



Chugai Announces New Mission Statement and New Mid-Term Business Plan “IBI 21,” Striving to Develop Hand in Hand with Society through Creation of Innovative Drugs and Services

- Enhanced management principles that aim to resolve social issues and build a sound society through business while realizing sustained corporate growth, powered by Chugai’s unique science and technologies.
- Redefined Mission Statement with “Patient Centric,” “Pioneering Spirit” and “Integrity” as the Core Values and “Top innovator in the healthcare industry” as the Envisioned Future.
- Set five strategies in the new mid-term business plan, “IBI 21” to realize the Envisioned Future.

TOKYO, January 31, 2019 -- [Chugai Pharmaceutical Co., Ltd.](#) (TOKYO: 4519) announced today that it redefined its Mission Statement and developed a new three-year mid-term business plan “IBI 21” ending in 2021. Chugai aims to develop hand in hand with society by solving social issues through the creation of innovative drugs and services.

In 2009, Chugai set its goal to become “a top pharmaceutical company” by the late 2010s and has sought innovation in every function under qualitative/quantitative goals. During the three years under the previous mid-term business plan “IBI 18,” the company successfully launched next growth drivers including Hemlibra[®], a hemophilia A treatment created by Chugai, and an immune checkpoint inhibitor Tecentriq[®], while every function across the company had achievements well beyond their original targets. In 2018, the final year of the plan, revenues and operating profit marked record-high for two consecutive years. Consequently, Chugai transformed itself into a company envisioned as the top pharmaceutical company, which satisfies all its stakeholders and receives their active support and trust, and works proactively on a global level.

The realization of the top pharmaceutical company goal will expand the range of contribution and value creation areas offered by Chugai. Chugai has employed management principles to develop hand in hand with society and set a higher goal of becoming “a top innovator for advanced and sustainable patient-centric healthcare, powered by our unique strength in science and technology and the alliance with Roche.” Amid population growth and progressive demographic graying throughout the world, the realization of sustainable medical care has become one of major challenges in the sustainability of the social system, along with recent changes in the global environment and poverty due to economic disparity. Companies are required to seriously face up to the underlying social issues, and make efforts to resolve them for sustainable business development. Chugai strive to develop hand in hand with society by solving social issues through its business activities. This time, we have developed the new Mission Statement and the new mid-term business plan in order to clearly represent and to promote its commitment.

In the new Mission Statement, Mission is maintained as the starting point of the Group. We have set three Core Values that represent the value assessment criteria for Chugai Group: “Patient Centric,” “Pioneering Spirit,” and “Integrity,” by replacing the previous seven to briefly describe the most important criteria for us. In addition, the long-term vision to develop with society was reflected in the Envisioned Future.

Mission Statement - Innovation all for the patients -		
Mission	No change	Dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world
Core Values	Change	<ol style="list-style-type: none"> 1. Patient Centric Make each patient’s wellbeing our highest priority 2. Pioneering Spirit Pursue innovation by improving ourselves and thinking differently 3. Integrity Maintain the highest standards in all we do to create shared value with society
Envisioned Future	Change	Become a top innovator for advanced and sustainable patient centric healthcare, powered by our unique strength in science and technology and the alliance with Roche

The name of the new mid-term business plan, “IBI 21,” expresses our attitude to pursue continuous innovation and creation by “INNOVATION BEYOND IMAGINATION (IBI),” and our challenge at a new stage with “21.” We aim to accelerate growth of society and Chugai through innovation focused on innovative drugs by adopting five strategies consisting of “Value Creation,” “Value Delivery,” “Promote advances in personalized healthcare,” “Human capital and structural reform,” and “Strengthen sustainable platforms.” From a quantitative viewpoint, we aim to achieve an average annual growth in its Core EPS (assuming a constant exchange rate) at a high single digit rate for the three-year period, and to allocate resources and makes management decisions with emphasis on profitability and capital efficiency, including evaluations based on capital costs. As for shareholders returns, we continue to aim for a dividend payout ratio of 50% on average in comparison with Core EPS to provide a stable allocation of profit with all shareholders, taking into account the balance between the internal reserves necessary for increasing the corporate values and shareholder returns.

[References]

- Five strategies in the new mid-term business plan “IBI 21” from 2019 to 2021

Strategy 1: Value Creation

Tackle a new dimension of drug discovery to realize innovative drug discovery to cure and control diseases

The Group will incorporate biology (deeper understanding of pathology) into its proprietary drug discovery technologies cultivated thus far, in addition to their ongoing enhancement, to identify original drug discovery targets. Vigorous efforts will be made to achieve PoC and development in the shortest lead time and prove patient value. In-house, the Group will advance development with global top-class quality

and speed under its promotion system for translational research centered on three regions, namely Japan, the United States and Europe, as well as cooperate with Roche to achieve continuous generation of innovative new drugs that will be next-generation growth drivers.

In order to achieve the earliest delivery of such innovative new drugs to patients, the Group will enhance its systems for accelerated development and product supply, especially the further evolution of manufacturing technologies for R&D projects with a high degree of difficulty in formulation such as middle molecule drugs. The Group will also continue striving to enhance quality control, quality assurance and regulatory functions to meet global standards.

Strategy 2: Value Delivery

Contribute to “advanced and sustainable patient-centered healthcare” and focus our activities on growth driver products in Japan and overseas

The Group aims to accelerate its growth through furthering its activities to promote the appropriate use of pharmaceuticals, including provision of information and safety management in a patient-centered manner, and the generation of evidence to enhance the value of drugs from the patients’ viewpoint. At the same time, the Group will strengthen digital solutions incorporating evolutions in technology, and provide other solutions to meet the advanced and diversified needs of stakeholders, in order to contribute to “advanced and sustainable patient-centered healthcare.” The Group will also focus its activities on growth driver products in Japan and overseas.

Strategy 3: Promote advances in personalized healthcare

Aim for a new stage in PHC that provides optimal therapy for each “individual”

Backed by the dramatic progress of genome medicine and data analysis technology, “Personalized Healthcare (PHC)” has advanced considerably in recent years. In addition, the evolution of digital devices and other developments have enabled a wide range of benefits for patients, including QOL, to be quantified, beyond the conventional qualities of “efficacy and safety.” As a result, it is increasingly vital to provide optimal solutions for patients and verify their value. In that context, as a member of the Roche Group, a world leader in PHC, the Group will work in close cooperation with the government and academic institutions, aiming for a new stage in PHC that provides optimal therapy for each individual. Furthermore, the Group will stay ahead of the competition in striving to strengthen its capabilities to provide and verify a wide range of value to patients and their families. Moreover, the Group will also proactively promote greater efficiency in the search for drug discovery targets and molecules, streamlining of clinical development using real-world data (RWD), and other innovations in the R&D process, through initiatives leveraging digital technologies and data.

In addition, as a leading company in oncology, Chugai believes that it has an important responsibility to contribute to the realization of cancer genome medicine and the development of its supply structure. “FoundationOne® CDx Cancer Genomic Profile” was developed under this mission. It is a product that provides comprehensive genomic profiling (CGP) assays for cancer using next-generation sequencers, and contributes to the development and spread of PHC in cancer treatment.

Strategy 4: Strengthening human capital and conduct structural reform

Further strengthen Chugai's efforts to obtain, nurture and assign sophisticated and diverse human resources with a view to the medium to long term

In implementing the strategies mentioned so far, obtaining and nurturing diverse human resources that drive the creation of innovation while responding to a rapidly changing environment is important. Under “IBI 21,” the Group will further strengthen its efforts to obtain, nurture and assign sophisticated and diverse human resources with a view to the medium to long term. Specifically, the Group will strengthen its system to implement talent management/position management to assign the right leader to the right position; acquire specialized human resources who will play key roles in carrying out strategies; transform the personnel and compensation system so that it supports a corporate culture with a spirit for challenges; and further promote diversity and inclusion. Through these measures, the Group will strive to foster an organizational culture where innovation is created by the active participation of diverse human resources.

In addition, as financial pressure increasingly undermines the business environment for pharmaceutical companies, transforming cost structures is an important issue for companies to enable the concentration of resources on innovation. In order to concentrate limited resources on innovation, Chugai has taken measures such as carrying out the business transfer of 13 long-term listed products in 2018. Under “IBI 21,” the Group is resolved to fundamentally revise its business processes and cost structure in order to simultaneously achieve flexible investment in innovation and sustained profit growth.

Strategy 5: Strengthening sustainable platforms

Work on key issues (materiality) identified in light of our mission and the impact of our business on the economy, society and the environment

In order to achieve advanced and sustainable medical care and contribute to human health, the Group conducts its business in line with its core values. The Group strives to carry out its business activities with sincerity at all times with the highest ethical standards, compliance and quality management as befits a corporate group involved in the healthcare industry. The Group has addressed business activities considerate of the global environment as well as social contribution activities conducive to “medical care,” “welfare,” “education,” “local communities” and the “environment” as a good corporate citizen.

Under “IBI 21,” the Group will work on key issues (materiality) identified in light of its mission and the impact of its business on the economy, society and the environment. Particularly, the focus will be to maintain the high quality of its pharmaceutical products and services as well as to contribute Chugai's technology and expertise to health care, improving people's access to which will promote global health. The Group will aim to minimize its negative impact on natural capital by pursuing business activities that consider the global environment.

The Group will take up the key issues (materiality) above in its proactive disclosure and dialogue with stakeholders.

For further information on “IBI 21,” please visit https://www.chugai-pharm.co.jp/english/profile/strategy/midterm_plan.html.

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