

Message from the Deputy Chairman



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In charge of Sustainability Dept., Audit Dept.



Chugai will pursue innovation to create shared value with stakeholders. Adopting that approach throughout our business, we will continue our own evolution as a company.

Stakeholders with a Common Purpose

Human health and wellbeing is a shared goal among all of our stakeholder groups: patients, healthcare providers, business partners, and employees; the governments, health insurers and regulators that support healthcare systems; university and other research institutions, and companies in other industries; and patients' families, communities, countries, industries and society as a whole. At Chugai, benefitting the medical community and human health around the world is the value we seek to deliver and subsequently expand through the pursuit of innovation.

That effort is focused on providing innovative pharmaceutical products, but it does not end there. We provide various kinds of information and promote coordination between healthcare facilities to enable the best treatment for each patient. We have also taken measures to improve screening rates and increase diagnostic accuracy, and cooperated with government entities and business partners in patient awareness campaigns. These and other activities, for which we have partnered with healthcare providers and local governments across Japan, have helped to eliminate regional disparities in standards of care, promote personalized healthcare and facilitate early detection and intervention in potential patients. As a

result, the innovative Chugai products that play a part in patient-centric healthcare are widely used, and Chugai itself has grown.

However, maintaining sustainable growth in the current climate of uncertainty and rapid change will require us to further clarify our shared value with society and integrate it into concrete strategic activities. Accordingly, we have set our redefined Envisioned Future as the foundation of creating shared value. The strategy we have formulated to realize that Envisioned Future is the new mid-term business plan IBI 21. I mentioned in *Annual Report 2017* that we would draw up a value creation strategy that includes non-financial aspects by analyzing the social environment and identifying the value we can contribute. The strategy we developed from that process is synonymous with creating shared value, and I believe it will promote an even more active dialogue with stakeholders. In that regard, you can look forward to what comes next.

Strengthening the Principles and Platforms for Creating Shared Value

To move forward on creating shared value, we redefined the values shared by all our employees (Core Values) and updated the Chugai Business Conduct Guidelines as the Chugai Group Code of Conduct. These principles will guide us in precisely and

quickly creating shared value based on changes in the external environment and stakeholder expectations. I will personally engage in dialogue with employees to ingrain the new code of conduct in our everyday operations as early as possible.

One of the strategies in IBI 21 is to strengthen sustainable platforms. For that, we analyzed and identified future issues for Chugai and defined priority areas for enhancement. We will take a more proactive approach to social issues such as climate change and environmental pollution. Moreover, we want to particularly emphasize human rights, health and productivity management, and compliance.

While respect for human rights was already part of our behavioral standards, and was emphasized in our operations, we felt doing more to ensure the protection of human rights throughout our supply chain was another key theme. Therefore, we recently issued a human rights declaration, and are working on a plan to steadily conduct due diligence in the supply chain.

In health and productivity management, a key theme is that the health of employees is connected to the health of the organization and improvement of productivity. This is an area where we believe Chugai should be in the forefront. We will raise the level of our health and productivity management by developing new metrics and accumulating case studies.

Compliance has always been important to Chugai, and that will not change. At Chugai, corporate ethics take priority over profit. Furthermore, we believe that in addition to abiding by laws and regulations, compliance is also about complying with the expectations and requests of stakeholders – in short, creating shared value. After restructuring our compliance system at the global level in 2017, we took further steps in 2018 that included the introduction of compliance planning and monitoring at each workplace. We will continue our rigorous efforts to ensure corporate, healthcare and regulatory compliance.

Innovation in Management

Having committed to a strategy of creating shared value, we will go beyond the innovation of products and services, and plan to focus more than ever on innovation and productivity improvement across the entire supply chain, as well as promoting the evolution of healthcare structures as a whole. Creating value by developing pharmaceuticals and providing solutions will remain our core business, but in the medium to long term, we can make a

significant impact on healthcare overall by clarifying the value we deliver to patients and improving access to healthcare.

In the process of formulating our management strategy, we held discussions on the evolution of Chugai’s management. One topic of those discussions was participation in the Sustainable Development Goals (SDGs) adopted by the U.N. We fully endorse the underlying purpose and principles of the SDGs, and I believe that advancing the strategy we have formulated will advance the SDGs. Among the goals, “3. Good health and well-being” is aligned with Chugai’s Mission. Management is committed to fulfilling this goal, and will also actively work toward other objectives such as ensuring job satisfaction for employees, achieving technological innovation, and carrying out responsible manufacturing and marketing.

We will share value with our various stakeholders and grow together with them. To that end, Chugai will promote continuous innovation in management.

Chugai’s SDG Focus



Among the 17 SDGs, Chugai prioritizes Goal 3, which directly links to its Mission. The next four SDGs shown help to achieve Goal 3, and the final six undergird its business activities.

Chugai Group Code of Conduct

The Mission set forth in the Mission Statement of the Chugai Group is to “Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world.”

We set Core Values as the most important standards of value judgment in realizing the Mission and will operate our business in accordance with them. Chugai Group will contribute to the realization of a sustainable society by solving social issues through creating innovation and efforts toward the global environment, human rights and others.

By acting as an appropriate business guide for every employee within the Chugai Group, the Chugai Group Code of Conduct aims to ensure that these business operations are implemented. Every member of the Chugai Group must act and judge in accordance with this code.

1. Responsibility to Patients

We will make each patient’s wellbeing our highest priority, and provide innovative, high-quality products and services with superior safety and efficacy.

2. Pursuing Innovation

With deep understanding and a broad perspective, we will focus our diverse talents on the continuous pursuit of innovation.

3. Acting with Integrity

We will strictly adhere to all laws and regulations in every situation, and maintain the highest standards of integrity and ethicality.

4. Respect for Human Rights

We will respect human rights in every aspect of our business activities.

5. Appropriate Partnerships

We will maintain appropriate and transparent relations with all of our stakeholders through ongoing discussion. We will work together to realize mutual development and find solutions to social issues. We also expect our business partners to maintain the highest standards of integrity and ethicality.

6. Management of Corporate Assets

We will achieve our management objectives through the optimal and appropriate management and use of corporate assets.

7. Disclosure of Information

We will actively and fairly disclose corporate information.

8. Social Contribution

As a good corporate citizen, we will actively promote our social contribution programs, and contribute to realizing a sustainable society.

9. Protection of the Global Environment

We conduct our business activities in harmony with nature and the environment, and preserve our “one and only Earth” for future generations.