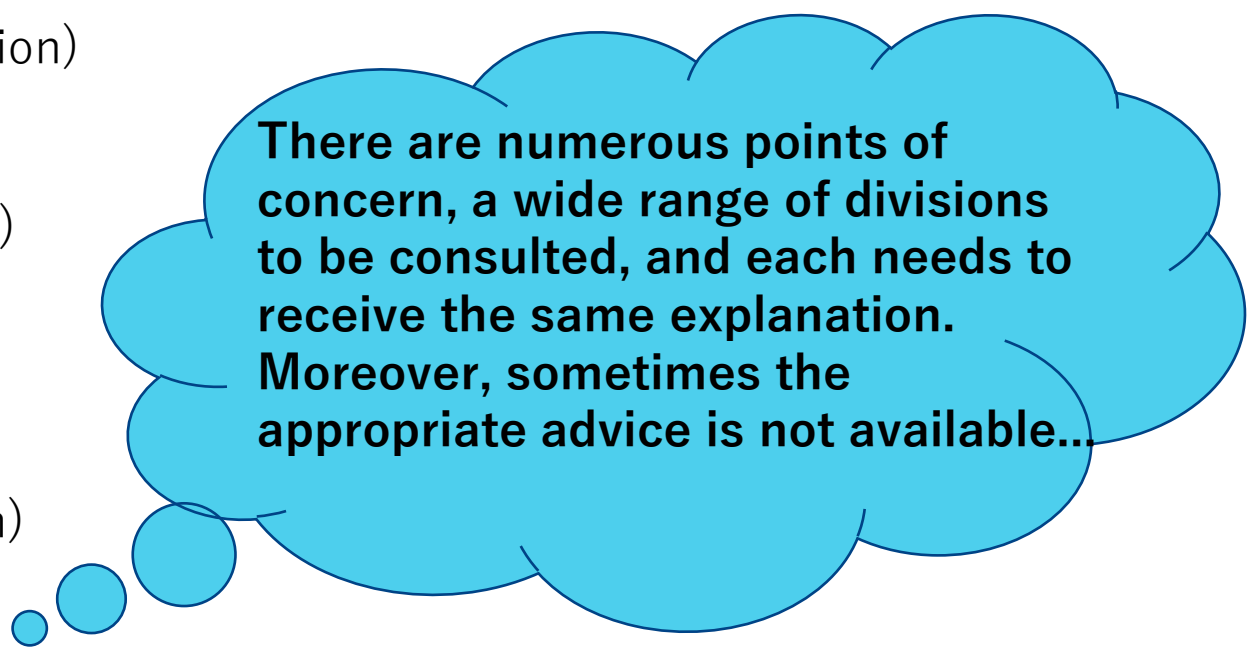


Driving innovation and realizing optimal treatment for individual patients through use of various data

Example of Work Involved for People in Charge of Data Use

- **Divisions requiring consultation when formulating new research concepts and plans, and gathering necessary data**

- Personal information (Legal Affairs Division)
- Research theory (Research Division)
- Safety management practice (IT Division)
- Consent acquisition (Data Collection Division)
- Declaration and announcement of purpose of use (Public Relations Division)
- Emergency response (Risk Division)
- HR response (HR Division)
- Others (External experts, lawyers, politics and administration, etc)



There are numerous points of concern, a wide range of divisions to be consulted, and each needs to receive the same explanation. Moreover, sometimes the appropriate advice is not available...

Digital Compliance at Chugai

- When using human-derived data,* we will comply with domestic and international laws, regulations, and guidelines, etc.
- We ensure correct and appropriate handling of human-derived data in accordance with general societal norms and values

***Human-derived data:**

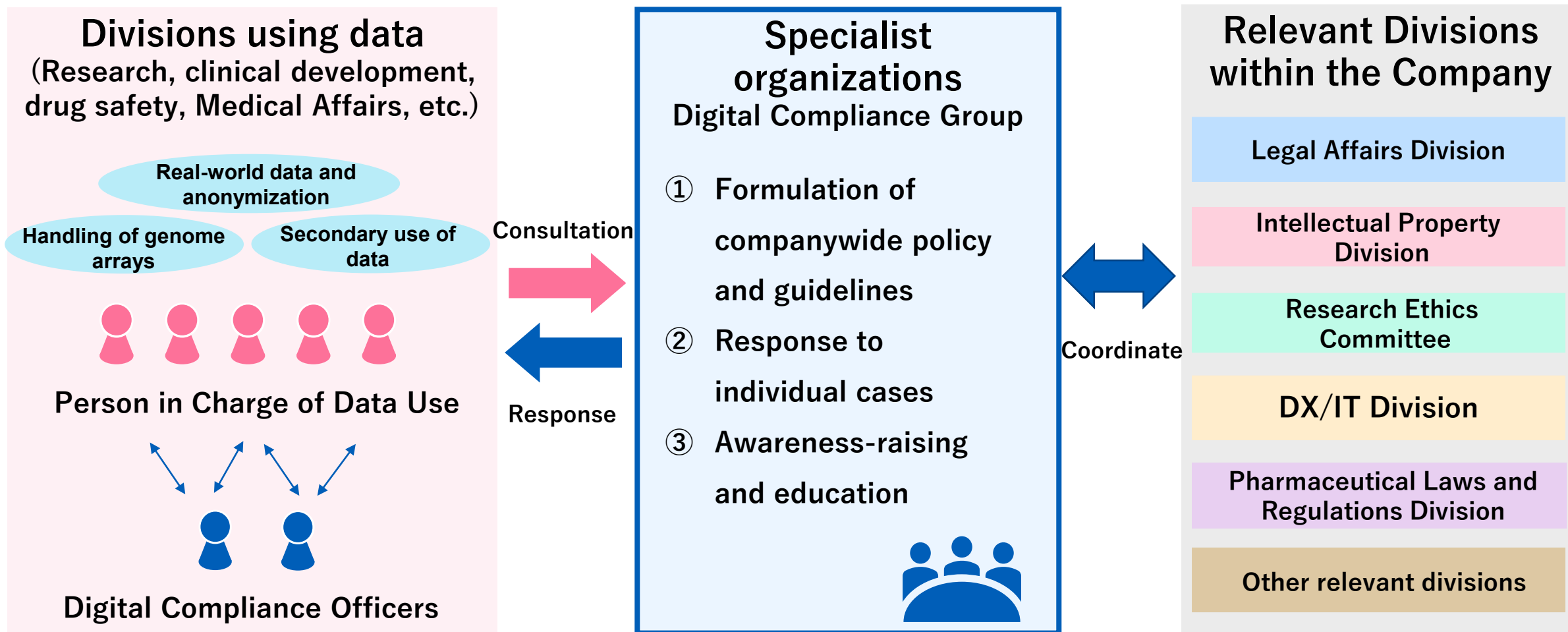
- Information related to a human health (information on diseases obtained through diagnosis, treatment, clinical studies, and various research, as well as treatment details, and results of testing or measurement, etc.)
- Data obtained from human bio specimens (blood, bodily fluids, tissue, cells, excrement, and DNA extracted from these, etc.)
- Analysis results, etc. obtained from the above.

Comprehensive Support System for Digital Compliance

Supporting the compliance aspects for promotion of companywide digital strategy to contribute to accelerated innovation



Roche Group



04 Human Capital and Innovation



Executive Vice President
Supervisory responsibility for Human Resource Management and EHS

Yoshiyuki Yano

Sources of Shared Value Creation: Human Resources

The Chugai Group has continued to work to increase the value of human capital

Empowering women: Ministry of Economy, Trade, and Industry, “Nadeshiko Brand”



Supporting children: Ministry of Health, Labor, and Welfare “Platinum Kurumin”



D&I: Ministry of Economy, Trade, and Industry “New Diversity Management Selection 100”



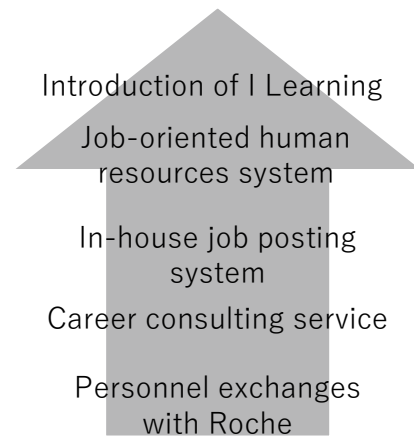
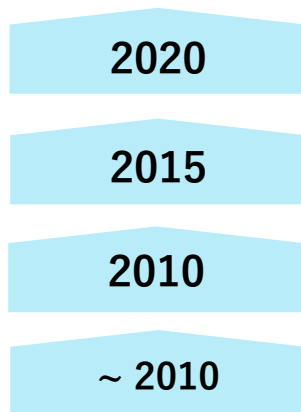
“White 500” Health and Productivity Management Organization 2023



“Openwork AWARDS: A great company to work for”



Creating an environment where a diverse employee base can thrive and pursue innovation



HR Management



D&I



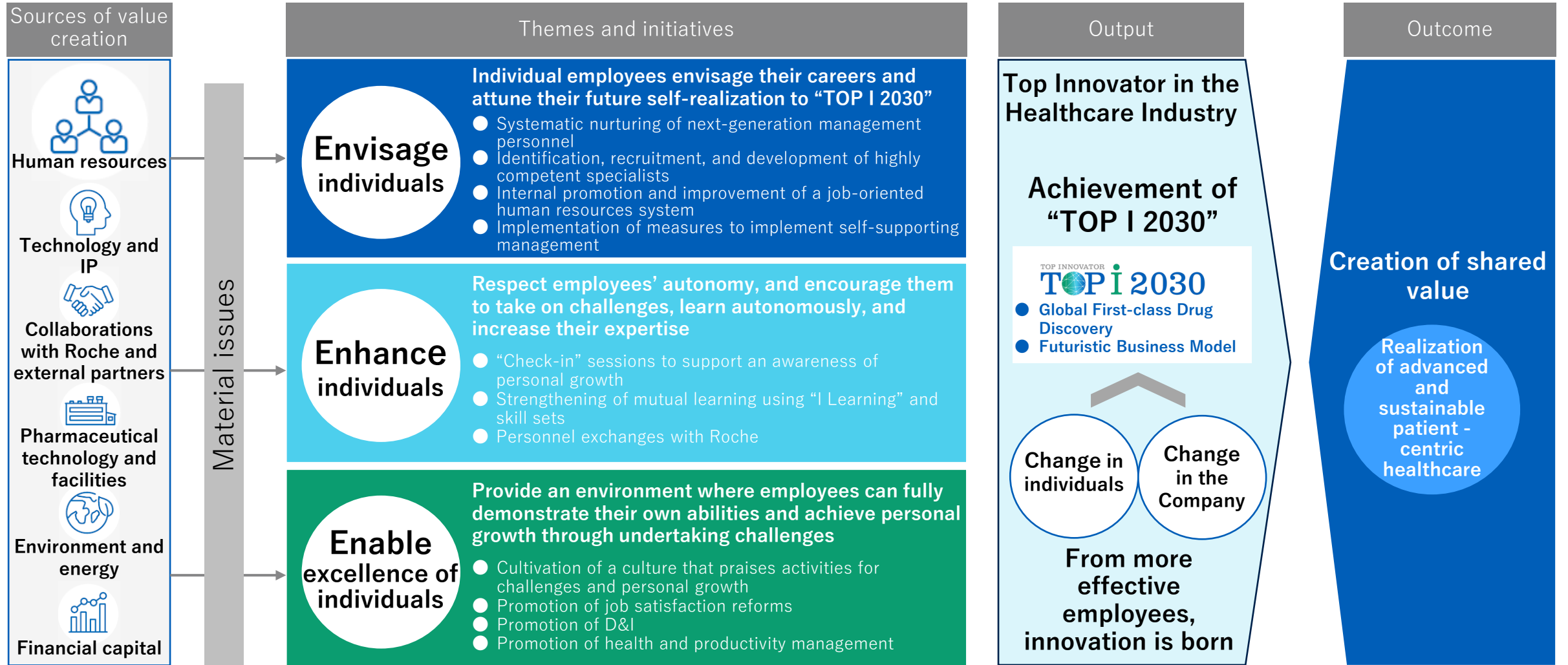
Talent management



Engagement

Value Creation Process for Human Capital

The driving force for value creation is the individual, or human resources. Each and every employee will play a leading role in realizing TOP I 2030, aiming for further heights and taking on challenges to achieve proactive growth



Theme: Envisage Individuals

Individual employees envisage their careers and attune their future self-realization to “TOP I 2030”

- To realize the goal of TOP I 2030, we delineate the image and requirements of management and highly skilled employees as human capital, and accelerate discovery, recruitment, and training.
- By facilitating autonomous management, we encourage employees to develop their own careers, and we reinforce opportunities for them to be challenged

Main Initiatives		Progress
Systematic nurturing of next-generation management personnel	Regarding important key positions, confirmation by the president and other management of ongoing development plan deliberation and implementation	Successor preparation rate for important key positions 227% (2021) → 224% (2022) → 256% (2023)
Identification, recruitment, and development of highly competent specialists	Priority recruitment of digital and scientific personnel critical to realizing growth strategies	Adequacy rate of highly specialized human resources 77% (2021) → 68% (2022) → 78% (2023)
Enable employees to develop their careers autonomously	Demonstrating employee independence with autonomous management practices, an in-house job posting system, challenging assignments, etc.	Rate of challenge to management positions* 12% (2021) → 28% (2022) → 26% (2023) <small>* Percentage of new appointments assigned through the challenge assignment system and internal recruitment system</small>

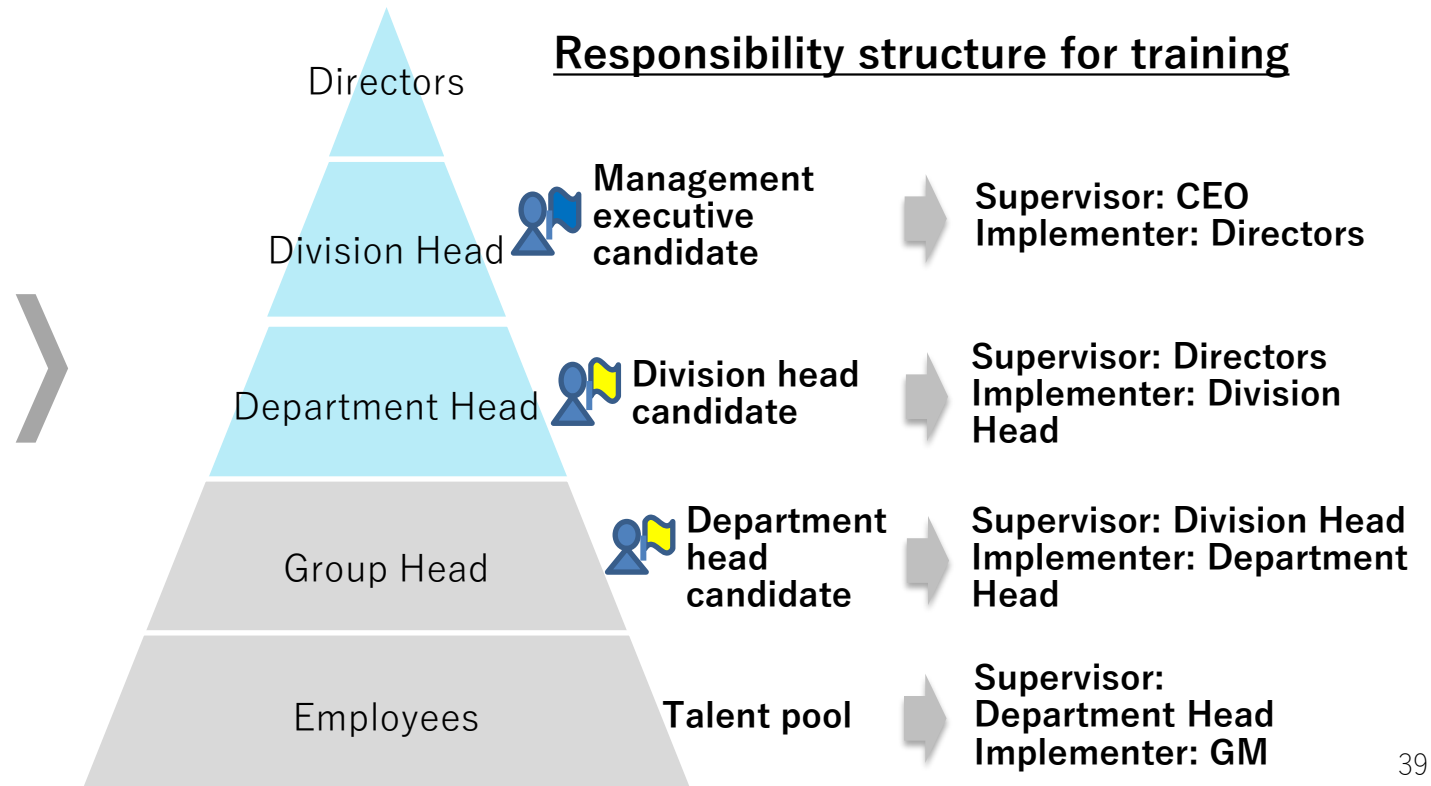
Case Study: Developing the Next Generation of Management Personnel

Management participation in ongoing development discussions

- One of our most important tasks is to secure the next generation of management personnel who are able to maintain and develop our relationship with our strategic alliance partner, Roche. Management including the CEO are systematically identifying and developing candidate personnel for key positions.
- With the training of leaders by leaders as our focus, we are formulating a systematic strategic development plan that has a clear responsibility structure, and implement training on a priority basis.

Management personnel Development Meeting

Meetings	Attendees
① Consideration for the succession of division heads	CEO, Directors
② Consideration for the succession of department heads	CEO, Directors, Division Head
③ Women's Empowerment Promotion Council	CEO, Directors, Division Head, HRBP



Theme: Enhance Individuals

Respect employees' autonomy, and encourage them to take on challenges, learn autonomously, and increase their expertise

- Fostering a culture allowing individual employees to learn and grow autonomously while extensively supporting personnel in continuously bettering themselves

Feedback leading to challenges and growth

- ✓ To support junior staff in their challenges and personal growth, we are promoting 1-on-1 “check-in” sessions with their managers as a company-wide practice. In 2022, the “check-in” rate was 78%.

01 Envision the future you

Looking toward growth in individuals and the Company, describe what you want (career and skill goals)



02 Understanding the gap

Understand the skill gap between the current and desired state and decide what to learn with Future Skilling

03 Learn autonomously

Through the use of I Learning, continue efforts to promote “anywhere, anytime” learning for employees regardless of age or position

Personal growth through practical learning

- ✓ I Learning
- ✓ External practical learning
 - Program of working for other companies aimed at resolving social issues
 - Chugai Digital Academy/cross border program
- ✓ Roche Human Resource Exchange Program

05 Feedback

Obtain feedback from superiors and members that will lead to growth through check-ins, reflective interviews, etc.

04 Use this in your work to achieve results

Demonstrate skills learned and achieve results through work

Learning keywords

Proactive

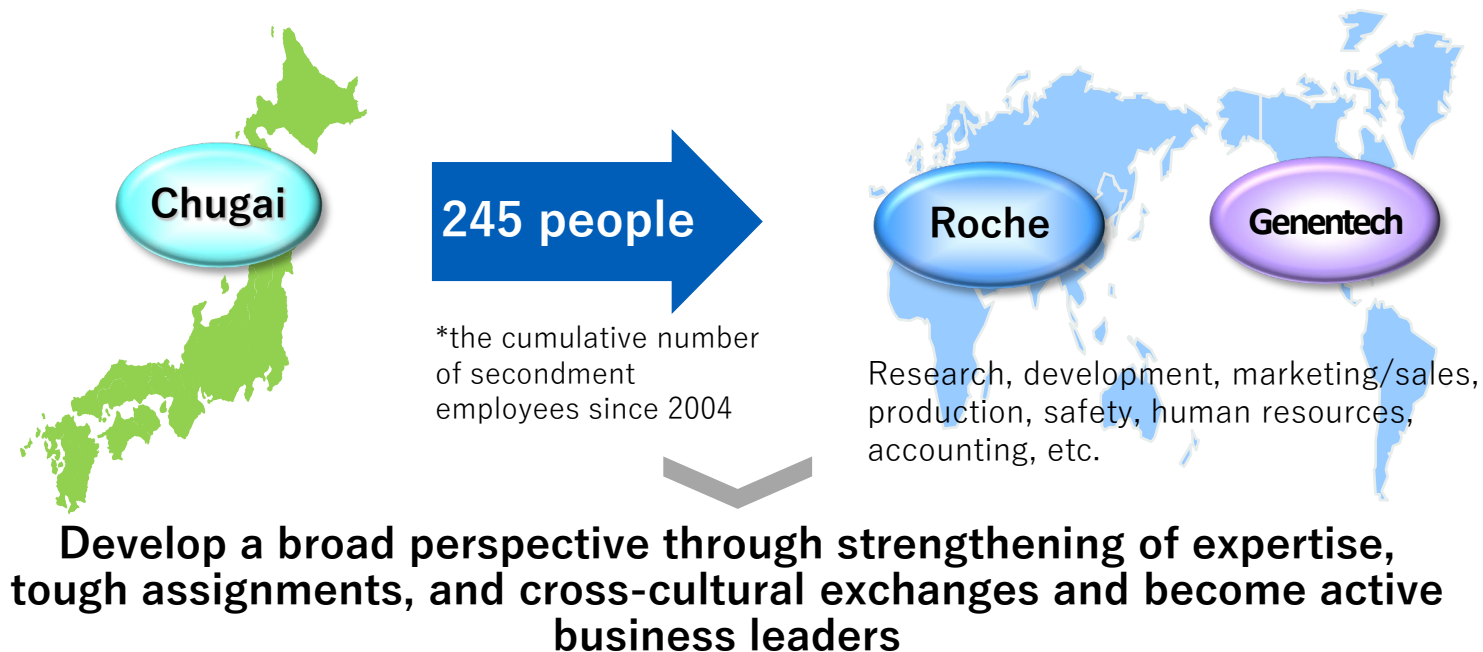
Future skilling (orientation toward learning)

Mutual study

Case Study: Roche Human Resource Exchange Program

Acquisition of global knowledge and experience as a place for practical learning

- By building global business experience, we anticipate growth that cannot happen solely within the company, such as cross-cultural experience, communication skills, and personal appeal



Percentage of people with secondment experience in each position	
Division Heads	21%
Department Heads	31%

The voices of Chugai employees



Ryusuke Takano

Head of Pre-formulation Group 1
Formulation Development Dept.
(At the time of dispatch in 2017: Production Engineering Dept.)

For me, Roche's Global drug development in response to drug regulations in markets worldwide led to personal growth thanks to the free and open discussion I experienced with researchers from Europe and the U.S.

Theme: Enable Excellence of Individuals

Provide an environment where employees can fully demonstrate their own abilities and achieve personal growth through undertaking challenges

- We foster a corporate culture that generates high productivity and innovation across the entire Group by enabling our highly sophisticated and diverse personnel to fully demonstrate their abilities in their given roles and ensuring they receive appropriate evaluations based on their efforts and their results

Main Initiatives

Promotion of job satisfaction reforms

Employee engagement

(autonomy x collaboration x growth)

- ✓ Implementation of self-supporting management
- ✓ Fostering an inclusive organizational culture by promoting D&I
- ✓ Supporting self-directed learning and career development



Employee enablement

(flexible working style x communication x empowerment)

- ✓ Flexible working style selection based on job type, task characteristics, etc.
- ✓ Dialogue between management executives and employees
- ✓ Program for behavior changes that fosters independence

Envisioned Future

Increase in effective employees

Defined as human resources who act voluntarily and proactively to realize and achieve the Company's vision and targets

Active participation by diverse human resources

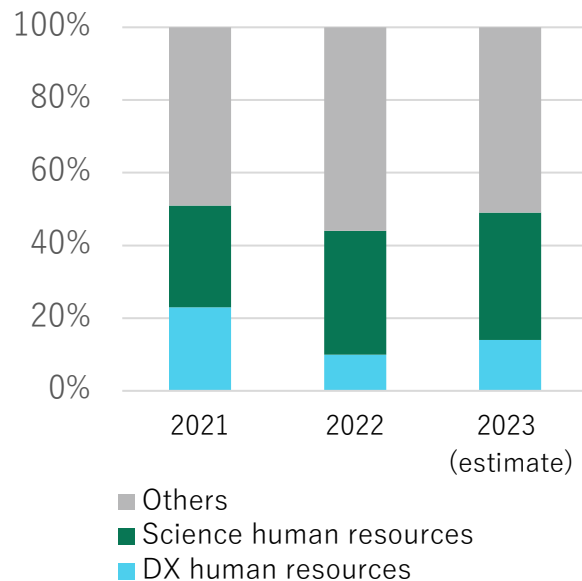
Target for the end of 2030: a ratio of female managers that matches the overall ratio of female employees)

Investment in Human Capital

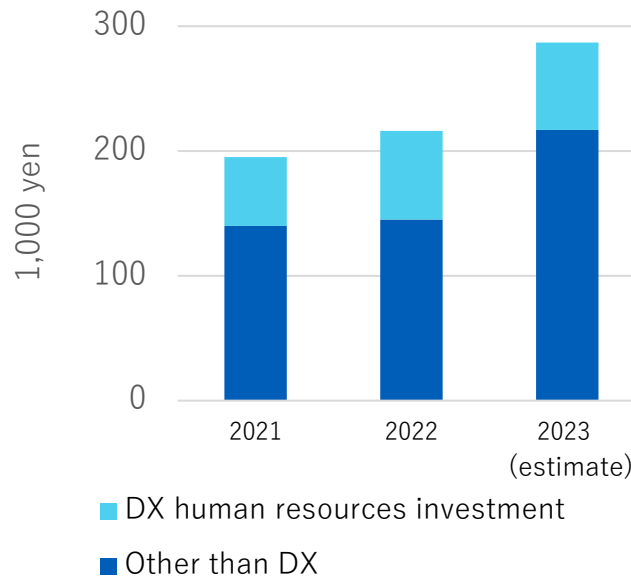
Individual transformation and growth produce new innovations

- As the Company and its employees fulfill their mutual commitments and responsibilities based on the goal of individual autonomy, our goal is that individuals will change, the Company will change, and we will grow together

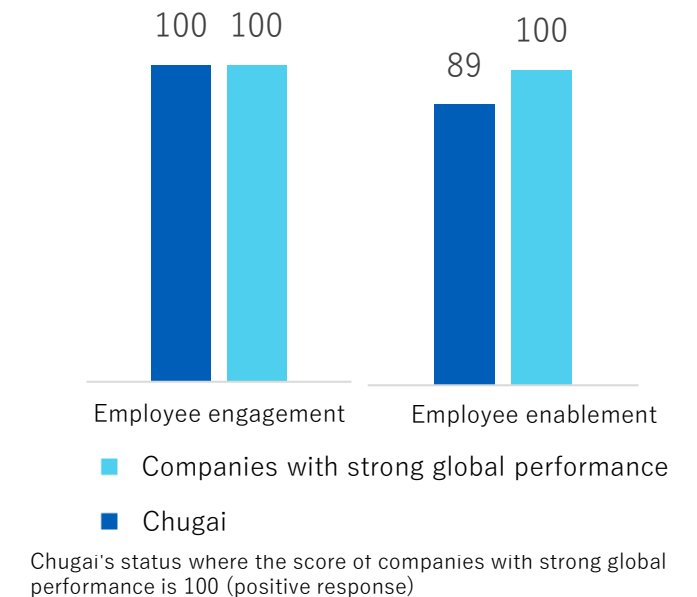
Changes in the composition ratio of highly specialized human resources acquired (Career recruitment)



Changes in Human Resource Development Investment per Person (Non-consolidated)



Employee engagement and Employee enablement (2022)





Case Study: Promote the Success of Women



Head of Diversity Office
Human Resources Management Dept.

Kaeko Sato

Setting Goals to Promote Advancement of Women as a Way to Facilitate Active Participation of Diverse Group of Personnel

Promoting D&I to create innovation

We have set challenging goals because diverse perspectives, including those of women, are essential for making important decisions and creating innovation.

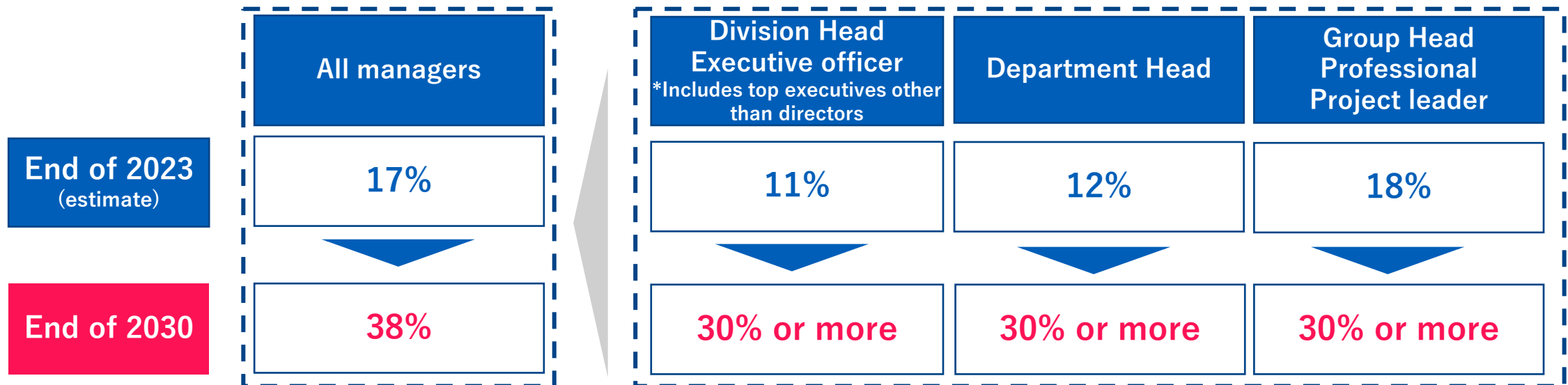
【Goals】

Target for the end of 2030: a ratio of female managers matching the overall ratio of female employees

Company-wide target: 38% Note: Estimated value for 2030 based on the average annual growth rate (2.3%) from 2018-2021

Target by level: 30% or more at all levels (division heads/executive officers, department heads, business unit heads)

【Ratio of female managers with subordinates: current state and goal】



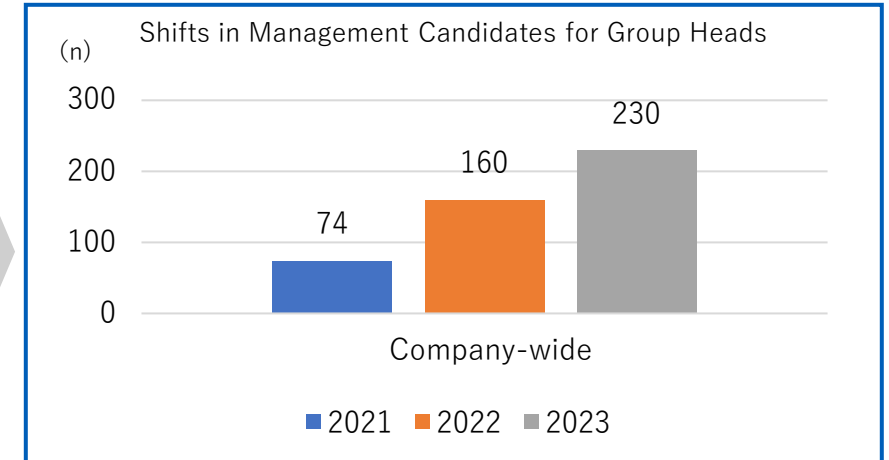
Examples of Initiatives to Promote Career Advancement of Women

Promoting active participation of women with a commitment by management and department heads and improvement of work environment

Advancement through a strong commitment from management executives and division heads

Improve implementation and strengthen promotion through leadership of management executives and division heads

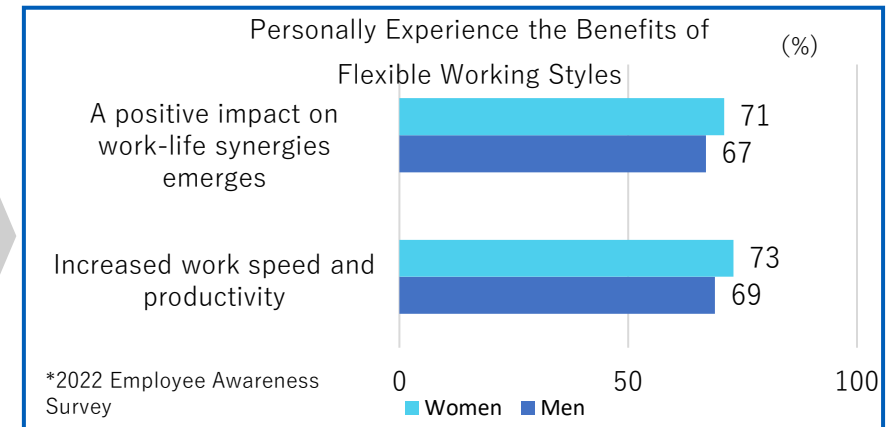
- **Since 2019, we have held an annual Women's Empowerment Promotion Council, which is attended by management executives and division heads.**
 - In addition to company-wide targets, we have set KPIs for each division
 - Enhance visibility of female management candidates, drafting of individualized development plan
- **Since 2022, implementation of dialogue and mentoring by women executives**
 - With a goal of implementing this with 9 women in 2022 and expanding that number from 2023
 - In the future, we will include male executives as mentors as well in order to learn various ways of thinking about management



Establishing work environments to promote the success of diverse employees

Promoting work styles with increased flexibility in time and location

- Introduction of super-flextime system (no core time)
- Introduction of mobile work (work from flexible locations not limited to company offices, satellites, or home)
- Remote telework system (telework limited to jobs where living outside of commuting distance is possible)
- Introduction of a flexible career leave system (for study abroad, work for other companies, qualification acquisition/or accompanying a spouse overseas)



Appendix

External Evaluations (1/2)

- Chugai has been continuously selected as a constituent of global ESG indices such as FTSE4Good Index series and Dow Jones Sustainability World Index (DJSI World) since 2003 and 2020, respectively. Also, Chugai has been continuously obtained high evaluation on MSCI ESG ratings



FTSE4Good



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

*DJSI World:
Received highest rating
in pharmaceutical
sector in 2022

- In addition, Chugai is listed for some ESG indices used by the Government Pension Investment Fund of Japan (GPIF) since the initiation of ESG investment by GPIF. (For Japanese equities)



FTSE Blossom
Japan



FTSE Blossom
Japan Sector
Relative Index



2023 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

External Evaluations (2/2)

■ DX Stock



DXプラチナ企業
2023-2025
Digital Transformation

■ Nadeshiko Brand



■ Platinum Kurumin



■ New Diversity Management Selection 100



■ CDP



CLIMATE

■ SBT



■ Health and Productivity Management Organization



■ Eruboshi (Promotion of Women's Active Engagement)



■ Openwork AWARDS: A great company to work for



■ PRIDE Index 2023: the highest rating of "Gold"

work with Pride



■ Yokohama City Comprehensive Assessment System for Built Environment Efficiency (CASBEE Yokohama) : the highest rating of "S" (Chugai LSP Yokohama)

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INNOVATION BEYOND IMAGINATION