



Roche Roche Group

Annual Report 2017

Fiscal year ended December 31, 2017



INNOVATION BEYOND IMAGINATION

Innovation all for the patients

CHUGAI PHARMACEUTICAL CO., LTD.

I'm a Futurian.

I have come from your not-too-far future.

While luxuries such as flying cars, robots, and AI are at the forefront of the news, the future of healthcare also holds new promise.

Imagine tailor-made medications, accessing a doctor from the palm of your hand, and a new era of disease prediction and prevention.

For more details, look into the future.

For a tomorrow only possible through biotechnology.





Chugai Pharmaceutical Co., Ltd. and its consolidated subsidiaries (“Chugai”) believe that achieving its mission will result in the creation and improvement of corporate value, and continue to take on new challenges based on the business philosophy of “Innovation all for the patients.”

The healthcare delivery environment is changing rapidly, and the needs of patients and healthcare providers are becoming more diverse and sophisticated, but Chugai will strive to be a company that delivers a high level of satisfaction to all of its stakeholders and receives their active support and trust.

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.

Business Philosophy

Innovation all for the patients

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Editorial Policy

Chugai Pharmaceutical Co., Ltd. (“Chugai” or the “Company”) has adopted integrated reporting to communicate both the financial and non-financial aspects of its corporate value by combining the traditional annual report with the print version of the corporate social responsibility (CSR) report.

Scope of This Report

This report presents information on Chugai Pharmaceutical Co., Ltd. and its consolidated subsidiaries. In some places, however, it gives data specifically pertaining to Chugai Pharmaceutical Co., Ltd.

Timeframe

The basic timeframe for this report is the financial reporting period of January to December 2017. However, in view of the importance of providing the latest information available, some information relating to activities that occurred in 2018 is included, mainly in research and clinical development data.

Information in This Report

The information presented in this report is information that Chugai believes to be important given its significance in building Chugai’s corporate value over the short, medium and long term, and its degree of impact on stakeholders. More detailed CSR information is reported on the Chugai website.

Reference Guidelines

The content of this report is focused on value creation, using as reference The International Integrated Reporting Framework issued by the International Integrated Reporting Council (IIRC) and Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment (Guidance for Collaborative Value Creation) compiled by the Ministry of Economy, Trade and Industry of Japan.

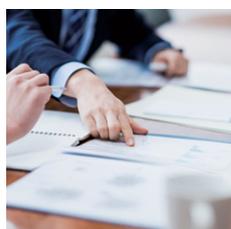
CSR information was prepared with reference to the Environmental Reporting Guidelines (Fiscal Year 2012 Edition) of the Ministry of the Environment of Japan and the 2013 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

Forward-Looking Statements

This annual report includes forward-looking statements pertaining to the business and prospects of Chugai. These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations due to risks and uncertainties that may affect the Company’s businesses.

Note

The information regarding pharmaceuticals (including products under development) is not intended for advertising, promotion or medical advice. All trademarks are the property of their respective holders.



Our Essence ①

- Chugai’s Mission (Purpose)
- 2 Ways We Seek to Provide Value for Patients
- 4 Our Goal: To Become a Top Pharmaceutical Company
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Chugai's Stance on Sustainability

Chugai's Approach to ESG

Chugai conducts its business activities to fulfill its mission of benefiting the medical community and human health around the world. That fundamental commitment, shared by each employee, has not changed since the Company was founded in response to the shortage of medicine after the Great Kanto Earthquake of 1923.

In recent years, interest has grown in using environmental, social and governance (ESG) metrics to assess corporate value that does not appear in the financial statements. Chugai views corporate value as a comprehensive product of its economic performance, social awareness and human development. We believe that making meaningful efforts in these aspects will enable us to steadily fulfill our mission over the long term, and increase our corporate value. In other words, for Chugai, which is engaged in business related to the important social issue of health, ESG and the continuous, long-term fulfillment of its mission are inextricably linked.

ESG and Business Activities

For example, the "social" aspect of ESG includes Chugai's

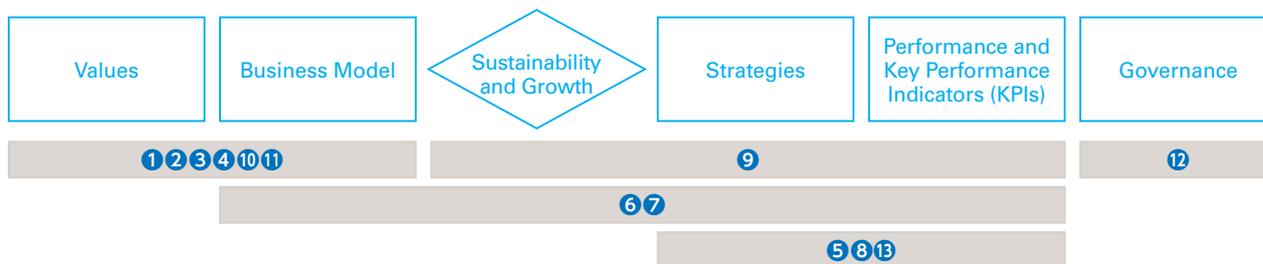
business activities for fulfilling its mission, and "environmental" encompasses its Company-wide efforts to help protect the global environment as an endeavor for the sustained fulfillment of its mission over the long term. In governance, as we are a member of the Roche Group, but maintain management autonomy and independence as a publicly listed company, we promote risk management and compliance to fulfill the mandate of our various stakeholders appropriately and fairly. We also emphasize human resource management based on the idea that people are the source of value creation.

Measures for Further Evolution

Amid the growing global focus on ESG, external initiatives such as the Sustainable Development Goals (SDGs) are increasingly being used as key metrics. Chugai's mission shares common values with the SDGs, and many of its initiatives are in line with the SDGs. In tandem with formulation of the next mid-term business plan, we are conducting a social and environmental analysis using such external initiatives for reference, and are considering formulating targets for non-financial aspects from the perspective of long-term sustainability.

Composition of the Annual Report

Chugai considers all of its activities, including the ESG initiatives described above, as efforts for value creation. Accordingly, in this report we aim to provide information that gives readers a deeper understanding of how we create value. The composition of this report follows the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation from the Ministry of Economy, Trade and Industry (METI) of Japan, as shown below.



Information on Chugai's CSR Initiatives

Chugai discloses its CSR initiatives in a variety of media, including this printed report and its website. Please refer to the website for further details on initiatives presented in this report.

For further details, see the CSR section of the Chugai website
<https://www.chugai-pharm.co.jp/english/csr/>

External Evaluation of Chugai's ESG Initiatives

Chugai is included in all three ESG indices selected by the Government Pension Investment Fund of Japan

 FTSE4Good	 FTSE Blossom Japan	 2017 Constituent MSCI Japan ESG Select Leaders Index
 2017 Constituent MSCI ESG Leaders Indexes	 2017 Constituent MSCI Japan Empowering Women Index (WIN)	