

The Resolutions Concerning the Internal Control System by the Board of Directors

1. System for ensuring compliance of business operations executed by directors and employees in accordance with laws and articles of incorporation

- ① Directors and employees comply with “Chugai Group Code of Conduct (CCC).”
- ② Chugai Pharmaceutical Co., Ltd. (“the Company”) sets Sustainability Department, which is in charge of the Company’s compliance with laws and other relevant rules.
- ③ The Audit Department performs internal audits in accordance with “Internal Audit Charter” and reports the results to the Executive Committee and to the Audit & Supervisory Board.
- ④ The Company shall establish and implement the internal control system for ensuring the reliability of financial reporting and also conduct its assessment appropriately.

2. System for preserving and managing information relating to business operations performed by directors

- ① Documents and other information that relate to directors’ performance of their duties shall be properly preserved in accordance with “Document Management Rules” and other internal rules.
- ② The Audit & Supervisory Board and each individual Audit & Supervisory Board Member shall be given timely access to the above documents on request.

3. Regulations and systems regarding management of risks that may cause losses

- ① The Company makes efforts to reduce risks that may affect the business of the Company. Also, the Company resolves concerns promptly and properly, when faced with them. In doing this, directors and employees of the Company comply with “Risk Management Regulations” and other internal rules.

4. System for ensuring efficient functioning of directors

- ① The Board of Directors supervises operation of each individual director for its effective operation.
- ② The Company maintains the number of directors within a proper range and retains outside directors so that the Board of Directors can perform its function more effectively, including supervision of each individual director and can make decisions more promptly. Also, the Company adopts the executive officer system where each officer has specific roles and responsibilities for the Company's operation for its effective operation.
- ③ The Company shall regularly examine if the Board of Directors is effectively and efficiently performing its function and based on the results, take appropriate measures.
- ④ Directors and employees of the Company comply with "Regulations for Decision-Making" so that the Company can operate its business more promptly and effectively.

5. System for ensuring appropriate business operations of the corporate group comprised of the Company, its parent company, and subsidiaries

- ① Each affiliated company sets each administration section in accordance with "Chugai Group Management Policy" and "Chugai Group Management Guideline" in order to properly operate the Chugai Group, such as establishing the system to report matters on each affiliated company's business operations, regulations and systems regarding the management of risks that may cause losses, a system for ensuring efficient business operations, and ensuring compliance with laws and the articles of incorporation.
- ② Audit Department examines the affiliated companies in accordance with "Internal Audit Charter" and finds out whether the affiliated companies operate their business properly and effectively complying with laws, their articles, and other relevant rules.

6. System for elimination of antisocial forces

- ① The Company shall establish and maintain the corporate system that eliminates any connection with antisocial forces and groups in accordance with "Chugai Group Code of Conduct (CCC)."

7. System concerning employees who are requested by Audit & Supervisory Board Members to provide support

- ① The Company sets up the Office of Audit & Supervisory Board Members, which supports the Audit & Supervisory Board and each individual Audit & Supervisory Board Member.

8. Assurance of the Independence of Employees in the Previous Section from Directors and Effectiveness of the Instructions of Audit & Supervisory Board Members

- ① Office of Audit & Supervisory Board Members reports directly to the Audit & Supervisory Board and has full-time employees to ensure independence from directors and the effectiveness of instructions of Audit & Supervisory Board Members.
- ② The Company shall have a prior approval from the Audit & Supervisory Board when the Company performs an action that may cause a material effect to an employee of Office of Audit & Supervisory Board Members, such as new designation, transfer, evaluation, and disciplinary action.

9. System available to the Company's directors; employees; and each subsidiary's directors, Audit & Supervisory Board Members, and employees for reporting to Audit & Supervisory Board Members and other systems for reporting to Audit & Supervisory Board Members

- ① Each director of the Company, and each director and Audit & Supervisory Board Member of each subsidiary makes a report regularly to the Audit & Supervisory Board in accordance with "Regulations of Audit & Supervisory Board" and "Audit & Supervisory Board Members' Auditing Standards" set by the Audit & Supervisory Board.
- ② Required measures shall be taken in order for the person who has made the report under this section not to be treated unfavorably due to this report.

10. System for ensuring effective auditing by Audit & Supervisory Board Members

- ① Representative Directors have regular meetings with the Audit & Supervisory Board to exchange opinions and deepen mutual understanding

with regard to issues relating to audits, which audit concerns need to be addressed by the Company, circumstances under which Audit & Supervisory Board Members perform audits, and other important issues related to audits.

- ② Directors and employees of the Company and its affiliated companies cooperate with Audit & Supervisory Board Members when Audit & Supervisory Board Members perform audits of the companies in accordance with “Audit & Supervisory Board Members’ Auditing Standards” set by Audit & Supervisory Board Members.
- ③ Costs or indemnification arising from business operations performed by the Audit & Supervisory Board Members are promptly processed upon the request of the Audit & Supervisory Board Members.