 A member of the Roche group

People & Culture Report 2024

**INNOVATION
BEYOND
IMAGINATION**

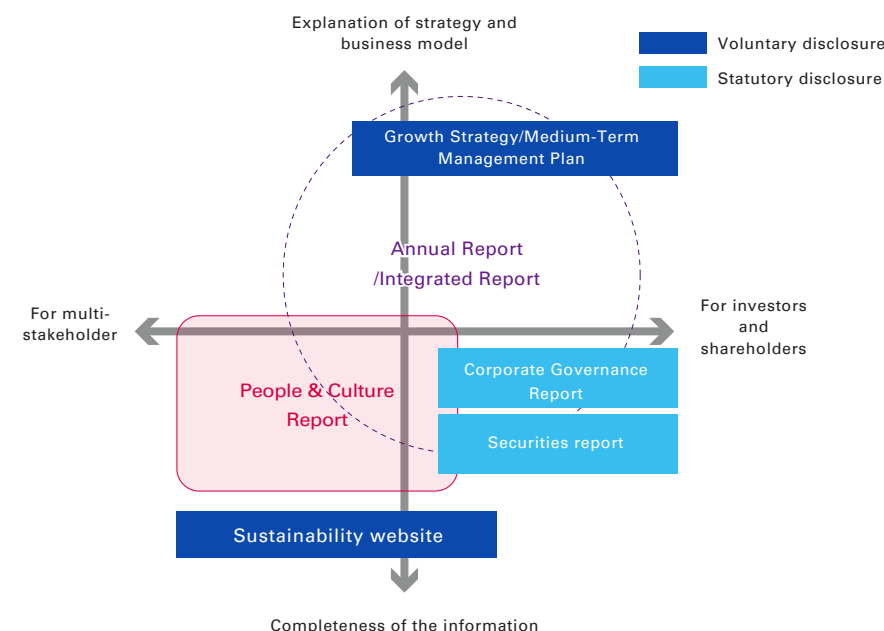
CHUGAI PHARMACEUTICAL CO., LTD.

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Information disclosure media

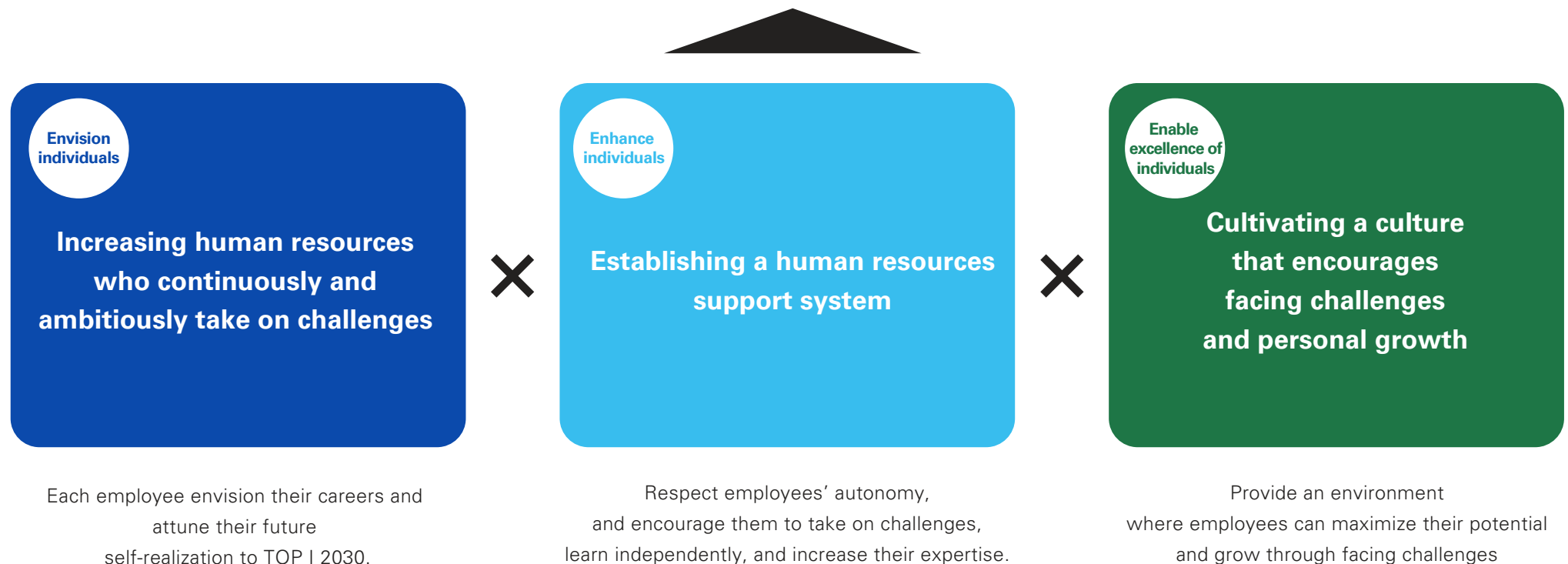
Annual report / Integrated Report	This report describes our efforts to improve corporate value from both financial and non-financial perspectives, with further dialogue with shareholders, investors, and other stakeholders in view.
People & Culture Report	We present our unique approach and initiatives regarding human capital to a diverse range of stakeholders (investors, employees and their families, job applicants, and patients), and convey the source of innovation from the perspective of human capital.
Corporate Governance Report	This section contains information on corporate governance required of listed companies by stock exchanges (such as the functioning of the Board of Directors).
Securities report	Based on the Financial Instruments and Exchange Law, the Company discloses to investors useful information for making investment decisions (such as corporate information and business conditions).
Sustainability Website	This report presents the Company's policies and initiatives related to sustainability, as well as a compilation of data.



Objective of the People & Culture Report

By strengthening framework of "the Three Approaches to Individuals"—"Envision individuals," "Enhance individuals," and "Enable excellence of individuals" as defined in the human resources management policy, Chugai aims to "increase talents who continuously and ambitiously take on challenges," "establish talents support system," and "cultivate a culture that encourages facing challenges and personal growth." We are confident that the realization of these three themes will lead to the creation of continuous innovation, which in turn will contribute to the achievement of TOP I 2030. We have defined this approach as the "Equation for Continuous Innovation Creation." The title of the report, "People & Culture Report," indicates that "people," the "systems that connect human resources and culture," and "culture," which embody the aforementioned equation, are critical components for Chugai.

Creating continuous innovation



1.1 CEO message



In the end, it's our people that are the beating heart of innovation

Pursuing the value patients truly need

Chugai is dedicated to our mission to realize advanced and sustainable patient-centric healthcare. We believe that pursuing this, leads to the health and happiness of our patients, which is important to the wider society; this is a value Chugai and society have in common. It is our mission to deliver drugs and healthcare services that are valuable to a broad range of patients by staying close to them, hearing their voices, understanding their situations and pursuing that value continuously.

At Chugai, we have defined being "Top Innovator in the Healthcare Industry*" as our envisioned future for 2030, and have announced our TOP I 2030 strategy, from which we backcast what we will do over the coming decade. In order to create the kind of innovations only Chugai can and to deliver the results to as many patients as possible worldwide, we aim to double our R&D output and launch innovative in-house global products every year. Given the current business environmental outlook and our progress to date in achieving our

strategies, the new growth strategy TOP I 2030* is based on two pillars — 'Global First-class Drug Discovery and a Futuristic Business Model—which is intended to be implemented with three key drivers and reforms in five strategic areas of focus**. We emphasize that the most important aspect for achieving this ambitious goal is people.

Aligning to individual aspirations with TOP I 2030 under the theme of personal ownership

I believe that people are the beating heart of innovation. The "I" in Top I 2030 has two meanings: "Innovator" and "I or Me." This "I" embodies our encouragement for employees to have a sense of ownership in transformation and to create innovation as they work towards achieving our goals of TOP I 2030.

This sense of individual ownership is a driving force to become a top innovator in the healthcare industry. We are creating a company where all employees can feel connected to our core values, envision their ideal self, and think and act towards the path to realize their ambitions. We are building an organization where each employee's sense of ownership is interlinked to create a chain of ownership which adds value to both the employee and our organization. This aspiration will be achieved through tangible and intangible changes. Tangible changes to our systems and programs to empower employees' career development and intangible changes such as dialogue programs, incorporating coaching methods to enable leaders at all levels of the organization work with an ownership mindset.

Our continued focus on executing human resource strategies and measures to achieve TOP I 2030 will create an environment where employees play an active role in driving continuous innovation, providing new value to patients and increasing corporate value.

*Top Innovator in the Healthcare Industry: A company that (1) generates high expectations from patients all over the world, (2) attracts talent and players in the healthcare industry from around the world and (3) serves as a global model as a leader in resolving social issues.

** Our three key drivers and reforms in the five areas of strategic focus: "RED SHIFT," "DX," "Open Innovation" and "Drug discovery/development/pharmaceutical technology/value delivery/foundation for growth"

▶ 1.2 Dialogue between CEO, CFO, and HR Executive Officer

The core values of "Patient centric," "Pioneering spirit" and "Integrity" have been rooted in our company since its foundation

•Kuroiwa: Our mission is to "Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world," and our three core values we uphold are "Patient centric," "Pioneering spirit" and "Integrity." (→to "Mission Statement and Chugai Group Code of Conduct") "Can you share your thoughts on our mission and values?"

•Okuda: Our founder, Juzo Ueno, established Chugai with the aspiration to ease the suffering he saw due to the Great Kanto Earthquake in 1923, while also recognizing the need for pharmaceuticals. I think that our values are inherited from the founder's legacy, and one of our core values "Patient centric" has spread across the company to touch every employee. I am sure that many of us work with the hope of helping patients and contributing to the happiness of their families. I would like to emphasize that, personally, I feel happiest in my work when I receive a thank you letter from our patients.

•Yano: When I think of "Integrity," and how it relates to our company, I think that each of our employees is true and honest. The "three corporate principles" established at the time of founding the company also upheld the element of human qualities. I feel that being true and honest as a human being and being more disciplined than what is required by compliance regulations is part of our corporate culture.

•Taniguchi: As a pharmaceutical company, high ethical standards are indispensable, and "Integrity" is extremely important in this sense.

•Okuda: I also feel that "Pioneering spirit" is a continuation of Juzo Ueno's aspirations. This core value is rooted in the high aspiration at the time of founding the company to "discover



•Dr. Osamu Okuda, Representative Director, President and CEO

•Iwaaki Taniguchi, Director, Executive Vice President & CFO

•Yoshiyuki Yano, Executive Vice President, Supervisory responsibility for Human Resource Management and ESG

•Yumi Kuroiwa, Human Resources Management Dept. HR Planning Group

drugs in Japan and export them overseas." Throughout Chugai's 99-year history, we have taken on challenges in areas where no one else has ventured, such as antibody engineering and mid-sized molecules, by introducing and focusing on biotechnology early on.

•Taniguchi: This does not only apply to drug discovery, but our company has been a pioneer in resolving various social issues. I feel that "Pioneering spirit" is a concept that has permeated the various structures and functions of our company.

1.2 Dialogue between CEO, CFO, and HR Executive Officer

With an unwavering commitment to high quality and a culture to embrace the new, strengthened through the alliance with Roche, Chugai is ready for further challenges through Open Innovation

- Kuroiwa: I can see that our three core values are reflected in our corporate culture. What is your impression of our corporate culture?
- Taniguchi: I feel that our corporate culture values fairness and selflessness and, at the same time, has also cultivated a spirit of kindness towards people.
- Yano: Definitely. I agree that there's a good sense of warmth. I often hear feedback from employees recruited mid-career which refers to kindness, good care and comfort.
- Kuroiwa: I think that the percentage of employees recruited mid-career – currently over 20% - is a representation of how our employees recruited as new graduates from university can work alongside mid-career hires successfully.
- Okuda: I think that our history of launching a strategic alliance with Roche in 2002, and accepting and learning from Roche's initiatives, has further strengthened our culture of embracing diversity in the last 20 years or so. I also feel that Chugai has maintained its commitment and dedication to maintaining high quality manufacturing. We persist in our efforts until what we create reaches our patients.



- Yano: The development of pharmaceuticals is a long process and typically many development projects are discontinued. However, Chugai has always persevered with multiple development projects, identifying the obstacles to completing the project and committing time and again to finding solutions. Hemlibra is a prime example that demonstrates our history of not giving up.
- Okuda: That's right. Our corporate culture reflects our way of taking things seriously

and being thorough in what we do. However, approaching everything too seriously can also be an issue.

- Kuroiwa: Our approach being scrupulous in our work is one part of our corporate culture that I see in my everyday work at Chugai, and I believe that this approach is driving our success.
- Taniguchi: When thinking about innovation, I feel that we have a culture that defines our commitment while also allowing some flexibility for our employees.
- Okuda: Yes, with one of our core values being "Pioneering spirit," there is a mindset of not refusing what employees wish to pursue.
- Yano: The culture of seeking new challenges and innovation is something that everyone is trying to create at Chugai. My hope is to convey the importance of acting and thinking beyond boundaries.

The key to achieving TOP I 2030 is the autonomy of our employees

- Kuroiwa: TOP I 2030 describes our ultimate ideal to be a top innovator in the healthcare industry. Could you recap the key points for us?
- Okuda: The three key points of our ideal are to become a company that (1) generates high expectations from patients all over the world, (2) attracts talent and players in the healthcare industry from around the world, and (3) serves as a global model and leader in resolving social issues. An outside perspective on how we are perceived by society and our patients is important.
- Kuroiwa: Are there any challenges you are aware of to achieving this ideal - to be a top innovator?
- Okuda: I think we have a shortage of people necessary to achieve this goal. While we are working on solutions, the reality is that our increasing workload does not allow us to fully meet what's needed.
- Yano: As we head towards our aspirational goal of TOP I 2030, as management, we need to make changes to meet the needs both in terms of quality and quantity.
- Taniguchi: We also need to adopt a transformation mindset. Relying solely on internal

▶ 1.2 Dialogue between CEO, CFO, and HR Executive Officer



resources or solutions has its limits when aiming to achieve such a major goal. In the future, it will be important for us to cooperate and collaborate with external parties. I would like to foster an environment where we can co-create with external parties while promoting Open Innovation and achieving healthy competition.

•Kuroiwa: What do you think is most important to achieving our ideal as a top innovator and TOP I 2030?

•Okuda: While we are introducing reforms in

various areas, the crucial area is "people." I believe being able to envision one's own career, taking action and developing into what you want to do and being motivated by this growth creates a cycle that fosters innovation.

•Yano: Without a doubt, "ownership" is the keyword. I believe that working with a sense of ownership by our employees will lead to greater innovation, will support achieving TOP I 2030 and embodying our ideal as a top innovator. I believe that encouraging employees to think and act with a sense of ownership continues to be an ongoing challenge.

•Kuroiwa: We've talked about the importance of "people," but in your opinion what is the connection between human capital and financial value?

•Taniguchi: In the pharmaceutical business, human capital is the source for creating innovation and generating financial value. This is why investments in "people" is our top priority. Investments in our people leads to the growth of our employees which, in turn will lead to an increase in our financial value. My opinion is that non-financial value, including human capital, and financial value may be separate ideas in the short-term but they come together in the long-term.

•Okuda: Our company and employees are in an equal relationship and ideally, we can grow together in the same direction. As a result, I don't think the term "capital" in human

capital is quite right. I prefer to describe it other terms.

Accepting and supporting employee challenges

•Kuroiwa: How do you plan to enhance ownership thinking of employees?

•Taniguchi: I believe it's important to have a culture and organizational foundation that accepts, listens to, encourages and recognizes the people who take initiative to bring something new to the table.

•Okuda: That's definitely an important element. Expressing your own thoughts and accepting the opinions of others is the start of a dialogue, and the experience of being listened to by others can lead to the next step. It's important that colleagues and supervisors draw out thoughts and ideas from others that may not have even been considered before.

•Yano: Our human capital management policy upholds three approaches to our people (Envision individuals, Enhance individuals, Enable excellence of individuals), in an attempt to implement human resources measures that value an ownership mindset and behaviors. The new HR policies being introduced in January 2025 will implement job-based careers for general employees, creating an environment where employees need to take the initiative and seize opportunities.

•Okuda: It is the words and actions of the CEO and leaders that encourage employees to take control and initiative in their actions. But first, management must make changes to the actions they take. This is why we have launched a dialogue program in 2023 called "Ignite." It is designed to encourage conversations to express and define what an employee wants to accomplish.

•Yano: As management, we have adopted "team management" as our management



1.2 Dialogue between CEO, CFO, and HR Executive Officer

style. Ten of our executive officers from diverse backgrounds are committed to building a team that can discuss any subject while respecting differences in our ideas and opinions. Our aim is to extend this approach throughout the company.

•Kuroiwa: Chugai has also established new leadership principles expected from all leadership roles.

•Okuda: The principles summarize clearly and concisely the actions that all leaders at Chugai should demonstrate daily. Through our "Ignite" program and leadership principles, we encourage leaders to act in a manner that maximizes the potential of the diversity represented by each employee and as a result, contributes to the creation of innovation.

•Kuroiwa: There was also talk of collaboration and cooperation with external parties being a challenge. Could you tell us about the measures being implemented from this perspective?

•Okuda: The keyword here is Open Innovation. In 2023, we established "Chugai Venture Fund, LLC (CVF)," a corporate venture capital in the US that invests in drug discovery startups. The employees involved in this have gained so much from the experience. We plan to send these researchers outside the company to venture companies to help broaden their perspectives.

•Yano: The people exchange program with Roche and the corporate volunteering program tackling challenges in developing countries, also provide good opportunities for employees to broaden their horizons and test their abilities.

•Okuda: It's important that employees can decide for themselves to volunteer for these initiatives, and that the company accepts and supports their activities.



•Kuroiwa: Yes, I agree. I became the facilitator of this dialogue because I took initiative and said I wanted to have this role. It was reassuring to receive the support from everyone around me.

Our company and our employees grow together

•Kuroiwa: To conclude, what is your message to the readers of the People & Culture Report?

•Taniguchi: I believe that a company has the responsibility to provide opportunities for their employees' growth. By establishing a pathway for growth for each employee within the course of their work, the company reaps the resulting benefits of this process in the form of corporate value. We hope to provide growth opportunities such as experience in different roles and training/development programs for people who take the initiative and voice their ambitions.

•Yano: As we have been using the term "human capital" for over 20 years, Chugai has always valued "people." Employees taking on challenges and continuing to grow at Chugai is what will allow our company to develop and grow. I would like us to leverage the legacy of our company and create a company where we support each other and grow together by engaging in friendly and positive competition with one another.

•Okuda: In the end, I think a company is all about its people. We can't achieve our large ambitions without our colleagues. While we all have things we must and want to achieve in our professional and personal lives, I think it would be ideal if employees could work towards a common goal with a sense of ownership, while actively involving everyone around them. I believe that if we all promote transformation with a sense of ownership for our TOP I 2030 goals, we will be able to achieve our Envisioned Future together.

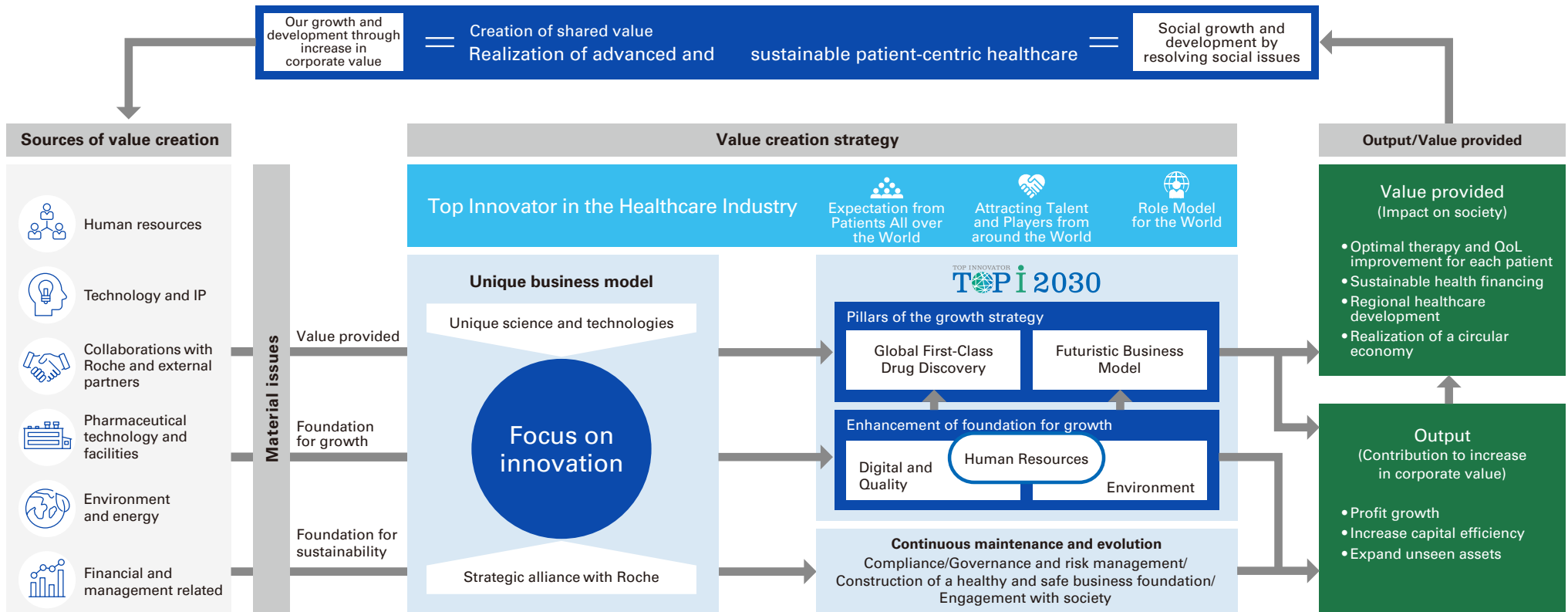
2.1 The process and cycle for the creation of shared value between society and our company

Business environment and the sources of value creation at Chugai

Chugai has adopted “creating shared value” as a basic management policy, aligned with a philosophy of growing alongside its various stakeholders by resolving social issues through business activities. The goal of this shared value, which is also part of our Envisioned Future, is to realize advanced and sustainable patient-centric healthcare.

In today's healthcare industry, with increasingly numerous measures to healthcare cost due to the impact of population growth, an aging population or COVID-19, we are entering an era in which only products or solutions that offer true value will succeed. Chugai's core business will remain unchanged in these circumstances: to discover innovative drugs, and

Value Creation Model (Sustainability at Chugai)



(→to "Chugai's Material Issues")

2.1 The process and cycle for the creation of shared value between society and our company

to meet expectations through innovation and technology that create new treatments and to continue the evolution of relevant platforms.

Chugai is conscious of these evolving business environments and expectations for our company and has established a policy for investing management resources, which corresponds to the sources of its value creation: human resources, technology and intellectual property, collaboration with Roche and external partners, pharmaceutical technology and facilities, environment and energy, and finance and management. As an example, our most valuable resource, human resources, is our employees and a corporate culture distinguished by diversity and global top-level employee engagement. For such valuable resource, we focus on the ongoing recruitment of highly competent specialists* and creating an environment where each employee can play an active role.

* Science specialists, digital specialists, and medical doctors

Growth strategy TOP I 2030 (→to "Growth Strategy")

Viewing the outlook for the business environment and the progress made to date in executing our strategies, Chugai has defined "Top Innovator in the Healthcare Industry " as the ideal we envision for 2030. The strategy defines a company that (1) generates high expectations from patients all over the world, (2) attracts talent and players in the healthcare industry from around the world and (3) serves as a global model as a leader in resolving social issues.

The growth strategy TOP I 2030, intended to achieve the ideal as a global model, is based on two pillars: global first-class drug discovery and a futuristic business model. In terms of drug discovery, we will promote the expansion of existing technological bases and the building of a new technological foundation to materialize unique drug discovery ideas, as well as accelerate innovation opportunities by strengthening collaboration with leading global players and leveraging digital technologies, with the aim to create more innovative drugs and increase their success rate. In terms of a futuristic business model, we aim to utilize digital technologies to fundamentally rebuild our business model in order to secure resources for investing in RED*, with the goal of achieving a significant increase

in productivity across the entire value chain and delivering greater value to patients. We will also develop PHC solutions** with the aim of maximizing the value of pharmaceuticals. TOP I 2030 aims with these measures to double R&D output and launch in-house global products each year.

Chugai's drug discovery capabilities have been highly evaluated, as evidenced by the growth of its in-house global products and a record of nine Breakthrough Therapy designations from the United States Food and Drug Administration. However, Chugai does not intend to settle for the status quo and will challenge itself to achieve more.

* RED is the abbreviation for Research and Early Development

** The products/services that enables the provision of the best treatment options for each patient by diagnosing the disease or measuring treatment outcomes

Shared value created by Chugai

While TOP I 2030 sets extremely high goals, our aim for this strategy is to contribute not only from a medical perspective by offering optimal treatment and improved QoL for each patient, but also by reducing the burden on healthcare professionals and by helping solve social issues through sustainable healthcare financing and the realization of a circular economy. Additionally, we will also aim to increase our corporate value through profit growth, increase in capital efficiency and the expansion of intangible assets in order to facilitate sustainable initiatives to resolve social issues.

2.2 Positioning of human capital in the value creation model

“Human resources are irreplaceable assets that generate a company’s growth and development”

Traditionally, Chugai has made people central to the way it operates its business, based on the belief that “human resources are irreplaceable assets that generate a company’s growth and development.”

The four corporate principles established in 1993 - “pursuit of social awareness,” “pursuit of human development,” “pursuit of economic performance” and “pursuit of internationality,” - continue to lie at the heart of our principles of conduct. Around the same time, we also added various career paths in our HR policies so that employees could pursue their desired career progression, also introduced evaluation program allowing more

Specific initiatives to achieve TOP I 2030



► 2.2 Positioning of human capital in the value creation model

objective appraisal. Implementing measures that support an employee's self-realization on the basis of fair treatment is the embodiment of the belief that "human resources are irreplaceable assets that generate a company's growth and development." During that period - which was also a turning point in history in many respects - Chugai was dealing with the complex relations between labor and management but steadily overcame these hurdles through constructive dialogue leading to labor-management relations based on mutual understanding and trust.

Our strategic alliance in 2002 with Roche, one of the world's leading pharmaceutical companies, is at the core of Chugai's unique business model. This alliance has also served as the catalyst for accelerating our initiatives for and investments in our people.

More specifically, we built on pre-existing elaborate programs for developing management talent to broaden our measures for developing human resources, by encouraging participation in external programs, including study for an MBA, as well as in-house programs. We have been conscious of strategic human resources allocation, and pursued human resources allocation that envisions mid-to-long-term career development rather than just securing a workforce for the short-term. This included strategic talent management, such as accelerated promotions to important positions for high-performing and exceptional employees.

Human resources measures focusing on individuals, based on the "Three Approaches to Individuals" in the human resources management policy

While the concept of human capital has evolved over time, we are implementing initiatives for our people focused on the individuals. We have also developed multiple layers of support and investment in our human resources, in order to keep up with today's rapid changes, sometimes described as VUCA (volatility, uncertainty, complexity and ambiguity).

Specifically, we have established internal programs for posting job vacancies and internships, in addition to other internal/external programs and training, which provide opportunities for employees to be more involved in their own career development. In

addition, we are working on ongoing updates of work styles by effectively incorporating advanced technology for teams and positions, like Sales, which were previously more restricted due to the nature of their work.

In parallel, Chugai views diversity as a key driving force of innovation and has long promoted D&I initiatives. One of the key drivers for achieving TOP I 2030 is "Open Innovation," as we believe that the more diverse human resources are able to thrive within the company, the more effectively we can collaborate with diverse external stakeholders. As a result of these initiatives, our unique technology and scientific expertise have enabled us to continuously develop innovative pharmaceuticals in recent years. This success has led to a virtuous cycle, attracting excellent talents and prompting further investment in human capital.

Creating an organization where employees' challenges and autonomy lead to continuous innovation

"TOP I 2030" contains ambitious goals and continuous innovation is necessary to achieve them. Our challenge, therefore, is to enhance our to-date human capital initiatives and create an organization where employees' challenges and autonomy lead to continuous innovation.

More specifically, we need to build systems and structures that allow human resources who support innovation to perform at their maximum, establish programs to encourage employees' autonomous career development and assign the right person to the right position. Most importantly, we must continue to build and embed an organizational culture which encourages employees to take on challenges and act autonomously. We will continue our efforts to connect the strengths of Chugai's human capital, cultivated in our past and present initiatives, with our future vision for the company.

► 3.1 Our unique initiatives to date

The history of human capital investment at Chugai Pharmaceutical

Chugai considers its human resources to be the driving force behind its growth and development, and has consistently invested in human capital. We have continued to enhance the human capital essential for the pursuit of innovation and creativity through a human resources management cycle consisting of "recruitment and acquisition," "evaluation & development," "placement," and "culture."

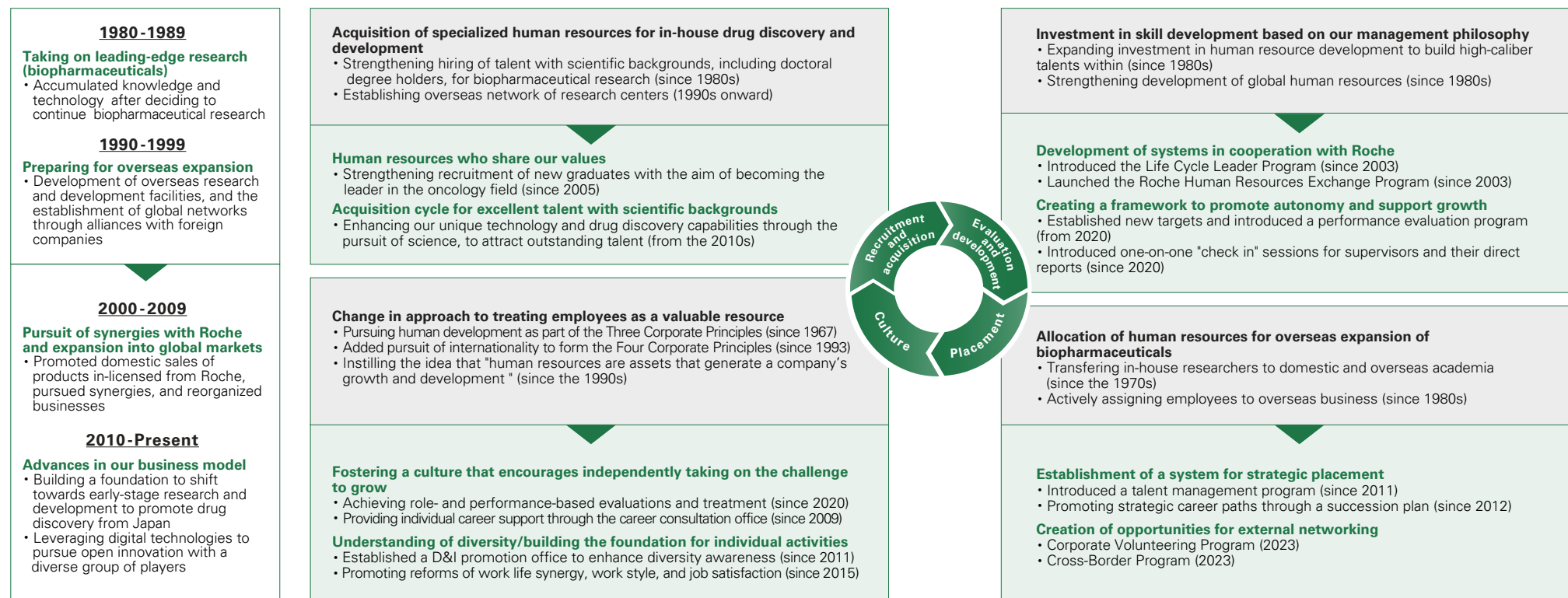
Recruitment and acquisition of excellent human resources essential for in-house drug discovery and innovation creation

A pioneering spirit is one of the core values that we have maintained since the founding of our company, as exemplified by our decision to research biopharmaceuticals in the 1980s. At the time, biopharmaceutical research was not in the mainstream: it was a new challenge for Chugai, but the company was committed to it to ensure its survival. In the

Business changes

Changes in human resources management cycle

Before the strategic alliance with Roche
After the strategic alliance with Roche



► 3.1 Our unique initiatives to date

1990s, Chugai advanced our preparation for overseas expansion and proceeded with deploying employees abroad, leading to the successful development of in-house products such as Epogin and Neutrogin. This resulted in greater recognition of Chugai's drug discovery capabilities, creating a virtuous cycle of further acquisition of excellent human resources. Since the 2000s, we have strengthened our recruitment of new graduates with the aim of being a leader in the oncology field and, through a strategic alliance with Roche, we have enhanced our in-house technologies and drug discovery capabilities, leading to the development of in-house products such as Hemlibra. This cycle of acquiring excellent human resources and enhancing drug discovery capabilities gained momentum and contributed to innovation creation.

Evaluation, development, and placement contributing to growth of human resources

Chugai has also focused on developing core talent in drug discovery for creation of innovation. In the 1980s, the company placed its researchers in external academic research institutions to learn about biopharmaceutical research. Additionally, in conjunction with our international expansion, Chugai has developed its global talent by sending young talented employees to overseas assignments that require local business operations. Chugai has placed talent in domestic and international academic institutions since the 1970s, which can be seen as a precursor to the comprehensive collaboration agreement with the Osaka University Immunology Frontier Research Center (IFReC) in 2016. This joint research has become an opportunity for the development of researchers. Through these continued strategic talent initiatives, the company has contributed to the development of science and global human resources, as well as to business development.

After forming the strategic alliance with Roche, Chugai collaborated with them through cross-functional schemes such as the Lifecycle Leader models and established the Roche Human Resources Exchange Program, making full use of the alliance with Roche for talent development. In April 2020, the company revamped its HR policies, upgrading goal setting and performance evaluation programs, to emphasize a more autonomous working

attitude, and supporting growth through rigorous feedback together with positive communication from supervisors. From the perspective of talent development, Chugai has introduced a talent management program and succession plan, focusing on continuously developing and producing next-generation leaders and core talent. In respect of Open Innovation, which is one of the key drivers for achieving TOP I 2030, the company has also focused on creating opportunities for external networking.

Creation of a culture where Chugai employees can thrive

Since its founding, Chugai has regarded its employees as a valuable resource who deserve a great care. This can be seen in the Three Corporate Principles (later, the Four Corporate Principles in 1993) that defined Chugai's principles of conduct in 1967, one of which is "the pursuit of human development" (creating environments and systems that respect each individual's personality and ability, and allowing for diverse self-realization as well as enhancing the fulfillment and welfare of employees and their families).

The key to creating innovation is not only providing a nurturing environment, but also respecting the autonomy of employees. Since the 2000s, Chugai has worked towards achieving role- and performance-based evaluations and treatment and established a career consultation office, which in turn cultivates a culture that encourages employees to grow autonomously and take on challenges.

Furthermore, Chugai has also focused on promoting job satisfaction reforms to foster the creation of innovation. This includes establishing a D&I promotion office and other initiatives to encourage employees to understand diversity.

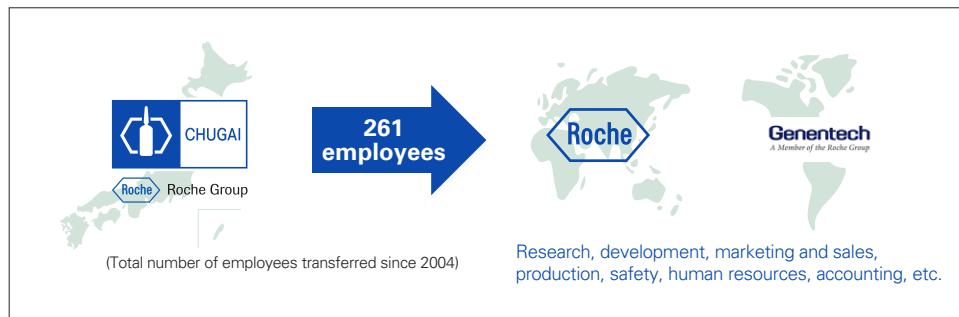


Formed a Strategic Alliance with Roche in 2002, Becoming Part of the Roche Group

► 3.1 Our unique initiatives to date

Roche human resources exchange program

**The Roche Human Resources Exchange program,
in which a total of 261 Chugai employees have participated since 2004**



In 2002, Chugai Pharmaceutical began a strategic alliance with Roche, a global pharmaceutical company, to become a member of the Roche Group. This enabled Chugai to undertake the domestic development and sales of Roche products in Japan, as well as the global distribution of its own products developed in-house. The alliance with Roche was a significant turning point for Chugai, not only in terms of business benefits but also for the growth of our employees. (→to "Strategic Alliance with Roche")

The Roche Human Resources Exchange program is a unique initiative aimed at developing leaders with a diverse perspective who can thrive globally from an early stage in their career. By seconding Chugai employees to Roche for one to three years, employees acquire new ideas and insights which enhance the network with Roche. The program focuses on junior talent but has been expanded to a talent mobility program that places management in key positions on a trial basis.

As of 2023, a total of 261 Chugai employees have participated in the Roche Human Resources Exchange program since its inception in 2004. The program provides an opportunity to work in a different environment and culture, learning about cultural and traditional differences and expanding perspectives. Employees have achieved new growth

through repeated exposure to environments where things that are common practice at Chugai are not the norm. By collaborating with local employees and closely sharing technical information, the program has also supported our people in developing their individual abilities and skills in a spirit of friendly competition with members of the same group.

Corporate volunteering program and cross-border program

Chugai aims to develop autonomous talent, namely "talent that can synchronize the company's vision and mission with their own purpose and proactively drive business by involving those around them," to achieve its objective of becoming a role model for the world as set forth in TOP I 2030. As part of this initiative, we have implemented practical external training programs (Corporate Volunteering Program and Cross-Border Program).

The Corporate Volunteering Program allows Chugai employees to become part of an NPO or social enterprise in emerging countries for three months, utilizing their skills and experience to tackle social issues. Initiated in response to employee proposals in 2023, the program has enabled our people to volunteer in countries such as Cambodia and India. In India, employees worked on the development of business expansion strategy, project management, and the promotion of existing businesses for a social enterprise addressing malnutrition and undernutrition of local children. Employees applying to the program have expressed that "I want to break out of my shell," "I want to face social issues," and "I want to grow into a global leader who can change the world." Participants have also shared that the program "allowed me to realize the importance of having my own values and taking action" and "was an opportunity to gain a global mindset."

With the Cross-Border Program, Chugai sends its Digital talent to venture companies and others. Chugai launched CHUGAI DIGITAL ACADEMY to develop digital human resources as part of the Cross-Border Program in 2023. The program aims not only to return Chugai's "pharmaceutical × digital" knowledge to society but also to broaden the perspectives of participating employees by allowing them to gain experience outside the company. Participants interview with multiple venture companies and then select a company from amongst the offers that they receive. During the one-year transfer period,

► 3.1 Our unique initiatives to date

they gain experience which differs from their usual role, such as the speed and dynamism of venture company management and the creation of new businesses. Participants have reported that working at a venture company in an environment different to Chugai allowed them to learn and evolve, which broadened their perspectives and contributed to personal growth.



**Corporate Volunteering Program
– On-site in Chennai, India.**

Talent management program and succession plan

Under TOP I 2030, for further growth, it is essential to have a systematic approach to develop and producing the next generation of leaders and core talent required for executing business strategies. To develop and prepare the required talent and improve employee motivation, we have worked on establishing a talent management program and developing a succession plan since 2011. We have three goals for our talent management program: formulate and implement human resource development plans that match the abilities and aptitudes of individuals, build and operate a talent pool system of human resources from which successor candidates are selected, and formulate and execute a succession plan.

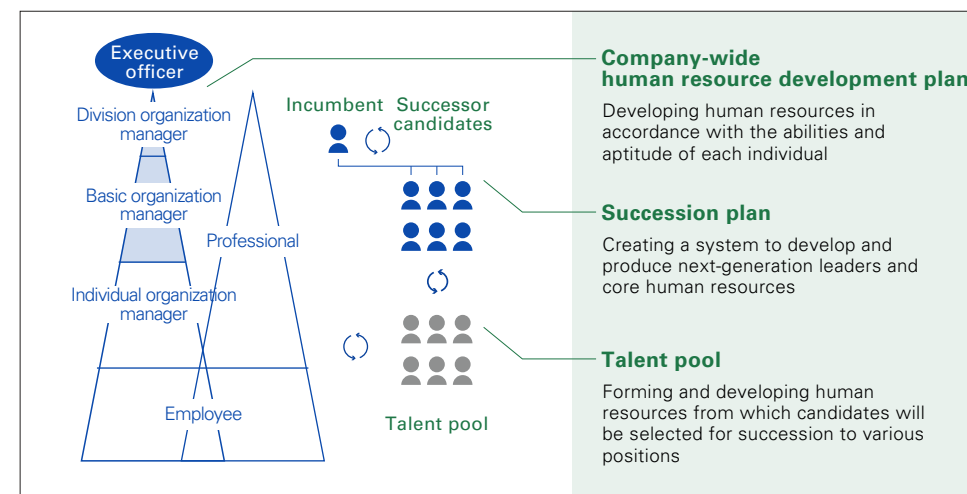
In the talent development plans, we utilize career consultations and assessments to understand each employee's abilities and aptitudes, and work to develop talent that possesses high-level expertise and can lead various functions. At the Management Personnel Development Meeting, we have formed a pool of potential successors for next-generation leaders. For the 105 key positions*, the "expected successor preparation rate," which indicates the number of individuals expected to be capable of thriving as successors within 3 years, averages 2.9 persons (290%) per position. Including Future Leaders, we have identified more than 734 suitable candidates**. In formulating the succession plan, the Management Talent Development Meeting, consisting of the

president, executive officers, and division heads, discusses the challenges and development approach for each candidate. The detailed nature of these discussions reflects the level of our commitment to our people.

* Department Head position and Division Head position

**The total number of successors for all positions (including duplicates of the same candidate). The absolute number of successor candidates is 384.

Overview of our talent management program



► 3.1 Our unique initiatives to date

External stakeholder interview

Interview

Dr. Sho Yamasaki
Professor, Research Institute for Microbial Diseases,
Osaka University
Deputy Director and Professor, Immunology Frontier
Research Center, Osaka University



Many dedicated and diligent people

I have conducted research activities with various people from Chugai since the signing of the comprehensive collaboration agreement between the Osaka University Immunology Frontier Research Center (IFReC) and Chugai Pharmaceutical in 2017. My impression has always been that there are many dedicated and diligent people at the company.

One of Chugai's strengths is to have exceptionally talented employees. I believe that corporate researchers who are engaged in various daily tasks rarely have enough time to read research papers in detail. However, the outstanding employees at Chugai study fundamental research, becoming well-versed not only in diseases but also in science, and possess high-level analytical skills that lead to results.

Creating innovation through constructive dialogue between people who act with conviction

Creating innovation requires constructive dialogue. This is why it is necessary to unite people who bring their ideas and conviction. When people listen sincerely to the ideas of others, admit what they do not know, and are able to formulate future policies in a short period of time, I feel that they can have constructive dialogue which is not superficial. I believe that it is important to act with conviction to achieve results, regardless of the field. You

could also equate conviction to sincerity, a quality that I feel many people possess at Chugai.

On the other hand, I feel that innovation also calls for some unconventional thinking. Although there are researchers in some fields who focus more on research than communication, it is also important to express your opinions, involve others and be bold in tackling challenges and problems. I have the feeling that many of Chugai's people are more flexible in their approach. While a steady and inflexible approach to research is often the driving force behind breakthroughs, there is a trade-off with diligence and a sense of balance.

I also believe that it is important to have a bottom-up, rather than a top-down, culture. I believe that innovation can be created by young people and everyone on the ground who is thinking for themselves, merging diverse ideas, and taking action based on constructive discussions, in the same way that senior management makes decisions.

Towards relationships where opinions overcome barriers

For academic research institutions and companies to utilize each other's strengths in equal relationships, opinions need to overcome organizational and positional barriers. Although the number of companies with research institutes in Japan has declined in recent years, Japanese research institutions are making progress on new research and making new discoveries. I hope to establish a better connection between our scientific knowledge and Chugai's knowledge of patient needs and diseases in Japan and around the world. In that sense, I am looking forward to proposals from Chugai on how we can better address the company's needs. I also expect that, in the future, Chugai will demonstrate even greater leadership in the pharmaceutical industry.

4.1 “Three Approaches to Individuals” and related initiatives

At Chugai, we have consistently pursued a human resource strategy integrated with our business growth strategy, based on the belief that “innovation is created from diverse values and expertise.” We place value on pursuing innovation and creativity in order to deliver innovative pharmaceuticals to patients worldwide.

To achieve the ambitious goals set in “TOP I 2030,” including “doubling R&D output” and “annual launch of in-house global products,” we believe it is necessary to further enhance the individual capabilities of our human resources, which are the source of innovation creation. In particular, developing self-directed employee - those who can

synchronize the company's vision and mission with their own purpose, think independently, engage others, and proactively drive business - is a significant challenge. Based on this concept, our human resource management policy focuses even more on the growth and challenge of the individuals. We aim to realize the “Three Approaches to Individuals” (Envisioning, Enhancing, and Enabling excellence), which enables individuals change (increasing the number of effective employees*), along with company change, and ultimately leading to the overall growth of Chugai Pharmaceutical.

* Promote the development of employees who act autonomously for achieving the company's goals

Human Capital Value Creation Model



4.1 “Three Approaches to Individuals” and related initiatives

To realize Chugai’s vision of becoming a “Top Innovator in the Healthcare Industry*,” we are promoting initiatives in the “Three Approaches to Individuals”. These initiatives encourage individuals who aspire to self-realization aligned with TOP I 2030 to engage in autonomous learning, mutually enhancing their skills, and thrive in an organizational culture that embraces challenges without fear of change. By strengthening these “Three Approaches to Individuals,” we aim to achieve: 1. Increase in talent who continue to take on challenges with ambition, 2. Establish a systematic approach to support human resources, and 3. Foster a culture that encourages challenges and personal growth. Ultimately, these efforts are intended to lead to the continuous creation of innovation and the realization of patient-centric, advanced, and sustainable healthcare.

At Chugai, we are enhancing initiatives focused on implementing “Three Approaches to Individuals” while also promoting department-led human resource management. While focusing on the development of our existing talent, we are also acquiring highly specialized talent and building a talent portfolio linked to each department's business strategy. These efforts are helping us make strides toward the realization of TOP I 2030.

* A company that (1) generates high expectations from patients all over the world, (2) attracts talent and players in the healthcare industry and (3) serves as a global role model for solving social issues.

Envisioning individuals

Under the theme of “individual employees envisioning their careers and synchronizing their future self-realization with TOP I 2030,” we focus on the “identification, recruitment, and development of highly specialized talent*.” Through these initiatives, our goal is to increase the number of individuals who consistently pursue challenges with a purpose. This includes “diverse and highly specialized talent, personnel who embody our Core Values, and proactive individuals.”

We are promoting initiatives to become a more attractive employer including, rolling out a job-based HR policies that clarifies job responsibilities, making it easier to attract talent and diversifying recruitment channels. Furthermore, we are promoting the integration of the “Chugai Leadership Principles,” which summarize the behaviors we expect all leaders at Chugai to demonstrate daily. We are also working to promote career autonomy for our employees through internships within the company and career design training programs.

Enhancing Individuals

We have set the theme of “respecting employees’ autonomy and supporting their challenges, autonomous learning, and strengthening of expertise,” with an emphasis on initiatives that support employees who embrace challenges. This theme’s initiatives aim to strengthen a systematic approach that enables “human resource development that promotes a sense of growth, creation of external networking opportunities, and systematically developing next-generation management.”

We are focused on strengthening mutual learning using The Learning Management System known as “I Learning” and creating opportunities both inside and outside of the Company that will support talent who take on challenges and learn autonomously, and continue to hone their expertise. Among these initiatives, the forum hosted by our strategic alliance partner, Roche, provides a valuable opportunity for networking and acquiring global insights. In addition to what we can learn from Roche, we will continue to invest in employee education. This will allow us to utilize Chugai’s unique insights to further develop our global and digital talent.

Enabling excellence of individuals

We are committed to creating an environment under the theme of “providing an environment where employees can demonstrate their own abilities and achieve personal growth through undertaking challenges.” Through initiatives aligned with this theme, we aim to cultivate an organizational culture that values “facing challenges, management that encourages autonomy, and promotes D&I that capitalizes on diversity,” thereby reinforcing these elements.

To realize an organization where all employees can thrive, we are promoting diversity and inclusion (D&I) to enhance health and productivity management, foster management that supports autonomy and introducing new HR policies from January 2025. The new HR policies will expand the job-based careers previously implemented for management employees, to general employees. This will empower them to actively shape their careers and pursue their professional goals. The company will support each and every employee in the challenges that they take and their aspirations for personal growth.

► 4.1 “Three Approaches to Individuals” and related initiatives

Envisage individuals

Interview



Contributing to patients worldwide and the development of science and technology in Japan – A career path with a core focus

Dr. Yutaka Matsuda, Open Innovation/Co-creation Expert,
Research Planning Dept., Research Networking Group

Sharing my know-how gained in the United States with Japan

I am currently responsible for leading open innovation in drug discovery research in our Research Division. Until last year, I was based at our head office, in charge of establishing Chugai's first corporate venture capital firm, Chugai Venture Fund, LCC [CVF]. Having achieved that, I have now transferred to a research laboratory to promote collaboration between CVF and Chugai's Research Division. CVF was established in the United States as Japan's open innovation environment is less developed. I hope at some point to share in Japan the know-how that I gained through CVF in the US, with the aim of creating a virtuous cycle for all drug discovery players, including academic institutions, startups, venture capital firms, and pharmaceutical companies.

When in doubt, I can rely on my core beliefs

It took about two years from the proposal to establish CVF, but I originally joined Chugai as a researcher. After obtaining my degree, I applied for a drug discovery research position at Chugai, hoping to apply my expertise to benefit society. My wish was granted, and I started my career in research but, in my second year, just as I was getting used to corporate life, I was dispatched to Kyoto University and spent the next three years there. In addition to daily trials and experiments as a researcher, I encountered some difficulties, such as reconciling the interests of Chugai with those of the university. Nevertheless, I found it interesting to think through and implement solutions to individual problems as a representative of Chugai Pharmaceutical. I believe this early career experience of being exposed to the differences in thinking between

companies and universities provided a good opportunity to consider the societal application of science and technology from a broader perspective.

After returning to Chugai, I was involved in in-house drug discovery projects. When the project I was working on was out-licensed ahead of schedule to Genentech in the US, I was transferred to the US to promote the project. Although I had to once again address various issues as a representative of Chugai, I found it less stressful as I had already formed the core of my beliefs through my previous assignment outside of the company. When trying to move forward with projects outside of your own organization, difficulties and problems tend to arise when there are intersecting interests. These must be resolved mostly on one's own, but focusing only on what's nearby can lead to losing sight of the direction one should take. Through these two external assignments, when in doubt of paths to take, I've come to act based on the criterion of what's best for contributing to patients worldwide and the development of science and technology in Japan.

Goals that are not constrained by a framework

The goal of contributing to patients worldwide and the development of science and technology in Japan should not deviate significantly from the goals of any given department at Chugai, although there may be differences in perspective. The establishment of CVF, where I was involved at the head office-level, is an example of one approach to adopting a different perspective to achieve a goal. Looking back, Chugai has given me opportunities to approach subjects from various perspectives. During my time at the head office, I was fortunate to attend business school as part of my training, which provided an opportunity to consider social contribution from an even higher perspective.

In working towards a universal goal that can be approached from any and every perspective, there may sometimes be a need for discussions that are outside the bounds of a Chugai framework. However, I believe that, ultimately, this will lead to the achievement of Chugai's TOP I 2030. When I look beyond TOP I 2030, I hope to continue on my career path with a focus on patients and society.

► 4.1 “Three Approaches to Individuals” and related initiatives

Enhance individuals

Interview



Diving into a New World to Innovate - Leveraging Curiosity

Ryohta Ishibe, Digital Strategy Dept., Strategic Planning Group

Discovering a new world through the cross-border program

I currently lead the Generative AI Task Force while also being responsible for organizational culture reform and open innovation reform related to DX. In 2023, I participated in the "Cross-Border Program," one of Chugai's digital human resources development programs ("CHUGAI DIGITAL ACADEMY"), which involved a one-year transfer to a venture company, after which I returned to my original department.

As part of the program, I was transferred to Travel Doctor Inc., a company that supports travel for people undergoing medical treatment. As a small company of three people in the travel industry, it offered a completely different environment to Chugai. I learned a great deal as it also made me realize how much I had been shaped by Chugai's culture and shared beliefs. During the program, I worked on everything from planning of operations from scratch to establishing business processes and creating the company's mission. I gained a sense of the flexibility in the decision-making process and an understanding of the strong, selfless passion for the mission, which are somewhat unique to a venture company. With a newfound clarity on the differences between a large corporation and a smaller outfit, I made the decision to adopt the positive aspects of both types of companies to create a hybrid style in my own way of working.

Stepping out of Chugai to reaffirm what I value

Participating in this program was also an opportunity for self-discovery. One major realization in the program was the importance of accomplishing something as a

team. I became aware of my own inclination to drive things forward as a team while encouraging those around me to come together for a purpose.

I also reaffirmed for myself that Chugai's purpose lies in contributing to society and patients, something which has real value for me. When I was previously involved in marketing therapies for rare cancers, I often dealt with specific patients, whereas my work on digital projects has certainly distanced me from the field. However, at Travel Doctor, I had the opportunity to spend time with patients receiving end-of-life care and to see the behind-the-scenes support provided by hospitals and healthcare providers to patients and their families. My desire to help patients has grown stronger because of my own involvement in the process.

I want to explore the challenging paths not yet taken

When asked where I want to go next, my response is "to a department that does not yet exist." I believe that we can achieve new combinations by discovering the unknown and the unseen and connecting them with the world around us, which will lead to innovation. Similarly to when I was transferred to the Digital Strategy Department, I want to continue exploring paths that no one else has taken, which will create experiences unique to me so that I can treasure the unexpected connections that I make along the way.

To achieve the ambitious goals set out in TOP I 2030, we need to enter a phase of accelerated growth and explore new areas. I feel that this aligns with my own ways of thinking and being. I hope to contribute to the achievement of TOP I 2030 by discovering the unknown and unseen, connecting these discoveries with what already exists, and creating something new as a result.

► 4.1 “Three Approaches to Individuals” and related initiatives

Enable excellence of individuals

Interview



Contributing to patients through drug discovery – Leveraging diverse individuals to achieve results

Rie Sugai, Group Manager, API Process Development Dept.,
Early Stage Cell Culture Process Development Group

Sharing the joy of managerial work

I am currently leading the launch of the GM's Buddy program (GM* internship program) as part of the CaLot women's empowerment project, alongside my duties in the Pharmaceutical Research Department. This program, aimed at raising awareness of GM work and increasing the number of female employees who want to become GMs, allows participants to work closely with several GMs and gain direct experience of their role. The key is to show participants that each GM works in their own unique way and to show all aspects of the role, not just the good. Employees often have the impression that the job of a GM is challenging but, by showing participants how we work, I hope that they will understand that there is not simply one type of manager and that they will find joy and satisfaction in the work. After much discussion and advice from those around me, we are planning to start a small-scale trial of the program in the fall of 2024.

*Group Manager (managerial position with direct reports)

The importance of establishing your own style and approach

I decided to join CaLot after management mentoring by an experienced female manager last year. When she launched CaLot, I wanted to do something for the next generation of managers, just as she had done for me. This led to me designing the program. After returning from maternity and childcare leave, I struggled with how to approach work as I was the first person in my department to return from childcare leave. I reached a turning point when I spoke frankly with my then-supervisor and realized that I should

develop my own style and approach to the situation. Constraints on my working hours made me reflect on what I could do that others could not and what was lacking in my department. It changed the way that I approached work. I believe that my current style is the result of visualizing my work, connecting individual tasks, and creating a system for cooperating with others through detailed dialogue. With research positions in particular, it can be challenging to manage your working hours, and people often believe that it is difficult to balance this work with childcare. This is precisely why teamwork, working with my colleagues, is important. I know from experience that there are diverse ways of working, so my hope is that everyone can find their own style.

Leveraging diversity leads to results

At the root of all my activities is a desire to give back to society what I have learned, to create good medicine, and to contribute to patient outcomes. The power of one person is limited. However, at Chugai, I feel that I can contribute to patient health by cooperating with a diverse group of people.

Since joining the company, I have consistently focused on improving my skills as a researcher in my current department. I hope to contribute to producing results by passing on the skills and knowledge I've accumulated as a researcher to my department and subordinates. I want to consider how to utilize each person's abilities and personalities to maximize their performance. Everyone has their own strengths and weaknesses, and while it is not easy to overcome weaknesses, I believe that developing one's strengths can lead to effective and fulfilling work. As Chugai is home to diverse individuals, this can become our strength. I hope to bring together people with diverse personalities who can complement each other – whether through their strengths or weaknesses – and achieve the best results.

► 4.2 Human resources measures to improve the value of human capital

At Chugai, we implement various HR initiatives to enhance the "Three Approaches to Individuals." In this section we will introduce six measures, but please also refer to Chapter 3.1 for the "Roche Human Resources Exchange Program," "Overseas Transfer Program and Cross-Border Program," and "Talent Management Program and Succession Plan."

Identification, recruitment and development of highly specialized human resources

To accelerate innovation creation and achieve TOP I 2030, we must attract highly specialized talents and further develop their skills and abilities. We are already diversifying our recruitment channels, including alumni referrals and group recruitment. This approach targets individuals who are eager to take on challenges and grow with us, leveraging their expertise. Additionally, we are promoting initiatives to make Chugai an even more attractive choice for individuals. These initiatives link recruitment and talent management with a focus on skill sets required for RED* positions. Our business achievements, including the development of pharmaceuticals utilizing world-class antibody technology, have attracted highly specialized talents, and we intend to continue this virtuous cycle moving forward.

We launched our CHUGAI DIGITAL ACADEMY in 2021 as a program for developing digital talent, providing opportunities for practical learning outside a classroom environment. For example, in our unique programs such as the "Data Scientist Training Course" and the "Digital Project Leader** Training Course," we offer practical work simulations. This includes classroom training on digital technology fundamentals and specialized skills, as well as a nine-month program that covers the planning, proposal, and execution of projects, thus taking a comprehensive approach to the development of digital talent.

* RED is the abbreviation for Research and Early Development

** Individuals who plan, manage, and drive digital projects based on a broad range of digital-related knowledge and experience in our company.

Promotion of career autonomy

In pursuit of achieving TOP I 2030, we are focused on developing self-directed talent. Since the reform of our career development system in 2012, we have promoted

employees' autonomous career development in accordance with our career policy of "valuing opportunities for each individual to realize and nurture their own potential for autonomy and mutual growth." In January 2025, the new HR system will introduce a job-focused employment model for general employees, offering early-stage opportunities to shape their careers and acquire the competencies and skills needed to achieve future career aspirations. In addition, we have established several programs to support employees' autonomous career development, such as holding career design training according to age, and setting up a career consultation office.

Strengthening mutual learning using I Learning

At Chugai Pharmaceutical, we believe that careers are crafted by the employees themselves, rather than awarded by the company. Likewise, we consider training and development to be collaborative endeavors, rather than solely directed or suggested by the company. In 2021, we launched I Learning, an online learning management system designed to empower employees to choose and pursue their own career paths and educational development. We aim to foster a learning environment that supports autonomous learning and career growth, which is accessible anytime, anywhere, and tailored to individual preferences. We have also implemented "Chugai Academia," which provides a blend of "Autonomy and Teamwork." This innovative learning environment fosters synergy and continuous knowledge exchange, where like-minded individuals collaborate in teams to design and engage in their personalized learning curriculum. We view collaborative education as a pivotal element in the learning process, and we strive to cultivate an environment of knowledge sharing among employees, which contributes to our collective advancement.

4.2 Human resources measures to improve the value of human capital

Development of global human resources

To become a Top Innovator in the Healthcare Industry* under TOP I 2030, we are committed to nurturing and cultivating talent capable of making significant contributions on a global scale and steering the growth of an international pharmaceutical enterprise. Since the 1990s, we have actively engaged in global expansion initiatives, including increasing the number of research and development facilities abroad. In the period since our strategic alliance with Roche, we have intensified our efforts for international expansion and placed a strong emphasis on cultivating a global workforce. This includes cooperative development initiatives, participation in human resources exchange programs, and involvement in forums with Roche. As part of our work engagement reforms, we have introduced the "Flexible Career Leave of Absence System," which enables our employees to take a leave of absence to pursue further education abroad or gain certifications, and thereby broadening their professional skill set. We aim to accelerate innovation opportunities by developing and producing global talent. This enhances our partnerships with leading global organizations and helps us to achieve global first-class drug discoveries.

* A company that (1) generates high expectations from patients all over the world, (2) attracts talent and players in the healthcare industry and (3) serves as a global role model for solving social issues.

Promotion of job satisfaction reforms and D&I

The company is implementing "Workstyle reforms" to support the personal fulfillment of our diverse workforce. Our goal is to establish autonomous and flexible work styles, enabling employees to fully demonstrate their abilities by engaging in voluntary and proactive activities. Since 2021, we have promoted a "new way of working" policy, which is a hybrid work, that allows each individual to combine remote and office work while considering their own work situation.

We are equally committed to promoting the advancement of a diverse workforce in order to become a top innovator. At our annual Chugai Diversity DAYS event, we offer various activities aimed at fostering awareness of diversity, including interactive talk

sessions, presentations by guest speakers, expert panel discussions, and a message from our president. We also offer comprehensive support to employees with children, which includes both financial aid and resources, as well as specialized training programs for their supervisors. More specifically, we provide workshops focused on career assistance for employees on shortened work schedules due to childcare responsibilities, as well as educational sessions on childcare leave for male employees. Furthermore, we proactively cultivate awareness of LGBTQ issues and encourage the recruitment of individuals with disabilities. We have also broadened the onboarding process for different departments and enhanced post-hire consultation services to improve the retention rates of experienced professionals. Through these initiatives, the Company fosters a workplace environment that nurtures and supports a diverse range of talent.

Chugai Diversity DAYS



4.2 Human resources measures to improve the value of human capital

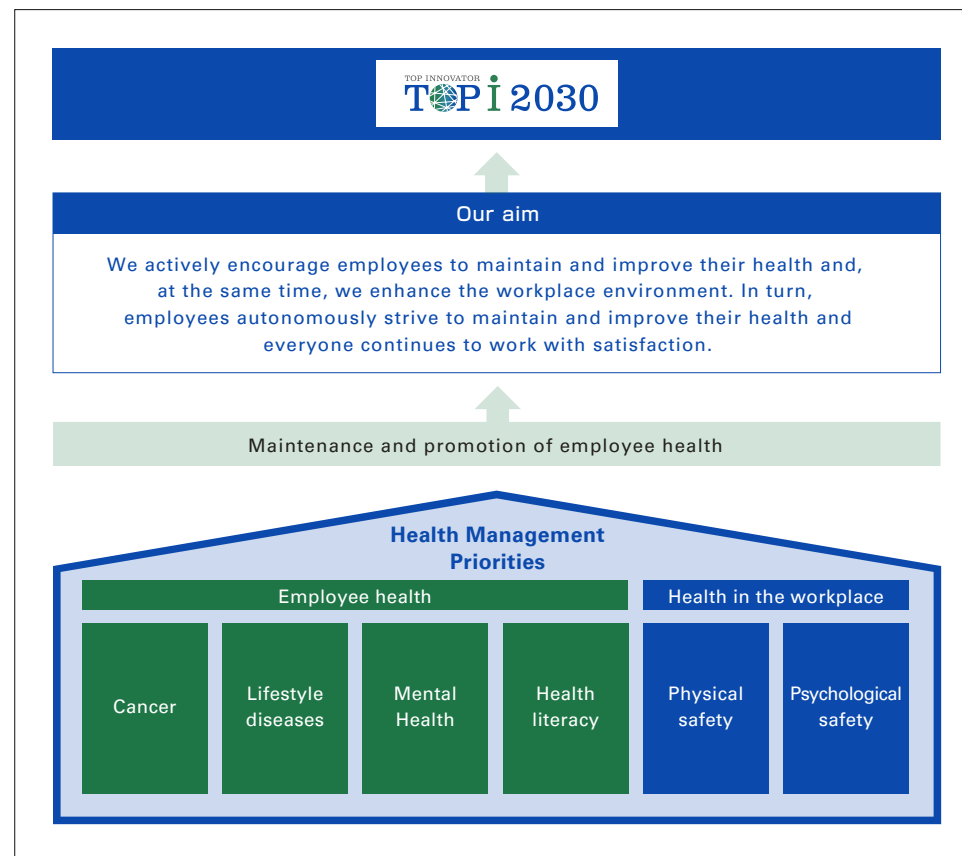
Promotion of health and productivity management

At Chugai, we promote health management based on the belief that an environment where each employee can work with physical and mental health, motivation, and a sense of purpose is the foundation for growth. We have established a framework of six key priority areas, including initiatives related "cancer," "lifestyle-related diseases," "mental health," "health literacy," "physical safety in the workplace," and "fostering psychological safety in the workplace." In line with the TOP I 2030 strategy, we have established medium and long-term goals and are actively engaged in efforts to fulfill them.

Our goal for cancer initiatives is to lower the attrition rate of employees affected by cancer through the encouragement of early diagnosis and intervention. Cancer screening rate for the year 2023 stands at 83.1%, and we will continue our awareness-raising efforts to reach the 2030 target of 95%. We guarantee that every high-risk individual receives a consultation with an occupational physician as part of our program for lifestyle-related diseases. Under our mental health strategy, we track the prevalence of employees experiencing high levels of stress and those taking extended leaves for mental health reasons. Additionally, we facilitate regular consultations between these individuals and occupational health doctors to help alleviate their stress. The stress check participation rate has been over 90% for two consecutive years since 2022 and will continue our efforts for further improvement. We organize health management activities at every company location and implement various initiatives to enhance employees' understanding of health and well-being.

The Company is committed to fostering a culture where employees are not only actively involved in maintaining and enhancing their health but also independently motivated to pursue better health and well-being. We strive to create a workplace environment that supports continuous improvement in our employees' health, enabling them to work in optimal conditions.

Overview of Promoting health and productivity management



Monitoring Indicators for Health and productivity management

Health and productivity management Indicators	2021 results	2022 results	2023 results
Cancer screening rate	—	78.9%	83.1%
Stress check participation rate	84.8%	91.6%	91.3%

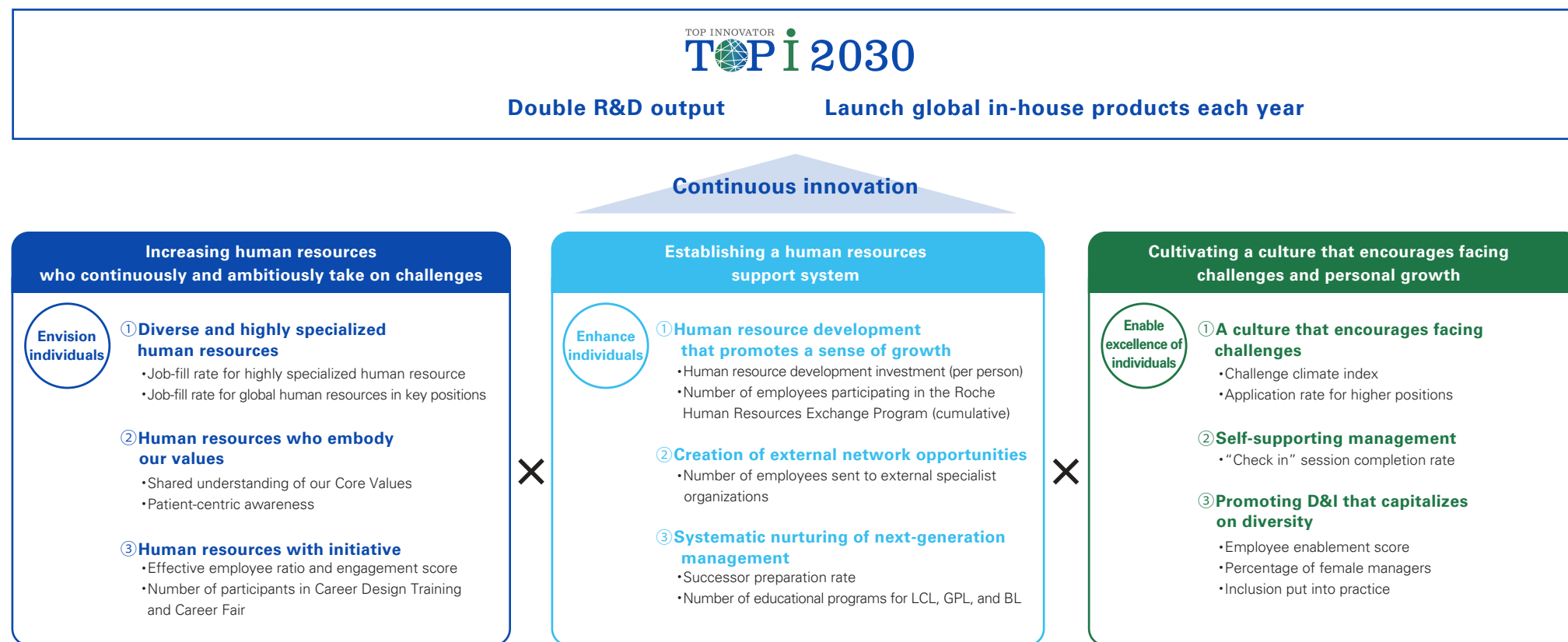
5.1 Human Capital Value Creation Model

To achieve TOP I 2030, we need to further strengthen the individual power of our employees—the source of value creation— For continuous innovation, using the framework of the “Three Approaches to Individuals”—“Envision individuals,” “Enhance individuals,” and “Enable excellence of individuals”—. We have established measures and defined 17 key performance indicators (KPIs) that will lead to the achievement of the goals

defined in TOP I 2030, such as “Doubling R&D output” and “Launching in-house global products every year.” By setting targets for 2030 and regularly tracking each KPI, we have established a system that identifies issues requiring particular effort.

Enhancing and combining the “Three Approaches to Individuals,” will foster innovation and contribute to the realization of TOP I 2030.

Human Capital Value Creation Model



5.2 Target values and results of indicators (Envision individuals)

Monitoring indicators for "Envisioning individuals"

Theme		Indicators	2021 results	2022 results	2023 results	2030 target value
Envision individuals	Diverse and highly specialized human resources	Job-fill rate for highly specialized human resources*1 (Job-fill rate for science specialists/digital specialists/medical doctors)	70% (75%/65%/75%)	42% (42%/41%/50%)	66% (67%/76%/38%)	90%
		Job-fill rate for global human resources in key positions	Division head: 89% Department head: 44%	Division head: 84% Department head: 49%	Division head: 84% Department head: 51%	100%
	Human resources who embody our values	Shared understanding of our Core Values	Awareness survey not conducted	81%	Awareness survey not conducted	100%
		Patient-centric awareness	Awareness survey not conducted	87%	Awareness survey not conducted	—
	Human resources with initiative	Excellent employee ratio and engagement score*2	Awareness survey not conducted	Percentage of "Excellent employees": 89 Engagement Score: 100	Awareness survey not conducted	100
		Number of participants in Career Design Training and Career Fair	787	852	828	—

*1 Calculation based on the number of new hires

*2 When the score of companies with strong global performance is deemed as 100

Under the theme "Envisioning individuals," we track six KPIs aligned with three themes: "Diverse and highly specialized human resources," "Human resources who embody our values," and "Human resources with initiative."

We look at the job-fill rates for science specialists, digital specialists, and MDs* in respect of the job-fill rate for highly specialized human resources. While the job-fill rate for Digital specialists is close to the target value, the job-fill rate for MDs remains at 38%. As a result, we will focus on implementing measures to improve this figure going forward.

In addition, when calculating the job-fill rate for global human resources in key positions, we define global talent as "employees who have experience working in overseas affiliates." While the job-fill rate for division heads is 84%, the job-fill rate for department

heads is only 51%, which is significantly below the target value set for 2030. We need, therefore, to increase secondment of personnel to overseas affiliates in order to broaden their work experience, while also taking into account their individual circumstances and motivation.

The scores for shared understanding of our Core Values, the effective employee ratio and engagement are measured in an awareness survey conducted biennially, not conducted in 2023.

*Medical Doctors

5.2 Target values and results of indicators (Enhance individuals)

Monitoring indicators for "Enhancing individuals"

Theme		Indicators	2021 results	2022 results	2023 results	2030 target value
Enhance individuals	Human resource development that promotes a sense of growth	Human resource development investment (per person)	Investment amount: ¥195,000	Investment amount: ¥216,000	Investment amount: ¥256,000	Investment amount: ¥300,000
		Number of employees participating in the Roche Human Resources Exchange Program (cumulative)	235	245	261	Approximately 10% of employees
	Creation of external network opportunities	Number of employees sent to external specialist organizations	22	32	30	100
	Systematic nurturing of next generation management	Successor preparation rate*1	2.27	2.24	2.56	3.00 (3 people/number of positions)
		Number of educational programs for LCL, GPL, and BL*2	7	7	8	—

1. Calculated by dividing the total number of candidates within three years by the number of key positions

2. Life Cycle Leader (LCL), Global Project Leader (GPL), Business Leader (BL)

Under the theme "Enhancing individuals," we track five KPIs aligned with three themes: "Human resource development that promotes a sense of growth," "Creation of external network opportunities," and "Systematic nurturing of next-generation management."

We have consistently expanded programs for human resources development, making steady progress towards the 2030 target value for career development spending per employee. The utilization rate of I Learning has also reached 80% in the three years since its launch. We will continue to enhance programs that contribute to the growth of our employees, fostering autonomous learning and developing their expertise.

To date, a total of 261 employees have participated in the Roche Human Resources Exchange Program, and we aim to increase this number in the future. The successor preparation rate is an indicator associated with the Talent Management System and

Succession Plan initiatives, which have been our focus for more than a decade. As a result of these efforts, the preparation rate for 2023 reached 2.56. However, we need to continue enhancing our strategies to achieve our target value by 2030.

The number of employees sent to external specialist organizations is an area to be enhanced in order to achieve the ambitious target value set for 2030. To facilitate this process, we must strengthen our ties with external specialist organizations such as joint research partners and pursue mutually beneficial personnel exchanges, both of which will require sustained effort over the long term.

► 5.2 Target values and results of indicators (Enable excellence of individuals)

Monitoring indicators for "Enabling excellence of individuals"

Theme		Indicators	2021 results	2022 results	2023 results	2030 target value
Enable excellence of individuals	A culture that encourages challenges	Challenge climate index	Awareness survey not conducted	76%	Awareness survey not conducted	100%
		Application rate for higher positions	12% (appointment ratio)	29% (appointment ratio)	33% (appointment ratio)	50% (application rate)
	Self-supporting management	"Check in" session completion rate	—	78%	—	100%
	Promoting D&I that capitalizes on diversity	Employee enablement score*1	Awareness survey not conducted	89	Awareness survey not conducted	100
		Percentage of female managers	15.0%	15.9%	17.2%	Equal to the percentage of female employees (Estimate 38%)
		Inclusion is put into practice	Awareness survey not conducted	60%	Awareness survey not conducted	75% or more

*1 When the score of companies with strong global performance is deemed as 100

We track six KPIs under the theme of "Enable excellence of individuals." These KPIs align with the themes of a "Culture that Encourages Challenges," "Autonomy-Supportive Managers," and "Promoting Diversity & Inclusion (D&I) that capitalizes on diversity" in addition to "Other—Health and productivity management." In the period to 2022, we achieved an implementation rate of 80% for 1-on-1 "Check in" sessions between supervisors and the people who report to them, which are designed to support them in dealing with challenges and achieving growth. We will continue to evaluate operations and ensure high-quality communication between supervisors and their teams.

The application rate for higher positions has steadily increased. The introduction of the new HR policies in January 2025 will further encourage employees' autonomous career development.

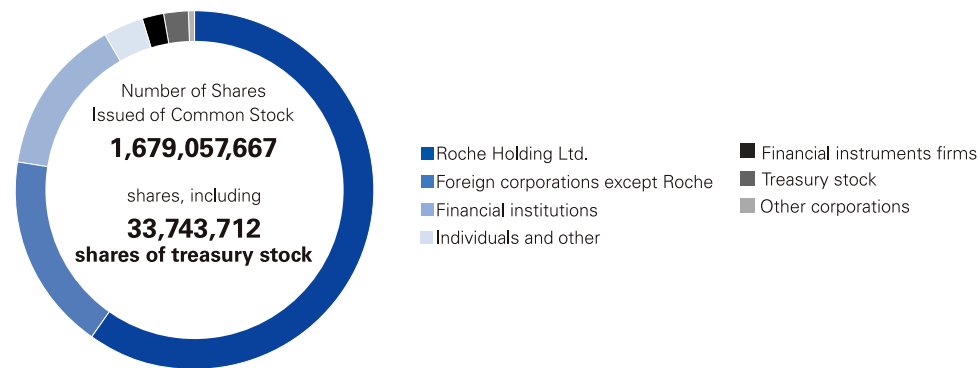
The ratio of female managers showed increasing trend the past three years, due to initiatives such as "CaLot" activities and other programs that promote the advancement of women. We will continue to implement a variety of measures to further increase the number of female managers.

The scores for "Challenge climate index" and "Employee enablement indicator" are measured in an awareness survey conducted biennially, not conducted in 2023.

6.1 Basic Information

Stock Information (As of December 31, 2023)

• Classification of Shareholders

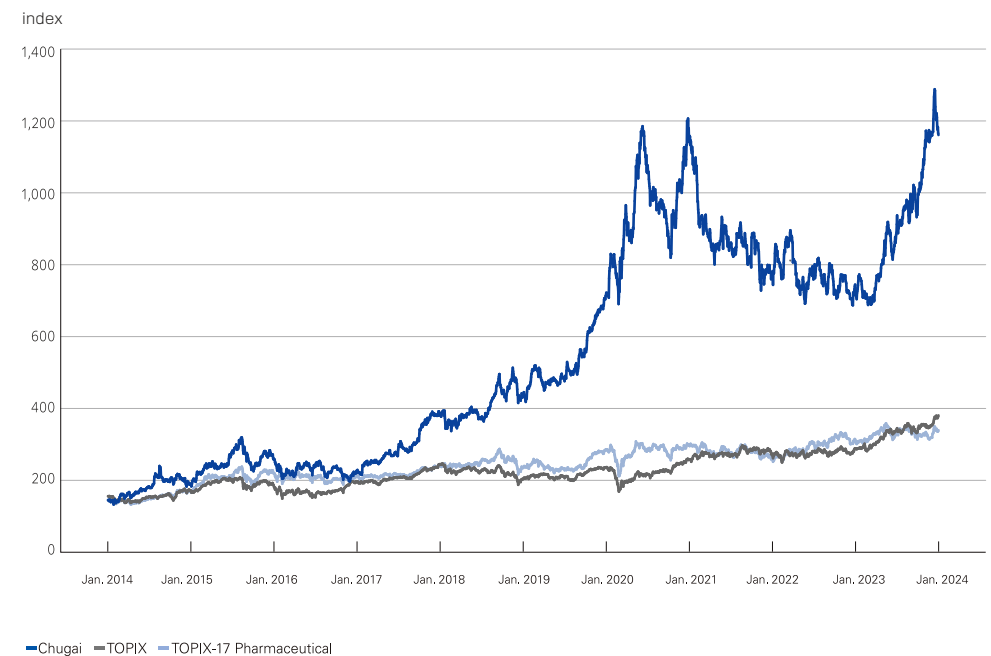


• Major Shareholders (Top 10)

Name	Number of shares held (Thousand)	Percentage of voting rights (%)
Roche Holding Ltd.	1,005,670	61.13
The Master Trust Bank of Japan, Ltd. (Trust Account)	145,198	8.82
Custody Bank of Japan, Ltd. (Trust Account)	59,737	3.63
STATE STREET BANK AND TRUST COMPANY 505001	25,232	1.53
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	19,120	1.16
STATE STREET BANK WEST CLIENT - TREATY 505234	14,334	0.87
SMBC Nikko Securities Inc.	11,032	0.67
SSBTC CLIENT OMNIBUS ACCOUNT	10,484	0.63
JP MORGAN CHASE BANK 385781	9,375	0.56
SUMITOMO LIFE INSURANCE COMPANY	9,000	0.54

Note: The Company holds 33,743,712 shares of treasury stock, but is excluded from the ten major shareholders listed in the table above.

• 10-Year Total Shareholder Return (TSR)



	Past 1 Year	Past 3 Year		Past 5 Year		Past 10 Year	
	TSR	TSR	Annualized TSR	TSR	Annualized TSR	TSR	Annualized TSR
Chugai Pharmaceutical	61.3%	2.9%	1.0%	173.2%	22.3%	704.9%	23.2%
TOPIX	28.3%	41.1%	12.2%	79.0%	12.3%	127.9%	8.6%
TOPIX-17 Pharmaceuticals	1.3%	8.6%	2.8%	42.1%	7.3%	122.2%	8.3%

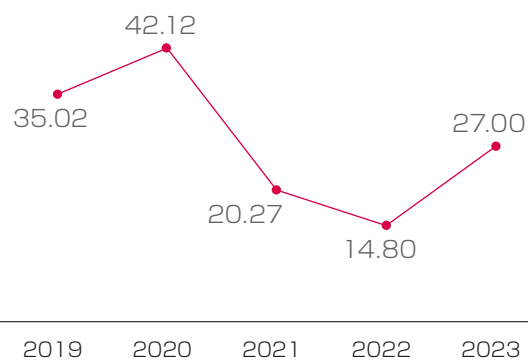
Note: In the above graphs and tables, Chugai's closing price and benchmark indexes as of Wednesday, January 1, 2014, are fixed at 100 and the figures for ROI assume re-investment of the dividends. The benchmark indexes used are the Tokyo Stock Price Index (TOPIX) and TOPIX-17 Pharmaceutical.

6.1 Basic Information

Share Price Indicators

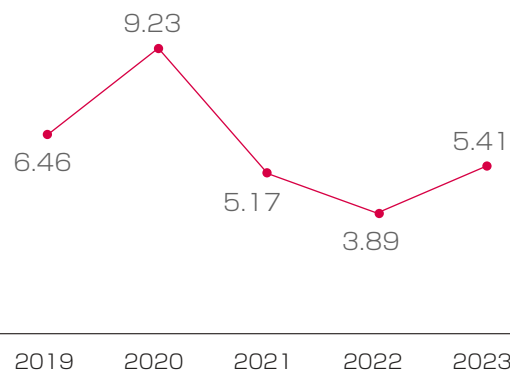
• Price / Earnings Ratio

Year-end share price / Basic net income per share
(Times)



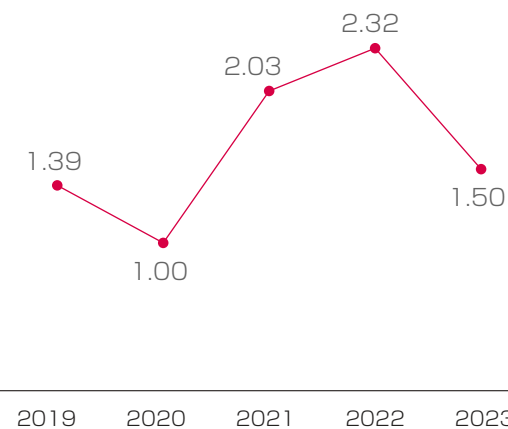
• Price / Book Ratio

Year-end share price / Equity per share attributable to
Chugai shareholders
(Times)



• Dividend Yield

Dividends per share / Year-end share price
(%)



Company Profile

Company name	Chugai Pharmaceutical Co., Ltd.
Date of foundation	March 10, 1925
Date of establishment	March 08, 1943
Head office	2-1-1 Nihonbashi-Muromachi, Chuo-ku, Tokyo 103-8324, Japan Tel: +81-(0)3-3281-6611 (Main switchboard)
Stated capital	¥73,202 million
Number of employees	7,604 (Consolidated)

Number of shares issued of common stock	1,679,057,667 shares
Number of Shareholders	54,361
Stock listing	Prime Market of Tokyo Stock Exchange
Fiscal year-end	December 31
General Meeting of Shareholders	March
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation

6.2 Matters to be stated in Securities report

(1) Status of Consolidated Companies (As of December 31, 2023)

Number of Employees	7,604
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(Notes) 1. This indicates the number of employees currently working.

2. As the Group has a single segment and a single business division dedicated solely to the pharmaceutical business, this indicates the number of employees for the entire Group.

(2) Status of the reporting company (As of December 31, 2023)

Number of employees	Average age	Average length of service	Average annual salary (JPY)
4,903	42 years, 8 months	15 years, 10 months	11,980,884

(Notes) 1. This indicates the number of employees currently working.

2. As the Company has a single segment and a single business division dedicated solely to the pharmaceutical business, this indicates the number of employees for the entire Company.

3. The average annual salary includes bonuses and any additional wages.

(3) Status of labor unions

The Chugai Group consists of the Company and its domestic affiliates (Chugai Research Institute for Medical Science, Inc., Chugai Clinical Research Center, Inc., Chugai Pharmaceutical Industry Co., Ltd., and Chugai Pharmaceutical Business Solutions Co., Ltd.), eligible to be part of Chugai Labor Union.

As of the end of December 2023, there were 4,559 members of the Chugai Labor Union, maintaining a cooperative relationship based on mutual trust.

6.2 Matters to be stated in Securities report

(4) The percentage of female employees in managerial positions, the percentage of male employees taking childcare leave, and the difference in wages between male and female employees

① Reporting company

Current fiscal year							Supplementary explanation	
Percentage of female employees in managerial positions (%) (Note 1)	Percentage of female managers (%) (Note 2)	Percentage of male employees taking childcare leave (%) (Note 3)	Number of days of childcare leave available to male employees (Note 4)	Difference in wages between male and female employees (%) (Note 5)				
				All employees	Regular employees			All other employees
					Managerial position	General position		
19.0	17.2	87.6	21.4	78.7	78.6	70.6	—	
					93.8	84.0		

Difference in wages between men and women:

- The Company has implemented a personnel system designed to "enable any employee to play an active role regardless of age or other attributes," and to "ensure a well-balanced evaluation and compensation aligned with their roles and achievements." In terms of wages, men and women are treated similarly, with any current wage differentials attributable to variations in duties, job grades, and age distributions. To reduce disparity, the Company is focusing on initiatives that promote women's advancement, including proactive promotion of female managers and support for career development. The targets and initiatives for promoting the active participation of women are described in" II [Business Conditions], 2. [Philosophy and Initiatives on Sustainability]. "
- For managers, wages are determined based on their positions following the introduction of the job grade system. As a result, the difference in average annual wages is small, at 93.8%, and reaches the 100% level for division heads and above.
- For regular employees, there is an 84.0% difference in average annual wages. This disparity is primarily attributed to differences in the use of childcare leave and shortened working hours between men and women due to life events, as well as differences in overtime allowances. The company has set targets for increasing the long-term use of childcare leave among men and is actively working to raise awareness and improve the environment to support this goal. Through these initiatives, the Company aims to eliminate these differences.

(Notes)

1. The percentage of female employees in managerial positions is calculated in accordance with the provisions of the "Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015)." Managerial positions are defined to include section heads, with or without subordinates, and the percentage is calculated according to Chugai's standards. 2. The percentage of female employees among managers includes those in positions such as managers with subordinates, project leaders, and highly specialized professionals. It is calculated based on our company's standards and also includes Chugai Pharmaceutical and its consolidated subsidiaries. 3. The percentage of male employees taking childcare leave is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)," and the percentage of childcare leave and other leave taken as specified in Article 71-4, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Health, Labor and Welfare No. 25 of 1991)." 4. The number of days of childcare leave taken by male employees is calculated based on the "average number of days of childcare leave taken by male employees who returned to work in the business year prior to publication." Numerator: Total number of days of childcare leave taken by employees who returned to work in the business year prior to publication (days) Denominator: The number of employees who took childcare leave (persons) 5. The gender pay gap among employees is calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015)." • No time adjustment is made for workers who have taken parental leave or are working reduced hours. • Other employees: This category includes contract employees (including those in senior positions) and part-time staff. The count of part-time employees is determined relative to the standard working hours of full-time employees. • Calculated based on the number of employees as of the end of December 2023.

6.2 Matters to be stated in Securities report

② Consolidated subsidiaries

Current fiscal year						Supplementary explanation
Name	Ratio of female employees in managerial positions (%) (Note 6)	Percentage of male employees taking childcare leave (%) (Note 7)	Difference in wages between male and female employees (%) (Note 8)			
			All employees	Regular employees	All other employees	
Chugai Pharmaceutical Co., Ltd.	8.7	84.1	70.4	74.6	40.4	—
Chugai Business Solutions Co., Ltd.	24.1	—	—	—	—	Number of regular employees: At least 101 but no more than 300 Percentage of male employees taking childcare leave: 0% (no male employees had children born in 2023)
Chugai Research Institute for Medical Science	27.3	200.0	—	—	—	Number of regular employees: At least 101 but no more than 300 Percentage of male employees: Two male employees started taking childcare leave in fiscal year 2023, including one male employee who had a child born in fiscal year 2022
Chugai Clinical Research Center Co.	52.6	100.0	—	—	—	Number of regular employees: At least 101 but no more than 300

Difference in wages between men and women:

- The reasons and background for wage differentials between men and women at Chugai are the same as those at the above-mentioned reporting company.

(Notes)

6. The percentage of female employees in managerial positions is calculated in accordance with the provisions of the "Act on the Promotion of Female Participation and Career Advancement in the Workplace (Act No. 64 of 2015)." Managerial positions are defined to include section heads, with or without subordinates, and the percentage is calculated according to Chugai's standards. 7. The percentage of male employees taking childcare leave is calculated based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991)," and the percentage of childcare leave and other leave taken as specified in Article 71-4, Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Health, Labor and Welfare No. 25 of 1991)." 8. The gender pay gap among employees is calculated in accordance with the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015)." • No time adjustment is made for workers who have taken parental leave or are working reduced hours. • Other employees: This category includes contract employees (including those in senior positions) and part-time staff. The count of part-time employees is determined relative to the standard working hours of full-time employees. • Calculated based on the number of employees as of the end of December 2023.

6.3 Major awards and recognition

Chugai Pharmaceutical is focusing its efforts on initiatives to foster growth and to address the challenges of a diverse workforce in order to achieve its TOP I 2030 growth strategy. These efforts have garnered external recognition, including the “Nadeshiko Brand” designation, the highest rank of the “Eruboshi” certification, and selection as a Health & Productivity Stock. We will continue to nurture an organizational culture where innovation is created through the active involvement of our diverse workforce.

Advancement of women Ministry of Economy, Trade and Industry's Nadeshiko Brands

Only one company selected annually from the industry
Selected 6 times in 10 years as a “Nadeshiko Brand”
for the pharmaceutical industry



Advancement of women Highest grade "Eruboshi" certification from the Ministry of Health, Labour and Welfare

Standards based on the Act on the Promotion of
Women's Active Engagement in Professional Life
Awarded highest level of certification



D&I Ministry of Economy, Trade and Industry's Top 100 Management Companies

Awarded in 2018
(award discontinued in 2022)



Support for childcare Ministry of Health, Labour and Welfare's Platinum Kurumin certification

Certified in 2018



Ministry of Economy, Trade and Industry's Health Management Brand

1 company selected from each industry
Certified in 2024



The LGBTQ Pride Index

Evaluation index for initiatives related to
LGBTQ and other sexual minorities
Awarded Gold certification



Job Search Rankings

Caritas:
Sciences: 27th overall
No. 1 in the pharmaceutical industry

Mynavi:
Sciences: 33rd overall
No. 2 in the pharmaceutical industry



CHUGAI PHARMACEUTICAL CO., LTD.



A member of the Roche group