

Chugai Pharmaceutical Co., Ltd.
Basic Corporate Governance Policy

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CHUGAI PHARMACEUTICAL CO., LTD

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Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy

Chapter 1 General Provisions

1. Purpose

The purpose of this basic policy is for Chugai Pharmaceutical Co., Ltd. (“Chugai”) to establish basic matters concerning corporate governance, in order to carry out its social responsibility to patients, consumers, and all other stakeholders, such as medical practitioners, business partners, the public, employees, and shareholders, and to achieve sustainable growth and increased corporate value. (3.1(ii))

2. Fundamental views relating to corporate governance

Based on its strategic alliance with Roche, a leading global pharmaceutical company, Chugai’s mission is to “dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world,” and the company defines its basic management objective as to “become a top innovator for advanced and sustainable patient-centric healthcare, powered by our unique strength in science and technology and the alliance with Roche.” (Attachment 1)

While being a member of the Roche Group, Chugai maintains its managerial autonomy and independence as a publicly listed company and will constantly strive to perfect its corporate governance as established in this basic policy in order to fulfil the mandate of its many stakeholders appropriately and fairly for the achievement of its basic management objective. (2.1; 3.1(i); 4.1))

Chapter 2 Corporate Governance System

1. Organizational structure

Chugai will adopt “Company with an Audit & Supervisory Board” as its corporate organizational structure under the Companies Act in order to ensure effective oversight of directors from an independent and objective standpoint.

Chugai will perform important managerial decision-making and supervise the execution of business through the Board of Directors, and audit the directors’ performance of duties and other matters through the Audit & Supervisory Board and its Members, who are independent of the Board of Directors.

In addition, Chugai will adopt the executive officer system in order to separate managerial decision-making and supervision from the execution of business and work towards swifter executive decision-making. The Board of Directors will delegate to the Executive Committee, which is to consist of executive directors and executive officers, the decision-making and execution of all business not determined by the Board of Directors itself.

Furthermore, Chugai will establish the Appointment Committee and the Compensation Committee as advisory boards to the Board of Directors, so as to secure managerial transparency. (General Principle 4; 4.1.1)

2. Board of Directors and directors

(1) Roles and responsibilities of the Board of Directors

Given its fiduciary responsibility and accountability to shareholders, in order to promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and enhance profitability and capital efficiency, the Board of Directors will make important managerial decisions including formulating business strategies and business plans, establish an environment that supports appropriate risk-taking by executive directors, and also supervise the execution of business. (4.1; 4.2; 4.3.2; 4.5; 4.7)

The board of Directors will appropriately establish the internal control/risk management systems as a whole, on an enterprise basis, and oversee the operational status. (4.3.4)

(2) Composition of the Board of Directors

The Board of Directors is to consist of persons with diverse knowledge, experience and skills, and it must be ensured that the Board as a whole has the necessary expertise and skills and is of appropriate diversity, including in terms of gender, international experience, work experience and age, and size. (4.11; 4.11.1)

In addition, the Board of Directors will establish and disclose independence standards (Attachment 2) aimed at ensuring effective independence of independent directors, taking into consideration the independence criteria set by the Tokyo Stock Exchange, and appoint one-third of the directors or more as independent outside directors. (4.8; 4.9)

(3) Appointment and dismissal of directors

The Board of Directors will select as executive director candidates individuals with the knowledge and experience to manage Chugai properly, fairly and efficiently, and sufficient public trust.

The Board of Directors will select non-executive director candidates from among the managers of other companies, medical experts and others with academic experience, and similar persons, taking into account experience, knowledge, and expertise, so that the outside directors may appropriately give advice on the management of Chugai and carry out the supervisory function. (4.3.1)

If the Board of Directors determines that it is difficult to achieve sustainable growth and the increase of corporate value over the mid- to long-term (such as if Chugai continually fails to achieve business plans and performance is not expected to improve, or if material misconduct or a material compliance violation occurs), it will consider dismissing the executive directors, including the CEO. (4.3.3)

The selection of director candidates and dismissal of directors will be deliberated by the Appointment Committee and determined at a Board of Directors meeting, and the reasons for the selection or dismissal will be disclosed. (3.1(iv); 3.1(v); 4.3.1; 4.3.2)

(4) Succession plans for the CEO, etc.

The Appointment Committee will deliberate on succession plans for the executive directors, including the CEO, and the Board of Directors will receive reports from the Appointment Committee summarizing those deliberations and explaining the direction and progress thereof and will appropriately oversee the systematic development of succession candidates, deploying sufficient time and resources. (4.1.3)

(5) Concurrent appointment of directors

A director may only be concurrently appointed as an officer or the like of a company other than Chugai to the extent that said director remains able to carry out the role and responsibilities of a director of Chugai.

Chugai will disclose any material concurrent positions. (4.11.2)

(6) Evaluating the effectiveness of the Board of Directors

Each financial year, the Board of Directors will analyze and evaluate its activities to secure the effectiveness of its decision-making and supervision, in such manners as self-evaluation of each director and third-party evaluation; and will disclose a summary of the results. (4.11; 4.11.3)

3. Audit & Supervisory Board and Board Members

(1) Responsibilities of Audit & Supervisory Board Members

The Audit & Supervisory Board Members cooperate with the Board of Directors to play a critical role in Chugai's supervisory function. As an independent organ with the mandate of the shareholders, the Audit & Supervisory Board Members will contribute to ensuring good corporate governance that upholds the public trust in Chugai by auditing the directors' performance of their duties.

In order to fulfill these responsibilities, the Audit & Supervisory Board Members will attend meetings of the Board of Directors and other important meetings, examine reports received from directors, employees, the accounting auditors, and other personnel, perform investigations into the business of the company and its assets, and take measures where necessary by, for example, giving opinions, such as advice and recommendations, to directors and employees. (4.4; 4.4.1; 4.5; 4.13.3)

(2) Composition of the Audit & Supervisory Board

The Audit & Supervisory Board will consist of Members with the necessary knowledge, experience, and specialist skills, and will ensure the balance of expertise of that Board as a whole.

One of the outside Audit & Supervisory Board members must possess significant knowledge, experience and expertise in finance and accounting. (4.4.1; 4.11)

(3) Appointment of Audit & Supervisory Board Members

The Board of Directors will select as candidates for the Audit & Supervisory Board Members persons with the knowledge and experience to appropriately audit managerial decision-making and the execution of business.

The candidates for the outside Audit & Supervisory Board Members will be selected from among experts with rich knowledge and experience in accounting, law and similar fields.

The election of Audit & Supervisory Board Members will be determined by the Board of Directors with the consent of the Audit & Supervisory Board, and the reasons for the selection will be disclosed. (3.1(iv); 3.1(v))

(4) Concurrent appointment of Audit & Supervisory Board Members

An Audit & Supervisory Board member may only be concurrently appointed as an officer or the like of a company other than Chugai to the extent that said Audit & Supervisory Board member remains able to carry out the role and responsibilities of a member of Chugai's Audit & Supervisory Board.

Chugai will disclose any material concurrent positions. (4.11.2)

4. Appointment Committee
 - (1) Role of the Appointment Committee

As an advisory board to the Board of Directors, the Appointment Committee will deliberate on the selection of director candidates, succession plans for the executive directors, including the CEO, and the dismissal of directors. (4.1.3; 4.3.1; 4.3.2; 4.3.3; 4.10; 4.10.1)
 - (2) Composition of the Appointment Committee

The Appointment Committee will consist of one internal committee member and three or more outside committee members including at least one independent outside director. The internal committee member is appointed from the representative directors or persons with experience as such directors, and the outside committee members are appointed by the resolution of the board of directors meeting from the current or former non-executive directors (including independent outside directors). (4.3.1; 4.6; 4.10.1)
5. Compensation Committee
 - (1) Role of the Compensation Committee

As an advisory board to the Board of Directors, the Compensation Committee will deliberate on remuneration policy and the remuneration of individual directors. (3.1(iii))
 - (2) Composition of the Compensation Committee

The Compensation Committee will consist of three or more outside committee members including at least one independent outside director, and the outside committee members are appointed by the resolution of the board of directors meeting from the current or former non-executive directors (including independent outside directors). (4.6; 4.10; 4.10.1)
6. Special Committee
 - (1) Role of the Special Committee

The special committee, as an advisory board to the Board of Directors, will deliberate and review material transactions and actions that pertain a potential risk of conflict between the parent company, Roche group, and minority shareholders. (4.8.3)
 - (2) Composition of the Special Committee

The Special Committee will be composed of Board of Directors and/or Audit & Supervisory Board Members with independence, including one independent outside director who is a member of Compensation Committee. (4.8.3)
7. Remuneration of directors and Audit & Supervisory Board Members
 - (1) Composition of director remuneration

Each executive director's remuneration will consist of fixed remuneration (regular compensation), bonuses paid according to the company's performance in each financial year, and restricted stock compensation as long-term incentives tied to the company's mid- to long-term performance.

Non-executive director remuneration will consist solely of fixed remuneration (regular compensation). (3.1(iii); 4.2; 4.2.1)
 - (2) Determination of director remuneration

Director remuneration policy and the remuneration of individual directors will be deliberated by the Compensation Committee and determined by the Board of Directors

within the maximum remuneration amount approved by resolution of the General Meeting of Shareholders. (3.1(iii))

(3) Composition of Audit & Supervisory Board Member remuneration

The Audit & Supervisory Board Members' remuneration will consist solely of fixed remuneration (regular compensation). (3.1(iii))

8. Director and Audit & Supervisory Board Member training

Chugai will provide to directors and Audit & Supervisory Board Members, including outside directors and outside Audit & Supervisory Board Members, either (i) opportunities to receive training necessary for the performance of the roles and responsibilities suitable to each director and Audit & Supervisory Board Member (such as acquiring knowledge on Chugai's general management situation including its business, finances, and organization and full understanding of the roles and responsibilities expected of them at the point of assuming their position, and continual updates of such knowledge and understanding during their tenure), or (ii) provide financial support for expenses associated with such training. (4.14; 4.14.1; 4.14.2)

9. Coordination between outside directors and Audit & Supervisory Board Members

Chugai will hold regular information-sharing meetings between independent outside directors and Audit & Supervisory Board Members for the purpose of obtaining the information necessary for active discussion at Board of Directors meetings, and enhancing mutual coordination. (4.8.1; 4.8.2)

10. Coordination with the internal audit department

To ensure coordination between the internal audit department, directors and audits as well as to fulfill their functions, Chugai will establish a system in which the internal audit department directly and appropriately reports to the board and audit board. (4.13.3)

11. Active deliberations of the Board of Directors

To promote active deliberations at Board of Directors meetings, Chugai will determine the yearly schedule of Board of Directors meetings and anticipated agenda items in advance and set the agenda and frequency of Board of Directors meetings appropriately to ensure sufficient time for deliberations.

In order that an active and constructive discussion and exchange of opinions can be had at Board of Directors meetings, materials will be prepared related to the agenda items that include sufficient information to deliberate those agenda items, and these will be distributed well in advance of the meeting date; additional information that contributes to understanding and opportunities to receive explanations before the meeting may be provided as necessary. (4.12.1)

12. Information gathering and support structure of the Board of Directors

In order to fulfill their roles and responsibilities, directors and Audit & Supervisory Board Members will proactively endeavor to collect information.

Chugai will establish appropriately-staffed secretariats for the Board of Directors and Audit & Supervisory Board to support the provision of necessary information.

An Office of Audit & Supervisory Board Members that does not receive instructions or orders from the Board of Directors will be established to support the Audit &

Supervisory Board Members, ensuring their independence and enhancing their auditing functions.

Chugai will also support directors and Audit & Supervisory Board Members consulting with lawyers, certified public accountants, outside consultants, academics and other external specialists as necessary for reference in their deliberations at meetings of the Board of Directors. (4.13.2)

Chapter 3 Securing the Rights and Equal Treatment of Shareholders

1. Policy

Chugai will take appropriate measures to fully secure shareholder rights in accordance with law and ordinance, and, giving adequate consideration to minority and/or non-Japanese shareholders to secure effective equal treatment of shareholders, develop an environment in which shareholders can exercise their rights appropriately. (General Principle 1)

2. General Meeting of Shareholders

(1) Policy

Chugai recognizes that the General Meeting of Shareholders is the highest decision-making organ of the company and an important setting for constructive dialogue with shareholders, and will sufficiently develop an environment in which the will of the shareholders is appropriately reflected in the management of the company. (1.1; 1.2)

(2) Provision of information

Chugai will strive to fully provide information considered necessary for the shareholders' appropriate exercise of their rights at the General Meeting of Shareholders through convocation notices for the General Meeting of Shareholders, supporting materials, and business reports.

In addition, Chugai will ensure that shareholders have sufficient time to consider agenda items by endeavoring to send out convocation notices as early as practicable and to disclose their contents on its website or through other means before sending them out. (1.2.1; 1.2.2)

(3) Meeting dates

Chugai will set the dates and other details of General Meetings of Shareholders so that a constructive dialogue can be achieved through the presence of a large number of shareholders at the General Meeting of Shareholders. (1.2.3)

(4) Exercise of voting rights

Bearing in mind the diversity of its shareholders, Chugai will prepare English versions of convocation notices and disclose them on its website and through other means, and develop an environment that enables electronic voting.

In addition, the Board of Directors will analyze the reasons behind the votes for and against the proposals at the General Meeting of Shareholders, and consider the need for shareholder dialogue and other measures. (1.2.4; 1.1.1)

(5) Miscellaneous provisions

Chugai will consider individually cases where institutional investors who hold shares in Chugai in the name of an entity such as a trust bank express an interest in advance of

the General Meeting of Shareholders in attending the General Meeting of Shareholders and exercising voting rights or performing similar acts as a proxy of the named shareholder(s). (1.2.5)

3. Capital policy

In recognition of the importance of capital policy as a management issue, Chugai will search for future business opportunities and construct a basis for growth by promoting strategic investment based on a mid- to long-term outlook of the business environment, and give sufficient explanation of those investments to shareholders. (1.3)

4. Strategic shareholdings

(1) Policy

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, Chugai will hold the shares of other companies only where it is judged necessary to do so, as part of its business strategy to maintain and strengthen business relationships, including with respect to the sale of pharmaceuticals and the like and with respect to financial transactions, etc., and will endeavor to reduce these strategic shareholdings to an appropriate level based on factors such as capital efficiency and risk-return considerations. (1.4)

When companies who hold shares of Chugai as strategic shareholdings (i.e., strategic shareholders) express their intention to sell or otherwise dispose of those shares, Chugai will accept that intention without interference. (1.4.1)

(2) Confirmation of shareholdings

The Board of Directors will periodically examine the suitability of each individual strategic shareholding by specifically assessing matters such as whether the shareholding purpose is appropriate, the capital efficiency in relation to the shareholding, and the rationale of the relevant transactions; and the Board will disclose the details of that examination. (1.4; 1.4.2)

(3) Exercise of voting rights

Chugai will exercise its voting rights with respect to shareholdings after comprehensively judging whether doing so will contribute to sustainable growth and the increase of corporate value over the mid- to long-term and contribute to the common interests of the shareholders of the other company, taking into consideration the voting guidelines of external proxy advisory firms, asset managers, and the like. (1.4)

5. Related party transactions

(1) Policy

Chugai will determine the appropriate authorizing organ or individual for all transactions, including related party transactions, according to their importance and nature, and perform the procedures necessary to ensure their appropriateness. (1.7)

(2) Transactions with the parent company

Chugai will protect the interests of minority shareholders by executing any transactions with its parent company, the Roche Group, fairly and with equivalent conditions, including price, to a transaction with a third party. (1.7)

The Special Committee will deliberate on material transactions that conflict with the parent company and minority shareholders, before brought to the Board, as resolution matters. (4.8.3)

(3) Transactions with directors

All transactions between Chugai and its directors must have the prior approval of the Board of Directors. When such a transaction is executed, its material details must be reported to the Board of Directors and disclosed appropriately as required by law and ordinance. (1.7)

6. Miscellaneous provisions

(1) Anti-takeover measures

In the case of a large-scale acquisition of Chugai shares, Chugai will take appropriate steps to protect the interests of its shareholders as far as permitted by the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and ordinances, such as requesting that the offeror provide enough information for shareholders to appropriately judge the merits of the acquisition, disclosing the opinion of the Board of Directors, and endeavoring to secure enough time for shareholders to consider the proposal.

Chugai will not implement measures to illegitimately preclude shareholders from exercising their right to tender their shares in response to a tender offer. (1.5; 1.5.1)

(2) Capital policy that may harm shareholder interests

With respect to capital policy that results in the change of control or in significant dilution, the Board of Directors will examine the necessity and rationale of each transaction from the perspective of maximizing corporate value for all stakeholders and provide sufficient explanation to shareholders regarding its judgment. (1.6)

Chapter 4 Dialogue with Shareholders

1. Policy

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, Chugai will promote dialogue with shareholders and investors with a constructive purpose through the engagement of its directors and executives in various IR activities. (General Principle 5)

2. Dialogue participants

Any request from a shareholder or the like for a management meeting with the purpose of engaging in a constructive dialogue in order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term will be responded to, within reason, by directors or executive officers of Chugai. (5.1; 5.1.1)

3. Promoting dialogue

Chugai will nominate the director in charge of IR as the officer to oversee the dialogue with shareholders, and establish a Corporate communications committee composed of the general managers of the departments that support that dialogue to enhance coordination between IR-related departments.

In order to promote constructive dialogue with shareholders, Chugai will hold general investor meetings and the like run by directors or executive officers, and the

content of the dialogue with shareholders will be reported to the Board of Directors and other organs as necessary.

Chugai will not communicate insider information through its shareholder dialogue; Chugai will manage insider information appropriately in accordance with its disclosure policy, such as by making the period from the next business day after the end of each quarter to the day of the announcement of the financial results of that quarter a “quiet period,” during which Chugai will refrain from making any comments on financial information. (5.1.1; 5.1.2)

4. Establishing and disclosing business strategies and business plans

When establishing and disclosing business strategies and business plans, Chugai will, taking into consideration its costs of capital, articulate its earnings plans and capital policy, present targets for profitability and capital efficiency, and provide explanations that are clear and logical with respect to the measures that will be taken in order to achieve those plans and targets.

In addition, recognizing that a business plan is a commitment to shareholders, the executive directors will do their best to achieve that plan. (3.1(i); 5.2; 4.1.2)

Chapter 5 Cooperation with Stakeholders

1. Policy

In addition to respecting the rights and viewpoints of the various stakeholders supporting the company, Chugai’s Board of Directors and executive directors will exercise their leadership in fostering a corporate culture based both on compliance with law, ordinance, and the like and on the highest ethical and moral standards as a corporation involved in preserving human life and will build good relationships with all of its stakeholders, endeavoring towards appropriate cooperation with each of them. (General Principle 2)

2. Code of Conduct

Chugai has established the Chugai Group Code of Conduct (the “CCC”) to serve as a specific standard of conduct for managerial decision-making and for its officers and employees, and it will comply with and reflect the CCC in the activities of each department as a foundation that supports its business strategies and mid-term business plans.

In addition, the Board of Directors will promote and oversee efforts for further implementation of the CCC. (2.2, 2.2.1)

3. Addressing sustainability challenges

In order to establish trust from and contribute to continuous development of our society, Chugai will take appropriate measures to address sustainability issues such as climate change and other global environment issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, in the implementation of Sustainability by acting in accordance with the Mission Statement and implementation of the Chugai Group Code of Conduct. (2.3, 2.3.1)

The Board of Directors will develop a basic policy for the Company’s sustainability initiatives from the perspective of increasing corporate value over the mid- to long-term. (2.3.1, 4.2.2)

4. Promoting diversity and inclusion

Under the fundamental idea that innovation is born from diverse values and expertise, Chugai will ensure diversity of personnel in the core human resources, and will endeavor to foster an organizational culture in which its diverse group of employees, regardless of nationality, gender, or age, and mid-career hires, respect each other and achieve a true sense of satisfaction and growth.

The Board of Directors will promote and oversee diversity and inclusion, in light of the importance of human resource strategies for enhancing corporate value over the medium to long term. (2.4)

5. Whistleblowing

Chugai has established the CCC Hotline to receive reports and provide consultation on any matter in breach of the CCC. In addition to appropriately addressing any reports received via the hotline, Chugai will regularly report to the Board of Directors and the Audit & Supervisory Board on the operating status thereof. (2.5, 2.5.1)

6. Corporate pension funds performing roles as asset owners

In order for the Chugai Pharmaceutical Corporate Pension Fund to reliably provide pension benefits to employees, who are the fund's beneficiaries, into the future, Chugai will appropriately manage the corporate pension by means such as selecting personnel with the appropriate qualities for managing corporate pension funds and cooperating with the pension fund to regularly monitor and evaluate the asset managers and management status. In doing so, Chugai will develop a structure in which conflicts of interest do not arise between pension fund beneficiaries and Chugai through methods such as allowing each asset manager to select which companies to invest in and to exercise voting rights at its own discretion. (2.6)

Chapter 6 Ensuring Appropriate Information Disclosure and Transparency

1. Information disclosure

(1) Policy

Chugai will provide clear, fair, and continual information on its corporate activities for the purposes of deepening mutual understanding and continuing to build relationships of trust with all stakeholders.

In order to be properly evaluated by the capital market, Chugai will disclose information to its shareholders and other stakeholders fairly, appropriately, and in a timely manner in accordance with relevant laws and ordinances, including the Financial Instruments and Exchange Act, and the rules of securities exchanges.

Additionally, as part of its efforts to ensure transparency, Chugai will endeavor to establish an environment in which disclosed information can be easily accessed. (General Principle 3)

(2) Full disclosure

In consideration of fairness towards all capital market participants, Chugai will disclose material information in English as well as Japanese. (3.1.2)

2. Accounting auditors

(1) Selection and evaluation of the accounting auditors

The Audit & Supervisory Board will establish standards for the selection and evaluation of the accounting auditors, monitor and verify that the accounting auditors conduct appropriate audits from an independent position, and confirm that the methods and results of the audits are proper. (3.2.1)

(2) Coordination with the accounting auditors

In order to guarantee proper audits by the accounting auditors, Chugai will provide an appropriate auditing environment through such means as securing sufficient time to allow for high-quality audits and ensuring sufficient coordination by holding meetings between the accounting auditors and the Audit & Supervisory Board Members and Audit Department and by ensuring communication between the accounting auditors and the directors, including the CEO and CFO, and executive officers. (3.2; 3.2.2(i)(ii)(iii)(iv))

Establishment, Revision, and Abolition

The establishment, revision, and abolition of this basic policy will require a resolution of the Board of Directors.

Attachment 1

Mission Statement

The Chugai Group upholds its mission statement—which consists of its mission, its core values and its envisioned future—in order to be a business that meets a diverse array of stakeholder expectations as it realizes its corporate responsibility to society. It is on the basis of this mission statement that the Chugai Group conducts its business operations.

Mission

Chugai's mission is to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world.

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

Become a top innovator for advanced and sustainable patient-centric healthcare, powered by our unique strength in science and technology and the alliance with Roche.

Attachment 2

Independence Standards

Chugai will judge outside officers (outside directors and outside Audit & Supervisory Board Members) that do not fall under any of the following to be independent officers (independent outside directors and independent outside Audit & Supervisory Board Members) with no risk of a conflict of interests with Chugai's general shareholders:

- (1) a person who is currently or has been in the past ten years an executive (see note 1) of Chugai or any of its subsidiaries (collectively, the "Chugai Group");
- (2) a person who is currently or has been in the past five years an executive of the parent company or any sister company of Chugai;
- (3) a person for whom the Chugai Group is a major business partner (see note 2) or an executive of that person;
- (4) a major business partner (see note 2) of the Chugai Group or an executive of that business partner;
- (5) a major lender (see note 3) of the Chugai Group or an executive of that lender;
- (6) a consultant, accounting professional, or legal professional who receives a large amount of money or other such assets (see note 4) other than officer remuneration from the Chugai Group (including any person belonging to a corporation, partnership, or other such organization that receives such assets);
- (7) a major shareholder (see note 5) of Chugai or an executive of that shareholder;
- (8) an executive of a company for which the Chugai Group is a major shareholder
- (9) an executive of a company that engages a director or Audit & Supervisory Board Member (regardless of whether full or part time) from the Chugai Group or an executive of the parent company or any subsidiary of such company;
- (10) a director or other executive of a corporation, partnership, or other such organization that receives contributions or aid exceeding a certain amount (see note 6) from the Chugai Group;
- (11) an accounting auditor of the Chugai Group or any person belonging to an auditing corporation that is an accounting auditor of the Chugai Group; and
- (12) a close relative (see note 7) of any person (limited to those in material positions (see note 8)) who falls under any of (1) through (11) above.

Note 1: "Executive" means an executive director, executive officer, corporate officer, or other such employee or the like.

Note 2: "Major business partner" means a business partner whose transactions with the Chugai Group in any business year within the past five years total 2% or more of the consolidated sales of that business partner or the Chugai Group.

Note 3: "Major lender" means a lender from whom the Chugai Group's borrowings at the end of the business year exceed 2% of the Chugai Group's consolidated total assets at the end of that business year.

Note 4: "Large amount of money or other such assets" means, in any business year within the past five years, money or other such assets in excess of the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the money or other such assets.

Note 5: "Major shareholder" means a shareholder directly or indirectly holding 10% or more of total voting rights in any business year within the past five years.

Note 6: "Contributions or aid exceeding a certain amount" means, in any business year within the past five years, contributions or aid exceeding the greater of (a) ten

million yen annually or (b) 2% of the total annual income of the person receiving the contributions or aid.

Note 7: “Close relative” means a spouse or a relative within the second degree of kinship.

Note 8: “Those in material positions” means directors (excluding outside directors), corporate officers, and executive officers, or any person with authority equivalent to any of these.