



## Management Decision-Making, Execution and Oversight of Business Operations

To expedite business operations and clarify executive responsibilities, Chugai has adopted an executive officer system to keep decision-making on management issues of primary importance separate from business execution. The Board of Directors is in charge of the former, while executive officers are entrusted by the board with the authority to conduct the latter. The Executive Committee makes decisions concerning business execution. In execution of business, since March 2012 the chief executive officer (CEO) has ultimate responsibility for decisions on Companywide management strategies and other important matters, and the chief operating officer (COO) is responsible for decisions on business execution.

## Board of Directors

The Board of Directors makes decisions on management issues of primary importance and receives quarterly reports on the state of business execution as well as reports on key decisions made by the Executive Committee. It is also responsible for oversight of the execution of business operations. The board consists of five directors from Chugai and five outside directors, totaling ten directors. Two of the outside directors are from the Roche Group.

In 2014, the Board of Directors convened eight times.

## Executive Committee

The Executive Committee makes important executive decisions. It consists of key executive officers, including the CEO and COO, and the full-time Audit & Supervisory Board Members.

In addition, the IR Committee, Risk Management Committee, Corporate Social Responsibility Committee and Healthcare Compliance Committee have been established under the Executive Committee.



## Chugai's Management Following the Strategic Alliance and the Current Effectiveness of Corporate Governance

### Franz Bernhard Humer

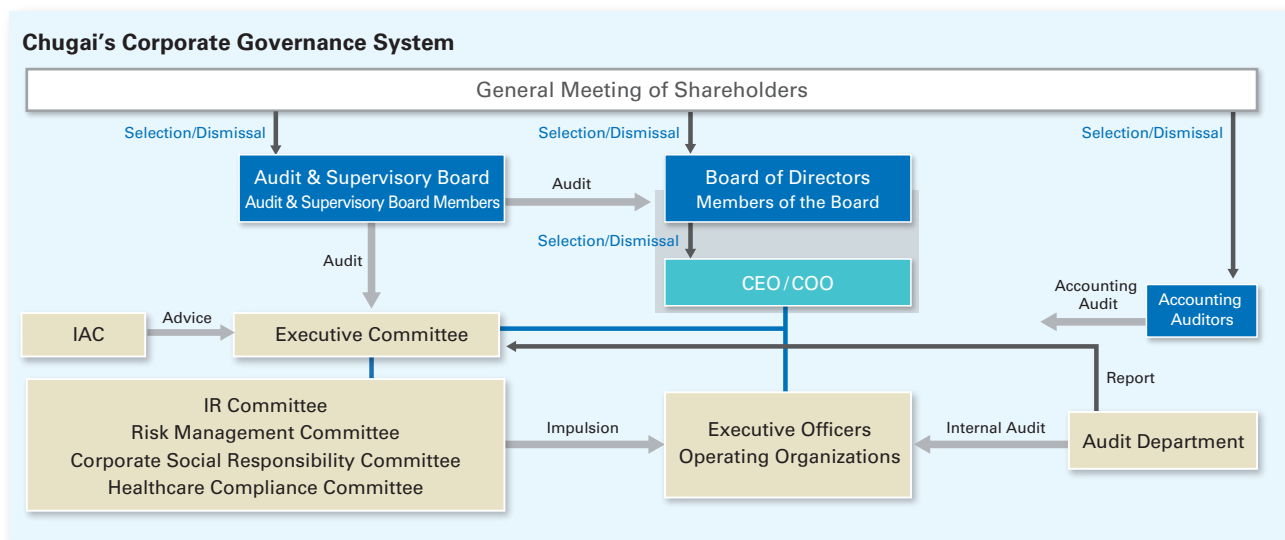
Outside Director  
Chairman, Diageo plc  
Former Chairman of the Board of Directors of ROCHE HOLDING LTD

I was the Chairman of the Board of Directors and CEO of ROCHE HOLDING LTD when Roche and Chugai integrated their management in 2002 by entering into a strategic alliance. We rated Chugai positively as an alliance partner not only for the strengths of its R&D and marketing operations, but also in terms of its management and corporate governance capabilities. We considered Chugai an excellent company, particularly for its prompt decision-making based on its executive officer system and its productivity improvement initiatives.

Since then, I have served as an outside director of Chugai from 2002 through 2007 and again in 2013 and 2014. I am pleased that over this period Chugai's corporate governance has continued to evolve. In

addition to appointing outside directors, the Company has incorporated external perspectives by operating the International Advisory Council (IAC) to gain a broad range of opinions from specialists in various fields inside and outside of Japan as well as by focusing on increasing management transparency. Lively exchange of opinions among the Board of Directors, which is responsible for key decision-making and oversight of business execution, has made the meetings extremely effective for appropriate decision-making. The creation of Chugai's international research network is just one example of the successes engendered by this system.

I expect Chugai to further enhance its corporate governance to expedite global management and accelerate various business operations.



## Introduction of Outside Perspectives

To reflect diverse stakeholder viewpoints in business decisions, Chugai has taken measures to obtain outside perspectives, such as nominating outside directors and establishing a council made up of domestic and overseas specialists.

### International Advisory Council (IAC)

Chugai has established the International Advisory Council (IAC) composed of industry leaders and other professionals from around the world. The IAC works to enhance decision-making by providing valuable advice on how to deal with changes in the global business environment and appropriate business conduct.

### Outside Directors

Chugai has appointed outside directors to reflect the views of a broader range of stakeholders in management decision-making.

Outside directors point out issues and give advice concerning Chugai's management at their discretion. Those from Roche do so from a global perspective while the others do so from their abundant experience and knowledge as corporate executives, physicians or university professors.

The rate of attendance by outside directors at the eight board meetings in 2014 was 89.5 percent on average, the highest being 100 percent and the lowest 33.3 percent.

### Members of the IAC

#### IAC Chairman

- **Henry L. Nordhoff (U.S.)**  
Former Chairman of the Board, Gen-Probe, Inc.

#### IAC Advisors

- **Virginia Bottomley (U.K.)**  
Former Health Secretary
- **William M. Burns (U.K.)**  
Former Chief Executive Officer of the Pharmaceuticals Division, F. Hoffman-La Roche Ltd
- **Andrew von Eschenbach (U.S.)**  
Former Commissioner of the Food and Drug Administration
- **Victor Halberstadt (Netherlands)**  
Professor, Leiden University
- **Andre Hoffmann (Switzerland)**  
Vice Chairman, ROCHE HOLDING LTD
- **Dr. Franz B. Humer (Switzerland)**  
Chairman, Diageo plc  
Former Chairman, ROCHE HOLDING LTD
- **Robert A. Ingram (U.S.)**  
Former Vice Chairman of Pharmaceuticals, GlaxoSmithKline plc
- **Arnold J. Levine (U.S.)**  
Professor at the Institute for Advanced Study, Princeton University  
Discoverer of the p53 cancer suppressor protein
- **Abraham D. Sofaer (U.S.)**  
George P. Shultz Distinguished Scholar and Senior Fellow at the Hoover Institution, Stanford University  
Former legal advisor to the U.S. Department of State
- **Sonosuke Kadonaga (Japan)**  
President, Intrinsic

## Reasons for Election of Outside Directors

Name	Outside Position	Reason for Election
<b>Yasuo Ikeda</b>	Vice-Chairman of the Board of Directors, Musashi Academy of the Nezu Foundation, University Professor of Waseda University, Professor Emeritus of Keio University	Recommended or appointed based on the Company's judgment that he will provide appropriate advice and monitoring with respect to the Company's management and business by leveraging his abundant experience and knowledge as a doctor and university professor and can properly execute the duties of an outside director. Designated as an independent director based on the regulations of Tokyo Stock Exchange, Inc., to which notification has been submitted.
<b>Masayuki Oku</b>	Chairman of the Board, Sumitomo Mitsui Financial Group, Inc., Outside Director, Kao Corporation, Outside Director, Komatsu Ltd., Outside Director, Panasonic Corporation, Outside Audit & Supervisory Board Member, Nankai Electric Railway Co., Ltd.	Recommended or appointed as the Company expects that he will provide advice and monitoring by leveraging his abundant experience and knowledge of corporate management and other fields. Designated as an independent director based on the regulations of Tokyo Stock Exchange, Inc., to which notification has been submitted.
<b>Franz B. Humer</b>	Chairman, Diageo plc Former Chairman, ROCHE HOLDING LTD	Recommended or appointed based on the Company's judgment that he can provide appropriate advice and monitoring with respect to the Company's management and business based on his abundant experience and knowledge as a manager of global pharmaceutical companies and can properly execute the duties of an outside director.
<b>Daniel O'Day</b>	Chief Operating Officer of Roche Pharmaceuticals Division, Member of the Roche Corporate Executive Committee and Member of the Genentech Board of Directors	Managerial member of the Roche Group, to which the Company belongs. Recommended or appointed based on the Company's judgment that he can provide appropriate advice and monitoring with respect to the Company's management and business from a global perspective and can properly execute the duties of an outside director.
<b>Sophie Kornowski-Bonnet</b>	Head of Roche Partnering, Member of the Enlarged Roche Corporate Executive Committee	Managerial member of the Roche Group, to which the Company belongs. Recommended or appointed based on the Company's judgment that she can provide appropriate advice and monitoring with respect to the Company's management and business from a global perspective and can properly execute the duties of an outside director.

## Auditing System

### Audits by Audit & Supervisory Board Members

Chugai has an Audit & Supervisory Board, and audits of management decision-making and business execution are conducted independently from business operations by four Audit & Supervisory Board Members, including two outside members.

Audit & Supervisory Board Members express their opinions in real time from the standpoint of appropriate corporate governance in a variety of occasions including meetings of the Board of Directors, the Executive Committee (full-time Audit & Supervisory Board Members only) and the Audit & Supervisory Board.

### Internal Audits

The Audit Department, with a staff that includes certified internal auditors and certified fraud examiners, conducts audits of the status of the Chugai Group's business execution from various standpoints, such as the effectiveness, efficiency and compliance of business activities, including those of subsidiaries in Japan and overseas, reports and makes recommendations to the Executive Committee; and reports to the Audit & Supervisory Board.

In addition, the Audit Department conducts internal control assessments based on the Financial Instruments

and Exchange Act, J-SOX, and other criteria to help maintain sound operations. Chugai also dispatches its auditing staff as Audit & Supervisory Board Members at subsidiaries in Japan.

### Accounting Auditors

KPMG AZSA LLC handles accounting audits and internal control audits.

### Cooperative Auditing

Audit & Supervisory Board Members, the Audit Department and the accounting auditors cooperate closely by regularly exchanging information to improve the effectiveness of their respective audits. Audit & Supervisory Board Members and the accounting auditors confirm each other's audit plans and hold regular meetings to exchange opinions on matters including the results of quarterly audit reports. In addition, they work to strengthen governance at Group companies by coordinating with Audit & Supervisory Board Members at subsidiaries in Japan on quarterly reports, fiscal year-end reports and other matters. The Office of Audit & Supervisory Board Members ensures the independence and enhances the auditing functions of Audit & Supervisory Board Members.

## Officer Remuneration

Chugai's fundamental policy for remuneration of directors and Audit & Supervisory Board Members is to facilitate maximization of the Chugai Group's corporate value. Remuneration levels and the remuneration system are designed to link compensation of officers with the Company's performance and promote shared values with shareholders.

Remuneration of directors consists of three components: fixed regular compensation, bonuses paid according to performance, and stock options granted as a long-term incentive. These components are paid by resolution of the Board of Directors based on the Company's criteria within the limits on remuneration approved by the general meeting of shareholders. The Remuneration Committee, mainly composed of outside directors and people with experience as outside directors, sets policies and details concerning remuneration of directors with

specific titles to ensure the objectivity and transparency of the remuneration-setting process.

Remuneration of outside directors and Audit & Supervisory Board Members (including outside members), which consists solely of fixed regular compensation, is paid by resolution of the Board of Directors for outside directors and through consultation with the Audit & Supervisory Board for Audit & Supervisory Board Members. The amounts are set within the limits approved by the general meeting of shareholders.

A resolution was passed in the 98th annual general meeting of shareholders held in March 2009 to abolish the retirement benefits system for directors. A resolution was passed in the 95th annual general meeting of shareholders held in March 2006 to abolish the retirement benefits system for outside directors and Audit & Supervisory Board Members (including outside members).

### Amount of Remuneration Paid to Directors and Audit & Supervisory Board Members

	Total Remuneration, etc. (Millions of yen)	Total Remuneration, etc. by Type (Millions of yen)				Number of Eligible Officers
		Regular Compensation	Bonuses	Common Stock Options	Stock Options as Stock based Compensation	
Directors (excluding outside directors)	745	304	220	104	117	6
Outside Directors	45	45	—	—	—	4
<b>Total</b>	<b>790</b>	<b>569</b>		<b>104</b>	<b>117</b>	<b>10</b>
Audit & Supervisory Board Members (excluding outside members)	63	63	—	—	—	2
Audit & Supervisory Board Members (outside members)	22	22	—	—	—	2
<b>Total</b>	<b>85</b>	<b>85</b>		<b>—</b>	<b>—</b>	<b>4</b>

1. Amounts are rounded to the nearest million yen.
2. The table above includes two directors who resigned during 2014.
3. The amount of remuneration (regular compensation and bonuses) paid to all directors is no more than ¥750 million per year as per the resolution passed in the 96th Annual General Meeting of Shareholders held in March 2007.  
Apart from this, the maximum amounts of compensation paid to directors in the form of stock acquisition rights allocated as stock options are ¥125 million per year for common stock options and ¥150 million per year for stock options as stock-based compensation as per the resolution passed in the 98th Annual General Meeting of Shareholders held in March 2009.
4. The amount of remuneration for all Audit & Supervisory Board Members was no more than ¥100 million per year as per the resolution passed in the 95th Annual General Meeting of Shareholders held in March 2006.
5. The amount of bonuses shown in the table above is the amount of the provision of reserve for bonuses to directors during 2014.
6. The amounts of common stock options and stock options as stock-based compensation and the number of eligible officers shown in the table above are the amounts that were posted as expenses for 2014 and the number of officers in 2014, respectively.
7. In addition to the total remuneration, etc. shown in the table above, the following amounts were paid as retirement benefits corresponding to the period from the time each officer assumed office to the abolishment of the retirement benefits system for directors and Audit & Supervisory Board Members.  
One retired director: ¥54 million  
One retired outside director: ¥1 million

A resolution was passed in the 98th Annual General Meeting of Shareholders held in March 2009, to abolish the retirement benefits system for directors with executive power, and to pay retirement benefits corresponding to the residual term up to the abolishment of the system to each concerned director remaining in office after the closing of the 98th Annual General Meeting of Shareholders, at the respective time of their retirement.

Also, a resolution was passed in the 95th Annual General Meeting of Shareholders held in March 2006 to abolish the retirement benefits system for directors and Audit & Supervisory Board Members with no executive power, and to pay retirement benefits corresponding to the residual term up to the abolishment of the system to each concerned director and Audit & Supervisory Board Member remaining in office after the closing of the 95th Annual General Meeting of Shareholders, at the respective time of their retirement.

8. In 2014, the amount of remuneration received by two outside directors, namely Franz Bernhard Humer and Daniel O'Day, as officers from the parent company of the Company or subsidiaries of the said parent company totaled ¥1,832 million (converted into yen at the average exchange rate in 2014).
9. In addition to the bonuses in 2014 shown in the table above, and apart from the ¥185 million in provision of reserve for bonuses to directors presented in the Business Report for 2013, ¥34 million has been paid to five directors as bonuses for 2013.

### Amount of Remuneration Paid to Each Representative Director

	Total Consolidated Remuneration, etc. by Type (Millions of yen)				Total Consolidated Remuneration (Millions of yen)
	Regular Compensation	Bonuses	Common Stock Options	Stock Options as Stock-Based Compensation	
Osamu Nagayama (Representative Director)	125	148	45	58	376
Motoo Ueno (Representative Director)	55	24	17	18	114
Tatsuro Kosaka (Representative Director)	55	30	17	21	122

1. Amounts are rounded to the nearest million yen.
2. Total amount of remuneration paid to each representative director is presented.
3. Other than the representative directors in the table above, no director or Audit & Supervisory Board Member received total remuneration of more than ¥100 million.

## Relationship with Roche

Roche, the parent company of Chugai, owns 59.9 percent of Chugai's outstanding shares based on the strategic alliance agreement between the two companies. Roche and Chugai have agreed to cooperate in maintaining the listing of Chugai's common stock on the First Section of the Tokyo Stock Exchange.\*

The aim of this alliance is to establish a new business model that differs from conventional corporate acquisitions and joint ventures. Although ROCHE HOLDING LTD includes Chugai in its consolidated accounts, Chugai functions as an independent listed company and makes all of its own management decisions based on the principle of self-governance. Chugai believes that autonomy and diversity are key to generating innovation, that maintaining its independent management brings diversity to the Roche Group, and that the pharmaceuticals it creates as a result contribute to all stakeholders, including patients and minority shareholders. In its business dealings with the Roche Group, Chugai conducts all transactions fairly using third-party prices to protect the interests of minority shareholders. Two of Chugai's ten directors are from the Roche Group. However, they do not comprise a majority of the Board of Directors, and thus Chugai considers its management independence to be secure.

Chugai will continue to manage its business with autonomy and independence as a publicly listed company.

\* The Tokyo Stock Exchange requires delisting if the ratio of tradable shares to listed shares is less than 5 percent.

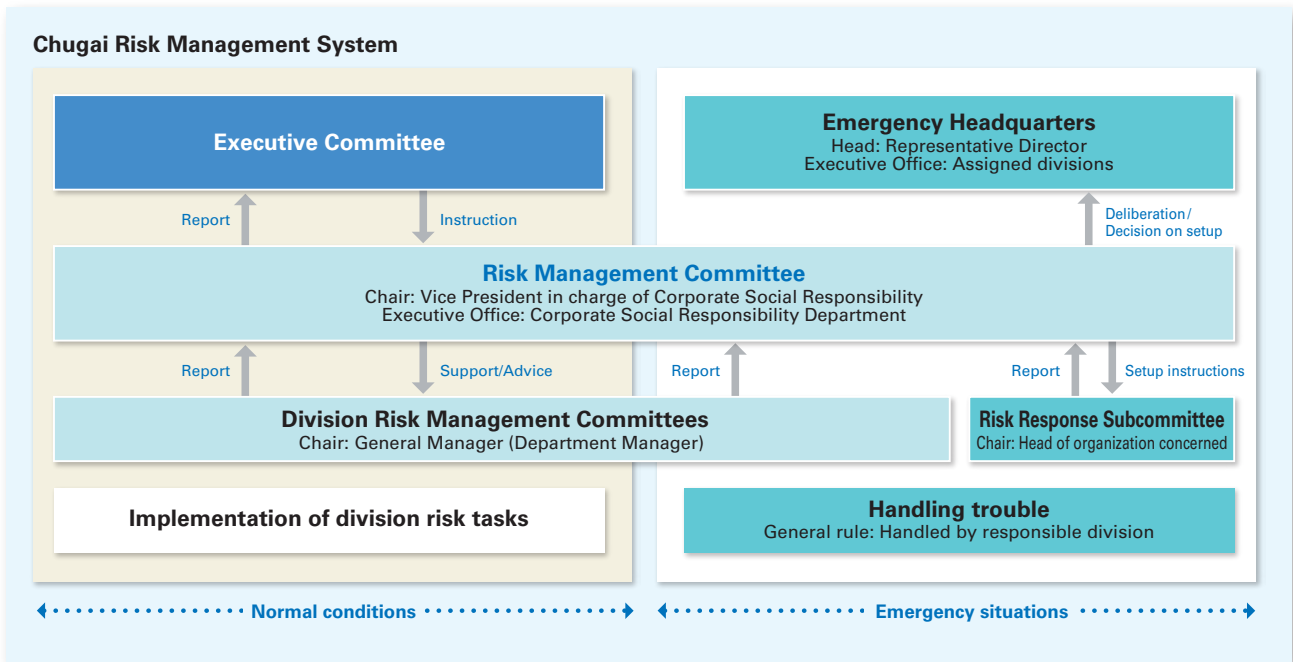
## Restrictions on Roche's Shareholding

Period	Maximum Shareholding Percentage
Oct. 1, 2002 – Sept. 30, 2007	50.1%
Oct. 1, 2007 – Sept. 30, 2012	59.9%
Oct. 1, 2012 and thereafter	Cooperate in maintaining Chugai's listing

## Maintenance and Management of Internal Controls

In maintaining its internal control system, Chugai established the Chugai Business Conduct Guidelines (Chugai BCG) as standards for management decision-making and employee behavior. The Corporate Social Responsibility Committee created under the Executive Committee, together with the Corporate Social Responsibility Department, ensure that the guidelines are implemented throughout the Company.

In addition, Chugai has prepared for the system of internal controls over financial reporting under the Financial Instruments and Exchange Act. We have formulated a basic policy for the establishment, management and assessment of internal controls over financial reporting, formulated a system of controls that ensures reliable financial reporting and implemented control design effectiveness assessments. We select business processes to be assessed based on the results of the assessments of Company-wide internal controls and evaluate the design and operation of internal controls after identifying and analyzing financial reporting risks.



**Risk Management**

Chugai has established Risk Management Regulations to prevent risks that could affect the Company’s business activities, as well as to ensure prompt and appropriate handling of problems that arise. We have also established a Risk Management Committee under the Executive Committee, and Division Risk Management Committees. The Risk Management Committee identifies Company-wide risks that may significantly affect management and submits a progress report to the Executive Committee concerning preventive measures for such risks. Division Risk Management Committees summarize and create risk maps of all the risks facing their divisions, make proactive efforts to prevent such risks, and submit reports on the progress of those efforts to the Risk Management Committee. (For details of business risks, see pages 126-127.)

**Compliance**

Rooted in its belief that corporate ethics take priority over profit, Chugai places paramount importance on respect for life, and strives for fair and transparent corporate activities based on high ethical standards, along with sincere scientific initiatives.

As well as strictly complying with laws and regulations such as the Law for Ensuring the Quality, Efficacy and Safety of Drugs and Medical Devices and the voluntary Code of Practice for the industry established by the Japan Pharmaceutical Manufacturers Association (JPMA), Chugai proactively takes part in the activities of the Fair Trade Council of the Ethical

Pharmaceutical Drugs Marketing Industry, the JPMA Code Committee and other organizations. In addition, by establishing its own guidelines, Chugai works to ensure a high level of ethics, morality and transparency in its various business activities including collaboration with medical institutions and other parties and cooperation with patient groups. To further promote compliance in healthcare, Chugai has also established internal organizations such as the Healthcare Compliance Committee and the Medical Affairs Division to promote internal consistency.

Chugai has put in place Compliance Regulations for its compliance system. These regulations are promoted by the Corporate Social Responsibility Committee and the Corporate Social Responsibility Department. In light of increasing societal demands for greater compliance in the pharmaceutical industry, in 2014 we strengthened compliance measures Company-wide. In addition to working to enhance compliance education in each of our training programs, we conducted compliance risk management measures in each organizational unit. Moreover, every six months the Corporate Social Responsibility Department conducted monitoring surveys regarding compliance status. Surveys were conducted internally, as well as for subsidiaries in Japan and overseas affiliated companies, and results were reported to the Corporate Social Responsibility Committee. Each organization works to ensure thorough legal compliance in the workplace through BCG promotion managers and assistants and holds corporate ethics courses twice a year, among other programs.

The BCG Hotline and the internal and external Harassment Hotlines have been established to receive employee inquiries and reports concerning compliance with laws, Company rules and the Chugai BCG.

## ► Disclosure Policy

Chugai conducts interactive corporate communication activities to deepen mutual understanding and build relationships of trust with its stakeholders, such as patients, healthcare providers, shareholders, investors and employees. In order to achieve these objectives, Chugai ensures that information related to its business activities is made available in a transparent, fair and consistent manner to all stakeholders.

Chugai's policy for disclosing information to shareholders and investors is to make timely, appropriate and fair disclosure of information in accordance with the Financial Instruments and Exchange Act and relevant rules of the stock exchange on which Chugai's shares are listed in order to receive fair valuation in capital markets. In addition, measures to allow easy access

to disclosed information have been established to ensure transparency.

Chugai has established an IR Committee composed of the CFO and general managers of the Corporate Communications Department, the Corporate Planning Department, the Finance & Accounting Department, the Corporate Social Responsibility Department and the General Affairs Department as a corporate management committee. The IR Committee holds regular meetings and is responsible for the establishment, revision and internal dissemination of the information disclosure policy, and for the management and promotion of information collection, disclosure and other related activities.

Top management, including the Chairman and key executive officers, has primary accountability for disclosure. In addition, the Corporate Communications Department takes the lead in coordinating with relevant departments to disclose information promptly.

Note: For further details on policies for disclosure to shareholders and investors, securities analysts and other capital market participants, please refer to Chugai's website (<http://www.chugai-pharm.co.jp/english/ir/policy/disclosure.html>).

## External Recognition

### Selection as Stock for Socially Responsible Investment Indices

In 2014, Chugai was selected for the first time as a component of the Dow Jones Sustainability Asia Pacific Index. The index, which covers companies in Japan, Asia and Oceania, is one of the Dow Jones Sustainability Indices (DJSI), which is one of the world's premier indices for socially responsible investment (SRI). Jointly compiled by S&P Dow Jones Indices LLC of the United States and RobecoSAM AG of Switzerland, DJSI determines its component stocks each year based on an assessment in terms of economic, environmental and social sustainability. Out of 600 major companies in the region that applied for inclusion in 2014, the top 148 were selected, including 65 Japanese companies.

Chugai has also been selected for inclusion continuously since 2003 in another global SRI index, the FTSE4Good Index Series. This series is maintained by the FTSE Group in the U.K., which offers a variety of stock and other investment indices. It tracks the stocks of about 2,000 listed companies in 25 countries worldwide and selects candidates that meet international criteria related to the environment and society. As of December 31, 2014, 782 companies were listed, of which Chugai was one of 176 Japanese companies.

Chugai has been selected as a component of these global SRI indices in recognition of its proactive initiatives from the standpoint of corporate sustainability in areas including the environment, society and governance. Chugai will continue to fulfill its social responsibility as a healthcare company.

MEMBER OF

**Dow Jones  
Sustainability Indices**

In Collaboration with RobecoSAM 



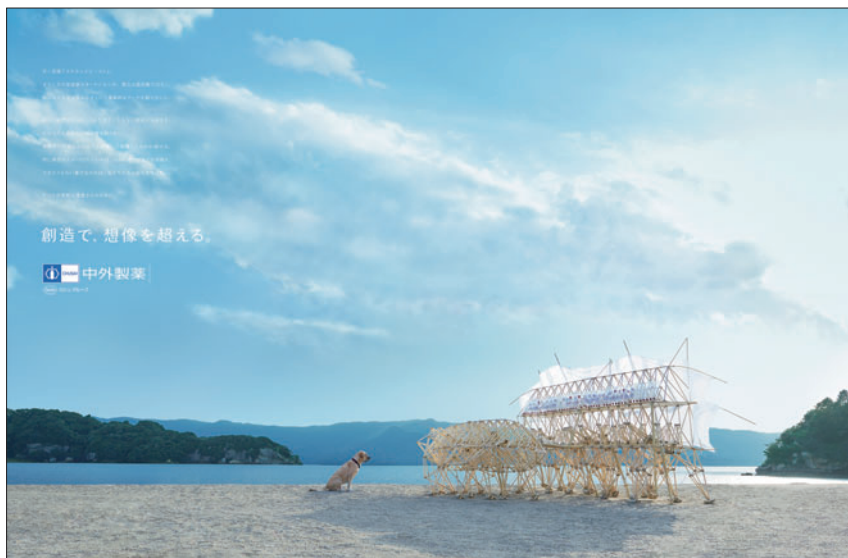
FTSE4Good

# Corporate Communication

## Communication with Society

Chugai emphasizes communication with stakeholders to increase its corporate value. As such, we are working to enhance communication not only with our shareholders and investors, but with the general public.

Since 2013, we have been conducting a project to develop our public relations strategy with the aim of establishing our corporate brand. By sharing Chugai's unique strengths with our stakeholders outside the Company, we aim to gain their recognition and understanding. Chugai's strengths have been identified and shared inside the Company as part of our project to become a top pharmaceutical company, which started in 2009. Using these strengths as a basis, through interviews inside and outside the Company, outside evaluations and analysis and other measures, we established Chugai's seven unique strengths. (For details on the seven strengths, see "Chugai's Seven Unique Strengths" on page 43.)



Strandbeest, a work by Dutch kinetic artist Theo Jansen, walks using the power of the wind. In Chugai's advertisements, it depicts the new world engendered by unprecedented creation. These advertisements won the Prize for the Excellent Work at the 82nd Mainichi Advertisement Design Competition held by The Mainichi Newspapers Co., Ltd. and sponsored by the Ministry of Economy, Trade and Industry.

In December 2014, we adopted a new slogan, "INNOVATION BEYOND IMAGINATION." The slogan conveys the commitment of the Company and the strong desire of its employees to make Chugai a top pharmaceutical company that continuously creates not only the products anxiously awaited by people around the world but also unprecedented medicines that exceed all expectations. We have updated our corporate advertising with new slogans, and plan to build a corporate image of continuously creating what has never existed before, using the theme of art and architecture created based on unique concepts.



Nikkei Shimbun, national morning edition, December 24, 2013



"Chugai's Activity Fields: New Medicine, New Me" in the Nikkei Shimbun electronic edition (appeared from December 24, 2013 to June 30, 2014)

Chugai's advertisements in the print and electronic editions of the Nikkei Shimbun newspaper received a Special Crossmedia Award at the 63rd Nikkei Advertising Awards for pioneering new potential and raising the value of newspaper advertising.

## External Recognition

### Chugai Receives the Second Prize for the Second Consecutive Year at the 17th Nikkei Annual Report Awards

The annual report was highly evaluated for two reasons. First, it explained the Company's management policies and business operations with Chugai's business philosophy "Innovation all for the patients" at its core. Second, the report used specific examples of Chugai's seven strengths identified through interviews inside and outside the Company, outside evaluations and other measures, as well as a special feature to show how we will use these strengths to create corporate value.





## Media Relations Initiatives

Chugai conducts media relations activities on a daily basis to proactively disseminate information through methods including press releases, assistance with information gathering, various types of presentations, observation tours and informal discussions with management. Recognizing the important role played by the media in conveying corporate information to all its stakeholders, Chugai works to build and maintain good relationships with media outlets while disclosing information appropriately and in a timely manner.

## Communication with Shareholders and Investors

### General Meeting of Shareholders

Unlike many Japanese companies, which have fiscal years ending in March, Chugai's fiscal year ends in December. As a result, we are able to avoid holding our general meeting of shareholders on the same day as other companies. Convocation notices for the general meeting of shareholders are normally sent out more than four weeks prior to the meeting date.

The 104th annual general meeting of shareholders was held on March 26, 2015. After the presentation of the business report through narration and materials, shareholders deliberated on agenda items concerning appropriation of retained earnings and election of directors and Audit & Supervisory Board Members. All agenda items were approved and passed by a majority.

### IR Activities

Coinciding with financial results announcements, Chugai holds information meetings and conference calls for investors, analysts and the media. These meetings provide opportunities to explain the state of the Company's business directly to shareholders and investors. In August 2014, we held an information meeting for Alecensa, an anticancer agent that obtained approval in July, to explain its usefulness in Personalized Healthcare and our safety measures. In addition, the President held discussions with institutional investors and securities analysts over three days during August and September. This was our first initiative to deepen mutual understanding by providing an opportunity for direct discussion between the President and market participants in small groups. We will continue to expand these face-to-face investor relations activities featuring senior management to properly convey Chugai's corporate value to the market. In December, we held an information meeting on research and development to give an overview of and progress report on projects that are the focus of attention (products in our HER2 franchise, anti PD-L1 antibody RG7446 and ACE910).



Director, Executive Vice President & CFO Yoshio Itaya was selected as both the sell-side (securities companies) and buy-side (institutional investors) "All-Japan Executive Team Best CFO" in the healthcare and pharmaceuticals sector.\* This was his second consecutive year of selection by the sell side in recognition of his stance of increasing convenience for and enhancing communication with shareholders, investors and analysts in Japan and overseas.

\* Initiated by Institutional Investors LLC in 2013, this competition ranks candidates based on a survey of securities analysts and institutional investors around the world, including Japan.

In May 2014, we conducted a factory tour for individual shareholders, a new initiative started in 2013 to increase shareholder communication. The tour of the Utsunomiya plant, where our flagship product Actemra is produced, gave shareholders a first-hand view of the manufacturing process for the biopharmaceuticals that are one of Chugai's strengths.

Senior management also holds overseas roadshows and in 2014 visited institutional investors in Europe, the United States and Asia. Moreover, in addition to participating in domestic and overseas conferences hosted by securities companies, Chugai is enhancing its outreach to individual investors by holding information meetings for them at branches of securities companies throughout Japan.

In addition, Chugai has integrated reporting to communicate its corporate value, which includes both financial and non-financial aspects. Since *Annual Report 2012*, we have integrated the traditional annual report with the corporate social responsibility (CSR) report.

The Chugai website is another tool we use to provide timely and fair disclosure to shareholders and other investors. Information on our website includes news releases, financial results, the status of our development pipeline, presentation materials, annual reports and an IR event calendar. We work to provide comprehensive information to our stakeholders. We focus on convenience for individual investors by offering the option of receiving e-mail notices whenever news releases and other updates are posted on the IR section of our website, and other initiatives include posting webcasts of IR events on the website. Chugai emphasizes fair information disclosure for domestic and overseas investors alike. As a rule, we post presentation materials and other information on our website and send out information by e-mail simultaneously in Japanese and English.