



## Corporate Social Responsibility Report

CSR '09

Our mission is to add exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world.

## Editorial Policy | On the Publication of the Chugai Corporate Social Responsibility Report CSR '09

The purpose of the Chugai Corporate Social Responsibility Report CSR '09 is to inform stakeholders about the Chugai Group's views and initiatives regarding social responsibility and its environmental protection activities. This year, the report also features a Stakeholder Dialogue to give readers a clearer understanding of Chugai's approach to cancer care. We encourage you to provide candid feedback and opinions after reading the report.

Scope of this report

This report primarily presents data on the Chugai Group (Chugai Pharmaceutical Co., Ltd., and its consolidated subsidiaries in Japan). In places it also gives data specifically on Chugai Pharmaceutical Co., Ltd.

Timeframe covered

January 1, 2009 to December 31, 2009

Reference guidelines

The contents of this report conform to the Environmental Reporting Guidelines (Fiscal Year 2007 Edition) of Japan's Ministry of the Environment, and the 2006 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

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# Message from the President

Putting the Chugai Group mission statement and the Chugai Business Conduct Guidelines into practice to fulfill our social responsibility as a leading pharmaceutical company



The Chugai Group positioned 2009 as a year to make significant strides toward achieving the goals of its mid-term business plan, Sunrise 2012. To support our drive to become a top pharmaceutical company, we also drafted a new vision: To be a company that provides innovative medicines and services and consistently delivers new solutions to patients and healthcare providers around the world — a company where all innovation is for the benefit of patients. The Chugai Group is making concerted efforts to realize this vision.

## Achievements in 2009

The Chugai Group began cultivating biotechnology and antibody technologies in the 1980s, ahead of our competitors. Our strategic alliance with Roche also gave us access to a rich library of small-molecule compounds and allowed us to greatly expand our R&D pipeline. As a result, we have gained the top domestic market share in the fields of oncology and renal diseases. In 2009, solid growth in sales of products for bone and joint diseases improved our position in strategic therapeutic areas. In January 2009, Actemra, a humanized anti-human IL-6 receptor monoclonal antibody, was approved as RoActemra in the European Union for the additional indication of moderate to severe rheumatoid arthritis. In November, Avastin, a humanized anti-vascular endothelial growth factor (VEGF) monoclonal antibody, received approval in Japan for the additional indication of, and dosage and administration for, non-small cell lung cancer. In addition to the further development of these and other growth drivers, we completed filings for approval of five projects and started phase I clinical trials for four others, to create the foundation for future growth.

## The Chugai Group's Approach to Social Responsibility

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The Chugai Group strives to fulfill its social responsibility by using its mission statement as the starting point of business operations and by putting the Chugai Business Conduct Guidelines into practice. Chugai's stated 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. Going forward, we will do our utmost to contribute to improvements in patient care by using cutting-edge scientific technology to create a steady stream of innovative medicines with a particular focus on areas of unmet medical needs, where there is still great demand for new drugs and better treatments.

As Japan's leading pharmaceutical company in the field of oncology, Chugai conducts educational programs aimed at promoting patient-centered cancer care. In October 2009, we established the Chugai Academy for Advanced Oncology. The primary objective of this association is to promote deeper academic exchange between the world's top specialists in the field of oncology and healthcare providers who are playing a leading role in cutting-edge research and treatment of cancer in Japan. It will enable Chugai to contribute to the cancer treatment infrastructure in Japan as well as to the future advancement of cancer treatment from a standpoint different from our usual corporate activities.

The Chugai Group focuses its social contribution activities in the areas of healthcare, welfare, education, local communities, and the environment. In 2009, for example, we donated specially equipped welfare vehicles for the 25th consecutive year.

As environmental protection gains momentum worldwide, Chugai has taken the initiative to counter global warming with measures that include installing the latest energy-saving equipment and photovoltaic power generation equipment. We also recognize the need to place a higher priority on reducing greenhouse gas emissions. Therefore, in 2010, in addition to meeting the requirements of new laws and regulations that come into effect, we will formulate a mid-term greenhouse gas reduction plan centered on voluntary energy conservation measures to further advance environmental protection.

Chugai is committed to working even harder to meet the expectations of its stakeholders and promote the sustainable development of society by fulfilling its social responsibility as a leading pharmaceutical company. On behalf of the Chugai Group management team, I would like to thank all of you for your continued understanding and support of our efforts.



Osamu Nagayama  
Representative Director  
President, CEO and COO

# Contribution to Cancer Care

## 1. Stakeholder Dialogue

### Realizing cancer treatment that allows patients to confront their disease proactively and with hope

Breast cancer is the most common form of cancer in women, with about 40,000 cases diagnosed each year in Japan. Chugai invited two people closely involved in this field, Dr. Seigo Nakamura and Ms. Misako Togashi, to talk with Akio Tanaka, head of Chugai's Oncology Unit, about current and future issues in cancer treatment and Chugai's role in realizing patient-centered cancer care.

Moderator: Fumihisa Oshimi, Director, Link Investor Relations Inc.



From left: Akio Tanaka, Fumihisa Oshimi, Seigo Nakamura, Misako Togashi  
(This dialogue was recorded on November 26, 2009.)

#### Chugai's Initiatives in Cancer Care

**Moderator:** Today I'd like to discuss realizing cancer treatment that allows patients to confront their disease proactively and with hope. First, Mr. Tanaka, please tell us about Chugai's initiatives so far in cancer drug therapy.

**Tanaka:** Chugai's alliance with Roche<sup>1</sup> in 2002 enabled us to handle Roche products in Japan and thus provide a number of good medicines to Japanese cancer patients. We have been strengthening our systems year by year while providing appropriate information to those involved in treating cancer. Through these ongoing activities, Chugai gained the

top share of oncology sales in Japan for the first time in 2008. We are now advancing various initiatives in line with our vision of "realizing cancer treatment that allows patients to confront their disease proactively and with hope."

#### Evolution of Breast Cancer Treatment

**Moderator:** Dr. Nakamura, please describe how treatment of breast cancer has evolved over the years.

**Nakamura:** The concept of the disease of breast cancer and methods of treating it started as an area of medicine at the beginning of the 20th century. The mainstream treatment at that time was radical mastectomy,

which removed not only the entire breast but also the underlying chest muscles with it in order to remove many of the lymph nodes. In the early 1980s, clinical trials demonstrated that it is not always necessary to cut out a large area of surrounding tissue when surgically removing cancer cells in the breast. Since 1985, treatment combining breast-conserving surgery and radiation therapy has become well established.

Clinical studies of chemotherapy and hormone therapy followed, and gradually the mechanisms that cause cells to multiply became clear. One of the mechanisms identified stimulates cells to grow through a protein called HER2<sup>2</sup> on the surface of the cell membrane. This discovery resulted in the development of Chugai's Herceptin.

New drug research and the clinical development that followed the identification of these mechanisms of cell growth led to significant advances in the treatment of breast cancer. Systemic treatments such as chemotherapy and hormone therapy were introduced, and molecular targeted therapies<sup>3</sup> were developed. During the last ten years, we have seen a substantial increase in the types of therapeutic agents available.

1. F. Hoffman-La Roche Ltd. Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics.

2. A protein found on the outer surface of some types of cancer cells, including breast cancer cells. It sends signals to the nucleus of the cell telling the cell to grow.

3. Therapies developed by determining the mechanism of a disease and targeting the specific molecules related to that mechanism.

I have been helped by the various medicines I've used. Of course, even now I'm not optimistic. But there are still a number of medicines I can use, which gives me a lot of hope.



## Progress in Breast Cancer Treatment from a Patient's Perspective

**Moderator:** Ms. Togashi, from your own experience, how do you feel about the advances in breast cancer treatment?

**Togashi:** I first learned I had breast cancer in late August 1999. I found a lump about the size of a table tennis ball in my breast, so I had it checked by mammography, and it turned out to be cancer. I was shocked. I was hospitalized the same day and had surgery three days later. The doctor in charge said that because the tumor was more than three centimeters in size, breast-conservation treatment was impossible, so I underwent a simple mastectomy.<sup>4</sup> At the time, I was very worried because I knew nothing about breast cancer. I was relieved when test results showed that the cancer had not spread to the lymph nodes, but since the tumor was large, it turned out I had to take a combination of hormone drugs and anti-cancer agents after the surgery.

After the operation, I was terrified that the cancer might recur, so I joined Akebonokai and received a lot of information. Two years later, a regular exam found that the cancer had spread to my lungs, and I thought my life was over. It was then that I went to Dr. Nakamura, who I'd met at a study session, for a second opinion. That was the turning point. He told me I'd have

to continue treatment for the rest of my life, and under his direction I switched medications. For the next four years I went for weekly infusions of anti-cancer agents. Dr. Nakamura suggested drug therapy that followed the flow of the standard of care — using a hormone drug until the effect starts to fade, then switching to a different hormone drug. When the drug I had been using no longer worked, I switched to the next one. The treatment was effective for a little more than a year, but it gradually lost its effectiveness and my tumor marker<sup>5</sup> levels began to rise again, so I was put on a different anti-cancer agent. Now I'm taking a new hormone drug, and my condition is stable.

**Moderator:** So you have personally experienced the advances in breast cancer treatment during the last ten years.

**Togashi:** Well, Dr. Nakamura told me that many new breast cancer medicines are being developed every day, so if I live even a little longer, everything should work out fine. In fact, I have been helped by the various medicines I've used during the last ten years. I suppose I'm fortunate because if my disease had occurred earlier these medicines wouldn't have been available. Of course, even now I'm not optimistic. But there are still a number of medicines I can use, which gives me a lot of hope.

## Misako Togashi

Born in Kagoshima Prefecture in 1955, Ms. Togashi underwent breast cancer surgery in October 1999, but the cancer spread to her lungs in 2001. After undergoing treatment with anti-cancer agents, she is currently in treatment for recurrence with hormone agents. In February 2002, she joined the office staff of Akebonokai ("Dawn Association"), Japan's largest breast cancer patient support organization, and was appointed vice chair in 2006. Based on an idea from Akebonokai chairperson Takako Watt, she launched the Tokyo Mammography Campaign to raise the mammography rate, primarily in Tokyo, and currently serves as the representative of that project.

## What is the Standard of Care?

**Moderator:** Dr. Nakamura, Ms. Togashi says that your treatment followed the standard of care. What exactly is the standard of care?

**Nakamura:** "The standard of care" is the most effective therapy with a scientific basis — that is to say, based on the results of large-scale clinical trials. If another therapy is demonstrated to be more effective in new clinical trials, then it becomes the new standard of care. In Western countries, treatment guidelines for each type of cancer based on the standard of care have been issued since the early 1990s. Japan lagged behind Europe and the United States, but recently high-quality large-scale clinical trials are finally being conducted here too,

4. Surgery that removes the breast but leaves the chest muscles in place.

5. A substance that increases as the cancer progresses. In general, a clinical examination uses antibodies to detect such substances that have been liberated into the bloodstream.





**Domestic standards have not reached the level of standards of care in other parts of the world. We continue to work every day to close that gap.**

**Dr. Seigo Nakamura**

St. Luke's International Hospital  
Director, Breast Center  
Director of Breast Surgical Oncology

After graduating from Chiba University School of Medicine, Dr. Nakamura trained in the Department of Surgery at St. Luke's International Hospital, where he later became a surgeon (in charge of the breast cancer clinic). He trained at the MD Anderson Cancer Center in the U.S. in 1997, received EBM training at McMaster University in 1999 and became Director of Breast Surgical Oncology at St. Luke's in 2003. He established the Breast Center at St. Luke's in 2005 and became its first director.

and treatment guidelines by type of cancer have been compiled. However, there are some medicines that are not yet approved in Japan or are only approved for other indications, so domestic standards have not reached the level of standards of care in other parts of the world. We continue to work every day to close the gap between Japan and other countries.

**The Chugai Group's Initiatives to Realize Patient-Centered Healthcare**

**Moderator:** Does the goal of bringing standards of care in Japan

to a global level as soon as possible also tie into Chugai's ambition to realize patient-centered healthcare?

**Tanaka:** Yes. Closing the gap in standard therapy levels is crucial for realizing patient-centered healthcare. The most effective way of promoting a standard of care is a multidisciplinary team approach.<sup>6</sup> We've been told by the doctors at the M.D. Anderson Cancer Center,<sup>7</sup> a world leader in oncology, that pharmaceutical companies are also members of the team. The results of a survey on implementation of standards of care in Japan also clearly showed that supporting such an approach is an effective way of encouraging adoption of a standard of care.

Chugai's role is to realize patient-centered healthcare by promoting standards of care through effective provision of information and assistance in multidisciplinary team care. To fulfill this role, we have undertaken various initiatives over the last several years, including conveying information to doctors, nurses and pharmacists through scientific conferences and seminars.

**Moderator:** What initiatives is Chugai taking for patients?

**Tanaka:** Patients who suspect or have been told they have cancer are all filled with anxiety, so they need high-quality information. That's why we launched a website in May 2009 to deliver accurate information to patients and

the general public. In addition, for cancer patient associations we hold study sessions and support various events such as the Pink Ribbon campaign and charity concerts.

**Contributing to Personalized Treatment as a Global Company**

**Moderator:** Finally, what are your requests and expectations for Chugai? Dr. Nakamura?

**Nakamura:** We are approaching an era of personalized treatment in which cancer diagnosis and treatment will be tailored to each individual patient. The doctor and patient will discuss and decide on the most appropriate course of treatment based on considerations that include the patient's values and philosophy of life. Even doctors sometimes have difficulty deciding what medicine is most suitable for the patient, but Chugai, with its numerous new molecular targeted therapies, clearly conveys the position of its drugs from the standpoint of the patient. I am very pleased that Chugai is working to implement its vision of "realizing cancer treatment that allows patients to confront their disease proactively and with hope" by developing innovative, useful medicines and making them available to patients as quickly as possible.

My hope is that physicians and pharmaceutical companies can

6. An approach to treatment in which patients themselves participate as a member of a team, and all professionals involved in healthcare contribute their expertise and cooperate on an equal basis.

7. The leading hospital in the U.S. for cancer care. It is famous as the first hospital to adopt a multidisciplinary team approach in which specialists from various disciplines participate in the care of an individual patient.



**We will listen sincerely to everyone's views while working to realize, as quickly as we can, cancer treatment that allows patients to confront their disease proactively and with hope.**

cooperate even more to create a system of care that allows truly necessary medicines to be used when they are needed.

**Tanaka:** What Dr. Nakamura says really drives home the weight of the role we need to fulfill. I think there are still many areas that pharmaceutical companies should research to contribute to personalized treatment. Chugai will work together with Roche to create medicines that benefit both doctors and patients.

**Nakamura:** I appreciate that. As I said earlier, I believe that it is necessary to create a society in which people can receive the same level of treatment anywhere in the world. I look forward to Chugai's further contributions globally.

**Tanaka:** Global activities are a major theme for us. The establishment of the Chugai Academy for Advanced Oncology in October 2009 is part of that. Our objective in this case is to contribute to cancer care in Japan from a neutral position rather than as a corporate activity. At this facility, we plan to conduct exchanges with some of the world's leading oncologists, as well as present and develop solutions to various issues.

### Providing Accurate Information that Gives Patients Hope

**Moderator:** What is your view as a patient, Ms. Togashi?

**Togashi:** I live every day thankful for the doctors, the hospital staff and the people at the pharmaceutical companies. I always wonder what would have happened to me without those medicines. On the other hand, I am also aware of the reality that many people are dying because new medicines have not been developed in time to save them. I would like drugs that are approved in other countries to be approved quickly in Japan too, so that doctors here are able to use them.

**Tanaka:** Chugai shares your concern. We believe that the social responsibility of drug manufacturers is to make good medicines available as quickly as possible. We are constantly thinking about what we can do for patients and realize that patients in Japan won't be able to get treatment with a new medicine unless we produce results in clinical trials. We take that responsibility very seriously and are moving development forward every day.

**Togashi:** I have one more request. Chugai-supported events for cancer patients have been increasing, but how about holding seminars for the general public as well? I think it could be a breakthrough program. For example, even though the Pink Ribbon campaign has become more active, the breast cancer screening rate is still not rising. I think it's important to first teach women about the necessity of getting screened. Then I would also appreciate it if you would provide



**Akio Tanaka**

Vice President, Deputy General Manager of Sales Div. and Head of Oncology Unit  
Chugai Pharmaceutical Co., Ltd.

accurate information that gives women with cancer hope that they can live longer if they get the proper treatment.

**Tanaka:** As you say, to increase the breast cancer screening rate, we need to do more to communicate information, including appealing to the media. Another crucial point is how to follow the progress of patients. How we can contribute to patients and their families as a pharmaceutical company is a theme we ought to consider.

The themes that Chugai should address are diverse, but we will listen sincerely to everyone's views while working to realize, as quickly as we can, cancer treatment that allows patients to confront their disease proactively and with hope.

**Moderator:** Thank you all for sharing your thoughts today.

# Contribution to Cancer Care

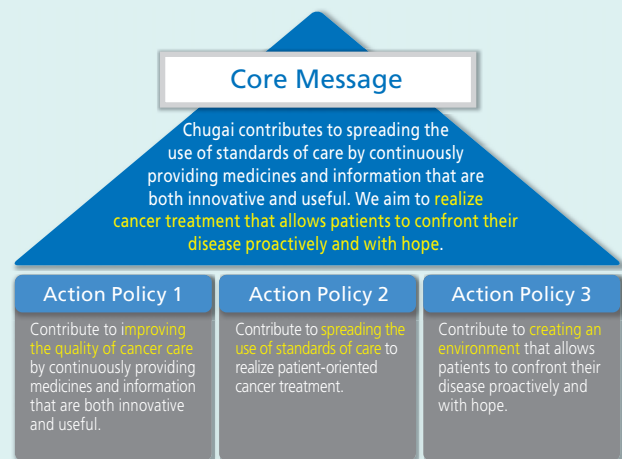
## 2. Promotion of CHUGAI ONCOLOGY

### Working to make Chugai synonymous with oncology

Launches of new products, the introduction of additional indications and a growing product lineup have made Chugai the number-one provider of anti-cancer medicines in Japan. With this success come higher expectations from society. To become a true leader in cancer treatment, we have begun various initiatives to develop CHUGAI ONCOLOGY into the strongest, most trusted brand and to make Chugai synonymous with oncology.

#### The CHUGAI ONCOLOGY Vision

Chugai has positioned oncology (care of cancer) as one of its target therapeutic areas and has promoted the widespread use of its products. However, the oncology environment has changed dramatically in recent years with national initiatives to fight cancer, including measures to promote patient participation in their own treatment. In 2008, Chugai issued its Core Message and Three Action Policies to strengthen its activities from the standpoint of patients, and applied them throughout the Chugai Group. At the same time, we set out our vision of “realizing cancer treatment that allows patients to confront their disease proactively and with hope.” We are undertaking various initiatives to fulfill this vision.



#### Summary of Action Policies

##### 1. Contribute to Improving the Quality of Cancer Care

In addition to concentrating resources on research and development of innovative and useful drugs (anti-cancer agents) that help to heal and extend the lives of cancer patients, providing accurate and timely information on side effects and other aspects of drug safety is one of our fundamental activities as a pharmaceutical company.

##### 2. Contribute to Spreading the Use of Standards of Care

Establishing standards of care to promote equitable access<sup>1</sup> to cancer care is one of the objectives of the Japanese government's Basic Plan to Promote Cancer Control Programs, which was issued in June 2007. Cancer treatment has traditionally been conducted at the discretion of the doctor. However, with the introduction of molecular targeted therapies and other breakthrough cancer drugs during the past decade, drug therapy has

1. The Japanese government is moving to rectify regional disparities in medical technology and other aspects of care so that patients can receive standard specialized therapies anywhere in Japan.

become extremely difficult for doctors to undertake alone. In order to realize cancer treatment that gives patients hope, treatment must be carried by a multidisciplinary team of doctors, nurses, pharmacists and other healthcare professionals. Based on this idea, Chugai has been conducting activities to support popularization of the multidisciplinary team approach since 2006.

##### 3. Contribute to Creating an Environment of Hope

With growing awareness of concepts such as informed consent and second opinion, patients are becoming more actively involved in deciding their own treatment. Moreover, the growth of the Internet has given patients the ability to gather a variety of information. Amid these trends, Chugai is providing information on its website and conducting educational activities to help create an environment in which patients can confront cancer proactively and with hope.

## Activities in 2009 That Contributed to Creating an Environment of Hope

### Establishment of Cancer Information Website for Patients

Chugai has launched Cancer Information Guide, a website for patients. This site employs a navigation tool — the first in the industry — to help patients sort through the plethora of information and find easy-to-understand explanations from medical specialists on cancer therapies and mental health care suited to their specific conditions. Chugai will continue to further enhance the content of the site to provide information to more cancer patients.



### Co-sponsorship of, and Employee Participation in, Relay For Life



Chugai has co-sponsored the Relay For Life (RFL)<sup>2</sup> cancer education support campaign since 2007, and Chugai employees participate as volunteers. In 2009, we invited participants not only from the head office but also from branches and research laboratories, and a total of 340 employees participated in RFL events at 13 sites throughout Japan. A Giant Colon was displayed at three of these sites to educate visitors about colorectal cancer. Chugai plans to further enliven this event in 2010 and beyond through voluntary employee participation.

#### Giant Colon

The Giant Colon is an inflatable tunnel-shaped replica of a human colon created by a nonprofit organization of patients with colorectal cancer in Europe to inform people about this disease. Visitors who enter the tunnel, which is more than two meters high, can explore what goes on inside the colon and see colorectal polyps. The exhibit generates interest among visitors of all ages while helping them understand the importance of cancer screenings.



### Co-sponsorship of Pink Ribbon campaign



### Special Sponsorship of Charity concert



### Publication of Cancer Information Pamphlets for Patients



2. A fundraising event started in Tacoma, Washington in 1985 by Dr. Gordy Klatt of the American Cancer Society to fight cancer. Doctors, patients and their families participate as teams in a 24-hour walking relay to

foster solidarity in the fight against cancer. The event is now held in 20 countries around the world. The first Relay For Life in Japan took place in Ibaraki Prefecture in 2006. (Source: Japan Cancer Society website)

# Responsibility to Society

The Chugai Group's primary social responsibility is to contribute to human health.

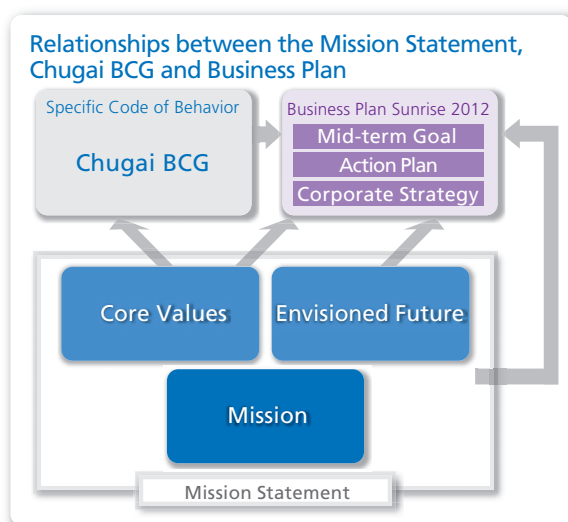
## Our Approach

Fulfilling our responsibility to society by conducting all our business activities in accordance with our Mission Statement and the Chugai Business Conduct Guidelines

To realize its mission, Chugai has established a Mission Statement that includes seven Core Values to be shared as individuals and as a company in order to ensure sound business activities as we work toward our Envisioned Future. The Core Values also form the basis of the Chugai Business Conduct Guidelines (Chugai BCG), a code of behavior for individual employees in day-to-day business operations.

Moreover, we have formulated a mid-term business plan, Sunrise 2012, and are working to achieve its targets.

By conducting business activities with the Mission Statement at their core, we fulfill our social responsibility as a company and meet the diverse expectations of our stakeholders.



### Mission Statement 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

- The primary focus of all our activities is patients and consumers.
- In all our activities we are committed to the highest ethical and moral standards.
- We value employees who develop profound expertise and broad perspectives and pursue innovation and challenges without fear of failure.
- Wherever we operate around the world we seek to understand and respect people and cultures and to behave as good corporate citizens.
- We promote an open and active corporate culture that respects individuality, ability and teamwork.
- We care about the global environment.
- We aim to achieve a fair return for our shareholders and to disclose information appropriately and in a timely manner.

### Envisioned Future

As a most important member of the Roche group, we aim to become a top Japanese pharmaceutical company by providing a continuous flow of innovative new medicines domestically and internationally.

### Chugai Business Conduct Guidelines

#### Responsibility to Patients and Consumers

We will always put the patient and the consumer first, and provide high-quality products and services of superior safety and efficacy.

#### Strict Adherence to the Law

In all our business activities, we will strictly adhere to all laws and their underlying principles.

#### Respect for Human Rights

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

#### Fair Trade

We will engage in fair and transparent transactions with medical institutions and organizations, suppliers and customers.

#### Management of Corporate Assets

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

#### Disclosure of Information

We will actively and fairly disclose corporate information in accordance with both legal requirements and the principles of social justice.

#### Social Contribution

We will remain aware of our responsibility as a good corporate citizen and actively continue with our social action programs.

#### Protection of the Global Environment

We will do our best to protect the environment by conducting all our business activities in accordance with the Chugai Environmental and Safety Charter.

#### Relations with Governmental and Administrative Bodies

We will maintain fair and transparent relations with policymakers and administrative bodies.

#### Relations with External Bodies

We will maintain fair and transparent relations, within reason, with external bodies.

### Mid-Term Business Plan Sunrise 2012

Sunrise 2012, which started in 2008, is the Chugai Group's five-year business plan that incorporates goals and strategies to promote innovation and rapid growth. In 2009, the second year of the plan, the Chugai Group undertook various initiatives to strongly advance toward becoming a top pharmaceutical company, including strengthening portfolio management and fully deploying its strategic marketing capacity. In addition, an explanatory guide was distributed to all employees to promote their understanding of Sunrise 2012 and ensure thorough efforts to achieve its targets.

#### Sunrise 2012 Numerical Targets

**Consolidated net sales: ¥460 billion**  
**Consolidated operating income: ¥80 billion**



## Viewing the personal growth of employees as a barometer of social responsibility performance

Our business activities are based on the idea that Chugai's social responsibility is to develop and supply innovative pharmaceuticals and to apply the Chugai BCG to address social challenges in collaboration with stakeholders. In particular, I want to focus on the degree to which employees make judgments and act autonomously, as well as grow personally, through their application of the Chugai BCG in their respective job settings, and use the sum of these as a barometer of our social responsibility performance.



**Motoo Ueno**, Representative Director, Deputy President, Corporate Social Responsibility

## Framework for Promoting Social Responsibility

The Corporate Social Responsibility Committee, chaired by the Deputy President, deliberates and makes decisions on issues, policies, targets and action plans concerning social responsibility for all of the Chugai Group's business activities. The Corporate Social Responsibility Department is in charge of implementing the committee's decisions and presiding over daily activities, and works to provide support for CSR activities and assess their results.

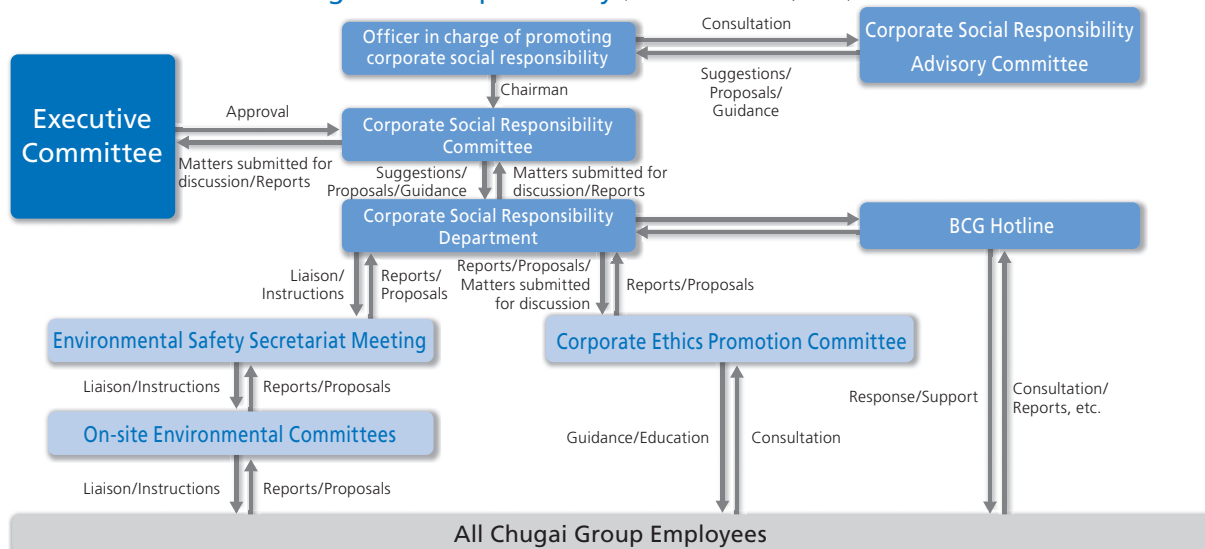
In the Corporate Ethics Promotion Committee, a practical unit for promoting social responsibility, members assigned in each workplace to promote the Chugai BCG receive information and training and exchange opinions. They then return to their respective workplaces to support the heads of their organizations in promoting the Chugai BCG and activities to enhance awareness of human rights.

At the Environmental Safety Secretariat Meeting, action plans, results of activities, and the next action plans based on those plans and activities are shared with the individuals responsible for environmental and safety initiatives at each facility. This helps to ensure that initiatives are implemented effectively throughout the Group.

## BCG Hotline

The BCG Hotline has been set up in-house to provide opportunities for consultation about any suspected issues or questions related to the law, Company rules, or the Chugai BCG. Use of the hotline facilitates response to and resolution of problems or other matters that are difficult to discuss in the workplace. This enhances the capacity of each workplace to address its own issues, and fosters a positive environment.

## Framework for Promoting Social Responsibility (As of December 31, 2009)



# Socially Responsible Management

Focusing on prompt decision-making, clear executive responsibility and management transparency

## Chugai's Basic View of Corporate Governance

Chugai is committed to continuously increasing corporate value and responding appropriately and fairly to the requests of all stakeholders, including shareholders. To fulfill this commitment, the Company has positioned the enhancement of corporate governance as an important management task and is building a system that emphasizes prompt decision-making, clear executive responsibility, and management transparency. Toward this end, Chugai has been improving its governance system through measures that include appointing outside directors and by introducing an executive officer system. Although the Company is affiliated with Roche Pharmholding B.V. on a consolidated basis, it is an independently listed company, and its decision-making is conducted under the principles of autonomy and independence.

## Decision-Making and Systems for Business Execution and Auditing

### Board of Directors

Chugai's Board of Directors is composed of 13 members including six outside directors. It makes decisions on the most important management issues and oversees business execution based on the status reports it receives.

### Executive Committee

All major decisions concerning business execution are delegated by the Board of Directors to the Executive Committee, which is composed of the president and the 11 main executive officers. Full-time corporate auditors also attend Executive Committee meetings to express their views from the standpoint of sound corporate governance.

### Board of Auditors

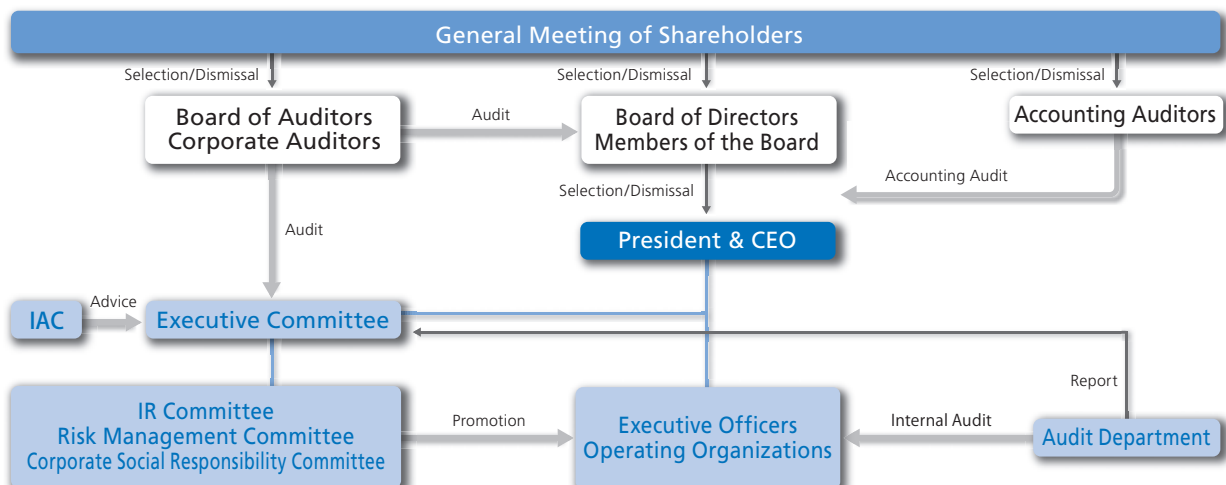
The Board of Auditors is made up of four corporate auditors, two of whom are outside auditors. They carefully audit management decision-making and the status of business execution by attending meetings of the Board of Directors and Executive Committee and by examining business reports from members of the Board of Directors.

### International Advisory Council (IAC)

Chugai has also established an International Advisory Council (IAC) composed of specialists from Japan and other countries. In an effort to further enhance decision-making, Chugai receives valuable counsel from the IAC to ensure that the Company continues to respond effectively to the rapidly changing global business environment.

(Figures are as of December 31, 2009)

## Corporate Governance System (As of December 31, 2009)



## Internal Audit System

In order to maintain its independence and objectivity as the department in charge of internal auditing, the Audit Department was set up with corporate staff in an independent organizational structure. The Audit Department audits the activities of each department of the Chugai Group and reports the results to the Executive Committee.

Relevant departments are advised of items needing improvement, and follow-up audits are conducted six months later to verify the status of improvements. The results of these audits are reported to the vice presidents in charge. In addition, the Audit Department reports results of internal audits to the full-time corporate auditors.

The Audit Department also works with all departments to conduct an annual internal control self-assessment. This enhances awareness of internal controls among department heads, and the feedback they receive on their assessment results helps them to improve their internal controls.

## Internal Control over Financial Reporting

In the Chugai Group, full application of the internal control system for financial reporting under Japan's new Financial Instruments and Exchange Act (commonly called "J-SOX") began in 2009. Group-wide preparations for this system began in 2006, including identification of internal control risks, documentation of internal control activities and Control Design Effectiveness Assessment. Based on extensive discussion with external auditors, we have improved and established appropriate internal controls for the best possible system. Consequently, the assessment of internal controls and their operation proceeded without any major problems, and an external auditor also identified no material deficiencies. As a result, internal control over financial reporting was judged effective as of December 31, 2009.

Going forward, the Chugai Group will continue steady operation of the system to ensure that internal control is properly maintained while striving to establish a more effective and efficient work flow.

## Risk Management System

The Chugai Group has established Risk Management Regulations and has a Risk Management Committee and a Risk Management & Compliance Department that implement Group-wide risk management. Risks that could have a material impact on the Group's business activities are treated as Group-wide risks. Management policies are established for each type of risk, and concrete measures are taken proactively in an effort to prevent them from materializing.

In addition, divisional risk management committees identify risks in each division and implement countermeasures.

The progress of, and response to, these major risk issues are reviewed every quarter, confirmed by the Risk Management Committee and reported to the Executive Committee.

To deal with emergencies, Chugai has a disaster response mechanism in place. In the event of a crisis, an emergency headquarters will be established, headed by a representative director.

## Commitment to Compliance

Chugai has established Compliance Regulations and has set up a Compliance Committee under the Risk Management Committee to regularly ascertain the status of compliance throughout the Group. The compliance managers and others responsible for compliance in each organization within the Chugai Group strive to ensure that all laws are properly observed.

Department managers are surveyed each quarter to assess compliance and reconfirm compliance items. The results and response policies are discussed by the Compliance Committee and then reported to the Executive Committee.

If a suspected compliance issue arises, it is reported to the Risk Management & Compliance Department and the department in charge of the issue involved. Suitable response measures are then taken.

## Measures to Deal with the New Influenza Virus

In response to the influenza A/H1N1 pandemic, Chugai set up an emergency headquarters headed by a representative director to plan and implement measures to prevent any material impact on business operations. To ensure employee safety and business continuity, after taking internal and external conditions into account, necessary countermeasures were promptly implemented, including measures to prevent infection among employees and their families and to limit the spread of infection within the Company.

Chugai also implemented various contingency measures based on its business continuity plan.

Infection control	Created a handbook, secured and distributed infection control supplies, etc.
Measures to limit the spread of infection	Enforced a code of conduct, created workplace infection control manual, etc.

# CSR Initiatives

The Chugai Group's social responsibility activities encompass various fields for the benefit of stakeholders, centered on the supply of innovative pharmaceuticals and services. Below is a summary of our performance indicators in 2009 for specific activities in six categories.

## Initiatives and Performance in 2009

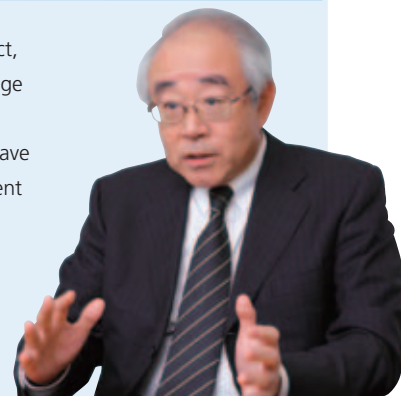
Items	Main initiatives
High ethical and moral standards	<ul style="list-style-type: none"> <li>• Fostering high ethical standards through training on the Chugai BCG, continuous efforts to build human rights awareness</li> <li>• Maintaining high animal welfare standards in accordance with international guidelines</li> <li>• Trading fairly with suppliers and customers</li> <li>• Promoting compliance with the Pharmaceutical Affairs Law, fair competition codes, promotion codes, and other laws and regulations</li> </ul>
Patients and consumers	<ul style="list-style-type: none"> <li>• Pursuing the development and provision of innovative pharmaceuticals</li> <li>• Conducting activities to build awareness of disease in priority fields</li> <li>• Conducting support activities for patients</li> <li>• Providing support for developing countries</li> <li>• Responding to inquiries and disclosing information</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Disclosing information in an unbiased and highly transparent manner</li> <li>• Holding frequent dialogues with investors in and outside Japan</li> <li>• Holding general meetings of shareholders and shareholder receptions</li> <li>• Realizing steady dividend payments</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Conducting welfare initiatives for the elderly and people with disabilities</li> <li>• Nurturing the next generation of individuals who will carry science and technology forward</li> <li>• Supporting employee volunteer activities</li> <li>• Contributing to the local communities where sites are located</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Fostering human assets who are competent in the global arena</li> <li>• Building a work environment that is motivating and fulfilling for every employee</li> <li>• Building sound labor-management relations</li> <li>• Creating safe, pleasant workplaces</li> </ul>
Environmental protection and occupational safety and health	<ul style="list-style-type: none"> <li>• Promoting global warming countermeasures</li> <li>• Pursuing resource conservation and waste reduction</li> <li>• Enhancing environmental awareness</li> <li>• Making environment-related contributions to local communities</li> <li>• Disclosing environmental information</li> <li>• Thoroughly managing chemical substances</li> </ul>



**Chugai will work to encourage employees to undertake social responsibility activities autonomously, to broaden the scope of CSR activities, and to achieve its environmental targets.**

Chugai educates all employees in the Chugai BCG, which serve as a common basis for conduct, and checks their understanding of them. Ultimately, we want to empower our employees to engage in social responsibility activities autonomously, and to broaden participation in those activities. Environmental protection is another priority that we are proactively addressing. In particular, we have taken various steps to reduce CO<sub>2</sub> emissions, such as introducing solar power generation equipment and hybrid cars. Increases in the scale of research and development and production will make it difficult to reach our current targets, but we will continue working to reduce CO<sub>2</sub> emissions.

**Yoichi Yamanaka**, Vice President, General Manager of Corporate Social Responsibility Department



**Main performance indicators in 2009**

Page reference

- BCG and Human Rights training attendees: 13,576 (includes repeat attendees; Chugai Group in Japan)
- In-house education and training for people who perform animal experiments: 32 sessions attended by 453 people
- State of ethical and legal compliance survey within the Sales Division: Responses received from a cumulative total of 4,637 people

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- Approval of RoActemra in EU; approval of partial change of API manufacturing method and pharmaceutical formulation of Epogin Injection
- R&D expenses/sales: 12.9% (Chugai Group)
- Special sponsorship of a cancer charity event: Christmas Concert in Yokohama featuring the Star Philharmonic Chorus (December 20, 2009 in Yokohama, Japan); participation in Relay For Life Japan 2009
- Cumulative number of countries receiving free therapeutic drugs for treating children with lymphangioma: 69 (program in its 19th year)
- Disease awareness activities and co-sponsored events held: 20
- Customer inquiries answered by Chugai's Drug Information Center: 78,980 (includes telephone, e-mail and fax inquiries)

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- Briefings for the media and investors: 19
- Responses made to individual requests for information, such as by securities analysts: 200
- Institutional investors outside Japan visited in person by top executives: 62
- General meeting of shareholders and shareholders' reception: 629 participants at the Royal Park Hotel in Tokyo on March 25, 2009
- Return on equity (ROE): 13.7% (Chugai Group)
- Dividend per share: ¥40 (annual)

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- Recipients of welfare vehicles to provide transportation for home welfare services: a total of 178 vehicles over 25 years (total of five vehicles to five organizations in 2009)
- Video presentations given at Dr. Kitanomaru's Bio Pharmaceutical Laboratory exhibit: 43,204 (January to December, 2009)
- Summer Biotech Lab for Kids at the Japan Science Foundation's Science Museum in Tokyo: 84 participants in lab, 459 at hands-on corner
- Employees taking volunteer holiday: 1
- Classes for the local community at Shizuoka Sangyo University: total 12 lectures

27

- Future Core Leaders Program, HR Reinforcement Basic Program, Functional Expertise Program and Self-Innovation Program
- Number of employees taking childcare leave: 43
- Users of wiiwiw (an online tool that supports employees who return to work after taking childcare leave): 38 (cumulative total)
- Occupational injury frequency rate: 1.64
- Accidents resulting in absence from work: 2 (Chugai Group)
- Lost workdays resulting from occupational accidents: 11 (Chugai Group in Japan)

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- CO<sub>2</sub> emissions compared with 2003: Up 30% (Chugai Group in Japan)
- Petroleum-based fuel usage: 4.5% (total for plants and research laboratories)
- Ratio of hybrid sales vehicles: 26.8%
- Volume of waste generated compared with 1990: 11.5% (Chugai Group in Japan)
- Volume of landfilled waste compared with 1990: 2.0% (Chugai Group in Japan)
- Participants in environmental e-learning course: 1,677 (Chugai Group in Japan)

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# Commitment to High Ethical and Moral Standards

Embracing high ethical and moral standards in all our activities as a healthcare company

## Corporate Ethics Take Priority over Profit

Chugai places paramount importance on respect for life, and pursues fair and transparent corporate activities based on high ethical standards, along with sincere scientific initiatives. This approach is essential for creating trusting, win-win relationships with stakeholders and contributing to the sustainable development of society.

When the new Chugai was created in October 2002, the president issued a message to all employees concerning the need to prioritize corporate ethics over profit.

The Company published a Mission Statement (see page 10) declaring its path to becoming a company that meets stakeholders' expectations and fulfills its social responsibilities, and also established the Chugai Business Conduct Guidelines (Chugai BCG) to accompany the statement.

To realize this mission, all employees of the Chugai Group place top priority on sharing these values, as well as on understanding and practicing the ethical standards necessary to execute their jobs.

Chugai is committed to judging every action before taking it.

## Commitment to Ethical Promotional Activities

Pharmaceutical companies have a responsibility to pursue quality, effectiveness and safety in all their operations, from product R&D to sales. They must also rapidly collect and disseminate accurate information on pharmaceuticals in an appropriate manner.

Japan's pharmaceutical industry has voluntarily established a promotion code for the independent marketing of pharmaceuticals. There is also a fair competition agreement that covers the manufacture and sale of pharmaceuticals, which serves to regulate the provision of free drug samples to medical institutions. The Chugai Group actively supports the efforts of the Fair Trade Council of the Ethical Pharmaceutical Drugs Marketing Industry and the Japan Pharmaceutical Manufacturers Association's Promotion Code Committee — the institutions administering the above-mentioned industry rules — and has also gone one step further by establishing and implementing its own code of conduct for pharmaceutical promotion. The Chugai Promotion Code Committee serves as the decision-making body for Chugai's code, and full-time monitors at

the head office and branches ensure proper adherence to the fair competition agreement and the Chugai code. In these ways, we are taking decisive steps to ensure that all of our marketing activities are highly ethical.

## Creating a Corporate Culture of Respect for Self and Others

A culture of respect for human rights is essential for building a dynamic, outstanding company that deserves the trust of society. Diversity management and respect for human rights are important parts of the Chugai Business Conduct Guidelines, which outline a code of conduct based on the Core Values shared by Chugai employees.

Chugai is committed to fostering a corporate culture where people respect themselves and others, where they can do rewarding work with creativity and enthusiasm. The key to this is creating a culture that encourages diversity and respect for others' values so that all employees can have strong self-esteem and live up to their full potential — that is, creating workplaces that are free from harassment and infringement of human rights.

A corporate culture that respects human rights inspires everyone, thus improving productivity. Moreover, by raising awareness of human rights and promoting respect for diversity within Chugai, such a culture helps eliminate discrimination and infringement of human rights in broader society as the Company interacts with the public as a corporation, and through the everyday lives of its people.

## Chugai's View of Animal Welfare

Research using laboratory animals to confirm the safety and efficacy of drugs is essential to the development of the pharmaceuticals that contribute dramatic improvements to human health. At the same time, this research must thoroughly comply with the 3R<sup>1</sup> principles. In 1988, the Chugai Group established guidelines on how to treat laboratory animals in research, and has adhered to these ever since, conducting all animal testing in an ethical, scientifically sound manner.

1. The principles of replacement, reduction and refinement, which are applied in order to ensure animal welfare during research



The keyword can be translated into English as, "You cannot respect others if you cannot respect yourself."

Although these guidelines have been partially revised from time to time, Chugai has consistently practiced ethical animal testing in line with this basic philosophy: "We must consider both ethical and scientific issues when undertaking animal experiments, taking into account ethical issues including aspects of animal physiology, ecology, and behavior as they affect animal welfare, and rearing animals with compassion, respect for animal life, and measures to minimize pain."

In 2005, Chugai reformed its Ethics Committee for the Treatment of Laboratory Animals, which was originally established with the advent of the guidelines, and renamed it the Institutional Animal Care and Use Committee. In addition to further clarifying the lines of responsibility within the Company, we added nonaffiliated voting committee members to ensure objective monitoring of animal testing from the perspective of the general public. At the same time, an institutional qualification program was adopted for researchers and animal handlers involved in animal testing to provide appropriate education and training designed to cultivate ethical animal testing. (In 2009, 79 participants took part in occasional training courses held 32 times, and 453 participants took part in annual training courses held five times.)

These initiatives have been evaluated by AAALAC International,<sup>2</sup> a global independent evaluation organization, and in 2007 Chugai obtained full accreditation as a result. Inspection by AAALAC International is repeated every three years, and we will continue our tireless effort to ensure animal welfare.

## Bioethics Initiatives in R&D

Chugai has established Ethical Guidelines for Research that Uses Human-derived Test Material. Chugai has also formed a Research Ethics Committee to ensure that research using human-derived test material is carried out appropriately, with human dignity, respect for human rights and the understanding and cooperation of society. Half of the members of this committee are from outside Chugai. Of the outside members, more than half are people from the humanities and social sciences, including ethics and law, as well as people with a more general background. The composition and operation of the committee helps to ensure that it is responsive to changes in social conditions while



carrying out fair, objective evaluations from an interdisciplinary and pluralistic frame of reference.

In response to the enactment of sweeping revisions to the Japanese government's Ethical Guidelines for Clinical Studies in April 2009, Chugai carried out researcher training on the knowledge required when conducting research, including ethics for research using human-derived test material. Chugai will continue this training in 2010, and will expand it to include Research Ethics Committee members to ensure that research is conducted with the highest priority on ethics.

## Conduct of Clinical Trials

Clinical trials are essential for verifying the safety and efficacy of investigational products. Naturally, clinical trials must be performed with respect for the rights of trial subjects. Clinical trials are closely monitored for patient safety, following stringent scientific methodology based on the highest ethical standards.

The Chugai Group is committed to evaluating the real merit of investigational products using well-established, reputable testing procedures that comply with Japan's Pharmaceutical Affairs Law and other related legislation.

### ■ Protocol Review Committee

Before the start of a proposed clinical trial, the Protocol Review Committee checks the protocol to ensure that it is ethically and scientifically sound. The protocol is then checked by a governmental regulatory agency, before being carefully examined by an Institutional Review Board, which is composed of medical professionals and non-medical members at medical institutions. This board makes a decision on whether or not Chugai may proceed with a given trial.

### ■ Standard Operating Procedures

Clinical trials are undertaken in compliance with specific Standard Operating Procedures (SOPs) prepared and updated by Chugai. Chugai's SOPs comply with all applicable pharmaceutical laws and regulations.

### ■ Safety Evaluation Committee

Whenever obtaining important information on safety of investigational products from clinical trials, Chugai promptly gathers the needed information, and then analyzes and deliberates on it in a Safety Evaluation Committee composed of medical and scientific experts including physicians. This ensures that patient welfare always remains the highest priority through the meticulous process of sharing information with regulatory authorities and the medical institutions involved.

2. Association for Assessment and Accreditation of Laboratory Animal Care International, a private non-profit organization that promotes the humane treatment of animals in scientific research through voluntary

inspection and accreditation programs. More than 790 facilities in 32 countries have been accredited.

# Initiatives for Stakeholders

The Chugai Group is putting the Chugai Business Conduct Guidelines into practice to secure the trust of all stakeholders.

## Initiatives for Patients and Consumers

### Developing and Providing Pharmaceuticals

We strive to develop and provide a stable supply of innovative, science-based pharmaceuticals.

#### Innovative Pharmaceuticals

##### ■ Actemra

Actemra (sold under the name RoActemra in Europe; generic name: tocilizumab), the product of joint research by Chugai and Osaka University, is the first antibody drug developed in Japan. Prior to its launch in other countries, Actemra was approved for manufacturing and marketing in Japan in April 2005 as a treatment to improve various symptoms and laboratory findings associated with Castleman's disease, a rare disorder. The indications of rheumatoid arthritis, polyarticular-course juvenile idiopathic arthritis and systemic-onset juvenile idiopathic arthritis were added in April 2008. In Japan, Chugai has continued to collect information on the use of this drug after its market launch and promote its appropriate use. Outside Japan, Actemra received approval from the European Medicines Agency in January 2009 for the indication of rheumatoid arthritis, and a series of market launches has begun in Europe and other countries. In the United States, efforts to obtain approval of Actemra for rheumatoid arthritis are progressing.

Actemra has a unique mechanism of action that works by inhibiting the action of a substance called interleukin-6 (IL-6), which is related to the immune system. Chugai believes this drug can offer a new treatment option to healthcare providers. It is currently under development for additional indications, and we expect it to contribute significantly to medical care.



#### Innovative R&D

Chugai is constantly working to develop innovative, original drug candidates with worldwide potential. The company focuses on five main fields — oncology, renal diseases, bone & joint diseases, diabetes and infectious diseases — as it strives to build a strong, highly productive research pipeline of pharmaceuticals under development. Chugai's research system ensures that resources are allocated first to projects that have the greatest promise of realizing highly original products.

Moreover, the Company has the strong technology platform required to develop entirely new drug candidates and also enjoys advantages in production technology for antibody drugs. Chugai is combining its own expertise and innovation with the strengths of the Roche Group in joint initiatives toward personalized care and by sharing information and research infrastructure such as research tools, chemical compound banks and chemical compound evaluation databases. Chugai is also working closely with R&D alliance partners Forerunner Pharma Research Co., Ltd., in Tokyo, PharmaLogicals Research Pte. Ltd. in Singapore, and C&C Research Laboratories in South Korea. Leveraging the benefits of a research network that includes joint research and alliances with universities, research institutions, and other firms in and outside Japan, we are committed to pioneering research and the creation of groundbreaking technologies.

#### Ensuring a Stable Supply of High-Quality Pharmaceuticals

##### ■ Stable procurement of raw materials and packaging materials

Raw material procurement plays a central role in providing a stable and continuous supply of consistently high-quality pharmaceuticals to healthcare providers and patients. However, stable procurement of raw materials is constantly



exposed to risks such as discontinued production due to the merger or closing of suppliers, spikes in prices or problems with availability due to fluctuations in the balance of raw material supply and demand, or delays in delivery caused by accidents at suppliers. Chugai takes a number of measures to avoid these risks and ensure the stable supply of pharmaceuticals to the market. For each raw material, we monitor market trends and the management conditions of suppliers; conduct quality assessments, price analysis and delivery management; and analyze risks at production facilities, such as natural disasters.

To further ensure the quality and stable procurement of raw materials, Chugai is optimizing supply chain management on a global basis. We will also strive for mutual trust and growth through even more detailed information sharing with suppliers.

#### ■ Executing global supply chain management

Chugai has a mission as a supplier of Japan's first original antibody drug to provide a stable supply of this product to overseas markets. To achieve this, Chugai established a global supply chain. Our supply chain leader shared the worldwide demand information with Roche, and then Chugai and Roche developed a Global Demand & Supply Control System for suitable supply planning and management. This system got underway in 2008.

Conversely, when importing Roche products, Chugai must make purchase plans to meet Japanese demand and routinely monitor product temperature during transportation. Accordingly, supply chain management is becoming more complicated and globalized. Chugai is therefore

strengthening its risk management, while constantly striving to provide a stable supply of medicines from and into Japan.

#### ■ Reliable distribution of pharmaceuticals and promotional samples

All employees of Chugai Distribution Co., Ltd. faithfully carry out their jobs with a commitment to putting the delivery recipient first. The mission of this company is to consistently provide high-quality distribution services to pharmaceutical wholesalers and to Chugai's medical representatives (MRs). In order to ensure safe and reliable delivery, Chugai Distribution performs computerized inventory management. It also uses solutions devised by employees, such as special packaging for pharmaceuticals and promotional samples that make it easy for the recipient to tell the items apart and help prevent damage during transport.

#### ■ Information sharing for quality and safety

With a mission to ensure a steady supply of medicine to the public, Japan's pharmaceutical wholesalers distribute pharmaceuticals to insurance pharmacies, hospitals, clinics and other medical institutions. Chugai cooperates with these distribution partners in providing information to medical institutions regarding the efficacy and safety of drugs, as well as other details to ensure their proper use. Chugai strives to ensure a steady supply of pharmaceuticals reaches the patients who need them.

#### ■ Ensuring traceability

Chugai provides many biologically derived products and pharmaceuticals requiring strict distribution management. In order to ensure the reliable delivery of these medicines to medical institutions and insurance pharmacies so that

patients can use them safely, Chugai works with pharmaceutical wholesalers to ensure traceability. This effort includes careful management of expiration dates and distribution management numbers using bar codes, as well as safety measures relating to distribution processes.



Pre-shipment inspection of sample packs



Packaging of sample packs



Sorting of case units for shipment



Promotional sample shipping

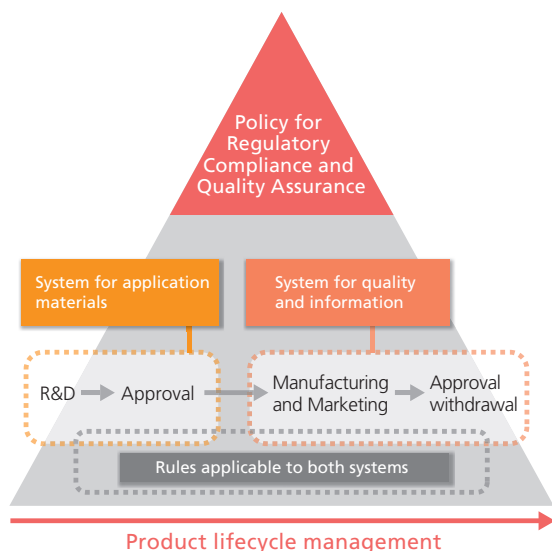
# Increasing Product Reliability

## A Global-Standard Regulatory Compliance and Quality Assurance System

Chugai works hard to supply high-quality medicines and pharmaceuticals of superior efficacy and safety to healthcare providers around the world, and strives to ensure timely and accurate delivery of quality information on the proper use of its products.

The Company's fundamental views on reliability assurance are stated in the policy for regulatory compliance and quality assurance and in the regulatory compliance and quality assurance system, both of which came into effect in October 2007. This policy and system are based on our Mission Statement, which encompasses the Chugai Group's mission, Core Values, and Envisioned Future, and on the Chugai Business Conduct Guidelines, which describes our code of behavior.

### Regulatory Compliance and Quality Assurance System



The policy for regulatory compliance and quality assurance places specific emphasis on the following four points for ensuring reliability. Through them, we aim for ever tighter reliability assurance throughout each product's lifecycle.

- (1) Assurance of product quality
- (2) Assurance of product information quality
- (3) Assurance of business process quality
- (4) Assurance of staff suitability

We are currently undertaking the following two activities to further improve our regulatory compliance and quality assurance system and to achieve consistency with Roche's global policies.

First, we are upgrading our organizational and work structures related to the quality of products by creating a system that incorporates the ICH Q10 Pharmaceutical Quality System compiled by the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

Second, we are responding to the increasing number of global clinical trials and pharmaceutical safety regulations in Europe, which requires not only the establishment of a global framework but also operations consistent with Roche.

Internal rules reflecting these initiatives have to be established or revised. It is also imperative that these rules are known to everyone in the relevant departments and put into effect.

## Post-marketing All-patient Surveillance

Chugai has been conducting post-marketing all-patient surveillance for the anti-cancer agents Avastin and Tarceva and the rheumatoid arthritis agent Actemra\* to better ensure the safety of these medicines. In the surveillance, therapeutic precautions are shared with physicians depending on the severity of the patient's symptoms, and the occurrence of adverse drug reactions is monitored. Updates on the surveillance status containing valuable therapeutic information are provided to medical institutions as they become available.

In November 2009, Avastin received approval for the additional indication of, and dosage and administration for, unresectable advanced or recurrent non-squamous, non-small cell lung cancer. Early post-marketing phase vigilance is currently in progress for this indication.

We are continuing our efforts to contribute to healthcare by providing innovative new drugs and new therapeutic options in oncology and other areas. In addition, we will strive to proactively provide accurate risk-benefit information so that patients and healthcare providers can use our medicines with peace of mind.

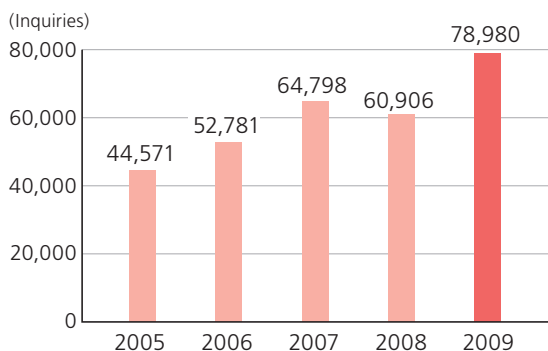
\*Sold under the name RoActemra in Europe.

### Drug Information Center

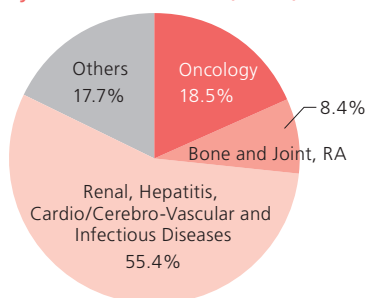
Chugai's Drug Information Center supplies healthcare providers, patients and other consumers with information on our pharmaceuticals in response to telephone and e-mail inquiries. The center handles inquiries not only during regular business hours, but also on holidays and late at night, and provides accurate explanations that make even very specialized topics easy to understand.

There were approximately 80,000 telephone inquiries in 2009; about 87 percent were from outside the Company, up from 80 percent in 2008. In particular, there was an increase in inquiries about Tamiflu during 2009, reflecting concern about the influenza A/H1N1 pandemic. In the first half of the year, which included the winter flu season, the number of inquiries averaged about 5,600 per month. In the second half, however, this figure jumped sharply to about 7,000 per month, with more than 10,000 inquiries in November 2009. As a result, the center was unable to answer calls promptly, causing inconvenience for many customers. In the future, all of the center staff will endeavor to respond to every customer in a timely manner.

#### Number of Inquiries Received by the Drug Information Center



#### Inquiries by Treatment Area (2009)



#### Treatment Areas Handled by Each Consultation Group

- Oncology Product Consultation Group: Oncology
- Bone Disease and Rheumatism Product Consultation Group: Bone and Joint, and RA
- General Product Consultation Group: Renal, Hepatitis, Cardio/Cerebro-Vascular and Infectious Diseases

### Tamiflu-related Activities

Due to the influenza A/H1N1 global pandemic in 2009, fears of influenza became a major topic, and the efficacy of Tamiflu, an anti-influenza agent used worldwide, was reconfirmed. The Tamiflu package insert states that pregnant and nursing women and others in high-risk groups should take Tamiflu only if it is judged that the benefit of treatment outweighs the risks.

Previously, only adults and adolescents aged 13 and older were prescribed Tamiflu for prophylaxis, but in December 2009, Tamiflu was also approved for prophylaxis in infants and children younger than 13.

Due to the resulting widespread use of Tamiflu, Chugai will continue to collect safety data in pregnant women, infants and children, and patients with specified underlying medical conditions.

We will also supply healthcare providers with the latest information as it becomes available, including updates on drug resistance in seasonal influenza; safety information for pregnant women, infants and children; and information provided globally by Roche.

#### Influenza Information Service Website Wins 2009 Best Disease Information Website Award

In 2001, Nippon Roche K.K. launched the Influenza Information Service, a website on influenza, based on a social mission to provide appropriate information to the general public as well as patients and healthcare providers. This website, continued by Chugai, was nominated in the general category and received the top award in the 2009 Best Disease Information Website Awards. Inaugurated in 2009, the awards are sponsored by QLife, which runs a hospital search and medical information website. Winners are selected by medical specialists based on voting by the public in five categories, including ease of understanding, efficient access to needed information and practicality.



# Contributing to Patient-Centered Healthcare

## Support Activities for Patients

### ■ Anti-cancer charity concert

Chugai has held charity events since 2005 to inform the public about cancer and to increase awareness of cancer patient associations. In 2009, we were once again the special sponsor of the Christmas Concert in Yokohama featuring the Star Philharmonic Chorus. The chorus was led by television personality Kuniko Yamada, whose lighthearted talk and laughter enlivened the event. At booths set up in the concert hall lobby, 26 cancer patient associations and support organizations displayed materials explaining their activities. Interactions among patients at the exhibits, including some who learned about the existence of the patient associations for the first time, were lively.



The Christmas Concert in Yokohama featuring the Star Philharmonic Chorus

### ■ Relay For Life

Since 2007, Chugai has participated in the Relay For Life (RFL), a 24-hour walk-a-thon by patients and their families and supporters to raise funds for supporting cancer patients. Relays were held at 14 venues nationwide in Japan during 2009, and about 340 Chugai employees participated in 13 of them as "Team Chugai." Furthermore, an inflatable Giant Colon was displayed at three of the 13 sites to increase visitors' awareness of colorectal cancer.



Relay For Life in Yokohama

### ■ Supporting the Pink Ribbon campaign

Breast cancer affects more than one out of every twenty Japanese women; the number of younger Japanese women who develop breast cancer has been rising in recent years. Since 2005, Chugai has participated in the Pink Ribbon campaign to promote early diagnosis and treatment of breast cancer. In 2009, we once again co-sponsored the awareness campaign throughout Japan, including the Pink Ribbon Festival 2009, and continued our tradition of in-house awareness by distributing pink ribbon badges to all employees.

### ■ Open seminars on rheumatism held at seven venues

To help provide the public with correct information on rheumatism, Chugai sponsored open seminars in seven prefectures across Japan entitled "Rheumatism Treatment Today" in cooperation with the Japan Rheumatism Friendship Association (JRFA) and local newspapers. At each venue, participants listened intently to the lectures on the latest medical information, which were given by local rheumatologists and Japanese opinion leaders. The lectures were followed by lively question-and-answer sessions, and participants examined with interest the JRFA's exhibit of mobility aids and journals.

### ■ Open seminar on chronic kidney disease (CKD)

Chugai sponsored a Nikkei Shimbun forum entitled "Stop CKD" in cooperation with the Japanese Society of Nephrology and the Japan Association of Kidney Disease Patients. Easy-to-understand lectures were given on lifestyle habits to help prevent kidneys from deteriorating, as well as on physical signs to look for and health screenings that can lead to early detection. Afterwards, specialist physicians gave lectures on the characteristics of therapeutic methods and precautions to take during treatment. Many participants showed a high level of interest, commenting that they had learned much and wanted events such as this to be held again.



Open seminar



■ **Supporting bone-marrow transplantation (José Carreras Christmas Concert)**

Chugai was a special co-sponsor for a charity concert entitled "Volunteer for Life: José Carreras' Christmas Concert" held in December 2009. This was the seventh time that Mr. Carreras has performed this charity concert. The concert supports and helps patients suffering from blood diseases such as leukemia by assisting the activities of the Japan Marrow Donor Program and the José Carreras International Leukaemia Foundation.

Accompanied by an orchestra, maestro Carreras sang 19 songs, including encores, to a packed house. Many people made donations to the Japan Marrow Donor Program at the concert hall.



José Carreras



Concert poster

■ **NPO Shuhei Ogita Fund supporting patients with lymphatic malformations**

For 19 years Chugai has provided Picibanil, an anti-cancer agent and agent for treating lymphangiomas,<sup>2</sup> free of charge, to children worldwide suffering from incurable lymphatic malformations, working with the non-profit organization Shuhei Ogita Fund (<http://www.fund-ogita.org/>).

In 1986, Dr. Shuhei Ogita, then a pediatric surgeon at Kyoto Prefectural University of Medicine, found that local injection of Picibanil produced remarkable results in patients with lymphatic malformations, which until then had only been treatable with an extremely difficult surgical procedure. With that discovery, he set up the Little Carlos Fund<sup>3</sup> to help children outside Japan suffering from lymphatic malformations. In honor of his achievements, and to abide by his wishes, it was renamed the Shuhei Ogita Fund in 2003, the year of his passing. The fund's activities are being carried out to make the treatment equally available to children around the world who suffer from this disease, regardless of their local medical situation or financial difficulties.

Supporting Developing Countries

■ **Contributing to the development of medicine and pharmaceutical sciences in Asia**

The 14th TBRF Research Outcomes Presentation organized by the Tokyo Biochemical Research Foundation (TBRF) took place in December 2009. At the presentation, reports by seven researchers from China, India, and Bangladesh, who are currently doing research in Japan, were followed by a get-together of the researchers invited and accepted into the TBRF program and participants from TBRF and Chugai.

Chugai has provided support for TBRF since 1960 to fund research and train researchers in the fields of medicine and pharmaceutical sciences. Since 1995, TBRF has operated an international joint research fellowship program inviting young postdoctoral researchers from Asia to Japan to conduct joint research at universities and academic research institutions. To date, the program has supported 50 researchers from 11 countries.



Participants at the TBRF Research Outcomes Presentation

1. World-famous Spanish tenor who overcame chronic myelogenous leukemia by bone-marrow transplantation.
2. A rare disease in which lymphatic fluid abnormally pools in the lymphatic vessels and makes cysts in parts of the body. In many cases, it is found at birth. Unlike cancer, lymphatic malformations are benign, but can retard children's development, and occasionally the cysts compress the respiratory tract and become life-threatening.
3. A fund established by Dr. Ogita in 1992 after he learned about the travel expenses a family from Mexico had to come up with to get Picibanil local injection therapy for their 14 month-old boy Carlos.

Organization of Workshops for Cancer Patient Associations

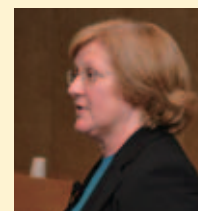
A program to explore the potential for cancer patient activities in Japan, with Ms. Jean Mossman, a leading cancer patient advocate in Europe



Cancer has become a disease familiar to everyone, and it is estimated today that one in three women and one in two men will develop cancer at some point in their lives. In recent years, there have been activities to reflect, as much as possible, patients' concerns in cancer care. Advocacy is about speaking out on important issues of concern, and in the context of medical care it involves activities to ensure that the issues raised by cancer patients and their families as they confront cancer are heard by the government, medical institutions, and healthcare groups. As a pharmaceutical company playing a leading role in cancer care in Japan, Chugai has organized workshops for Japanese cancer patient associations to help them learn about advanced advocacy activities in Europe and promote patient-centered care.

**Jean Mossman**

Born in Britain, Ms. Jean Mossman is a leading advocate for cancer patients in Europe. Since retiring as Chief Executive of CancerBACUP in the UK, she has been working as an independent healthcare consultant, cooperating with patient associations, the UK Department of Health, Roche, and other pharmaceutical companies to increase opportunities for patients to participate in medical care.



**About 60 participants from 30 patient associations**

Workshops on advocacy activities for cancer patient associations were held in Tokyo on May 9, 2009, and in Osaka on the following day as part of Chugai's project "at the Front Line CHUGAI ONCOLOGY." The objective of the project is to realize cancer care that allows patients to confront their disease proactively and with hope. A total of about 60 participants from 30 patient associations took part in the two workshops. Each workshop consisted of a talk by Ms. Mossman, a leading advocate for cancer patients in Europe, and a panel discussion featuring Ms. Mossman and representatives of the Japanese patient associations on the theme of advocacy activities in Japan.

**Britain Against Cancer conference the result of advocacy**

Ms. Mossman joined CancerBACUP, a British cancer patient association, when her husband developed cancer. She later assumed the position of Chief Executive. According to her, the fact that CancerBACUP receives about 35,000 inquiries a year on every topic related to cancer care in the UK has led her to face the issues. "The survival rates of cancer patients in the UK before 1998 were low for many reasons, including regional disparity in access to treatment, shortages of government funding and cancer-trained staff, and a lack of radiotherapy and diagnostic equipment," she says. "I became involved in patient advocacy because I found it necessary to convey patients' concerns directly to politicians in order to realize the cancer care they need. As a result of

our advocacy efforts, the All Party Parliamentary Group on Cancer, a non-partisan group, was formed. This has allowed patient associations to participate in Britain Against Cancer conferences. Unified efforts by parliament, governmental agencies, patients, pharmaceutical companies, and the media have successfully contributed to improving cancer care."

**Patient input can change cancer care**

"Developing an innovative drug is meaningless if the drug is not delivered to patients. Patient input is the most important factor in advocacy. Advocacy can change cancer care."

Ms. Mossman's talk focused on what can be done to make patients' voices heard. Providing a number of European examples, she talked about the importance of advocacy and the role of patient associations.

"It is important for patient associations to have a clear vision of how they want to change medical care, to prepare evidence before participating in discussions, and to cooperate with the media, funders, and associations with the same objective in order to build relationships of trust. It is also important to have faith that hospitals and governmental agencies will extend a helping hand."

Comments from the audience following Ms. Mossman's talk included "The role of a patient association should not be limited to providing information to patients" and "She made me realize the need for patient advocacy."

# Initiatives for Shareholders and Investors

## Ensuring accountability by securing management transparency

### Information Disclosure Policy

Chugai endeavors to disclose and explain its corporate activities, including management philosophies and business strategies, in an easy to understand, appropriate, timely and fair manner to its shareholders and investors. The Corporate Communications Department is in charge of disclosing corporate information, and the IR Committee, headed by the executive officer in charge of investor relations, formulates the Company's information disclosure policies and oversees the disclosure of relevant information.

For details on policies regarding information disclosure to capital market participants, please visit our website:  
[www.chugai-pharm.co.jp/english/ir/policy/disclosure.html](http://www.chugai-pharm.co.jp/english/ir/policy/disclosure.html)

### Enhancing Investor Understanding

#### ■ Information disclosure on website

Chugai uses its website to ensure prompt and fair disclosure of information to its shareholders and investors. Information provided online includes news releases, financial statements, new product development status, briefing materials, annual reports and IR calendars. With the convenience of individual investors in mind, the Company also notifies investors by e-mail when the IR website has been updated with news releases and other information. Briefing materials and other IR information are released simultaneously in Japanese and English via the Company website and e-mail to ensure fair information disclosure to investors both in and outside Japan.

#### ■ Briefings on business performance

When quarterly results are announced, briefings and conference calls are held for analysts, investors and the media to directly explain the Company's performance. In 2009, Chugai held three additional events to deepen understanding of its business: a briefing by top management in March, a tour of the Utsunomiya Plant in August, and an R&D information meeting in December that focused on diabetes, a new target area in addition to oncology, renal diseases, and bone and joint diseases. Webcasts of such meetings are posted on the Chugai website as part of our efforts to provide ample information to stakeholders.

In addition, Chugai's top executives are committed to communicating directly with overseas investors and regularly travel outside of Japan for this purpose. In 2009, they visited Europe, the United States, and Asia. The Company also supports individual shareholders by holding information meetings at branches of securities companies in each region.

#### ■ General meeting of shareholders and shareholders' conference

On March 25, 2009, the Company's 98th annual general meeting of shareholders was held at the Royal Park Hotel in Tokyo, attended by 629 shareholders — most of them individual investors. After an audio-visual presentation of the business report, all items on the agenda, including the disposition of surplus and the election of directors and a corporate auditor, were discussed and approved by a majority vote.

At the shareholders' conference held following the post-meeting break,

President Nagayama gave a presentation on the rapidly changing pharmaceutical industry and Chugai's growth strategy, in which shareholders showed keen interest.



IR home page



Annual report

### Basic Policy on Profit Distribution

With regard to profit distribution, Chugai aims to provide stable returns to shareholders. Taking account of short-term fluctuations in earnings due to the effect of influenza epidemics and the like, medium-to-long-term strategic investment funding needs and earnings prospects, the Company aims to maintain a dividend payout ratio of around 40 percent on average.

### Recognition from Socially Responsible Investment Institution

Chugai is listed on the FTSE4Good Index Series, which includes companies that meet globally recognized standards in the area of socially responsible investment (SRI). The FTSE4Good Index Series is maintained by the FTSE Group in the UK, which offers a variety of investment indices. This index series tracks the stocks of about 2,400 listed companies in 23 countries worldwide.

Chugai has been selected for this global SRI index in recognition of its efforts relating to the environment, society and human rights.



# Working with Business Partners

## Building fair, transparent relationships as equals, and strengthening cooperation

### Initiatives for Building Fair, Transparent Relationships

The Chugai Group emphasizes cooperation with its business partners and works on a daily basis to promote various initiatives to ensure fair and transparent relationships with them as equals.

In 2005, we introduced an electronic purchasing system as an optimal mechanism for building fair and transparent business relationships. In addition, we have been standardizing and optimizing our process for purchasing indirect materials, such as office supplies, to ensure healthy competition.

### Purchasing Policy

The Chugai Group's purchasing policy is designed to build fair and transparent relationships with business partners and strengthen cooperation with them.

<b>Ethics, compliance with laws and regulations</b>	Comply with laws and regulations, social norms, Chugai Business Conduct Guidelines (BCG), and Chugai ethical purchasing standards to conduct fair purchasing activities and healthy business transactions.
<b>Impartial, fair, open policy</b>	Provide the opportunity for Japanese and overseas business partners to conduct business with Chugai openly, impartially, and fairly regardless of management size or trading performance.
<b>Environment</b>	Promote procurement activities that take into account the global environment by conducting green procurement with our business partners.
<b>Quality</b>	Respect the spirit of GMP and pursue high quality and safe material alongside our business partners.
<b>Cost</b>	Set appropriate prices and promote lower costs by considering volume discounts realized through the consolidation of business partners as well as the change of business partners.
<b>Mutual trust and growth, protect intellectual property</b>	Fulfill our obligations faithfully under the contracts with our business partners, establish equally cooperative relationships, and aim for mutual growth. Do not disclose confidential information related to business transactions to third parties without the relevant supplier's permission.
<b>Select and evaluate business partners</b>	Select business partners based on an overall objective evaluation of their quality, price, timing, information, stable supply of material and products, and consideration towards social responsibility.

### Chugai Ethical Purchasing Standards

The Chugai ethical purchasing standards outline the principles for ethical conduct for all companies and individuals participating in its purchasing process in order to build and maintain sound transaction relationships with business partners. For example, the standards specify actions that should be taken with regard to gifts and invitations for entertainment, including dining together.

#### ■ Gifts

Any gifts that are offered must be declined, and the incident must be reported to the head of the organization concerned. Any gifts received by delivery must be returned with a polite letter of decline. However, generally distributed promotional articles, such as hand towels, calendars and datebooks, may be accepted within commonly accepted limits.

#### ■ Entertainment

Any offers of entertainment, including dining together, must be declined, and the incident must be reported to the head of the organization concerned.

### Initiatives in 2009

The Chugai Group has been pursuing purchasing activities that balance compliance, business efficiency, and cost reduction. To this end, based on our experience in purchasing activities, we have restructured the purchasing processes — rules and work flow — so that each process corresponds with the characteristics of each particular commodity group and transaction type.

More specifically, in terms of compliance, the restructuring of the purchasing processes and rules has clarified internal roles and responsibilities, promoted greater fairness and transparency, and increased operational efficiency through the cataloguing of indirect materials in the electronic purchasing system.

In April 2009, we incorporated a new competitive quotation mechanism into the purchasing system to promote fair competition.

We will continue our efforts to conduct purchasing activities that maintain a good balance of compliance, operational efficiency, and cost reduction.



# Initiatives for Communities

Contributing to local communities and society, with the aim of growing with them

## The Chugai Group's Social Contribution Activities

The Chugai Group contributes to the development of local communities and society through its social contribution activities. Our aim is to grow with the communities we serve. These activities also provide a valuable opportunity for participating employees to become more conscious of our roles and responsibilities as a corporate citizen.

### ■ Donating welfare vehicles

In October 2009, Chugai donated welfare vehicles to five home welfare facilities serving senior citizens and people with disabilities. This donation program has been ongoing since Chugai started it in 1985 to mark the Company's 60th anniversary. The program provides specially equipped vehicles as a means of transportation for elderly and disabled people who receive at-home nursing care. This year's donations bring the total number of vehicles provided so far to 178. Recipients are selected nationwide in cooperation with the Japan National Council of Social Welfare and the Central Community Chest of Japan.



### ■ Offering classes for the local community

From April through July 2009, Chugai held 12 classes at Shizuoka Sangyo University on its business operations and the pharmaceutical industry for students and members of the public. Chugai has held these classes since 2007 as an

opportunity to contribute to the community in which its plant is located, and to deepen the public's understanding of the pharmaceutical business. Instructors selected from various Chugai Group departments gave lectures on a wide range of topics, including the industry environment, research and development, production, information management, public relations and CSR. In 2009, more than 80 people registered to attend, including many international students from Asia. In a questionnaire survey, students indicated that the class had deepened their understanding of pharmaceuticals and motivated them to think about work.



Classroom scene

### ■ Co-sponsorship of Youngsters' Science Festival

At the Japan Science Foundation's Science Museum in Tokyo, where Chugai has set up a permanent exhibit entitled "Dr. Kitanomaru's Bio Pharmaceutical Laboratory," the Company co-sponsored the Youngsters' Science Festival held on August 1 and 2, 2009. This interactive event was designed to expose young visitors to real science by presenting a visual layout of the experiment process, scientific tools and other items. The festival has been held every year since 1992 to provide a hands-on experience that gives children a sense of the fun and excitement of science. This year's festival was a great success, with more than 18,000 visitors crowding the booths, stages and other exhibits.



## Letter of appreciation from recipient of welfare vehicle

I would like to express my sincere gratitude for your recent donation of the welfare vehicle for home welfare services.

I would also like to thank you for coming to Rifu-cho for the vehicle presentation ceremony. We will make good use of the vehicle as Chugai intended.

In closing, please accept my best wishes for Chugai's continued success.

Sincerely,

**Shotaro Kato**, Chairman of the Board, Rifu-cho Council of Social Welfare





■ Summer Biotech-Lab for Kids

With the co-sponsorship of the Japan Science Foundation's Science Museum and the cooperation of Leave a nest Co., Ltd., Chugai hosted the Summer Biotech-Lab for Kids at the Science Museum on August 8 and 9, 2009. This experimental classroom is intended to show children that science can be interesting, amazing, and fun. A total of 84 children participated during the two days and enthusiastically engaged in experiments on DNA extraction and testing. "I want to know more about DNA" and "The teachers' explanations were easy to understand" were typical of the comments from the children who participated. Their guardians expressed surprise at the high level of the experiments and were impressed by the children's eagerness. At an interactive corner on the premises, over 450 people received photographs of their own cells from inside their mouths.



Dressed in white lab coats, children listen to experiment instructions



Interactive corner



Preparing to extract DNA

■ Chugai Eco Challenge 2009

From July through early September, the Chugai Group conducted the Chugai Eco Challenge 2009, an environmental protection campaign with the slogan "Let's start by doing what we can." In this campaign, a variety of comments were posted by many employees on a dedicated website about how they have reduced their energy and resource consumption and environmental impact at work and at home, their interactions with nature, and other impressions.



Green curtain



Morning mountain discovery



Nature in miniature

Social Contributions at the Chugai Group's Facilities and Sites

Various social contributions to local communities are made by the Chugai Group's facilities and sites nationwide.

Facility/Site	Main Activities
Sendai Branch	Participation in Pink Ribbon Smile Walk
Tokyo Branch 1	Coastal cleanup
Tokyo Branch 2	Participation in Ashinaga P-Walk
Head Office district	Neighborhood cleanup; Nihonbashi Bridge washing
Osaka Branch	Park cleanup
Hiroshima Branch	UNICEF fundraising
Ukima Site	Neighborhood cleanup
Kamakura Site	Blood donation; coastal cleanup
Fuji Gotemba Research Laboratory	Driving safety campaign; neighborhood cleanup
Fujieda Plant of Chugai Pharma Manufacturing	Campaign to eliminate illegal dumping; participation in Fujieda City's Mottainai campaign
Utsunomiya Plant of Chugai Pharma Manufacturing	Blood donation; traffic safety campaign
Chugai Distribution	Work-experience opportunities for junior high school students; commuter route cleanup
Forerunner Pharma Research	Neighborhood cleanup
Other activities	Collection of plastic bottles, aluminum can pull-tabs, used postage stamps, spoiled postcards, etc.



Head Office district: Nihonbashi Bridge washing



Kamakura Site: Blood donation  
Fiscal 2009 Kanagawa Prefecture  
Blood Drive Facility of Merit  
Commendation from Head of  
Kamakura Health and Welfare Center



Kamakura Site: Kugenuma Beach cleanup

# Working with Employees

We are augmenting our human capital foundation to become a top pharmaceutical company by creating work environments that foster the personal growth of individual employees and by supporting them to work enthusiastically.

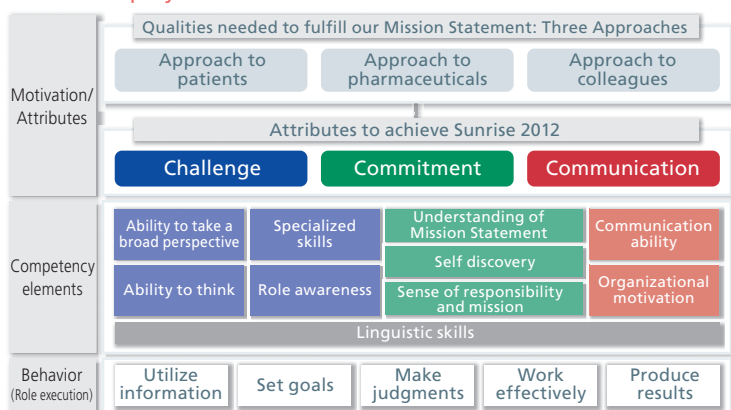
Chugai's fundamental principle is that its people are an invaluable asset in generating the Company's growth and development. Thus we are offering a range of programs suited to the career goals of each employee. At the same time, to become a pharmaceutical company recognized throughout the world, and to sustain our growth, we are reinforcing our employees' skills to promote necessary changes and act internationally.

## Human Capital Development Programs for Individual Growth

Chugai has defined the attributes desired in its employees to fulfill its Mission Statement and to achieve the mid-term business plan Sunrise 2012. Based on these attributes, we have created and organized our employee training programs.

In cultivating the desired skill sets, five types of development opportunities — on-the-job training, off-the-job training and self-development, personnel treatment, career development, and reassignment and promotion — are

### Desired Employee Attributes



organically linked so that human resource development can be conducted on a daily basis.

The HR reinforcement basic programs provide a common foundation for all off-the job training, including the "three approaches" and "three C's," which are attributes expected of all Chugai permanent employees and are designed to quickly develop role awareness, knowledge, and skills. The HR reinforcement basic programs are conducted in synergy with the Chugai Future Core Leaders (FCL) programs aimed at mid-to-long-term continuous development and advancement of future core leaders at each level, and with programs to strengthen functional expertise. Moreover, Self-Innovation Programs (SIP) are offered to help employees upgrade skills on their own initiative. Under these four categories, Chugai is conducting several hundred development programs for employees each year.

In 2009, the Chugai FCL programs were fully rolled out, with about 200 participants. These programs provide opportunities for eligible employees at each level to have their leadership skills evaluated. Based on the results, both

employees and their respective superiors jointly create skill development plans. These programs are intended to help Chugai take its place among the top pharmaceutical companies by giving its employees opportunities to grow, to act independently and proactively, to effect corporate change, and to exercise leadership in each area of business.



Chugai FCL program class

## Strengthening the human capital base to become a top pharmaceutical company with unique, relevant programs

Since the start of our strategic alliance with Roche, new employees hired through large-scale recruiting now account for 20 percent of our workforce. To quickly enhance these new employees' knowledge and skills, we have introduced an on-the-job coaching program in which senior employees learn and apply mentoring and coaching skills. Their mission is to prepare new employees to perform with expertise in their assigned departments without supervision within three years. This program has been very successful in helping both junior and senior employees grow through their respective roles in the mentoring process and has even attracted interest from outside the Company.

The Human Capital Development Department has about 30 people having expertise in various fields, including marketing and research, who serve as instructors. We are providing a robust range of programs unique to Chugai by customizing the cutting-edge curriculum developed by Roche, in addition to our original programs developed in-house.

Fumio Kumagai, Associate Vice President & General Manager, Human Capital Development Department

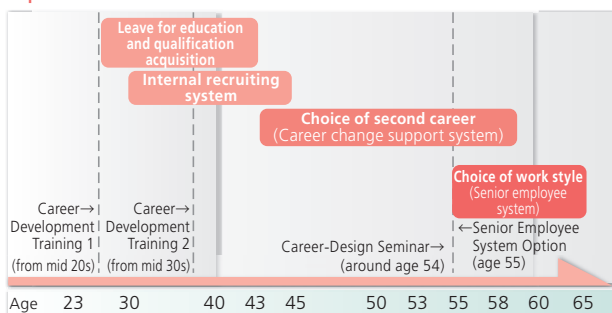


## Personnel Systems Supporting a Vibrant Work Environment

### ■ Career planning support for fulfilling individual career goals

Chugai has established the systems shown in the chart below to provide permanent employees with options for choosing their career paths and becoming more self-reliant.

#### Options for Career Choice and Self-reliance



#### • Leave for education and qualification acquisition

This system provides permanent employees with the opportunity for personal career development by granting them up to three years of leave to obtain a degree or professional qualification.

#### • Internal recruiting system

This system allows for the advertising of internal job openings in the Company, and the selection and assignment of persons with the required skills and experience from among the applicants. It is intended to encourage self-reliance among permanent employees, to provide opportunities for skill development, to energize the organization, and to place the right person in the right job. The number of jobs offered and the number of applicants have been increasing every year since the system was introduced in 2007.

#### • Career change support system

This system allows permanent employees of a specific age or with a specific number of years of employment to opt for voluntary retirement before the mandatory retirement age, and provides them with support for a smooth transition into a new career.

#### • Senior employee system

Starting in 2011, this system will allow permanent employees aged 55 or older to voluntarily choose to continue working as contract employees up to age 65. Those permanent employees who became eligible for the system in 2009 were given a Career-Design Seminar to help them understand the system and consider their future career and life plans.

#### • Professional career-track

Introduced in 2008, this system encourages permanent employees with a high level of expertise to contribute to promoting the Company's business and growth by appropriately evaluating and rewarding their expertise.

### ■ Career Support Center

Opened in 2007, the Career Support Center provides career planning information and skill development counseling to employees, including seconded and contract employees, to

help them develop satisfying careers. It also helps them to take advantage of the various personnel systems available in the Company. The Career Support Center has gained in popularity, assisting over 160 employees since its establishment.

### ■ Maintaining open, transparent personnel systems

Managed with an emphasis on enhancing transparency and fairness, Chugai's personnel systems provide support for the individual aspirations of permanent employees. All of the systems are open to these employees, including training to improve their management and leadership skills.

### ■ Equal opportunity and fairness in recruiting

The Chugai Group has an equal opportunity policy, and treats and compensates its employees equally regardless of gender, age, or disability status. In accordance with this policy, the Chugai Group also actively seeks to hire persons with disabilities. As of December 31, 2009, the ratio of employees with disabilities in the Company was 1.83 percent, which meets Japan's legal requirement.

In addition, Chugai maintains fair and impartial hiring practices by using a diverse team of interviewers to evaluate candidates' abilities, skills, and experience.

## Creating Supportive Work Environments

### ■ Facilitating a healthy work/life balance

Based on the desire to retain employees and support family life, Chugai has developed a full range of programs, including childcare leave and a part-time working system for child care, that allow employees to continue working during, for example, childbirth and child-rearing years. In 2008, in recognition of these measures Chugai was certified by Japan's Ministry of Health, Labour and Welfare as a company that actively supports the balance between work and family life. In 2009, prior to the 2010 revision of the Child Care and Family Care Leave Law, Chugai changed its system to allow permanent employees to take childcare leave regardless of their spouse's employment status.

Chugai will continue to study and implement measures to enhance its work environment so that both male and female employees can balance their work and family life.

### ■ Mental healthcare initiatives

Chugai has an Employee Assistance Program to help employees and their families receive counseling to address mental health issues. In 2008, the Company also introduced an adaptation period after medical leave to help employees return to work smoothly. Furthermore, specialist physicians are occasionally invited to give seminars on mental health. In 2009, lectures on communications between superiors and subordinates, covering practical themes such as how to deal with interpersonal incidents and problems, were well received.



## ■ Help lines

In recent years, incidents of harassment and bullying in the workplace have been increasing as people working in the difficult social environment become less considerate of others, and there seems to be a lack of communication. Insensitive words and actions not only hurt the feelings of individuals, but can adversely affect the work environment as a whole.

The Chugai Group provides confidential channels for employees to consult about their worries without fear of reprisal: the BCG Hotline and internal and external help lines for sexual harassment issues. Chugai resolves such issues in a fair manner to ensure that employees enjoy a working environment where they can perform at their full potential in an atmosphere of mutual respect for personality, individuality, and values.

## ■ Dialogue between the president and employees

Chugai arranges dialogues between the president and employees to promote two-way communication about its mid-term business plan Sunrise 2012. During 2009, these dialogues were held at seven divisions and focused on the vision for becoming a top pharmaceutical company.

## ■ Raising human rights awareness:

### Respecting human rights in every aspect of our business activities

We conduct human rights training for all Chugai Group employees. In 2009, we looked at our responsibility to patients — our most important stakeholders — from the perspective of human rights. In addition to covering our responsibility as a pharmaceutical company, the training focused on patients' feelings and illnesses to help employees understand that one of our social responsibilities is to pay heed to how society wants Chugai, as a member of society

and as a corporate citizen, to include people with illnesses and disabilities.

During the annual Human Rights Week in December, Chugai invites its employees to submit human rights awareness slogans that express their thoughts and feelings about human rights. The most outstanding entry is then selected for use in the creation of a human rights awareness poster. Copies of the poster are put up in workplaces throughout the Chugai Group to raise employees' awareness of human rights.

## ■ Sound labor-management relations

Regular meetings are held at various levels between the Company and the Chugai Pharmaceutical Workers' Union to promote mutual communication and to build cooperative, sound labor-management relations based on trust. The workers' union, which operates democratically, had 3,543 members as of December 31, 2009.

On November 17, 2009, the Chugai Pharma Manufacturing Workers' Union was established. On December 17, it joined with the Chugai Pharmaceutical Workers' Union to form the Federation of Chugai Workers' Unions. The Chugai Group remains committed to maintaining sound labor-management relations.



Dialogue between the president and employees



Labor-management meeting

## Building a workers' union that befits a top pharmaceutical company

As Chugai carries out initiatives toward becoming a top pharmaceutical company, the workers' union is also upgrading its organization, acting as a partner as well as a check on management.

Specifically, as an internal activity, the union has launched the "Inspiration Sharing Project" in which colleagues share inspirational stories of experiences in their work in order to strengthen horizontal ties across the organization. The response from union members has been much greater than anticipated: a sense of unity has been generated by sharing approaches to patients, colleagues and pharmaceuticals across departmental boundaries. We have heard people say that the practice is increasing their motivation on the job.

Outside the Company, the union continues to donate to various organizations through its own social contribution fund. Moreover, we engage in industrial policy activities as a union to promote the healthy development of the pharmaceutical industry and to boost its public appeal.

From our standpoint as workers, we will continue to cooperate with the Company and society in areas where we can, and to voice our opinion when we should.

**Koki Harada**, President, Chugai Pharmaceutical Workers' Union





# Environmental and Safety Initiatives

Chugai takes proactive environmental and safety measures in all of its business activities.

## Basic Position on Environmental Protection and Safety

Conducting Group-wide activities based on guidelines for the assurance of environmental protection and safety

### Chugai Environmental and Safety Charter

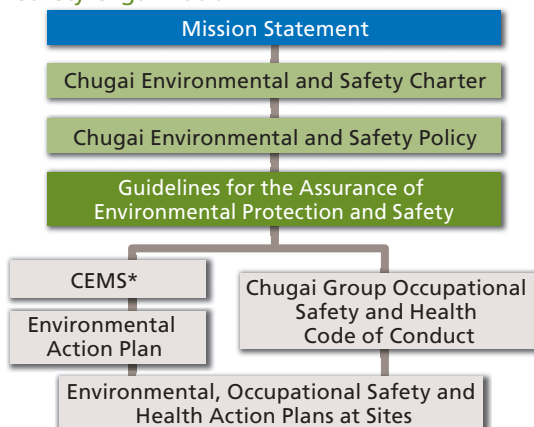
The Chugai Group aims to add exceptional value for the benefit of the medical community and human health around the world by creating innovative medical products and services. The Group strives to conduct its business activities with full attention to harmony with the natural environment, based on the principle of preserving our precious planet, and to occupational safety.

### Position on Environmental and Safety Initiatives

In 2007, the Chugai Group established guidelines for the assurance of environmental protection and safety, and integrated its environmental and safety systems. Promoting these guidelines and systems has facilitated the smooth functioning of the PDCA (plan, do, check, act) cycle in environmental and safety activities, and enabled these activities to be carried out consistently at all Chugai Group facilities. For safety, we formulated the Chugai Group Occupational Safety and Health Code of Conduct (see page 40), and review it annually so that it continues to provide a foundation for environmental, safety and health plans at each site.

We are now conducting environmental and safety programs at all companies in the Chugai Group based on the Chugai Environmental and Safety Charter, the Chugai Environmental and Safety Policy, and the Chugai Group Occupational Safety and Health Code of Conduct.

#### Environmental Protection and Safety Organization



\*Chugai Environmental Management System

### Chugai Environmental and Safety Policy

#### 1. System to Facilitate Action

In accordance with its guidelines for the assurance of environmental protection and safety, the Chugai Group maintains a system to facilitate action regarding specific environmental and safety matters, and strives to ensure that it is applied thoroughly Group-wide. The heads of all basic organizations and the presidents of subsidiaries within the Group are responsible for all environmental and safety matters at the organizations they manage.

#### 2. Regulatory Compliance

The Chugai Group complies with all legislation and regulations relating to environmental protection and safety, all other requests that the Group has agreed to, and management standards voluntarily set as needed.

#### 3. Environmental Protection Initiatives

The Chugai Group actively addresses the issue of global warming, conservation of resources and reduction of waste, and prevention of environmental pollution at every stage — research and development, manufacturing, transportation, marketing, and disposal of its products — while cooperating in the environmental protection activities of local communities.

#### 4. Occupational Safety Initiatives

The Chugai Group makes every effort on precautionary measures to prevent occupational accidents in all of its business activities, recognizing that safety and health are the basis of employee welfare.

#### 5. Promotion of Continual Improvement

Each facility and subsidiary in the Chugai Group voluntarily sets environmental and safety policies and targets for continual improvement. The Group promotes these initiatives in accordance with the guidelines for the assurance of environmental protection and safety in order to effectively achieve continual improvement.

#### 6. Enhancement of Environmental and Safety Awareness

The Chugai Group encourages its employees to deepen their understanding and appreciation of environmental and safety issues by regularly and systematically conducting education and training sessions.

#### 7. Disclosure of Information

The Chugai Group appropriately discloses, both internally and externally, information about its policies, targets, and activities relating to environmental protection and occupational safety and health.



## Input: Resources Used for Business Activities



## Flow of Chugai Group Business Activities



## Output: Waste and Emissions from Business Activities



The above data are totals for the Chugai Group, including the head office and branches.

# Environmental Accounting

Promoting efficient and effective environmental protection activities by assessing the cost and effects related to environmental protection

Environmental accounting data compiled for all Group facilities in Japan in 2009 are shown in the table below. Investments in 2009 totaled ¥830 million, while costs were ¥2,110 million. The economic benefit obtained from environmental protection measures was ¥32 million.

Major investments included the addition of wastewater treatment equipment at the solid-form drug wing of the Fujieda Plant of Chugai Pharma Manufacturing Co., Ltd. A decrease of approximately ¥1.7 million in waste treatment costs contributed to an overall reduction in resource recycling costs.

## Annual Investments and Costs for Environmental Protection

Unit: Millions of yen

Breakdown of costs	2006		2007		2008		2009	
	Investments	Costs	Investments	Costs	Investments	Costs	Investments	Costs
(1)-1 Pollution prevention costs	461	627	1,461	580	551	699	686	713
(1)-2 Global environmental protection costs	239	139	1,835	302	115	499	128	449
(1)-3 Resource recycling costs	1	289	11	233	1	288	1	254
Subtotal	701	1,055	3,307	1,115	667	1,486	815	1,416
(2) Upstream and downstream costs	0	15	0	126	0	149	2	136
(3) Administration costs	8	294	3	216	302	332	4	383
(4) R&D costs	0	198	0	98	3	9	1	2
(5) Social activity costs	1	125	3	131	1	134	8	133
(6) Environmental remediation costs	0	442	0	3	0	5	0	40
Total	710	2,129	3,313	1,689	973	2,115	830	2,110

# Environmental and Safety Action Plans

## Formulating action plans while working for continuous improvement

### 2009 Action Plans and Performance

Scope of operations covered: Chugai Group in Japan Period covered: January 1, 2009 to December 31, 2009  
 Evaluation: ○ Target achieved ▲ Target 75% or more achieved × Target less than 75% achieved

	Item	2009 objective
Global warming countermeasures	Achievement of the reduction target for CO <sub>2</sub> emissions	Limit CO <sub>2</sub> emissions for 2009 to a 40% increase or less compared with 2003
	Promotion of CO <sub>2</sub> emissions reduction projects to achieve the 2012 goal	Collection of data on CO <sub>2</sub> emissions reduction compared with the 2012 goal and implementation of measures to achieve the goal
	Introduction of more hybrid vehicles in MR fleet	Introduction of 100 or more hybrid vehicles in MR fleet in 2009
	Use of Green Power Generation	Ongoing review regarding introduction of photovoltaic power generation Purchase Green Power Certificates in 2009
Waste reduction	Reduction in the volume of waste generated	Reduction in the volume of waste generated in 2009 to 15% or less of the 1990 level
	Reduction in the volume of landfilled waste	Reduction in the volume of landfilled waste for 2009 to 3% or less of the 1990 level
Resource conservation	Reduction in the volume of PPC paper purchased	Decrease the volume of PPC paper purchased in 2009 by 5% from the 2008 level
	Improvement in the recycling ratio of PPC paper	Achievement of a recycling ratio of 80% or more for PPC paper
Environmental awareness enhancement	Qualitative improvement in CEMS <sup>1</sup>	Implementation of internal environmental and safety audits at Group facilities in Japan (plants, research laboratories and 4 branches) and improvement of audit evaluation results Implementation of planned, periodic environmental education and training, and activities to enhance environmental awareness Smooth implementation of PDCA cycle for environmental protection at all Group facilities
	Retention and renewal of ISO 14001 certification	Successful retention and renewal of ISO 14001 certification at all the accredited plants
Environmental information disclosure	Disclosure of environmental performance data	Disclosure of environmental accounting information (Group-wide data compilation), review of implementation and disclosure of environmental index Disclosure of environmental information on websites
Chemical substance management	Thorough management of chemical substances	Thorough implementation of unified Group-wide chemical substance management guidelines and promotion of their operation Reduction of handled amounts of VOCs (volatile organic compounds) for 2009 by 50% from the 2003 level
Safety and disaster prevention	Thorough implementation of safety and disaster prevention measures	Zero accidents and zero disasters

1. Chugai Environmental Management System

Part of the Chugai Group's Environmental and Safety Policy is promotion of continual improvement. We have implemented environmental and safety activities by setting yearly action plans for each item, evaluating the results and reflecting those results in the following year's plan or the mid-term plan. Although we met our target for the volume of CO<sub>2</sub> emissions in 2009, it will be difficult to achieve our goal of reducing CO<sub>2</sub> emissions to the 2003 level by the end of 2012. In general, we have steadily achieved the targets for other items such as waste reduction, and will continue to take measures to ensure that we meet our targets.

Roche sets Group-wide targets for environmental protection and safety and publishes the results in its annual report. The Chugai Group carries out activities to achieve the Roche Group targets (the Roche Safety, Security, Health and Environmental Protection Goals) in addition to its own action plans.

#### Roche Safety, Health and Environmental Protection Goals

Reduce the accident rate by 20% by 2010
Reduce energy consumption by 10% by 2010
Improve eco-balance <sup>2</sup> by 10% by 2015
Provide four hours of environmental and safety training per person each year
Zero legal or regulatory violations

Note: The base year for each is 2005.

2009 performance	Evaluation	2010 target or mid-term target
Limited CO <sub>2</sub> emissions for 2009 to a 30% increase compared with 2003	○	<ul style="list-style-type: none"> <li>Limit CO<sub>2</sub> emissions for 2010 to a 40% increase or less compared with 2003</li> <li>Limit CO<sub>2</sub> emissions by the end of 2012 to the 2003 level</li> </ul>
<ul style="list-style-type: none"> <li>Reviewed Group-wide CO<sub>2</sub> emissions forecasts for fiscal years up to 2012 and planned measures for each Group facility to achieve the goal</li> <li>Reviewed and established internal system for compliance with the Tokyo Metropolitan Environmental Security Ordinance</li> </ul>	○	Implementation of CO <sub>2</sub> emissions reduction measures to achieve the 2012 goal
Introduced 147 hybrid vehicles in MR fleet	○	<ul style="list-style-type: none"> <li>Achievement of a hybrid vehicle ratio of 50% or more by the end of 2012</li> <li>Review of test introduction of electric vehicles in 2010</li> </ul>
<ul style="list-style-type: none"> <li>Installed 6kW photovoltaic power generation equipment at the Fujieda Plant</li> <li>Purchased Green Power Certificates for 2,000,000 kWh during the year</li> <li>Reviewed measures for implementation of emissions trading</li> </ul>	○	<ul style="list-style-type: none"> <li>Introduction of photovoltaic power generation of 100 kW or more</li> <li>Review of continuation/additional purchase of Green Power Certificates</li> <li>Implementation of emissions trading (CER purchase)</li> </ul>
The volume of waste generated was 11.5% of the 1990 level	○	Reduction in the volume of waste generated in 2010 by 60% from the 2003 level
The volume of landfilled waste was 2.0% of the 1990 level	○	Reduction in the volume of landfilled waste for 2010 by 80% from the 2003 level
The volume of PPC paper purchased decreased by 24% from the 2008 level	○	Decrease the volume of PPC paper purchased by 5% from the 2009 level
Achieved a recycling ratio of 85% for PPC paper	○	Maintenance of a recycling ratio of 90% or more for PPC paper in 2010
Implemented internal environmental and safety audits at plants, 3 research laboratories and 4 branches (including 4 offices) in Japan	○	Perform internal environmental and safety audits at plants, research laboratories and 3 branches in Japan
Implemented in-house designed e-learning, training for internal environmental auditors, etc.	○	Implementation of planned, periodic environmental education and training, and activities to enhance environmental awareness
Conducted activities for PDCA cycle at most Group facilities	▲	Smooth implementation of PDCA cycle for environmental protection at all Group facilities
Successfully retained and renewed ISO 14001 certification at all the accredited plants	○	Successful retention and renewal of ISO 14001 certification at all the accredited plants
Disclosed environmental accounting information and disclosed eco-balance <sup>2</sup>	○	Implementation of more efficient and detailed environmental accounting information (Group-wide data compilation)
Disclosed environmental information on websites	○	Disclosure of environmental information on websites
Further promoted operation of chemical substance management guidelines	○	Thorough implementation of unified Group-wide chemical substance management guidelines and promotion of their operation
Increased emissions of VOCs for 2009 by 1% from the 2003 level	×	<ul style="list-style-type: none"> <li>Reduction of emissions of VOCs for 2010 by 20% from the 2003 level</li> <li>Review target for reduction of atmospheric emissions</li> </ul>
5 accidents resulting in absence from work and 145 lost working days were reported	×	<ul style="list-style-type: none"> <li>Implementation of Chugai Group Occupational Health and Safety Code of Conduct</li> <li>Zero accidents</li> </ul>

2. Environmental impact per employee, calculated by adding the quantity of chemical substances released into the atmosphere and discharged in wastewater, landfilled waste, consumed energy, consumed raw materials, and other such inputs/outputs from corporate activities – each multiplied by their own environmental impact coefficient – and then dividing that figure by the number of employees.

# CO<sub>2</sub> Emissions and Measures for Reduction

## Taking proactive measures to help fight global warming

### Current Situation

The Chugai Group is striving to reduce its emissions of carbon dioxide (CO<sub>2</sub>), a cause of global warming, by taking proactive energy-saving measures throughout its business operations.

Measures taken to date have included installing highly efficient equipment in our production facilities and research laboratories and increasing the percentage of hybrid vehicles in our fleet of sales vehicles. Less tangible measures such as encouraging employees to dress for the season and turn off lights when not needed have been implemented at all of our business sites.

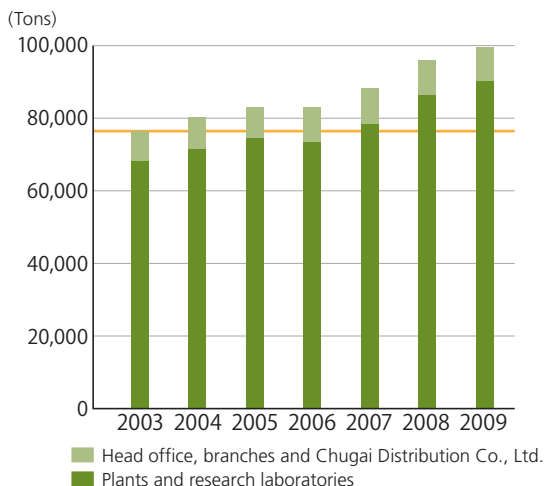
However, the Chugai Group has been installing cutting-edge equipment to accommodate advances in research and production technology, establishing production systems to fulfill its commitment to provide a stable supply of pharmaceuticals, constructing new buildings and increasing production volumes. As a result, our total CO<sub>2</sub> emissions have been on the rise, and achieving the Group's reduction targets will be difficult.

### CO<sub>2</sub> Emissions in 2009

The Chugai Group has set the goal of reducing its CO<sub>2</sub> emissions in 2012 to the level of the baseline year of 2003 (the year after the merger with Roche). We are taking various measures to achieve this goal.

In 2009, the Chugai Group's total CO<sub>2</sub> emissions were 99,469 tons, or 23,084 tons above the 2003 baseline.

#### ■ Chugai Group CO<sub>2</sub> Emissions



### Issues in 2010

Under the revised Act on Temporary Measures for Promotion of Rational Uses of Energy and Recycled Resources in Business Activities (Energy Saving Act), enterprises will be required to manage their energy use on a companywide rather than an individual business office basis. Moreover, the Tokyo Metropolitan Environmental Security Ordinance mandates reduction of emissions. Practical enforcement of both of these regulations begins in April 2010. Therefore, this year will be a major turning point in efforts to reduce CO<sub>2</sub> emissions, and the Chugai Group must respond appropriately.

### Key Measures to Date to Reduce CO<sub>2</sub> Emissions

#### ■ Photovoltaic power generation equipment

The Chugai Group is installing photovoltaic power generation equipment, a source of clean energy, with the goal of attaining at least 100kW of capacity by 2012. Following the installation of 30kW of capacity at the Ukima Site in 2008, capacity at the Fujieda Plant was increased from 4kW to 10kW in 2009 with the installation of an additional 6kW.



Photovoltaic panels installed on the new administrative office building of the Fujieda Plant



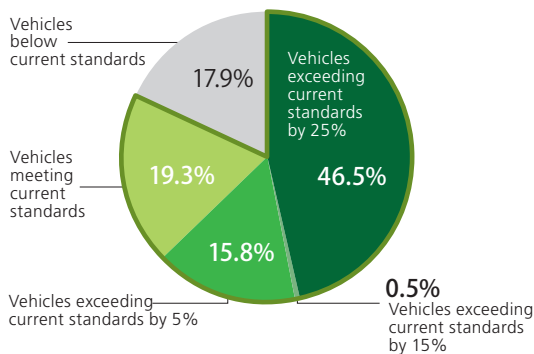
Power generation status display near the entrance to the new administrative office building at the Fujieda Plant



### ■ Introduction of fuel-efficient sales vehicles

The Chugai Group has a target of increasing the percentage of hybrids in its fleet of sales vehicles used by medical representatives (MRs) to 50 percent or more by the end of 2012, and is systematically introducing more hybrids each year. In 2009, we introduced 147 new hybrids, 11 of which were replacements for hybrids introduced since 2004. As a result, hybrids now make up 26.8 percent of the vehicles in the MR fleet (23.7 percent including privately owned vehicles), or 29.2 percent excluding vehicles used in cold regions, where introduction of hybrids is not feasible. In addition, 82.1 percent of the fuel-efficient vehicles in the leased fleet meet the Fiscal 2010 Fuel Economy Standards set by the Ministry of Land, Infrastructure, Transport and Tourism. We will continue to promote the introduction of not only hybrids but other fuel-efficient sales vehicles. Moreover, we plan to introduce all-electric vehicles at our production facilities and research laboratories on a trial basis in 2010.

### ■ Level of Achievement of Fuel Economy Standards in Fiscal 2010



### Green Power Certificates

Since 2008, Chugai has purchased 2 million kWh of biomass power per year under a contract with Japan Natural Energy Company Limited. This reduces emissions by approximately 800 tons of CO<sub>2</sub> equivalent annually.



### Future Challenges for the Chugai Group

The Chugai Group is undertaking various initiatives to counter global warming, some of which are described in this report.

Companies must be socially responsible, but it is also becoming increasingly important to act with environmental awareness in order to protect our irreplaceable planet and to ensure that we do not leave a negative legacy to the children of the future. The Chugai Group will have difficulty achieving its targets for reduction of CO<sub>2</sub> emissions, but will continue to step up initiatives to counter global warming as it works toward the establishment of a sustainable society.

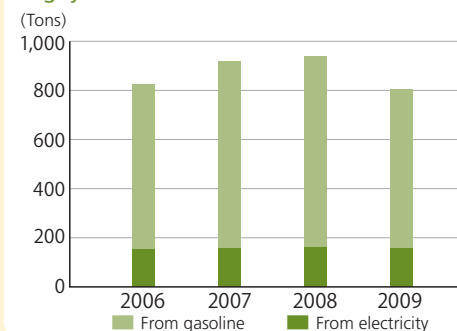


Hybrid vehicle introduced in 2009

### Energy-saving initiatives at branches

CO<sub>2</sub> emissions at the Nagoya Branch have increased since 2006. In response, the branch has been encouraging employees to dress for the season instead of immediately switching on the heater or air conditioner. As a result, electricity consumption in 2009 decreased 2.5 percent compared with 2008. In addition, the introduction of hybrid vehicles lowered gasoline consumption 17 percent. The Nagoya Branch will continue to conduct energy-saving initiatives to help the Chugai Group achieve its environmental targets.

#### Nagoya Branch CO<sub>2</sub> Emissions



# Waste Reduction / Soil Contamination Countermeasures

## Achieving efficient waste treatment and taking soil contamination countermeasures

### Initiatives for Reducing Waste Risk

#### ■ Industrial waste disposal

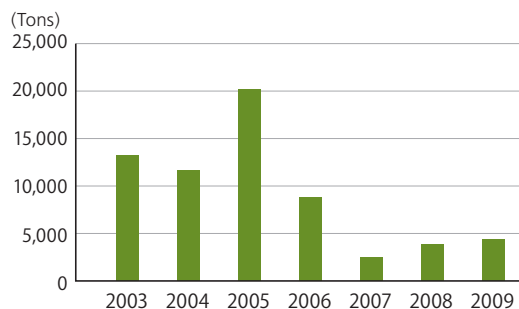
The volume of waste generated in 2009 increased by 11 percent (405 tons) compared with 2008. The main factors were increases in waste alkalis generated in production of highly active substances and infectious waste from research and development. These increases were partially offset by decreases in flammable waste oils, organic and inorganic sludge, and incinerated ash from refuse-derived fuel (RDF) boilers. As a result, the volume of landfilled waste decreased 32 percent to 56 tons, and the disposal ratio\* was 1.4 percent. The Utsunomiya Plant had a disposal ratio of 1.7 percent, nearing the Chugai Group standard of 1 percent or lower. The Fujieda Plant and Fuji Gotemba Research Laboratory maintained their zero emissions status. The Chugai Group will take steps including improvement of the recycling ratio to promote more efficient waste disposal and reduce waste risk.

#### ■ Waste manager conferences

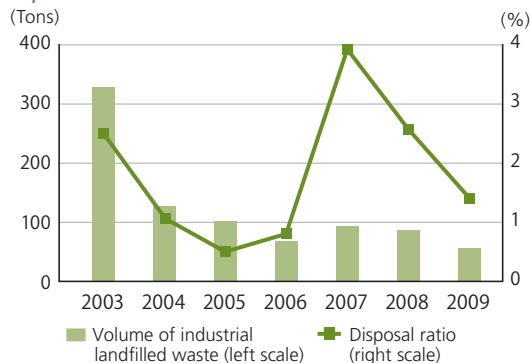
The Chugai Group began holding conferences for persons in charge of waste at plants and research laboratories. The purpose of these conferences is to enhance knowledge of and unify thinking about waste disposal. At the two conferences held in 2009 (in April and October), participants shared information on contractors at each site, disposal methods, prices and other matters. They exchanged frank opinions regarding appropriate treatment, disposal methods, cost improvement, the future of waste disposal and on-site verification. We plan to continue holding such conferences in 2010 to discuss ways to raise efficiency and reduce risk.

\* Volume of landfilled waste/volume of waste generated

#### ■ Industrial Waste Generation



#### ■ Volume of Industrial Landfilled Waste and Disposal Ratio



### Soil Contamination Countermeasures

In June 2009, a soil contamination survey was conducted in connection with the closing of the Suwa Branch of Chugai Research Institute for Medical Science, Inc.

The survey results, which were reported to the governments of Nagano Prefecture and Suwa City, as well as neighboring residents, showed that the levels of some hazardous substances slightly exceeded standards, and oil components were detected in one section. Chugai responded by excavating the contaminated soil.

### Waste disposal initiatives at the Fujieda Plant

With the startup of the solid-form drug wing, the Fujieda Plant is generating waste related to formulations and packaging. Therefore, the types of waste are changing, and both the amount of waste generated and disposal costs are rising. To address these challenges, the Fujieda Plant is reducing emissions through volume reduction and closer collaboration with waste disposal contractors.

In addition, the Fujieda Plant is raising the awareness of all employees by promoting thorough separation of trash and conducting training to deepen their understanding of related laws such as the Waste Disposal Law. The Plant will continue to treat appropriate disposal of waste as a top-priority issue.



Plant employees in training

# Chemical Substance Management

Improving our chemical substance management system to ensure safety and prevent environmental pollution

## Achievements in 2009

In the area of oncology, one of Chugai's target therapeutic areas, certain drugs act on normal cells at the same time they attack cancer cells. Therefore, adequate care must be taken in managing and handling chemical substances such as raw materials and intermediates during research, development, and production. To prevent health hazards, a proper work environment must be prepared for experimentation, review of production methods and production of investigational new drugs.

The Chugai Group has established a rule to conduct risk assessments of the chemical substances we handle and the type of work to be performed. Based on the results of such assessments, operations and procedures are determined after an appropriate work environment has been prepared and protective equipment has been selected. The Chemical Management Committee launched in 2008 is currently leading efforts to improve our chemical substance management system. Through these efforts, we ensure the safety of employees during pharmaceutical development, before the medicine is delivered to patients and healthcare providers.

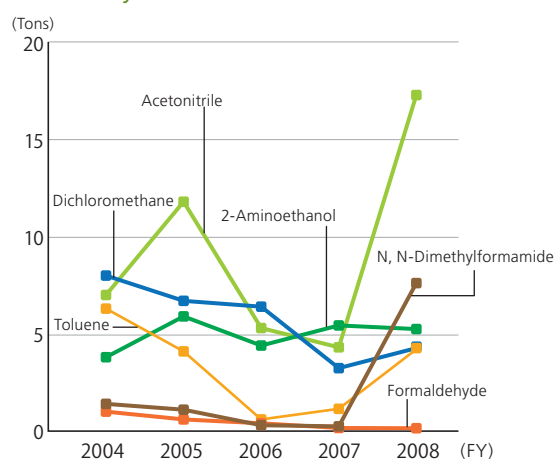
We also provide material safety data sheets (MSDS) and Yellow Cards (cards with emergency measures and contact information) to help ensure the safety of healthcare providers, toll manufacturers and other related outside parties.

## Chemical Substances Covered by the PRTR Law

In the one-year period from April 2008 to March 2009 (fiscal 2008), the Chugai Group handled more than one ton each of five chemical substances covered by the PRTR Law.\* These substances were Acetonitrile, 2-Aminoethanol, Dichloromethane, Toluene, and N, N-Dimethylformamide. The volume of PRTR substances handled in this period was less than three times the volume handled in fiscal 2007. The primary reason for the increase was the increase in solvents used due to expanded production of internal agents in tablet, granular and capsule form.

\* Pollutant Release and Transfer Register Law. Requires companies to monitor and report the release of designated chemical substances into the environment and promotes improvement of management.

## Handled Amounts of Chemical Substances Covered by PRTR Law



## PCB Waste

In November 2009, the Ministry of the Environment issued new guidelines for the incineration of electrical machinery contaminated by small amounts of PCB. In response, Chugai analyzed machinery with unknown PCB content in its PCB waste storage. We are making preparations to quickly dispose of this waste as soon as the disposal methods are determined.



Collection of samples that contain PCBs

# Safety and Disaster Prevention

## Strengthening proactive measures to prevent occupational accidents based on the Chugai Group Occupational Safety and Health Code of Conduct

### Safety and Disaster Prevention Initiatives

Occupational accidents have occurred in recent years in some job areas, including manufacturing, research, sales and clerical work. Even more noticeable than accidents in manufacturing and research workplaces were injuries that tend to occur in routine work, such as low back pain from handling heavy objects or injuries due to falls. In sales, young MRs have been involved in car accidents, some of which caused them to miss multiple days of work.

To address this, in 2009 we established the Chugai Group Occupational Safety and Health Code of Conduct, and have strengthened initiatives to eliminate accidents. The code of conduct is designed to address current topics such as legal revisions and in-house issues. Every year, about five items are selected for the code of conduct to reflect new developments such as revisions to Japan's Industrial Safety and Health Law or an identified trend in the cause of occupational accidents. Each facility in the Chugai Group selects the items from the code of conduct that match its particular conditions and characteristics and incorporates them in its actual targets and plans.

Despite such initiatives, however, occupational accidents occurred again in 2009, so we were unable to achieve our goal of zero accidents. In 2010, we will conduct a full review to pinpoint the causes of these accidents and will steadily advance our occupational safety and health program to achieve an accident-free workplace.

#### Chugai Group Occupational Safety and Health Code of Conduct (2010 edition)

- Deepening understanding of the guidelines for the assurance of environmental protection and safety
- Eliminating occupational or traffic accidents
- Promoting employee health and creating pleasant workplaces
- Creating cheerful accident-free workplaces without any unsafe aspects or behaviors
- Encouraging employees to greet one another and be aware of their actions

### Initiatives to Promote Safe Driving

The Chugai Group uses more than 2,000 vehicles, including personal and MR sales vehicles. We are taking various measures specifically aimed at eliminating traffic accidents involving MR sales vehicles. Key measures include driving safety courses for new MRs and driving safety managers, winter driving training for employees assigned to cold regions and inspections of vehicle interiors. Through these educational measures, as well as a zero accident campaign, regular issuance of a company newsletter and message from management and other initiatives, we aim to foster awareness of safe driving.

In the event that an employee has a traffic accident, we provide a driving diagnosis and training program to improve his or her driving skills and instill safe driving habits, with the goal of preventing another accident. In addition, we periodically conduct driving safety courses at factories and research laboratories for employees who drive to work.



Zero accident campaign



Driving safety training



## Ukima site safety and disaster prevention initiatives

The Ukima Site is a large facility with about 1,000 employees, working in diverse operations including research, manufacturing and administration. Because the chance of exposure to safety or health hazards differs for each department, the site conducts a wide range of workplace safety initiatives. To create a culture of safety, it places top priority on attentiveness from the organizational level and on making sure every employee is committed to avoiding accidents and is constantly aware of safety.

The Safety and Health Committee, which is composed of site management and employees, is in charge of promoting safety and health activities. It produces a general Safety and Health Activity Plan for the Ukima Site that is used as the basis for specific activities at each workplace. In 2009, the goals of the site's safety and health program were to achieve zero accidents and maintain and promote health. Specific activities included hazard risk assessments, safety patrols, safety and health seminars, health assessments and AED<sup>1</sup> training classes. Through these activities, the site worked to raise safety awareness and to maintain and promote employee health.

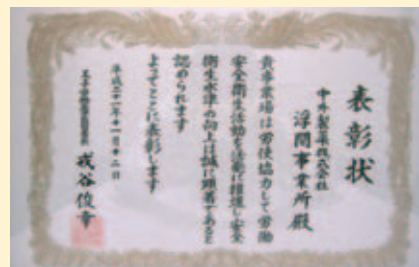
In fire and disaster prevention, the Ukima Site conducted fire drills and undertook disaster prevention activities to strengthen its voluntary disaster prevention system, including awareness-raising and active involvement in the community disaster prevention program. The site is focusing in particular on its firefighting team, which has performed well in the district drill competition<sup>2</sup> and at other events. The members of this firefighting team are primarily young employees selected from each department of the site. Every month the team conducts drills so that members are prepared to think and act quickly in an emergency without panicking. Drills include initial fire extinguishing with indoor fire hydrants, fire extinguishers and other equipment, as well as evacuation and cardiopulmonary resuscitation using AEDs. Activities in 2009 also included site-wide disaster preparedness drills, disaster prevention education and verification of potential problems during emergencies.

In April 2009, the Ukima Site received an award from the Chief of the Oji Labor Standards Inspection Office, which supervises occupational safety and health, in recognition of the site's proactive safety and health activities.

1. Automated External Defibrillator
2. A competition in which teams from companies in the district test their skills in operating indoor fire hydrants, power pumps and other equipment



A health seminar by a guest lecturer



Award from the Chief of the Oji Labor Standards Inspection Office



A general safety and health manager patrol inspects a hazardous materials warehouse (simulation)



Certificate of appreciation from the Akabane Fire Department for cooperation in lifesaving administration and emergency services



Fire drill review



General disaster drill

# Environmental Education / Environmental and Safety Management

## Conducting systematic environmental education and training

### Environmental e-Learning

In November 2009, 1,677 MRs were given an e-learning course on global warming. Chugai produced a wide range of content for the course, ranging from background on global warming to information on the Chugai Group's environmental initiatives.

The results of a questionnaire given to evaluate the course indicated that it was effective. Employees provided comments such as "I saw how our company is addressing environmental issues" and "It costs money for our company to take environmental protection measures, but I want to do what I can as an individual."



Environmental e-learning screen image

### ISO 14001 Internal Auditor Training

In June 2009, the Chugai Group conducted training for ISO 14001 internal auditors. A total of 33 employees participated, including environmental managers in various departments at research laboratories and branches as well as employees from ISO 14001-certified plants of Chugai Pharma Manufacturing Co., Ltd. Chugai has trained a cumulative total of 243 internal auditors (includes only people employed by the Chugai Group as of June 2009). Employees who took the training are now actively promoting environmental measures at their respective job sites.

### Internal Environmental and Safety Audits and Secretariat Meetings

#### Internal environmental and safety audits

In 2009, internal environmental and safety audits were carried out at three facilities, including plants and research laboratories, and at four branches (four sales offices). In addition, facilities related to information systems were inspected for energy efficiency and safety. While the environmental measures taken at the plants and research laboratories were generally good, minor issues needing improvement were identified in safety measures. At the audited branches, implementation of environmental and safety management systems was incomplete,



but energy-saving and safety education initiatives had been implemented well. Overall, items needing improvement were minor, and none with potentially serious impact was identified.

#### Environmental and Safety Secretariat Meetings

In 2009, Environmental and Safety Secretariat Meetings were held separately for plants and research laboratories and for the head office and branches. At the meeting for plants and research laboratories, Environmental and Safety Secretariat members discussed Roche Group targets and guidelines. At the meeting for the head office and branches, many of the secretariat members



were new in their roles, so the focus was on exchanging information on topics such as the PDCA cycle and proper disposal of waste materials.

### Taking the environmental e-learning course

Despite the discussion of environmental issues at the global level at COP 15, there have not been many opportunities to think about these issues at the individual level. By taking this course, I learned that we can make a big contribution to the environment simply by changing our thinking a little in our personal and social lives. We still have a lot of work ahead of us, but I really hope that we can rethink our lifestyles and leave a green earth to future generations.

**Kosuke Suetsugu**, Oncology Unit, Kyoto Sales Group, Shiga-Fukui Oncology Section



# Facts and Figures

## Performance Data

### Chugai performance data on CSR and corporate overview

#### Social Area

		2007	2008	2009
Full-time employees (consolidated) <sup>1, 2</sup>	Chugai Group	6,257	6,383	6,485
Full-time employees (non-consolidated) <sup>1, 2</sup>	Chugai	4,611	4,671	4,679
Persons employed (new graduates + mid-career personnel) <sup>1</sup>	Chugai	332	138	129
Members of the Board of Directors <sup>1, 3</sup>	Chugai	13 (7)	14 (7)	13 (6)
Members of the Board of Auditors <sup>1, 3</sup>	Chugai	4 (2)	4 (2)	4 (2)
Average age <sup>1</sup>	Chugai	38 years 6 months	39 years 3 months	39 years 9 months
Average service years <sup>1</sup>	Chugai	14 years 1 month	14 years 7 months	14 years 9 months
Ratio of employees with disabilities	Chugai	1.92%	1.86%	1.83%
Employees who took childcare leave	Chugai	37	26	43
Employees who took family-care leave	Chugai	1	2	0
Employees who used the volunteer leave system	Chugai	0	0	0
Employees who took a volunteer holiday	Chugai	1	1	1
Employees who used the program for returning to work after taking childcare leave	Chugai	24 (cumulative total for the year)	22 (cumulative total for the year)	38 (cumulative total for the year)
Inquiries to the Drug Information Center	Chugai	64,798	60,906	78,980
Investors' meetings	Chugai	10	9	13
Overseas investors visited on a roadshow	Chugai	64	64	62
Study sessions for media	Chugai	10	8	6
Responses to individual requests for information, such as by securities analysts	Chugai	210	175	200
Shareholders <sup>1</sup>	Chugai	49,111	44,372	55,513
Outstanding shares <sup>1</sup>	Chugai	559,636,061	559,685,889	559,685,889
Ratio of shares held by foreign investors <sup>1</sup>	Chugai	71.79%	74.92%	74.79%
Ratio of shares held by "individual/other" shareholders <sup>1</sup>	Chugai	7.56%	7.07%	7.59%
Donations <sup>4</sup>	Chugai	¥2.8 billion	¥2.8 billion	¥3.9 billion

1. Figures as of December 31.

2. The number of employees includes workers on loan to the Chugai Group from outside the Group but excludes workers on loan from the Chugai Group to firms outside the Group.

3. Numbers in parentheses refer to outside directors and auditors.

4. Only donations related to CSR.

#### Economic Area

Unit: Billions of yen (rounded to the nearest 100 million)

		2007	2008	2009
Net sales	Chugai Group	344.8	326.9	428.9
Research and development expenses <sup>5</sup>	Chugai Group	54.2	53.2	55.3
Operating income	Chugai Group	66.7	51.6	82.6
Net income	Chugai Group	40.1	39.3	56.6
Income taxes (including deferred income taxes) <sup>6</sup>	Chugai Group	24.5	22.3	31.2
Annual dividends <sup>7</sup>	Chugai	18.1	16.3	19.6
Total net assets	Chugai Group	385.8	397.1	434.9

5. Chugai maintains its R&D expenditure at a high level to continuously develop and supply innovative and reliable pharmaceutical products.

6. Chugai recorded corporation tax of 31.2 billion yen in 2009.

7. Chugai paid 19.6 billion yen in dividends to shareholders in 2009.

## ■ Environmental Area (Chugai Group)

### Annual Energy Consumption and CO<sub>2</sub> Emissions

	2003	2004	2005	2006	2007	2008	2009
Electricity (10 MWh)	10,411	10,588	10,717	10,965	11,282	12,662	13,169
Heavy oil (kL)	2,956	3,264	3,438	2,605	2,352	1,890	2,302
Kerosene (kL)	784	753	532	326	272	255	120
Gasoline (kL)	2,319	2,447	2,344	2,772	2,879	2,806	2,632
City gas (km <sup>3</sup> )	7,023	7,328	10,506	12,615	12,493	14,100	14,658
LNG (tons)		265	755	807	2,601	2,877	2,885
LPG (tons)	2,688	2,952	1,162	27	28	32	30
CO <sub>2</sub> emissions (tons) <sup>8</sup>	76,385	80,197	82,897	83,150	88,337	96,048	99,469

8. Electricity is converted into CO<sub>2</sub> emissions based on the average CO<sub>2</sub> emissions of all power sources.

### 2009 Energy Consumption by Site or Facility

	Ukima Site	Fujieda Plant of CPMC <sup>9</sup>	Utsunomiya Plant of CPMC <sup>9</sup>	Kamakura Site	Fuji Gotemba Research Laboratory	CMS Suwa <sup>10</sup>	Chugai Distribution	Head office and branches
Electricity (10 MWh)	3,694	1,546	3,427	2,042	1,584	27	116	734
Heavy oil (kL)	5	15			2,282			
Kerosene (kL)						120		
Gasoline (kL)		2			3	2		2,625
City gas (km <sup>3</sup> )	5,189		6,322	3,136				12
LNG (tons)		2,885						
LPG (tons)			9		21			

9. CPMC is the abbreviation for Chugai Pharma Manufacturing Co., Ltd.

10. CMS Suwa is the abbreviation for the Suwa Branch of Chugai Research Institute for Medical Science, Inc., which closed at the end of June 2009.

### Annual Waste Generation

Unit: Tons

	2003	2004	2005	2006	2007	2008	2009
Generation	13,050	11,224	20,220	8,757	2,437	3,538	3,943
Disposal	3,130	527	895	709	752	846	1,449
Volume of landfilled waste	330	129	103	69	94	82	56
Recycled	4,280	3,553	5,916	2,726	1,687	2,692	2,494
Recycling ratio <sup>11</sup> (%)	57.8	87.1	86.9	79.4	69.2	76.1	63.3
Disposal ratio <sup>12</sup> (%)	2.5	1.1	0.5	0.8	3.9	2.3	1.4

11. Recycling ratio = volume of waste recycled/(volume of waste disposed + volume of waste recycled)

12. Disposal ratio = volume of landfilled waste/volume of waste generated

### 2009 Waste Generation

Unit: Tons

	Ash	Sludge	Waste oils	Waste acids	Waste alkalis	Waste plastics	Waste metals	Waste glass & ceramics	Infectious waste	Others
Generation	835	559	396	96	1,296	358	178	26	146	53
Disposal		129	59	85	1,053	48	6	8	52	9
Volume of landfilled waste		26				5	6	8	10	1
Recycled	835	430	337	11	243	310	172	18	94	44

### Handled Amounts of Chemical Substances Covered by the PRTR Law

Unit: Tons

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Pyridine	589.2	795.1	867.5	0.1	0.1	0.2
Formaldehyde	0.2	0.9	0.5	0.3	0.1	0.0
Acetonitrile	6.8	6.9	11.7	5.2	4.2	17.2
2-Aminoethanol	3.7	3.7	5.8	4.3	5.3	5.1
Chloroform	1.4	0.5	0.3	0.2	0.3	0.2
Dichloromethane	6.6	7.9	6.6	6.3	3.1	4.2
Toluene	0.8	6.2	4.0	0.5	1.0	4.1
N, N-Dimethylformamide	0.1	1.3	1.0	0.2	0.1	7.5

### 2009 Water Consumption and Wastewater by Site or Facility

Unit: Tons (except BOD)

	Ukima Site	Fujieda Plant of CPMC <sup>9</sup>	Utsunomiya Plant of CPMC <sup>9</sup>	Kamakura Site	Fuji Gotemba Research Laboratory	CMS Suwa <sup>10</sup>	Total
City water	87,806	40,846	68,590	94,951	20,913	662	313,768
Well water		1,298,272					1,298,272
Industrial water	126,636		450,284		199,469		776,389
Total water consumption	214,442	1,339,118	518,874	94,951	220,382	662	2,388,429
Wastewater	205,284	756,807	390,151	57,865	154,414	172	1,564,693
Total BOD (kg/year)	781	1,099	1,029	1,892	31		4,832

# Corporate Overview (As of December 31, 2009)

<b>Company name:</b>	Chugai Pharmaceutical Co., Ltd.
<b>Representative:</b>	Osamu Nagayama, President, CEO and COO
<b>Founded:</b>	1925
<b>Established:</b>	1943
<b>Stated capital:</b>	¥72,966,825,723
<b>Fiscal year-end:</b>	December 31
<b>Number of employees:</b>	4,679 (Consolidated: 6,485)
<b>Principal lines of business:</b>	Research, development, manufacturing, sale, importation, and exportation of the pharmaceuticals
<b>Head office:</b>	1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-8324, Japan Tel: +81-3-3281-6611 (Reception) URL: <a href="http://www.chugai-pharm.co.jp/english">http://www.chugai-pharm.co.jp/english</a>
<b>Domestic branches:</b>	Sapporo, Sendai, Tokyo 1, Tokyo 2, Yokohama, Nagoya, Osaka, Kyoto, Hiroshima, Takamatsu, Fukuoka
<b>Plants:</b>	Ukima (Tokyo), Fujieda (Shizuoka), Utsunomiya (Tochigi), Kamakura (Kanagawa)
<b>Research laboratories:</b>	Fuji Gotemba (Shizuoka), Kamakura (Kanagawa), Ukima (Tokyo)

## Domestic Subsidiaries

Company Name	Location	Summary of Business
Chugai Research Institute for Medical Science, Inc.	Gotemba-City, Shizuoka Prefecture	Research and development of pharmaceuticals
Chugai Business Support Co., Ltd.	Kita-ku, Tokyo	Administrative support service
Medical Culture Inc.	Chuo-ku, Tokyo	Literature documentation
Chugai Distribution Co., Ltd.	Kazo-City, Saitama Prefecture	Storage and transportation
Chugai Pharma Manufacturing Co., Ltd.	Kita-ku, Tokyo	Contracted manufacturing of pharmaceuticals
Chugai Clinical Research Center Co., Ltd.	Chuo-ku, Tokyo	Clinical development of pharmaceuticals

## Overseas Subsidiaries and Affiliates

Company Name	Location	Summary of Business
Chugai Pharma Europe Ltd.	London, U.K.	Clinical development and submission of applications for new drugs in Europe
Chugai Pharma U.K. Ltd.	London, U.K.	Sales of pharmaceuticals in the UK
Chugai Pharma Marketing Ltd.	London, U.K.	Sales administration/Sales of pharmaceuticals in Europe
Chugai Pharma Marketing Ltd. Germany Branch	Frankfurt, Germany	Sales and sales promotion of pharmaceuticals in Germany
Chugai Pharma France S.A.S.	Paris, France	Sales of pharmaceuticals in France
CHUGAI sanofi-aventis S.N.C.	Antony, France	Import and sales of pharmaceuticals, clinical development and submission of applications for new drugs in Europe
Chugai U.S.A., Inc.	New Jersey, U.S.A.	Holding company/Business administration in the US
Chugai U.S.A., Inc. New York Office	New York, U.S.A.	Holding company/Business administration in the US
Chugai Pharma U.S.A., LLC	New Jersey, U.S.A.	Clinical development and submission of applications for new drugs in the US
Chugai Pharma (Shanghai) Consulting Co., Ltd.	Shanghai, China	Provision of medical information on drugs in China
Chugai Pharma (Shanghai) Consulting Co., Ltd. Beijing Branch	Beijing, China	Provision of medical information on drugs in China
Chugai Pharma (Shanghai) Consulting Co., Ltd. Guangzhou Branch	Guangzhou, China	Provision of medical information on drugs in China
Chugai Pharma Taiwan Ltd.	Taipei, Taiwan	Sales of pharmaceuticals in Taiwan

## R&D Partners

Company Name	Location	Summary of Business
Forerunner Pharma Research Co., Ltd.	Meguro-ku, Tokyo	Research and development of pharmaceuticals
C&C Research Laboratories	Hwaseong-si, Korea	Research and development of pharmaceuticals in Korea
PharmaLogicals Research Pte. Ltd.	Biopolis, Singapore	Research and development of pharmaceuticals in Singapore



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CHUGAI

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A member of the Roche group

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