

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of CHUGAI PHARMACEUTICAL CO., LTD. (“Chugai” or the “Company”), which is reported to the Tokyo Stock Exchange. For the convenience of capital market participants, Chugai makes efforts to provide English translations of the information disclosed in Japanese, provided that the Japanese original prevails over its English translation in the case of any discrepancies between the documents. Please also refer to our “Disclosure Policy” on the Chugai corporate website for details.

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An overview of corporate governance at CHUGAI PHARMACEUTICAL CO., LTD. is described below.

I Basic Policy Regarding Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Policy

Under a strategic alliance with Roche, one of the world’s leading pharmaceutical companies, Chugai has established its Mission as "dedicating ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world" and its Envisioned Future as "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."

To achieve these basic management objectives, Chugai—while being a member of the Roche Group—maintains its managerial autonomy and independence as a publicly listed company. In order to appropriately and fairly fulfill the mandates of its various stakeholders, the Company will continuously strive to enhance its corporate governance as set forth in the "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy."

[Reference] Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy
<https://www.chugai-pharm.co.jp/english/ir/policy/governance/files/eBasicCorporateGovernancePolicy.pdf>

[Reasons for Not Implementing the Respective Principles of the Corporate Governance Code]

[Supplementary Principle 4-10-1 Establishment of independent advisory committees]

Although the Compensation Committee of Chugai Pharmaceutical is not comprised of a majority of Independent Outside Directors, all four of the Committee members are Non-Executive Directors, including two Independent Outside Directors. At least one of the Independent Outside Directors also serves as the member of the Special Committee, composed solely of Independent Outside Directors and Outside Auditors, as described in "4. Guideline regarding the measures for protecting minority stockholders in transaction, etc. with a controlling stockholder." In the deliberation by the Compensation Committee, if the deliberation by the Special Committee is considered appropriate by the member who also serves as the Special Committee member, the Special Committee will deliberate and consider it, and report it to the Board of Directors.

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Therefore, in view of the purpose of the Corporate Governance Code, we believe that deliberations on remuneration are conducted with transparency and objectivity in the current structure.

[Disclosures in Accordance with the Respective Principles of the Corporate Governance Code]

[Principle 1-4 Policies regarding the holding of listed shares as strategic shareholdings and views on the exercise of voting rights]

In order to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, Chugai will hold the shares of other companies only where it is judged necessary to do so, as part of its business strategy to maintain and strengthen business relationships, including with respect to the sale of pharmaceuticals and the like and with respect to financial transactions, etc., and will endeavor to reduce these strategic shareholdings to an appropriate level based on factors such as capital efficiency and risk-return considerations. We have sold all shareholding stocks and do not hold any as of the end of 2025.

The Board of Directors will periodically examine the suitability of each individual strategic shareholding by specifically assessing matters such as whether the shareholding purpose is appropriate, the capital efficiency in relation to the shareholding, and the rationale of the relevant transactions; and the Board will disclose the details of that examination. In accordance with the policy, the Board of Directors will examine whether the shareholding purpose is appropriate, the rationale of the relevant transactions and the suitability of each individual strategic shareholding, etc. at the January Board of Directors meeting every year.

Chugai will exercise its voting rights with respect to shareholdings after comprehensively judging whether doing so will contribute to sustainable growth and the increase of corporate value over the mid- to long-term and contribute to the common interests of the shareholders of the other company, taking into consideration the voting standards of external proxy advisory firms, asset managers, and the like.

[Principle 1-7 Related party transactions]

Chugai will determine the appropriate authorizing organization or individual such as the Board of Directors for all transactions, including related party transactions, according to their importance and nature, and perform the procedures necessary to ensure their appropriateness. In dealings with Roche, the Special Committee, composed solely of Independent Outside Directors and Outside Auditors, deliberates and reviews significant transactions and conducts, etc. that may generate a conflict of interests between Roche and minority shareholders, and reports to the Board of Directors.

Chugai will protect the interests of minority shareholders by executing any transactions with its parent company, the Roche Group, fairly and with equivalent conditions, including price, to a transaction with a third party.

All transactions between Chugai and its directors must have the prior approval of the Board of Directors in accordance with the Board Regulations in order to prevent conflict of interest. When such a transaction is executed, its material details must be reported to the Board of Directors and disclosed appropriately as required by law and ordinance.

[Supplementary Principle 2-4-1 Policies for ensuring diversity in the promotion of core human resources]

Chugai discloses its policies at “III 3. Measures to Respect the Position of Stakeholders” section.

[Principle 2-6 Corporate pension funds performing roles as asset owners]

Chugai has appropriately managed the corporate pension by means such as selecting and assigning personnel with the appropriate qualities, who has finance and accounting background, for managing corporate pension funds. Such relevant staff are provided with opportunities to acquire the necessary knowledge of pension systems and operations, and deepen their expertise through attending trainings and seminars offered by Pension Fund Association or operating agencies.

The Chugai Pharmaceutical Corporate Pension Fund conducts asset management in accordance with basic management policy. Asset Management Committee and Fiscal Management Committee have been established to monitor management status, etc.

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The fund develops a structure in which conflicts of interest do not arise between pension fund beneficiaries and Chugai through outsourcing the operation of pension reserve to multiple operating agencies and allowing each asset manager to select which companies to invest in and to exercise voting rights at its own discretion. In October 2021, the fund announced its acceptance of the "Japan's Stewardship Code" as an asset owner. We require our investment managers (asset managers) to fulfill their stewardship responsibilities appropriately by encouraging the sustainable growth and medium- to long-term enhancement of corporate value of investee companies. This is achieved through the consideration of sustainability and engaging in constructive, "purposeful dialogue."

[Principle 3-1 Enhancement of information disclosure]

(i) Mission statement, business strategies, and business plans

Chugai has defined its mission statement and made it available on the Chugai website.

<https://www.chugai-pharm.co.jp/english/profile/vision/philosophy.html>

Chugai has formulated TOP I 2030 as its growth strategy from 2021 to 2030 and has made it available on the Chugai website.

https://www.chugai-pharm.co.jp/english/profile/strategy/growth_strategy.html

(ii) Fundamental views and fundamental policies relating to corporate governance

Chugai's fundamental views and fundamental policies relating to corporate governance are as noted in section II. of this report, "Fundamental Views," and in the "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy."

(iii) Policies and procedures for the determination of director and auditor remuneration

The policies and procedures for the determination of director and auditor remuneration are as noted in section II of this report, [Director Remuneration] "Disclosure of remuneration amount or policy for determining the method of calculation."

(iv) Policies and procedures for the designation of director and auditor candidates

<Policies and procedures for the designation of director candidates>

Director candidates are deliberated by the Appointment Committee and determined at a Board of Directors meeting.

For executive director candidates, the Board of Directors selects as director candidates individuals with the knowledge and experience to manage Chugai properly, fairly and efficiently, and sufficient public trust. The Board of Directors selects non-executive director candidates from among the managers of other companies, medical experts and others with academic experience, and similar persons, taking into account experience, knowledge, and expertise, so that the outside directors may appropriately exercise their supervisory and advisory function. In addition, at least 3 members, equivalent to more than one-third of Board of Directors are appointed as Independent Outside Directors based on the Independence Standards noted in Attachment 2 of the "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy."

If the Board of Directors determines that it is difficult to achieve sustainable growth and the increase of corporate value over the mid- to long-term (such as if Chugai continually fails to achieve business plans and performance is not expected to improve, or if material misconduct or a material compliance violation occurs), it will consider dismissing the executive directors, including the CEO. The appointment of director candidates and dismissal of directors shall be deliberated by the Nomination Committee and determined by the Board of Directors, and the reason for the appointment and dismissal shall be disclosed.

<Policies and procedures for the designation of Audit & Supervisory Board member candidates>

Candidates for Audit & Supervisory Board members are determined by the Board of Directors with the consent of the Audit & Supervisory Board. Regarding candidates for Audit & Supervisory Board members, the Company selects individuals who possess the knowledge and experience to appropriately audit managerial decision-making and the status of business execution, as well as the

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necessary expertise in finance, accounting, and law. For independent outside Audit & Supervisory Board member candidates, the Company selects individuals with extensive knowledge and experience in fields such as accounting, law, corporate management, internal control, and auditing practices.

(v) Reasons for selection of director and auditor candidates

The reasons for selection of all director and auditor candidates are noted in the “Notice of the Annual General Meeting of Shareholders.”

<https://www.chugai-pharm.co.jp/english/ir/share/agm.html>

[Supplementary Principle 3-1-3 Initiatives on sustainability]

1. Chugai's basic management policy is centered on "Creating Shared Value," which involves placing sustainability at the core of our business activities, leading the resolution of social issues, sharing the value created through these activities with various stakeholders, and developing together with society. The CEO, who is the chair of the Board of Directors and the Executive Committee, is responsible for promoting our overall sustainability. Executive responsibility is assumed by all members of the Executive Committee. Individual specialized matters are discussed at the four Corporate Management Committees, after which plans and policies are deliberated and approved by the Executive Committee. The Sustainability Committee is responsible for the comprehensive and integrated formulation and implementation of policies and strategies related to overall sustainability, including environmental conservation. Matters related to legal compliance and various compliance issues are handled by the Compliance Committee. Risk management is discussed by the Risk Management Committee. Communication related to sustainability is discussed by the Corporate Communications Committee. Chugai will continue to proactively promote sustainable development for both our company and society. Initiatives on sustainability are available on the Chugai website.

<https://www.chugai-pharm.co.jp/english/sustainability/index.html>

Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities are disclosed at “3. Measures to Respect the Position of Stakeholders” section.

2. Information on investments in human capital and intellectual properties are available on the Chugai website.

Talent Management

<https://www.chugai-pharm.co.jp/english/sustainability/diversity/index.html>

Intellectual property strategy

<https://www.chugai-pharm.co.jp/english/innovation/rd/intellectual.html>

3. Regarding the Company's initiatives related to climate change, Chugai has expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in January 2020 and disclose information in accordance with the framework recommended by the TCFD. Furthermore, concerning initiatives related to biodiversity, Chugai has endorsed the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), registered as a TNFD Adopter in June 2025, and disclosed information in July 2025 in line with the framework recommended by the TNFD. In addition to the results of our TCFD and TNFD analyses, further details regarding our global environmental conservation activities are available on the Company's website.

Global Environment

<https://www.chugai-pharm.co.jp/english/sustainability/environment/index.html>

[Supplementary Principle 4-1-1 Overview of the scope of delegation to management]

Chugai adopts the executive officer system in order to separate managerial decision-making and supervision from the execution of business and work towards swifter executive decision-making. The Board of Directors conducts decision-making for important managerial decisions while delegating to the Executive Committee, which consists of executive directors and executive officers, the decision-making and execution of all business not determined by the Board of Directors itself.

[Principle 4-9 Independence standards for outside officers]

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Taking into consideration the independence criteria set by the Tokyo Stock Exchange, Chugai has formulated independence standards aimed at ensuring effective independence of independent officers (Independent Outside Directors and Independent Outside Auditors), disclosing them in Attachment 2 of the “Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy.”

[Supplementary Principle 4-11-1 Balance of knowledge, experience, and skills of the Board of Directors as a whole, and views on its diversity and size]

The Board of Directors is to consist of persons with diverse knowledge, experience and skills in order to make prompt and decisive managerial decisions while taking appropriate risks. It is ensured that the Board as a whole possesses the necessary expertise and skills, maintaining an appropriate scale and diversity, including in terms of gender, international experience, professional background, and age. A skills matrix, which explains our philosophy on Board diversity and the balance of expected knowledge, experience, and skills, is available on the Chugai website.

<https://www.chugai-pharm.co.jp/english/ir/governance/concept.html>

[Supplementary Principle 4-11-2 Concurrent appointment of directors and auditors as officers at other listed companies]

Chugai discloses each year any material concurrent positions held by its directors, auditors, and candidates in the “Notice of the General Meeting of Shareholders.” In addition, if a director or auditor is concurrently appointed as an officer or the like of a company other than Chugai, the “Chapter2-2(5) and “Chapter2-3(4), Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy” stipulates that it must be limited to the extent that said director or auditor remains able to carry out the role and responsibilities of a director or auditor of Chugai. The status of concurrent positions held by Directors and Auditors is confirmed annually. Currently, no such positions are held that interfere with the proper performance of their roles and responsibilities.

[Supplementary Principle 4-11-3 Summary of the results of the analysis and evaluation of the effectiveness of the Board of Directors overall]

To ensure the effectiveness of decision-making and supervision by the Board of Directors, we have been conducting an annual evaluation of the Board's overall effectiveness since FY2016. Since FY2019, with the aim of further strengthening external perspectives and objectivity, we have adopted a method where an external expert serves as the secretariat. This process involves the preparation of questionnaires, analysis of the rationale for self-evaluations and the logical soundness of results, and individual interviews. Based on these steps, a comprehensive evaluation is conducted, identifying challenges and recommending effective measures to verify the overall effectiveness of the Board. In FY2025, an external expert conducted an analysis and evaluation of the Board's effectiveness for the FY2024 period, concluding that its effectiveness is well-secured. Regarding the challenges identified through Board discussions, we are focusing on implementing measures to address them in order to further enhance the effectiveness of the Board of Directors.

Priority theme*¹

- Confirmation of progress of mid-term milestones
- Priority Agenda: Drug discovery strategy and Pipeline outlook, Policy and countermeasure to geopolitical risks including supply chain

Focused measures

- Enhancement of information-sharing meeting for outside officers.
- Continuous implementation of “Board Round Table”
- Continuously improve the contents of explanations on agenda

*¹ Identify specific themes to focus on in the Board of Directors meetings for the following fiscal year and formulate policies on how these themes should be discussed within the Board.

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Details are available on the Notice of Convocation of the 115th Annual General Meeting of Shareholders (page23-24)

https://www.chugai-pharm.co.jp/english/ir/share/agm/files/260226eChugai_115thAGM_Convo.pdf

[Supplementary Principle 4-14-2 Training policy for director and Audit & Supervisory Board Member Training]

Upon their appointment, we conduct orientation sessions for Executive Directors to foster their understanding of their responsibilities and corporate governance. For Outside Directors and Outside Audit & Supervisory Board Members, these sessions aim to provide an overview of the company's management, including our business, finances, and organization. In addition to ensuring an understanding of the roles and responsibilities required of our Directors and Auditors, we provide training opportunities tailored to each individual to help them fulfill their duties. Specifically, for Outside Directors and Auditors, we support the acquisition of knowledge regarding our management status at the time of appointment and facilitate continuous updates throughout their tenure, including providing financial support for these activities.

As a measure to enhance the effectiveness of its Board of Directors, the Company systematically organizes and implements events for helping to acquire and enhance the knowledge necessary to fulfill the expected roles and functions of the Company's Directors throughout the year, enhancing understanding of the Company's business, and promoting communication among the Directors and Audit & Supervisory Board Members. In May, the Company held a discussion on themes such as the impacts of the Trump administration on innovative drugs, with all the Directors and Audit & Supervisory Board Members, including those who live abroad and usually have little face-to-face contact, coming together in person. In November, when a Board of Directors meeting was held at the Ukima Plant, the plant with the longest history in the Group, the Board of Directors visited facilities, including a manufacturing building for active pharmaceutical ingredients (APIs) of biopharmaceuticals (UK4).

The Company implements the following initiatives in a planned and systematic manner, based on objectives A through C.

A: Acquire and improve knowledge necessary for fulfilling the roles and functions expected of the Company as a director and for decision-making and supervising in Board of Directors meetings

B: Provide information to promote understanding of projects, the Company's organization and culture, and other factors that contribute to stimulating discussions at Board of Directors meetings

C: To strengthen mutual cooperation among members of the Board of Directors

[Status of Initiatives for FY2025]

- February: Top I Leaders' Meeting*¹ [A/B/C]
- March: Onboarding program for newly appointed Directors and Audit & Supervisory Board Members [A/B], Participated in CHUGAI AWARD*²[B]
- May: Board Round Table [A/C]
- September: Outside Directors and Audit & Supervisory Board Members Information Meeting [A/B/C]
- October: Informal meeting of Directors and Audit & Supervisory Board Members [B/C], Outside Directors and Audit & Supervisory Board Members Information Meeting [A/B/C]
- November: Held a Board of Directors meeting at a different business site and a site visit to the Ukima Plant (Tokyo) [B/C]
- December: Participated in Chugai Marketing & Sales Annual Meeting 2025*³ [B], Outside Directors and Audit & Supervisory Board Members Information Meeting [A/B/C]

*¹ Meeting for the management to share company-wide policies

*² Award that recognizes employee initiatives to take on challenges and create values

*³ Initiative to strengthen, step up and advance the efforts with sharing excellent efforts in the sales field in the form of an annual conference

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[Principle 5-1 Policies on constructive dialogues with shareholders]

To contribute to our sustainable growth and the enhancement of medium-to-long-term corporate value, our senior management—including the CEO, Directors, and Executive Officers—take it as their own responsibility to promote constructive dialogue with shareholders and investors through various IR activities. Chugai is committed to establishing a framework that reflects their feedback into our management. In particular, recognizing the strong demand for dialogue with Independent Outside Directors from the perspective of minority shareholder protection, Chugai will continue to provide opportunities for them to engage directly with shareholders and investors.

Chugai will nominate the director in charge of IR as the officer to oversee the dialogue with shareholders, and establish a Corporate Communications Committee composed of the general managers of the departments that support dialogue to enhance coordination among IR-related departments.

Chugai actively facilitates constructive dialogue by organizing investor briefings and conducting individual meetings with shareholders and investors globally. Feedback obtained through these engagements is shared with the Board of Directors on a regular basis.

Chugai will not communicate insider information through its shareholder dialogue; Chugai manages insider information appropriately and in full compliance with fair disclosure standards. In accordance with our disclosure policy, we observe a "quiet period" from the day following the end of each quarter until the announcement of financial results, during which we refrain from commenting on financial information. Details of the specific structure and policies for initiatives, actions to be taken in response to requests for individual interviews, etc. are specified in "Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy" and "Disclosure Policy" and made them available on the Chugai website.

<https://www.chugai-pharm.co.jp/english/ir/policy/disclosure.html>

<Capital Allocation Policy>

Chugai is committed to appropriately allocating capital to provide solutions that create value for patients and deliver stable returns to shareholders. This commitment aligns with its mission: "Dedicate ourselves to adding value by creating and delivering innovative products and services for the medical community and human health around the world."

[Capital Allocation for Value Creation]

1. Investing in Creation and Delivery of Innovative Medicines

We will appropriately allocate capital to create and deliver innovative drugs, by investing in research and development powered by our unique strengths in science and technology, as well as through investments such as in manufacturing facilities for stable supply of high-quality products and investigational drugs.

2. Expanding Our Value Creation Engine

We will pursue opportunities in strategic investments, including Open Innovation, to strengthen drug discovery platforms.

3. Other Investment Opportunities

We will appropriately evaluate other investment opportunities which support the sustainable growth of Chugai and solutions to social issues such as environmental conservation.

[Shareholder Returns]

Taking into account strategic funding needs and earnings prospects, Chugai sets a target for a consolidated dividend payout ratio of 45% on average in comparison with Core EPS, with an aim to continuously provide a stable allocation of profit to all shareholders.

[Dialogue with Shareholders, etc.]

The status of dialogue with shareholders and other related matters is described on page 90 of the "Annual Report (Integrated Report) 2024".

https://www.chugai-pharm.co.jp/english/ir/reports_downloads/annual_reports/files/eAR2024_12_single.pdf#page=92

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

Description: Disclosure of Action (Update)

English Disclosure: Available

Date of Update: December 24, 2025

Description regarding this item:

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The Group strives to enhance its corporate value by creating innovation through management that is conscious of the cost of capital (WACC), return on equity (ROE), and return on invested capital (ROIC).

The Group places emphasis on enhancing corporate value by creating innovation, and prioritizes the allocation of management resources to the creation of innovative new drugs. The Group works to conduct flexible and agile business operations to achieve stable profit growth over the short- to medium-term, while focusing on Core ROIC as an indicator of investment efficiency over the long term. In addition, the Group considers ROE, which measures profitability against equity provided by shareholders, to be an important indicator. While using Core ROIC as its foundation, the Group also emphasizes ROE, thereby pursuing the maximization of both business value and shareholder value.

When evaluating business feasibility, such as for individual development projects, the Group carries out an evaluation of investment value based on cost of capital, and makes decisions with emphasis on profitability and efficiency. The Group's weighted average cost of capital (WACC) is calculated based on the cost of equity capital, as there is no interest-bearing debt.

Reflecting a rise in the risk-free rate (long-term government bond rate), the Group's WACC for 2026 is 7.5% (an increase of 0.5 percentage points from the previous year), and this was discussed and confirmed at the Board of Directors meeting. The ROE for 2024 was 22.0%, significantly exceeding the WACC, and the Core ROIC for 2024 was 42.9%. This indicates that the Group is achieving efficient operations. From the standpoint of enhancing competitive value, the Group has designated social investment as an important theme, in addition to strategic business investments described above. ESG initiatives, for example, may compress profits in the short run, but they contribute to increasing the profitability of capital investments and reducing the cost of capital in the long run. Therefore, the Group believes it is important to manage and promote these social investments in an integrated manner while ascertaining their relative priority.

Regarding the stock price, which represents the Group's market value, the Group actively engages in dialogue with shareholders and investors, and it also strives to ensure that its growth potential and non-financial value are properly and adequately assessed by the market by communicating its medium- to long-term growth strategy and further enhancing information disclosure. Furthermore, the Group has adopted restricted stock compensation for its executives to share value with shareholders and to link compensation with medium- to long-term business performance. As 50% of this compensation is linked to performance based on Total Shareholder Return (TSR), the management's awareness of the stock price is appropriately enhanced.

[Translation for Reference and Convenience Purposes Only]

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2. Capital Structure

Ratio of Shares Held by Foreigners	30% or more
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[Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
Roche Holding Ltd.	1,005,670,935	61.10
The Master Trust Bank of Japan, Ltd. (Trust Account)	141,887,600	8.62
Custody Bank of Japan, Ltd. (Trust Account)	58,185,400	3.53
STATE STREET BANK AND TRUST COMPANY 505001	22,990,160	1.39
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	21,987,721	1.33
JP MORGAN CHASE BANK 385864	12,191,361	0.74
SMBC Nikko Securities Inc.	11,197,501	0.68
JP MORGAN CHASE BANK 385781	9,479,350	0.57
SUMITOMO LIFE INSURANCE COMPANY	9,150,000	0.55
HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	7,499,875	0.45

Controlling stockholder (excluding parent company)	-
Parent Company	Roche Holding Ltd (Listing: abroad)

Supplementary Explanation

The Company is excluded from the top ten major shareholders listed in the table above, although the Company holds 33,344,248 shares of treasury stock.

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3. Corporate Attributes

Stock Exchange Listings and Market Classification	Prime, Tokyo Stock Exchange
Fiscal Year-end	December
Industry	Pharmaceuticals
Number of Employees (Consolidated)	1,000 or more
Net Sales (Consolidated)	¥1 trillion or more
Number of Consolidated Subsidiaries	10 or more and less than 50

4. Guideline regarding the measures for protecting minority stockholders in transaction, etc. with a controlling stockholder

Chugai has established a standing Special Committee as an advisory body to the Board of Directors, as a system to protect the interests of minority shareholders. The Special Committee deliberates and examines important transactions and actions that may involve conflicts of interest between Roche and minority shareholders. This examination is conducted from the perspectives of necessity and rationality of the transaction, appropriateness of transaction terms, and fairness. The committee then provides recommendations and reports to the Board of Directors. Given the significance of the transactions, matters resolved by the Board of Directors meeting are deliberated on in advance, and matters authorized by the Executive Committee are deliberated on after the fact, and the committee reports and responds to the Board of Directors. The Special Committee consists of three or more members consisting of Independent Outside Directors and Independent Outside Auditors, to ensure its independence and objectivity. The members are appointed by the Board of Directors. The current members are Dr. Fumio Tateishi, an Independent Outside Director, Hideo Teramoto, an Independent Outside Director, Kenichi Masuda, an Independent Outside Auditor. It is chaired by Hideo Teramoto, selected by mutual election of each committee member.

In the three Special Committee meetings held in fiscal year 2025, there were no proposed transactions identified as potentially detrimental to the interests of minority shareholders..

The attendance rates for each member and specific deliberation contents and time required as follows:

Hideo Teramoto (Chair) 3/3 times (100%)

Dr. Fumio Tateishi 3/3 times (100%)

Kenichi Masuda 3/3 times (100%)

Main deliberation items:

- March 2025 (Time required: 5 minutes)
 - Mutual election of the chair
 - Order of acting chairship
- June 2025 (Time required: 25 minutes)
 - Report on Roche-related transactions for the first half of 2025
- December 2025 (Time required: 1 hour 5 minutes)
 - Report on Roche-related transactions for the second half of 2025

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5. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance

<Parent company's approach/policy regarding group management>

Roche is one of the world's largest biotech companies, as well as a leading provider of in-vitro diagnostics and a global supplier of transformative innovative solutions across major disease areas. Chugai contributes to the sustainable growth of the Roche Group in the Pharmaceuticals segment not only through sales in the Japanese market but also through creating innovative new drugs.

Through the alliance, Chugai and Roche have established a new business model distinct from a conventional corporate acquisition or joint venture formation. Chugai has become Roche's only pharmaceutical company in the Japanese market, and has the right of first refusal on the development and marketing in Japan of all development compounds advanced by Roche. Moreover, Roche has the right of first refusal on the development and marketing of all development compounds advanced by Chugai in markets outside Japan, excluding South Korea and Taiwan. In addition, Chugai and the Roche Group have entered into a research collaboration agreement for biopharmaceuticals and small molecule synthetic pharmaceuticals. Chugai benefits significantly by being able to secure a stable revenue base through the sales in the Japanese market of pharmaceuticals introduced from the Roche Group and by being able to globally sell pharmaceuticals developed by Chugai through Roche's network, all while maintaining Chugai's management independence. On the other hand, if the agreed contents in the strategic alliance change, it could significantly impact its performance. Chugai does not participate in the Roche Group's cash management system.

<Ensuring Independence from the Parent Company>

In December 2001, Chugai and Roche Holding Ltd. (hereinafter referred to as "Roche") [Head Office: Switzerland] entered into a basic agreement on a strategic alliance. Roche owns 59.89% of the total issued shares of Chugai and is the parent company. Although Chugai is a consolidated subsidiary of Roche, Roche has agreed in our basic alliance agreement to cooperate in maintaining our listing on the Tokyo Stock Exchange's Prime Market. As an independent listed company, Chugai makes all decisions based on the principle of self-governance, including its medium- to long-term business strategy based on its unique research and development strategy.

<Basic Alliance Agreement>

Chugai Pharmaceutical Co., Ltd. ("Chugai") and Roche Holding Ltd ("Roche") reached an agreement regarding the strategic alliance which primarily aims to integrate the pharmaceutical business of both companies in Japan and to establish a leading research-driven Japanese pharmaceutical company with appropriate global presence and signed a basic alliance agreement (the "BAA") on December 10, 2001, after deliberation within the respective boards of directors. Under the alliance, it was envisioned that Roche would acquire the majority of Chugai's total number of issued shares, while Chugai, as a listed company, would continue to operate its business in line with Japanese culture and society and independently conduct its research, development, production, and sales activities. In furtherance of such vision, the parties engaged in good faith negotiations and agreed in the BAA to basic principles and certain provisions (such as those related to the matters listed in (1) through (5) below).

Although the BAA was partially amended on July 21, 2022, in connection with Chugai's listing on the Prime Market due to the restructuring of the Tokyo Stock Exchange's market classification, the fundamental principles of the BAA have been maintained since its execution.

The following is a summary of the key provisions agreed upon in the BAA and certain matters necessary to be described related thereto:

(1) Right of First Refusal on Development Compounds

The BAA sets out the principle that Chugai shall be the exclusive representative in Japan of Roche Group's pharmaceutical business. In this regard, Chugai holds the right of first refusal to development compounds of Roche in Japan and Roche holds the right of first refusal to development compounds of Chugai outside Japan (excluding South Korea and Taiwan) as set forth in the "License Agreements" section.

(2) Roche's Right to Nominate Directors and Audit & Supervisory Board Members of Chugai

Roche has the right to nominate a minority of the candidates for Chugai's Directors and Audit & Supervisory

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Board Members (at least three Director candidates and one Audit & Supervisory Board Member candidate), respectively, from among those to be proposed by the Board of Directors to the General Meeting of Shareholders, while Roche's exercise of voting rights and other shareholder rights is not restricted with respect to the other candidates. Chugai's directors nominated by Roche do not make up the majority of all directors, and thus Chugai recognizes that its management independence is ensured. Moreover, from the standpoint of further enhancement of the independence and objectivity of management, in accordance with the Corporate Governance Code, the eligibility of Director candidates is reviewed through deliberations by the Nominating Committee, half of the members of which are Independent Outside Directors and which is chaired by an Independent Outside Director.

Chugai has in place three Independent Outside Directors and the appointment of Independent Outside Director candidates is also deliberated by the Nominating Committee before it is determined by a resolution of the Board of Directors.

(3) Roche's Obligation to Cooperate in Maintaining Chugai's Listing

Roche is obligated to cooperate with Chugai in maintaining Chugai's listing on the Prime Market of the Tokyo Stock Exchange.

(4) Restrictions on Disposition of Shares held by Roche

Roche is prohibited from disposing of Chugai shares to any of Chugai's competitors without the prior approval of Chugai's Board of Directors. Additionally, if Roche intends to dispose of Chugai shares, Chugai holds the right of first refusal to purchase such shares by itself or through a third party designated by Chugai. Roche is also obligated to maintain its shareholding in Chugai, so that the shareholding ratio (the ratio of the number of Chugai shares held by Roche to the total number of issued shares of Chugai, "Shareholding Ratio") is at least 25% on a fully diluted basis.

(5) Restrictions on Issuance or Disposition of Shares and Roche's Pre-emptive Right

Except in the following cases, Chugai may not issue any new shares (including stock acquisition rights, etc.; hereinafter the same) or dispose of its treasury shares without the prior approval of Roche:

- (i) in the case where Chugai issues new shares within the limitation of a certain total issue amount;
- (ii) in addition to the available limitation amount set forth in (i) above, in the case where Chugai issues new shares or disposes of its treasury shares within the limitation of a certain total number of shares (which is approximately equivalent to the total number of treasury shares held by Chugai on July 21, 2022, when the BAA was amended as described above) (see Note below); and
- (iii) notwithstanding that the available limitation set forth in (ii) above is exceeded or has already been exceeded, in the case where Chugai issues new shares or disposes of its treasury shares to directors, officers or employees of Chugai or its subsidiaries as compensation for their services within the limitation of the total number of shares equivalent to a specified percentage of the total number of issued shares of Chugai (see Note below).

In this regard, in light of Chugai's current financial situation and other relevant factors, the above restrictions on the issuance or disposition of shares are only applicable in limited circumstances and Chugai is able to issue or dispose of an adequate number of shares within the permitted scope without Roche's prior consent. Thus, Chugai recognizes that the above restrictions only have a limited substantive impact on its corporate governance.

If Chugai issues new shares to a third party (except for cases where such shares are issued to directors, officers or employees of Chugai or its subsidiaries as compensation within the available limitation of (ii) or (iii) set forth above), Roche may exercise the right (pre-emptive right) to subscribe for the shares at the same price and under the same conditions as the third party, to the extent necessary to maintain the Shareholding Ratio at that time.

The above restrictions on the issuance or disposition of shares and Roche's pre-emptive rights cease to apply if the Shareholding Ratio falls below 50%.

(Note) If Chugai repurchases shares or certain other events occur, each of the available limitation numbers set forth in (ii) and (iii) above will increase by the number of shares subject to such repurchase or event(s).

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II Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision

1. Items relating to Organization Structure and Operations, etc.

Form of Organization	Company with Audit & Supervisory Board Members
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[Directors]

Number of members of the Board provided for in the Articles of Incorporation	No limitation
Term of members of the Board provided for in the Articles of Incorporation	1 year
Chair of the Board of Directors	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Outside Directors designated as independent directors	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Dr. Fumio Tateishi	Coming from another company												
Hideo Teramoto	Coming from another company												
Dr. Kinuko Mitani	Academic												

* Selection criteria regarding relationship with the Company.

○ is used if the individual in question is applicable to each item, current or recent, while △ is used if he/she was applicable in the past.

● is used if a relative of the individual in question is applicable to each item, current or recent, while ▲ is used if he/she was applicable in the past.

- Person executing business of the listed company or its subsidiary
- Person executing business or non-executive director of the parent of the listed company
- Person executing business of a fellow subsidiary of the listed company
- Person/entity dealing with the listed company as its major business partner or the person executing its business
- Major business partner of the listed company or the person executing its business
- Consultant, accounting expert or legal expert gaining significant amount of money or properties from the listed company, apart from officer remuneration
- Major shareholder of the listed company (if such shareholder is a corporation, the person executing its business)
- Person executing business (himself or herself only) of a business partner of the listed company (applicable to none of d, e or f above)
- Person executing business (himself or herself only) of another company holding cross-directorships/cross-auditorships with the listed company
- Person executing business (himself or herself only) of an entity to which the listed company provides donations
- Others

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Relationship with the Company (2)

Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election as Outside Director
Dr. Fumio Tateishi	○	Honorary Advisor of Omron Corporation <No applicable relationship exists>	Dr. Fumio Tateishi provides supervision and advice on the Company's management, drawing on his extensive experience in global corporate management and his profound insight into sustainability and ESG. In his roles as the Chair of the Appointment Committee and a member of the Compensation and Special Committees, he offers opinions and recommendations from an independent and objective standpoint, thereby contributing to the transparency and objectivity of management. The Company determined that he will continue to be able to appropriately fulfill his roles and responsibilities as an Outside Director. The Company designated him as an independent officer based on the Company's judgment that he meets the conditions for independence stipulated by the Tokyo Stock Exchange and Chugai's Independence Standards for an outside officer, and that there is no risk of conflict with the interests of general shareholders.
Hideo Teramoto	○	Outside Director of Imperial Hotel, Ltd. <No applicable relationship exists>	Hideo Teramoto provides supervision and advice on the Company's management, drawing on his extensive experience and knowledge in corporate management, as well as his profound insight into finance and accounting. As the Chair of the Special Committee and a member of the Compensation Committee, he offers opinions and recommendations from an independent and objective standpoint, thereby contributing to the transparency and objectivity of management. The Company determined that he will continue to be able to appropriately fulfill his roles and responsibilities as an Outside Director. The Company designated him as an independent officer based on the Company's judgment that he meets the conditions for independence stipulated by the Tokyo Stock Exchange and Chugai's Independence Standards for an outside officer, and that there is no risk of conflict with the interests of general shareholders.

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Name	Independent Officer	Supplementary Explanation relating to These Items	Reason for Election as Outside Director
Dr. Kinuko Mitani	○	<p>Emeritus Professor & Specially Appointed Professor Department of Medicine, Dokkyo Medical University</p> <p>Councilor (Part-time), Tokyo Medical University</p> <p><No applicable relationship exists></p>	<p>Dr. Kinuko Mitani has been engaged in healthcare for many years as a physician and university professor, possessing extensive experience and deep expertise, and has also been responsible for the management of organizations such as universities and hospitals. Although she has no past experience in corporate management, the Company is of the judgment that she will be able to leverage her experience and expertise in medicine and pharmacology, including overseas, to appropriately fulfill her roles and responsibilities, including supervising and advising on the Company's management.</p> <p>The Company designated her as an independent officer based on the Company's judgment that she meets the conditions for independence stipulated by the Tokyo Stock Exchange and Chugai's Independence Standards for an outside officer, and that there is no risk of conflict with the interests of general shareholders.</p>

Presence or absence of a voluntary committee equivalent to a Nominating Committee or a Remuneration Committee	Yes
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Establishment, membership, and attributes of the committee chair (chairperson) of the voluntary committees

	Name of the Committee	Total Number of Members	Number of Full-time Members	Number of Inside Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Committee Chair (Chairperson)
Voluntary committee equivalent to a Nominating Committee	Appointment Committee	4	0	1	2	0	1	Outside Director
Voluntary committee equivalent to a Remuneration Committee	Compensation Committee	4	0	0	2	0	2	Others

Supplementary Explanation

[The Appointment Committee]

As an advisory board to the Board of Directors, the Appointment Committee deliberates on the selection of director candidates, succession plan for executive directors, including the CEO, and dismissal of directors. The Appointment Committee consists of one internal committee member and three or more outside committee members, including at least one Independent Outside Director. The Board of Directors

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appoints the internal committee member from representative directors and / or persons with past experience as such representative directors, and outside committee members from directors, and outside committee members from Non-Executive Directors including Independent Outside Directors, and / or persons with past experience as such directors. The current internal committee members are Dr. Osamu Okuda, Representative Director and President; the three outside committee members are Dr. Fumio Tateishi, Independent Outside Director, Dr. Kinuko Mitani, Independent Outside Director and Teresa A. Graham, Non-Executive Director. Dr. Fumio Tateishi, an Independent Outside Director, selected by mutual election of each committee member, will chair.

The holding status of the Appointment Committee meetings in fiscal year 2025 is as follows.
Number of meetings and attendance:

Number of meetings: 3

Attendance:

Dr. Fumio Tateishi (Chair): 3/3 meetings (100%)

Dr. Mariko Y Momoi: 3/3 meetings (100%)

Theresa A Graham: 3/3 meetings (100%)

Dr. Osamu Okuda: 3/3 meetings (100%)

Specific Matters to be Deliberated:

- Proposed Director candidates to be submitted to the General Meeting of Shareholders
- Proposed candidates for Directors with titles and candidates for Representative Director
- Proposal for selection of Honorary Advisors
- Mutual election of the chair
- Criteria for the Appointment and Dismissal of the Representative Director and CEO, and the Reappointment Process
- Confirmation of Reappointment and Intentions of the Representative Director and CEO
- [Report] 2026 Key Executive Officer Structure
- [Report] candidate for CEO succession

[The Compensation Committee]

As an advisory board to the Board of Directors, the Compensation Committee deliberates on remuneration policy and the remuneration of individual directors. The Compensation Committee consists of three or more outside committee members, including at least one Independent Outside Director, and the outside committee members are appointed by the Board of Directors from directors, excluding executive directors, and / or persons with past experience as such directors, excluding executive directors. The current four outside committee members are Dr. Fumio Tateishi, Independent Outside Director, Hideo Teramoto, Independent Outside Director, Teresa A. Graham, Non-Executive Director and Dr. Thomas Schinecker, Non-Executive Director. Teresa A. Graham, Non-Executive Director, selected by mutual election of each committee member, will chair.

“Number of Others” indicates the number of Non-Executive Directors.

The holding status of the Compensation Committee meetings in fiscal year 2025 is as follows.
Number of meetings and attendance:

Number of meetings: 2

Attendance:

Theresa A. Graham (Chair): 2/2 times (100%)

Dr. Fumio Tateishi: 2/2 times (100% times)

Hideo Teramoto: 2/2 times (100%)

Dr. Christoph Franz: 1/1 times (100%)

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Dr. Thomas Schinecker: 1/1 times (100%)

Specific Matters to be Deliberated:

- Individual bonus amount of Executive Director in FY2024
- Proposed Remuneration Amount for the Representative Director and CEO in FY2025
- Proposed Remuneration Amount for the Director and Senior Executive Officer in FY2025
- Proposed Remuneration Amount for Non-Executive Directors, including Outside Directors, in FY2025
- [Report] Rate of cancelation of performance-based restricted stock compensation based on the comparison of total shareholder returns in FY2022
- Mutual election of the chair

Members who correspond to "Others" in the committee composition are Non-Executive Directors. The number of appointments and meetings of the Compensation Committee also includes a resolution in writing.

*As Dr. Christoph Franz retired at the close of the 114th Annual General Meeting of Shareholders held on March 27, 2025, his attendance at the Compensation Committees held prior to his retirement is described above.

* As Dr. Thomas Schinecker was newly elected at the 114th Annual General Meeting of Shareholders held on March 27, 2025, his attendance at the Compensation Committees held after his election is described above.

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Yes
Number of members of the Board provided for in the Articles of Incorporation	No limitation
Number of Audit & Supervisory Board Members	5

Cooperation between Audit & Supervisory Board Members, Accounting Auditor, and the Internal Audit Organization

Audit & supervisory board members and Accounting Auditor cooperate closely by regularly sharing information and exchanging opinions over matters including the confirmation of each other’s audit plans, sharing of issues on accounting audits and related standards and institutional trend, etc., reports on mid-term audit results, and reports on fiscal year-end audit results.

Audit & Supervisory Board members and the Audit Department, the internal audit organization, maintain close cooperation. Together with the reporting of audit results from the Audit Department to the members, both parties share and exchange opinions on their respective audit plans and identification of issues. In addition, the Audit Department staff serve as Audit & Supervisory members at subsidiaries with whom Audit & Supervisory Board Members of the Company coordinate on first half reports, fiscal year-end reports and other matters, in an effort to strengthen governance at Group companies. Audit & supervisory board members, the Audit Department and Accounting Auditor audit by exchanging interactive information regularly and cooperating closely.

Election of Outside Audit & Supervisory Board Members	Elected
Number of Outside Audit & Supervisory Board Members	3
Number of Outside Audit & Supervisory Board Members designated as independent directors	3

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Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kenichi Masuda	Lawyer													
Yumiko Waseda	Lawyer													
Mami Yunoki	Certified public accountant (CPA)													

* Selection criteria regarding relationship with the Company.

○ is used if the individual in question is applicable to each item, current or recent, while △ is used if he/she was applicable in the past.

● is used if a relative of the individual in question is applicable to each item, current or recent, while ▲ is used if he/she was applicable in the past.

- a. Person executing business of the listed company or its subsidiary
- b. Non-executive director or accounting advisor of the listed company or its subsidiary
- c. Person executing business or non-executive director of the parent of the listed company
- d. Audit & supervisory board members of the parent of the listed company
- e. Person executing business of a fellow subsidiary of the listed company
- f. Person/entity dealing with the listed company as its major business partner or the person executing its business
- g. Major business partner of the listed company or the person executing its business
- h. Consultant, accounting expert or legal expert gaining significant amount of money or properties from the listed company, apart from officer remuneration
- i. Major shareholder of the listed company (if such shareholder is a corporation, the person executing its business)
- j. Person executing business (himself or herself only) of a business partner of the listed company (applicable to none of f, g or h above)
- k. Person executing business (himself or herself only) of another company holding cross-directorships/cross-auditorships with the listed company
- l. Person executing business (himself or herself only) of an entity to which the listed company provides donations
- m. Others

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Relationship with the Company (2)			
Name	Independent Officer	Supplementary Explanation Relating to These Items	Reason for Election as Outside Audit & Supervisory Board Member
Kenichi Masuda	○	<p>Partner of Anderson Mōri & Tomotsune Outside Director of Bridgestone Corporation Outside Director, Audit & Supervisory Committee Member of Mercuria Holdings Co.,Ltd.</p> <p>The Company has no special conflict of interests with him.</p>	<p>As he has abundant knowledge and experience as an expert in corporate legal affairs (attorney-at-law), in addition to abundant experience as an Outside Audit & Supervisory Board Member, the Company is of the judgment that he will be able to execute his duties as Outside Audit & Supervisory Board Member appropriately.</p> <p>The Company designated him as an independent officer based on the Company's judgment that he meets the conditions for independence stipulated by the Tokyo Stock Exchange and that there is no risk of conflict with the interests of general shareholders.</p>
Yumiko Waseda	○	<p>Partner Attorney-at-Law/Partner Patent Attorney, Tokyo Roppongi Law and Patent Office Outside Audit & Supervisory Board Member of IHI Corporation</p> <p>The Company has no special conflict of interests with her.</p>	<p>As she has abundant knowledge and experience as an expert in corporate legal affairs and intellectual property law (attorney-at-law and patent attorney), in addition to abundant experience as an Outside Audit & Supervisory Board Member, the Company is of the judgment that she will be able to execute her duties as Outside Audit & Supervisory Board Member appropriately.</p> <p>The Company designated her as an independent officer based on the Company's judgment that she meets the conditions for independence stipulated by the Tokyo Stock Exchange and that there is no risk of conflict with the interests of general shareholders.</p>
Mami Yunoki	○	<p>Representative of Mami Yunoki Certified Public Accountant Office</p> <p>Outside Director of Daiwa Securities Group Inc.</p> <p>Outside Director of ORIX Corporation</p> <p>The Company has no special conflict of interests with her.</p>	<p>As she has abundant knowledge and experience as an expert in corporate legal affairs (attorney-at-law), the Company is of the judgment that she will be able to execute her duties as Outside Audit & Supervisory Board Member appropriately.</p> <p>The Company designated her as an independent officer based on the Company's judgment that she meets the conditions for independence stipulated by the Tokyo Stock Exchange and that there is no risk of conflict with the interests of general shareholders.</p>

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[Independent Officers]

Number of Independent Officers	6
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Other Items relating to Independent Directors

Chugai has established Independence Standards as below with regard to outside officers. All outside officers who meet the qualifications for independent officers have been notified to the Tokyo Stock Exchange as independent officers.

[Independence Standards]

Chugai will judge outside officers (outside directors and outside Audit & Supervisory Board Members) that do not fall under any of the following to be independent officers (Independent Outside Directors and Independent Outside Audit & Supervisory Board Members) with no risk of a conflict of interests with Chugai's general shareholders:

- (1) a person who is currently or has been in the past ten years an executive (see note 1) of Chugai or any of its subsidiaries (collectively, the "Chugai Group");
- (2) a person who is currently or has been in the past five years an executive of the parent company or any sister company of Chugai;
- (3) a person for whom the Chugai Group is a major business partner (see note 2) or an executive of that person;
- (4) a major business partner (see note 2) of the Chugai Group or an executive of that business partner;
- (5) a major lender (see note 3) of the Chugai Group or an executive of that lender;
- (6) a consultant, accounting professional, or legal professional who receives a large amount of money or other such assets (see note 4) other than officer remuneration from the Chugai Group (including any person belonging to a corporation, partnership, or other such organization that receives such assets);
- (7) a major shareholder (see note 5) of Chugai or an executive of that shareholder;
- (8) an executive of a company for which the Chugai Group is a major shareholder
- (9) an executive of a company that engages a director or Audit & Supervisory Board Member (regardless of whether full or part time) from the Chugai Group or an executive of the parent company or any subsidiary of such company;
- (10) a director or other executive of a corporation, partnership, or other such organization that receives contributions or aid exceeding a certain amount (see note 6) from the Chugai Group;
- (11) an accounting auditor of the Chugai Group or any person belonging to an auditing corporation that is an accounting auditor of the Chugai Group; and
- (12) a close relative (see note 7) of any person (limited to those in material positions (see note 8)) who falls under any of (1) through (11) above.

Note 1 "Executive" means an executive director, executive officer, corporate officer, or other such employee or the like.

Note 2 "Major business partner" means a business partner whose transactions with the Chugai Group in any business year within the past five years total 2% or more of the consolidated sales of that business partner or the Chugai Group.

Note 3 "Major lender" means a lender from whom the Chugai Group's borrowings at the end of the business year exceed 2% of the Chugai Group's consolidated total assets at the end of that business year.

Note 4 "Large amount of money or other such assets" means, in any business year within the past five years, money or other such assets in excess of the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the money or other such assets.

Note 5 "Major shareholder" means a shareholder directly or indirectly holding 10% or more of total voting rights in any business year within the past five years.

Note 6 "Contributions or aid exceeding a certain amount" means, in any business year within the past five years, contributions or aid exceeding the greater of (a) ten million yen annually or (b) 2% of the total annual income of the person receiving the contributions or aid.

Note 7 "Close relative" means a spouse or a relative within the second degree of kinship.

Note 8 "Those in material positions" means directors (excluding outside directors), corporate officers, and executive officers, or any person with authority equivalent to any of these.

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[Incentives]

Status of Implementation of Measures to Grant Incentives to Directors	Introduction of performance-related remuneration system; Others
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Supplementary Explanation relating to These Items

The amount of remuneration supplied to directors is determined within the limit of the total remuneration amount resolved at the General Meeting of Shareholders, taking into account the management environment and the performance evaluations of corporate and individual performance. At the 115th Annual General Meeting of Shareholders held on March 26, 2026, a resolution was passed to introduce a trust-based stock compensation system in place of the existing restricted stock remuneration system. The purpose of this change is to further enhance the awareness of executive directors regarding their contribution to the improvement of Chugai's medium-to-long-term performance and the increase of corporate value, as well as to achieve more stable and efficient system operations than under the previous framework. The maximum amount for this system is set at 450 million yen per year, which is separate from the existing remuneration limits for fixed remuneration and bonuses.

Grantees of Stock Options	-
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Supplementary Explanation relating to These Items

[Directors' Remuneration]

Disclosure Status (on individual Directors)	Partially disclosed
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Supplementary Explanation relating to These Items

Amount of remuneration etc. for Directors and Audit & Supervisory Board Members of the Company was stated as below in the securities report for fiscal 2025:
Pursuant to the law, the amount of remuneration etc., is individually disclosed in the securities report for certain directors.

Directors (Annual Amount)

Headcount of Directors:	9 persons (Outside Directors: 3 persons)
Remuneration, etc.:	¥654 million (Outside Directors: ¥69 million)
Restricted Stock Compensation (Executive Directors only):	
Tenure-based:	¥106 million
Performance-based:	¥99 million

Audit & Supervisory Board Members (Annual Amount):

Headcount of Auditors:	6 persons (Outside Auditors: 3 persons)
Remuneration, etc.:	¥131 million (Outside Auditors: ¥53 million)

(Notes)

1. Amounts are rounded to the nearest million yen.
2. The table above includes one Director and one Auditor who resigned during 2025.
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 restricted stock compensation (tenure-based and performance-based) are ¥345 million per year as per the resolution passed in the 106th Annual General Meeting of Shareholders held in March 2017. Following a resolution at the 115th Annual General Meeting of Shareholders held in March 2026, the system was revised to a trust-based stock compensation system (comprising Tenure-based and Performance-based), with the remuneration amount set at a maximum of 450 million yen per year.
4. The amount of remuneration for all Audit & Supervisory Board Members was no more than ¥180 million per year as per the resolution passed in the 113th Annual General Meeting of Shareholders held in March 2024.

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5. The amounts of “Restricted Stock Compensation (tenure-based and performance-based)” shown in the table above are the amounts that are posted as expenses for the fiscal year as each respective restricted stock compensation.

Remuneration of directors individually disclosed in the security report

Dr. Osamu Okuda (Representative Director)

Total Consolidated Remuneration, etc.	441 million yen
- Regular compensation	137 million yen
- Bonuses	135 million yen
- Tenure-based Restricted Stock Compensation	85 million yen
- Performance-based Restricted Stock Compensation	84 million yen

(Notes)

1. Amounts are rounded to the nearest million yen.
2. Figures show the total amount of remuneration, etc., for representative directors.
3. Other than the representative directors disclosed above, no director or Audit & Supervisory Board member received total remuneration of ¥100 million or more.

The existence of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and Audit & Supervisory Board Members	Yes
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The disclosure of policies determining the amount of remuneration or method of calculating remuneration for members of the Board and Audit & Supervisory Board Members
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The remuneration of directors and Audit & Supervisory Board members has been designed with the aim of realizing continuing enhancement of Chugai’s corporate value through the securing of talented personnel and appropriate motivation.

<Standard of Remuneration>

The Company aims to materialize a market competitive remuneration standard that enables to secure superior human resources and give appropriate motivation. The remuneration standard is determined for each fiscal year in reference to the remuneration benchmark of a group of companies comprising large corporations and pharmaceutical companies in Japan, based on the results of a survey conducted by an external specialist organization, after deliberation by the Compensation Committee in consideration of roles and duties, etc. of each Director.

<Structure of Remuneration>

In order to further clarify the link between remuneration and the Company’s business performance and shareholders’ value and enhance the Directors’ motivation and morale leading to the growth of the business results, remuneration for Executive Directors from Chugai consists of bonuses payable as a short-term incentive based on performance, etc., for each fiscal year and trust-based stock compensation as a long-term incentive linked to mid-and long-term performance (tenure-based and performance-based), in addition to regular remuneration as fixed remuneration. The proportion of remuneration for CEO shall be based on a guide of 1:1:1.3 for "basic remuneration," "bonuses," and "stock-compensation," respectively, and the proportion of each remuneration for other Executive Directors is determined in consideration of their responsibilities, etc. Remuneration for Non-Executive Directors including Outside Directors and Audit & Supervisory Board Members consists solely of regular remuneration as fixed remuneration.

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<Criteria for Performance-Based Remuneration and the Method to Determine Its Amount>

(i) Bonuses

Bonuses paid as a short-term incentive is determined by multiplying the base amount set according to individual positions, by the evaluation coefficient based on comprehensive evaluation consisted of company-wide performance and individual performance in the respective fiscal years based on the announced forecasts.

[Indicators and Evaluation Methods]

- Evaluation indicators for company-wide performance targets shall be the degree of achievement of factors including Core operating income, Revenues, R&D performance and Company-wide tasks in the respective fiscal years. Evaluation indicators for individual performance targets shall be comprehensively evaluated based on the achievement status of measures for achieving operational targets for the assigned operations and issues related to ESGs, etc.
- After deliberation by the Compensation Committee, the amount paid is determined by the Board of Directors within a range of 0% to 200% of the standard amount

(ii) Trust-based stock compensation

For Trust-based stock compensation, which serves as a long-term incentive, the Company contributes funds equivalent to the remuneration amount for Executive Directors to a trust. Using these funds, the trust acquires Company shares, and the shares (including cash equivalents from the liquidation of shares) are then granted and paid as executive remuneration based on factors such as rank, responsibilities, and the degree of achievement of performance targets.

Standard points are granted to Executive Directors each fiscal year, and the Company shares are delivered four fiscal years later. The performance indicator is Relative Total Shareholder Return (TSR). The plan consists of a performance-based component to incentivize medium-to-long-term corporate value enhancement and a tenure-based component contingent upon continued service for a specified period.

The standard points are allocated at a ratio of 30% for the tenure-based component and 70% for the performance-based component. The number of standard points is calculated by dividing the base amount (determined by rank and responsibilities) by the one-month average closing price of the Company's common stock in March of the year the trust was established (or the fiscal year of extension, if applicable).

For the tenure-based component, the number of share delivery points is finalized as equal to the standard points, provided that the individual has continuously held the position of Executive Director for four fiscal years. For the performance-based component, the number of share delivery points is determined within a range of 0% to 150% of the standard points, based on a comparison of the Company's TSR against the TSR of domestic pharmaceutical companies over the four-fiscal-year evaluation period.

Executive Directors will receive 50% of their share delivery points in the form of Company shares, while the remaining portion will be liquidated within the trust and paid in an amount of cash equivalent to the proceeds.

<Overview of the Process to Determine Officers' Remuneration, etc.>

Individual remuneration is determined within the maximum remuneration amount approved by resolution of the General Meeting of Shareholders. Remuneration of the executive directors are decided by the Board of Directors after deliberation by the Compensation Committee. Remuneration of Non-Executive Directors including outside directors will be decided by the CEO, who has been delegated by the Board of Directors, in accordance with the report of the Compensation Committee. Remuneration of the Audit & Supervisory Board Members will be decided after discussion by the Audit & Supervisory Board Members. The transparency and objectivity of the decision-making process to ensure accountability to stakeholders are ensured by deliberations by the Compensation Committee which considers the results of surveys by external specialized agencies, in order to proceed with deliberations after fully understanding the specialized knowledge of the executive compensation system and changes in the environment surrounding management compensation. The Compensation Committee consists of three or more outside members, including at least one Independent Outside Director, appointed by the Board of Directors.

[Translation for Reference and Convenience Purposes Only]

CHUGAI PHARMACEUTICAL CO., LTD.

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[Support System for Outside Directors (Outside Audit & Supervisory Board Members)]

For outside directors, the staffs in charge are appointed inside the Secretary's office to support the activities of outside directors of the Company. Besides making a necessary reports with respect to material changes in the management environment and prior explanations relevant to respective issues from the Head of Corporate Planning Department, etc., the Company also strives to expand provision of information that contributes to decision-making at the Board of Directors through meetings to acquire and improve knowledge necessary for fulfilling the roles and functions expected of the Company as a director and to promote understanding of business, etc. For Outside Audit & Supervisory Board Members, the Office of Audit & Supervisory Board Members is in charge of supporting audit activities such as conveyance of in-house information, and prior provision of materials for the Board of Audit & Supervisory Board Members. In addition, in order to promote active deliberations at Board of Directors meetings, Chugai creates materials containing necessary and sufficient information about agenda items, distributing them to outside directors and outside Audit & Supervisory Board members well in advance of the meeting date. In addition, Chugai provides additional information upon request by outside directors and outside Audit & Supervisory Board members or creates opportunities for explanations before the meeting.

[Status of Persons who have Retired from the President, etc.]

Names of counselors and advisors, etc. who have been former President, etc.

Name	Position/ Status	Business content	Form of employment and conditions (Full-time / part-time, remuneration)	Retirement date of President, etc.	Tenure
Osamu Nagayama	Honorary Advisor (Honorary Chair)	External activities including economic organizations, industry organizations (Not involved in decision making)	Part-time, no remuneration	2020/03/30	1 year (No upper limit)
Tatsuro Kosaka	Honorary Advisor (Senior Advisor)	External activities including economic organizations, industry organizations (Not involved in decision making)	Part-time, no remuneration	2022/03/29	1 year (No upper limit)
Motoo Ueno	Honorary Advisor (Senior Advisor)	External activities including economic organizations, industry organizations (Not involved in decision making)	Part-time, no remuneration	2022/03/29	1 year (No upper limit)

Total number of counselors and advisors, etc. who have been former President, etc.	3 persons
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Other matters

- The "Retirement date of President, etc." in the above "Names of counsellors and advisors, etc., who have been former President, etc.," indicates the retirement date of the Representative Director of the Company.
- Based on the Ministry of Economy, Trade and Industry's "Practical Guidelines on Corporate Governance System" (CGS Guidelines), etc., the "Senior Advisor System" has been established from 2019 as an advisor system for experienced representative directors. Senior Advisors can be entrusted to persons who have served as Representative Directors as appropriate, based on consultations with the

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Appointment Committee and resolutions of the Board of Directors.

- Senior Advisors and Honorary Advisor will not attend the Board of Directors meeting or any internal meetings such as the Executive Committee, and are not involved in management decisions.

2. Items relating to Functions of Business Execution, Audit and Supervision, and Decision on Remuneration, etc.

(1) Business Execution

To execute the business operations delegated by the Board of Directors, Chugai has established a system whereby the CEO is responsible for making decisions on corporate-level strategic issues and overall operational issues. Important decision-making in relation to the execution of business operations is discussed at the Executive Committee, composed of the CEO, executive directors and key executive officers. Important decisions made at the Executive Committee are reported to the Board of Directors. In addition, the status of business execution is reported to the Board of Directors every quarter. Full-time Audit & Supervisory Board members also attend the Executive Committee, which consists of 9 members (including 2 female), and express their opinions from the standpoint of appropriate governance.

Four Corporate Management Committees - the Sustainability Committee, the Compliance Committee, the Risk Management Committee and the Corporate Communications Committee - discuss specialized matters on a case-by-case basis, and then the Executive Committee deliberates on and approves each plan and policy.

Sustainability Committee: The Committee formulate the group's sustainability policies and strategies and deliberate on sustainability matters centering on the environment, society and governance. It is reported to the Executive Committee as necessary.

Compliance Committee: The Committee will deliberate on key policies and measures related to compliance promotion, as well as compliance risk assessment and risk response policies, and report the progress of these initiatives to the Executive Committee.

Risk Management Committee: The Committee monitors the status of risk management at departments from a Company-wide perspective, evaluates reports, and reports to the Executive Committee as needed.

Corporate Communications Committee: The Committee discusses overall decision-making and promotion of activities related to information disclosure, dialogue with stakeholders, and reports to the Executive Committee as needed.

(2) Board of Directors

Based on fiduciary duties and accountability to shareholders, in order to achieve sustainable growth and increase corporate value over the medium to long term, and to improve profitability and capital efficiency, the Board of Directors makes important decisions on the management of the Company, including management strategies, management plans, and other important matters. The Board of Directors establishes an environment that supports appropriate risk taking by executive directors and supervises business execution.

The Board of Directors is comprised of individuals with diverse knowledge, experience and skills, ensuring the appropriate diversity and scale of the Board as a whole, including the necessary expertise, competencies, gender, internationality, work experience and age. In addition, based on the independence standards set by the Tokyo Stock Exchange, the Board of Directors has established and disclosed the Company's independence criteria in order to ensure the independence of those who will become Independent Outside Directors. One-third or more of the directors have been appointed as Independent Outside Directors. The Board of Directors selects executive director candidates from among the individuals with the knowledge and experience to manage Chugai properly, fairly and efficiently, and sufficient public trust. The Board of Directors selects non-executive director candidates from among the managers of other companies, medical experts and others with academic experience, and similar persons, taking into account experience, knowledge, and expertise, so that the Non-Executive Directors may appropriately fulfill the functions of supervision and advice on the management of Chugai.

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The Board of Directors consists of nine members, two of whom are female. Of these, there are three executive directors (Dr. Osamu Okuda, Representative Director, President & CEO; Iwaaki Taniguchi, Director, Executive Vice President & CFO; Dr. Hitoshi Iikura, Director, Executive Vice President) and six Non-Executive Directors (Dr. Fumio Tateishi, Hideo Teramoto and Dr. Kinuko Mitani, Independent Outside Directors; Dr. Thomas Schinecker, Teresa A. Graham, and Boris L. Zaïtra, Non-Executive Directors), including three Independent Outside Directors. The chair is to be the director appointed in advance by the Board of Directors, and Dr. Osamu Okuda, Representative Director, President & CEO is chairing.

The holding status of the Board of Directors meetings in fiscal year 2025 is as follows.

Number of meetings and attendance:

Number of meetings: 11

Attendance:

Dr. Osamu Okuda (Representative Director, Chair): 11/11 meetings (100%)
Iwaaki Taniguchi : (Director) 11/11 meetings (100%)
Dr. Hitoshi Iikura : (Director) 11/11 meetings (100%)
Dr. Mariko Y Momoi: (Independent Outside Director) 11/11 meetings (100%)
Dr. Fumio Tateishi: (Independent Outside Director) 11/11 meetings (100%)
Hideo Teramoto: (Independent Outside Director) 11/11 meetings (100%)
Dr. Christoph Franz: (Non-Executive Director) 3/3 meetings (100%)
Dr. Thomas Schinecker: (Non-Executive Director) 6/8 meetings (75%)
Theresa A. Graham: (Non-Executive Director) 10/11 meetings (91%)
Boris L. Zaïtra: (Non-Executive Director) 8/8 meetings (100%)

*As Dr. Christoph Franz retired at the close of the 114th Annual General Meeting of Shareholders held on March 27, 2025, his attendance at Board of Directors meetings held prior to their retirement is described above.

*As Dr. Thomas Schinecker and Boris L. Zaïtra were newly elected at the 114th Annual General Meeting of Shareholders held on March 27, 2025, their attendance at the Board of Directors meetings held after their election is described above.

Specific Matters to be Deliberated

Management strategy and sustainability:

- Decision making and monitoring of TOP I 2030, management strategy and business plan (Annual plan, drug discovery strategy, in-house product portfolio strategy, etc.)
- M&A and investment projects
- Progress and action plans for mid-term environmental Goals 2030 and DE&I targets

Governance Related:

- Review of the criteria for matters to be submitted to the Board of Directors
- Evaluation of the Board's effectiveness and formulation of measures to improve effectiveness
- Matters related to executive personnel and remuneration
- Investor relations (IR) Activities Report
- Reports from the appointment committee, compensation committee, and special committee

Risk management/internal control/compliance:

- Geo-political risk response and management system
- Internal control report
- Internal audit report
- Risk management committee report and Compliance Committee report

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Chugai has entered into a limited liability agreement, as provided in Article 423, Paragraph 1 of the Companies Act, with all Non-Executive Directors. The limit of liability in the agreement is equal to the minimum liability limit stipulated by laws and ordinances.

(3) Auditing System

1. Audit & Supervisory Board Member Audit status

Audit & Supervisory Board members work in collaboration with the Board of Directors to play a role in the Company's supervisory function. As an independent body mandated by shareholders, they strive to ensure the sound and sustainable growth of the Company and audit the execution of duties by directors. In doing so, they aim to build a high-quality corporate governance system that meets social trust and to ensure managerial soundness that supports sustainable growth and the enhancement of corporate value over the medium to long term.

The Audit & Supervisory Board receives reports from its members on important auditing matters and conducts deliberations or resolutions. The board is composed of members who possess the necessary knowledge, experience, and expertise, ensuring a balanced mix of professional skills as a whole. A majority of the members are independent outside Audit & Supervisory Board members, ensuring independence and objectivity. Furthermore, at least one of these independent outside members is an individual with considerable knowledge of finance and accounting. Additionally, full-time Audit & Supervisory Board members shall be individuals capable of effectively leveraging high-level information-gathering capabilities within the Company.

There are five Audit & Supervisory Board Members (three male/ two female), including two full-time and three Independent Outside Audit & Supervisory Board Members. The chair is to be a full-time Audit & Supervisory Board Member determined in advance by the Audit & Supervisory Board. Dr. Shigehiro Yamada or Masayoshi Higuchi, the full-time Audit & Supervisory Board Members, is chairing.

The holding status of the Audit & Supervisory Board meetings in fiscal year 2025 is as follows.
Number of meetings and attendance:

Number of meetings: 11

Attendance:

Dr. Yoshiaki Ohashi (full-time Audit & Supervisory Board Member) 2/2 meetings (100%)
Dr. Shigehiro Yamada (full-time Audit & Supervisory Board Member) 11/11 meetings (100%)
Masayoshi Higuchi (full-time Audit & Supervisory Board Member) 9/9 meetings (100%)
Kenichi Masuda (Independent Outside Audit & Supervisory Board Member) 11/11 meetings (100%)
Yumiko Waseda (Independent Outside Audit & Supervisory Board Member) 11/11 meetings (100%)
Mami Yunoki (Independent Outside Audit & Supervisory Board Member) 11/11 meetings (100%)

*As Dr. Yoshiaki Ohashi retired at the close of the 114th Annual General Meeting of Shareholders held on March 27, 2025, his attendance at the Audit & Supervisory Board meetings held prior to his retirement is described above.

*As Masayoshi Higuchi was newly elected at the 114th Annual General Meeting of Shareholders held on March 27, 2025, his attendance at Audit & Supervisory Board meetings held after his election is described above.

Specific matters to be examined

Resolution and Matters to be Discussed:

- Audit policy/audit plan, audit report by the Audit & Supervisory Board Members
- Agreement on appointment of Audit & Supervisory Board Members and Audit & Supervisory Board Member remuneration
- Results of investigation of agenda items submitted to the General Meeting of Shareholders and documents submitted

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- Procedure rules for reappointment of accounting auditors, agreement of compensation of accounting auditors, prior approval of non-guaranteed operations by accounting auditors or network firms

- Personnel transfers and performance evaluations of employees assigned to the Audit & Supervisory Board Members' Office

Reporting and sharing:

- Contents of the Executive Committee and the Corporate Management Committee (Sustainability Committee, Risk Management Committee, Compliance Committee, Corporate Communications Committee), and the content of other decision-making bodies

- Contents of the meeting with Audit & Supervisory Board Members

- Key news release content related to our company

- Audits of domestic subsidiaries by Audit & Supervisory Board Members of subsidiaries

- Internal audit plan and audit results by the Audit Department

- Results of quarterly reviews by the Accounting Auditor

- Lectures on activities within functional organizations

Chugai has entered into a limited liability agreement, as provided in Article 423, Paragraph 1 of the Companies Act, with all of the Audit & Supervisory Board Members. The limit of liability in the agreement is equal to the minimum liability limit stipulated by laws and ordinances.

Furthermore, the Company set up the Office of Audit & Supervisory Board Members to ensure the independence of Audit & Supervisory Board Members and to enhance auditing functions.

2. Internal Audit Status

We have established the Internal Audit Department, which currently has 19 certified internal auditors and certified fraud inspectors, as an internal auditing organization. The Audit Department conducts audits of the status of business execution of the entire Group, including its subsidiaries, from the perspectives of effectiveness, efficiency, and compliance of business activities. It ensures the effectiveness of internal audits by reporting and making recommendations to the Executive Committee, while also reporting directly to the Board of Directors and the Audit & Supervisory Board. In addition, the Audit Department is in charge of the Audit & Supervisory Board Members of subsidiaries. The Audit & Supervisory Board Members of subsidiaries collaborate with the Audit & Supervisory Board Members through mid-term reports, year-end reports, and other means to strengthen the governance of Group companies. In addition, to ensure the reliability of financial reporting under the Financial Instruments and Exchange Act, we evaluate that effective internal controls are in place and operated in accordance with generally accepted standards of internal control. From the viewpoint of mutual complementation and efficiency of audits, the three parties of the Audit Department, Audit & Supervisory Board Members, and Accounting Auditors regularly exchange information and conduct audits in close cooperation with each other.

3. Independent Auditor

- Name of audit corporation: KPMG AZSA LLC

- Continuous audit period: 15 years

- Certified public accountant who performed accounting auditing services: Makoto Yamada, Yujiro Kitamura, Tatsuo Utsugi

- Composition of assistants for accounting auditing: 19 certified public accountants, 52 others

Internal related departments, such as the Finance & Accounting Department and the Audit Department, selected accounting auditor as potential independent auditors based on their expertise centered on IFRS, experience with accounting audits of pharmaceutical companies, audit policies and procedures, audit fees, and a perspective of collaboration with the parent company, Roche. In response, Audit & Supervisory Board will conduct an independent assessment in accordance with the "Evaluation Criteria for Accounting Auditors" and judged as an appropriate accounting auditor.

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If the Audit & Supervisory Board determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act, the board shall dismiss the Accounting Auditor with the unanimous consent of all Audit & Supervisory Board members. Furthermore, if the Audit & Supervisory Board determines that it is difficult for the Accounting Auditor to appropriately perform its duties due to events that impair its eligibility or independence, the board shall determine the content of a proposal for the dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

(4) Appointment Committee and Compensation Committee, Special Committee

Chugai established the Appointment Committee, the Compensation Committee and the Special Committee as advisory boards to the Board of Directors, so as to secure managerial transparency. The Appointment Committee deliberates on the selection of director candidates, succession plan for executive directors, including the CEO, and dismissal of directors. The Compensation Committee deliberates on remuneration policy and the remuneration of individual directors. The Special Committee deliberates and reviews significant transactions and conducts, etc. that may generate a conflict of interests between Roche Group and minority shareholders.

The status of the Appointment Committee and the Compensation Committee, the composition of the members, the details of their activities, etc. are described in "Presence or absence of a voluntary committee equivalent to a Nominating Committee or a Remuneration Committee" of "1. Items relating to Organization Structure and Operations, etc." in "II. Overview of Business Management Organization and Other Corporate Governance Systems Related to Managerial Decision-Making, Business Execution, and Management Supervision". The status of the Special Committee, the composition of the members, the details of their activities, etc. are described in "4. Guideline regarding the measures for protecting minority stockholders in transaction, etc. with a controlling stockholder" of "I. Basic Policy Regarding Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information".

3. Reason for Adopting the Current Corporate Governance System

Chugai adopted “Company with an Audit & Supervisory Board” as its corporate organizational structure under the Companies Act in order to ensure effective oversight of directors from an independent and objective standpoint. The Company has adopted the current system, considering that it is reasonable to further enhance the management oversight function, by strengthening the functions of the Board of Directors by appointing Independent Outside Directors in addition to the functions of Audit & Supervisory Board Members.

III Status of Implementation of Measures related to Shareholders and Other Stakeholders

1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights

	Supplementary Explanation
Prompt Delivery of Convocation Notice of General Meeting of Shareholders	Usually, we forward the Notice of Convocation about 28 days (four weeks) prior to the date of the general meeting of shareholders.
Scheduling of General Meetings of Shareholders Avoiding the Days Concentrated	We convene the general meeting of shareholders in March every year as our fiscal year-end is in December.
Exercise of voting rights by electromagnetic means	Since the Ordinary General Meeting of Shareholders held in March 2015, we have adopted the exercise of voting rights by electromagnetic means.

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Utilization of electronic voting platform and other methods of improving the environment for institutional investors' voting	Participation in an electronic voting platform, early distribution of notices of meetings, creation of an English notice of meetings (translated in full), implementation of measures to promote voting based on shareholder surveys.
Providing an English summary of the notice of the general meetings of stockholders	Prepare an English translation of the notice of the general meeting of stockholders and post it on the company website.
Others	In our Convocation Notice, we strive to provide useful information to our shareholders and investors by enhancing voluntary disclosures. This includes the skill matrix of Directors and Audit & Supervisory Board Members, a summary of deliberations by the Board of Directors and voluntary committees, an overview of the Board's effectiveness evaluation results, and the status of shareholder engagement.

2. Investor Relations Activities

	Supplementary Explanation	Explanation by Representative
Establishing and announcing disclosure policy	The disclosure policy has been established and announced on the company website: https://www.chugai-pharm.co.jp/english/ir/policy/disclosure.html	
Holding Briefings for Individual Investors	Streaming an online discussion among the CEO and two institutional investors for individual investors Releasing a dialogue video between a management scholar and the CFO, aimed at providing an objective perspective on Chugai's business model, proprietary technologies, and drug discovery strategy. https://www.chugai-pharm.co.jp/ir/individual/conference.html (in Japanese only)	Yes
Holding Regular Briefings for Analysts and Institutional Investors	Online conferences for financial results are held quarterly (Q2/Q4 calls are held in combination with a venue). In addition, Sustainability meeting, R&D information meetings, IR Day (including dialogue with the CEO and Independent Outside Directors for institutional investors and analysts) are held regularly. https://www.chugai-pharm.co.jp/english/ir/reports_downloads/presentations.html	Yes
Holding Regular Briefings for Foreign Investors	Management roadshows are conducted at least once a year for each of Europe, U.S. and Asia. For each financial results announcement, we hold briefings simultaneously in Japan and overseas, providing simultaneous interpretation.	Yes

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<p>Posting Investor Relations Materials on the Company Website</p>	<p>URL for IR: https://www.chugai-pharm.co.jp/english/ir Investor relations materials: Financial Statements (Non-audited) (<i>kessan tanshin</i>; brief results announcements); Supplementary Materials; presentation materials on financial results; Presentations; <i>Kabunushi-tsushin</i> (shareholder communications); Securities reports; Internal Control reports; Annual Reports (Integrated Report); and other financial results related documents and presentations are posted on the Chugai corporate website in Japanese and English simultaneously. Webcasts of presentations at information meetings, and script materials are distributed on the Website.</p>	
<p>Establishment of Investor Relations Department (Liaison)</p>	<p>The Company's designated IR unit is the Corporate Communications Department. For supervision, the Corporate Communications Committee, composed of Chief Financial Officer (CFO), Head of Finance Supervisory Division, and heads of key organizations in related divisions, has been set up.</p>	
<p>Other Information</p>	<p>The Company has adopted integrated reporting to communicate its corporate value, which includes both financial and non-financial aspects. From Annual Report 2012, we are combining the traditional annual report with the corporate social responsibility (CSR) report. In addition, to enhance convenience for shareholders, we have conducted a live broadcast of the General Meeting of Shareholders (a hybrid virtual general meeting).</p>	

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3. Measures to Respect the Position of Stakeholders

	Supplementary Explanation
Provisions of Internal Regulations to Respect the Position of Stakeholders	<p>Policy for cooperation with stakeholders are inscribed in the “Chugai Pharmaceutical Co., Ltd. Basic Corporate Governance Policy” as follows: “In addition to respecting the rights and viewpoints of the various stakeholders supporting the company, Chugai’s Board of Directors and executive directors will exercise their leadership in fostering a corporate culture based both on compliance with law, ordinance, and the like and on the highest ethical and moral standards as a corporation involved in preserving human life and will build good relationships with all of its stakeholders, endeavoring towards appropriate cooperation with each of them.” (posted on the Website of the Company: https://www.chugai-pharm.co.jp/english/ir/policy/governance/files/eBasicCorporateGovernancePolicy.pdf).</p>
Promotion of Environmental Conservation, Corporate Social Responsibility (CSR), and Other Activities	<p>“Creating shared value for Chugai and society” is our basic management policy. We aim to lead in solving social issues by placing sustainability at the core of our business activities, share the value created through these activities with various stakeholders, and develop together with society. Through innovations that only we can create, we will generate shared value by "realizing advanced and sustainable patient-centric healthcare."</p> <p>Representative Director & CEO, who chairs the Board of Directors and Executive Committee, is responsible for the whole company's sustainability initiatives. Important company-wide management strategy and operational decisions related sustainability are made in the Executive Committee. Four committees serve as advisory bodies to the Executive Committee. The Sustainability Committee is responsible for creating and implementing comprehensive policies and strategies for global environmental conservation and other sustainability issues. The Compliance Committee discusses matters related to compliance and various compliance issues. The Risk Management Committee discusses risk management issues. The Corporate Communications Committee discusses communications related to sustainability. Each committee is chaired by a member of the Executive Committee.</p> <p>As part of our commitment to "Creating Shared Value (CSV)," which serves as our basic management policy, we have identified 16 material issues (materiality) that we must prioritize. In assessing their importance, we followed the concept of double materiality—considering both financial materiality (how the environment and society impact the company) and impact materiality (how corporate activities impact the environment and society). We analyzed the impact of our business activities on society and conducted a gap analysis utilizing global sustainability initiatives such as the SDGs, GRI (Global Reporting Initiative), and SASB (Sustainability Accounting Standards Board). By incorporating the opinions and insights of a wide range of stakeholders, including healthcare professionals and patient organizations, we have comprehensively identified the issues for which society holds expectations and demands of us. Additionally, to create a story that can be easily shared with internal and external stakeholders, we organized these materiality items along three axes: "Challenge," "Co-creation," and "Commitments." Through these three "C's," we aim to realize advanced and sustainable patient-centric healthcare Based on the Material Issues, we have formulated a medium- to long-term vision for the Company of becoming a top innovator in 2030 and are advancing “TOP I 2030” as a</p>

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	<p>growth strategy toward that goal.</p> <p>Regarding countermeasures toward the global environment, the Company has established its challenging Mid-Term Environmental Goals 2030 based on a global environmental consensus. Chugai is implementing innovative activities in cooperation with Roche and other external partners for the priority items of climate change countermeasures, use of renewable/recycled resources, and protection of biodiversity. Furthermore, from the perspective of regularly assessing the global standing of our environmental conservation activities, since 2012 we have been responding to questionnaires from CDP (formerly the Carbon Disclosure Project). CDP is an international non-profit organization that requests the disclosure of information on environmental initiatives and, based on its analysis of the results, engages in global environmental issues. In 2025, Chugai was named to the A List in recognition of its leadership in transparency and performance in the areas of Climate Change and Water Security. This marks the fourth consecutive year of A List selection for Climate Change and the third time for Water Security, making it the third time we have achieved a Double A ranking in both categories.</p> <p>In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), the group has identified five areas as important human rights issues - patient safety, personal information and privacy, human rights in the supply chain, human rights of employees in the workplace, and access to healthcare - and we are working to prevent or reduce these issues and are evaluating the effectiveness.</p> <p>Chugai aims to become a role model for the world as a company that takes the lead in resolving social issues by spreading the initiatives within the Group and actively disclosing information to stakeholders based on evidence. Details are available on the Chugai website. https://www.chugai-pharm.co.jp/english/sustainability/index.html</p>
<p>Establishment of Policy Concerning Disclosure of Information to Stakeholders</p>	<p>Described in our “Disclosure Policy” posted on the Website of the Company: https://www.chugai-pharm.co.jp/english/ir/policy/disclosure.html.</p>

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<p>Others</p>	<p>Securing Diversity:</p> <p>We recognize that human resources, the driving force behind value creation, are our most important assets. We will support each employee's challenges and growth through the promotion of the right person in the right position by position management and talent management, the operation of a personnel system that encourages challenges regardless of age or attributes, and the provision of autonomous learning opportunities. In addition, we are actively and continuously hiring diverse talent, including those of different genders, nationalities, disabilities, various backgrounds, job histories, and areas of expertise. At the same time, we are fostering an environment where all employees, with their different experiences, knowledge, and values, can take initiative and fully utilize their unique strengths and abilities. We are also advancing efforts to educate our management layer. In particular, we have been further strengthening mid-career recruitment in addition to new graduate recruitment in order to strengthen the acquisition of strategic and highly specialized human resources from a business-oriented perspective with a view to realizing our growth-strategy "TOP I 2030." In 2024, new graduate recruitment accounted for 66% and mid-career recruitment accounted for 34% of the total of newly recruited employees (non-consolidated). As of the end of 2025, 1.7% (non-consolidated) are foreign employees and 0.7% of managements are foreign employees (non-consolidated). We are actively working to acquire digital human resources and other highly qualified specialists from outside the Group, both domestically and overseas. This will lead to the securing of diversity core human resources.</p> <p>Efforts for Diversity, Equity and Inclusion (DE&I) :</p> <p>Our efforts to promote diversity, equity and inclusion go back to 2010. We formed a working team owned by top management and began exploring gender diversity issues and initiatives. In 2012, we established the Diversity Promotion Office to strengthen and promote initiatives in a broader range of areas. Until now, we have introduced a talent management system that selects and trains human resources regardless of attributes such as gender or age, and we have been working to review our personnel compensation system. Additionally, since 2022, we have been promoting "Work Fulfillment Reform", aiming to enhance the "job satisfaction" of each and every employee. We are driving this forward on two fronts: "Improving Employee Engagement" and "Creating an Environment Where Diverse Employees Can Thrive". Moreover, we have positioned health management as the foundation of the work fulfillment reform, and are also focusing on promoting the autonomous health and maintenance of our employees.</p> <p>As for "Creating an Environment Where Diverse Employees Can Thrive", to ensure that all sorts of diverse employees are able to realize their own work-life synergies, regardless of childbirth, childcare, nursing care, etc., we are also working to establish working environment that facilitates highly flexible working styles, such as the promotion of telecommuting. In addition to balancing work and childcare, we are focusing on the initiatives on balancing work and nursing care. We have been conducting a survey on the current state of nursing care for all employees, implementing regular-based seminars and e-learnings aimed at enhancing nursing care literacy, and establishing an expert consultation desk.</p> <p>We also provide e-learning on the theme of unconscious bias for managers who are key personnel in promoting DE&I. We also conduct task management training for managers who have subordinates in the life event period that leads to</p>
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their subordinates' career development and growth support. In these ways, we are working on an ongoing basis.

In addition to ensuring diversity, we are also focusing on the "inclusion" that is essential for generating innovation. To foster a culture of inclusion, we are working to instill in each and every employee the three actions of communicate, discuss, and accept. Also we organize "Chugai Diversity DAYS" involving top management on annual-basis as an opportunity to discover correlation between business performance and DE&I from various perspectives as a personal matter. Additionally, from 2025, we will change the organization name to "DE&I Promotion Group" by adding Equity, and by incorporating recruitment functions, we will establish a system that consistently promotes DE&I from recruitment to supporting success after joining the company. Through these changes, we will further strengthen our efforts to acquire and develop diverse talent.

Promotion of Active Role for Women:

In promoting the success of women, we currently have a 19.2%*1 ratio of female managers (managers with direct reports and project leaders) as of the end of 2025. Aiming to increase the number of women in leadership positions at each level and to ensure that both women and men are naturally active in decision-making, we have set the goal of "By the end of 2030, the ratio of female employees at all levels including executive officers will reach the level equivalent to the ratio of female employees in the entire company" and are implementing measures to support career planning and development of women. Specifically, we continue to raise awareness of the importance and significance of DE&I and the success of women through such means as the delivery of messages from top management. Furthermore, since 2022, executive officers have conducted dialogues and mentoring with female employees. In 2025, this initiative was expanded to include a sponsorship program, where Executive Vice Presidents and other senior executives support female successor candidates, demonstrating their commitment to developing female talent and providing support as mentors. In addition, we have broadened the scope across different organizational levels, with female department heads and managers engaging in mentoring for female employees.

In addition, we are fostering a culture of mutual respect for working styles and lifestyles among diverse employees, and are working to establish an environment to promote the use of child-care leave by men and to raise awareness among employees so that both men and women can participate and play an active role in child-rearing. Through these initiatives, in 2025, 93.4% of male employees took childcare leave, and the average number of days spent on childcare leave was 37.7.

*1 Calculated based on the number of employees of Chugai Pharmaceutical Co., Ltd. (non-consolidated)

Human Resource Development and Internal Environment Improvement for Securing Diversity of Core Human Resources, etc.:

In addition to the individual's sense of value, amidst the penetration of new ways of working and the dramatic changes in the environment, The Human Resource Management Policy focuses on individual growth and challenges. Through the realization of three individuals (envision, enhancement, and excellence), we aim to transform individuals (increase individuals enabling excellence) and the company, which in turn leads to the growth of the Chugai Group as a whole.

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● **Securement of talent through talent management activities**

One of the most important priorities is to secure next-generation management candidates who can maintain and advance relationships with Roche, our strategic alliance partner, and we systematically identify and develop candidates for key positions. We are systematically identifying and nurturing potential candidates for key positions. In addition, we are promoting the acquisition and development of highly specialized personnel essential for strategic execution, such as science and digital personnel, and the assignment of the best personnel for each position, regardless of age or background, in order to realize "TOP I 2030".

● **Initiatives to support challenges and growth**

Generate innovation, it is essential to have a system that encourages individual skill improvement and promotes challenges and growth. Therefore, we are investing in individual career development and training programs, as well as encouraging dialogue among employees, not just between superiors and subordinates. As a specific initiative, we implemented a new learning management system (I Learning) based on an on-demand program in 2021. This has enabled us to create an environment where anyone can have the opportunity to learn anytime, anywhere. By providing opportunities for employees to learn, we are promoting the mutual study of employees. Furthermore, in order to enable each employee to proactively develop his or her career, we are visualizing the expertise (skill sets) of each division and job category and advancing the use of tools that can match his or her career and specialized skill training programs for each division. Additionally, with the new HR system introduced in 2025, we are creating an environment where each employee can design their own career regardless of age or attributes, and continue to grow and take on challenges proactively toward its realization. This is being accomplished through the expansion of job-based employment, introduction of a job posting system, enhancement of highly specialized positions, and elimination of the maximum employment age limit.

● **Securement of talent through introduction of the Alumni System**

In May 2020, we introduced an alumni system with the aim of building an interactive network between Chugai and retirees and securing human resources who hit the ground running. When recruitment needs arise, it is possible to reemploy retirees as permanent employees in principle. Currently, 403 alumni (retirees) have been registered, and 13 have been reemployed until now.

External Recognitions:

- The “Nadeshiko Brand” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange: 2014, 2015, 2016, 2017, 2020, 2021, 2023, 2024 and 2025
- The “Health & Productivity Stock” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange: 2024, 2025, 2026
- Certified as "Health and Productivity Management Outstanding Organization (White 500)" (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and the Japan Health Council for five consecutive years since 2021.
- Selected as one of the New Diversity Management Selection 100 companies for 2017 by the Ministry of Economy, Trade and Industry
- The Commendation of Companies Promoting Gender Equality and Work-Life Balance for 2014, sponsored by the Ministry of Health, Labour and Welfare

The Minister’s Prize for Excellence (Companies promoting gender equality)
The Tokyo Prefectural Labour Bureau Chief’s Prize for Excellence (Family-

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	<p>friendly companies)</p> <ul style="list-style-type: none">- Certification based on Act on Advancement of Measures to Support Raising Next-Generation Children from the Ministry of Health, Labour and Welfare as a company supporting childrearing: Kurumin Certification (2008, 2011 2015 and 2018), Platinum Kurumin Certification (2018)- Eruboshi Certification from the Ministry of Health, Labour and Welfare: Met all 5 criteria and achieved Stage 3 in October 2022- PRIDE Index “Gold” Recognition sponsored by the voluntary organization Work with Pride (2022, 2023, 2024 and 2025)- Human Capital Leaders 2024 and Human Capital Management Quality 2024 (Gold) (Jointly presented by the HR Technology Consortium, HR Research Institute (ProFuture Inc.), MS&AD InterRisk Research & Consulting, Inc., and the Research Group on Human Capital and Corporate Value Enhancement)- HR Award 2025, Corporate HR Category: Award for Excellence (Presented by "Nihon no Jinjibu" (Japan's HR Network))- Corporate Governance of the Year 2025: Special Award / Tokyo Governor’s Award (Presented by the Japan Association of Corporate Directors)
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IV Basic Policy and Status of Implementation of the Internal Control System

1. Basic Policy and Status of Implementation of the Internal Control System

With the mission “to dedicate itself to adding exceptional value through the creation of innovative medical products and services for the benefit of the medical community and human health around the world,” Chugai has pursued transparent, fair and highly ethical corporate activities. Moreover, accompanying the enforcement of the Corporate Law, we adopted resolutions at the meeting of Board of Directors on basic policies concerning internal controls, and have built a robust system to ensure that the execution of duties by all executives and employees in the Chugai Group is in compliance with laws, regulations and the Articles of Incorporation.

Specific preparations and operational status of the internal controls system of the Company are as follows: In order to ensure compliance of business operations executed by directors and employees with laws and articles of incorporation, directors and employees shall comply with the “Chugai Group Code of Conduct (CCC),” and the Company has set the Risk & Compliance Department to be in charge of the Company’s compliance with laws and other relevant rules.

In addition to the auditing activities of the Audit & Supervisory Board Members, conducted in accordance with the Corporation Law, Chugai has also established the Audit Department, having members of certified internal auditors and certified fraud examiners, as an internal audit section for the vigilance and inspection of the internal control activities of each department. The Audit Department conducts audits of the status of business execution of the Chugai Group, including subsidiaries, from various standpoints, such as the effectiveness, efficiency and compliance of business activities; reports and makes recommendations to the Executive Committee; and reports to the Board of Directors and Audit & Supervisory Board. Thus, Chugai is striving to maintain and improve the execution of sound business operations. In addition, the Audit Department staff serve as Audit & Supervisory members at subsidiaries. Furthermore, the Audit Department assesses whether effective internal controls are established and being implemented in accordance with internal control standards generally accepted as fair and appropriate in Japan to ensure the reliability of financial reporting based on the Financial Instruments and Exchange Act.

For promotion of compliance, the Company established the Compliance Regulations in accordance with the Compliance Policy. The Compliance Committee has been also established as a subordinate body of the Executive Committee in order to respond to all aspects of compliance related to our company, including pharmaceutical regulations, general laws and regulations, industry standards, and Company rules. The Compliance Committee deliberates important policies and measures related to the promotion of compliance at our group, as well as compliance risk evaluation and risk management policies, and reports the progress to the Executive Committee and the Board of Directors. With monitoring, guidance, and support from the Compliance oversight functions (Risk & Compliance department, Quality & Regulatory Compliance Unit), the Company reports and consults on compliance in a timely manner and strives to prevent recurrence through the Compliance Officers assigned to each organization. In addition, the Company has established a contact desk internally for reporting and consulting on issues related to violations of laws and regulations, internal regulations and the CCC as well as a counseling desk on compliance outside the Company. In this way, the Company is working to identify problems early and take appropriate measures.

For risk management, the Company is working to foster a healthy risk culture based on the risk appetite statement, which has formulated as a risk preference policy. In order to ensure risk response measures and prompt and appropriate responses in the event of an incident, the Company has also established the Risk Management Regulations based on its Risk Management Policy, and the Risk Management Committee, a sub-organization of the Executive Committee has been formed. The Risk Management Committee has identified Chugai Pharmaceutical Group-wide material risk issues and discussed risk management policies, etc., and reported the progress of countermeasures to the Executive Committee and the Board of Directors. The Division Risk Management Committees attribute to each division, compile risks within the division, prepare a risk map, makes efforts to deal with risks, and reports the progress of countermeasures for important risks to the Risk Management Committee.

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Moreover, when an emergency occurs that have a material impact on the corporate activities of the Chugai Group, it has been determined that an emergency headquarters, with the Representative Director as the General Manager, will be formed to handle countermeasures.

We are working to maintain and enhance our business continuity plans (BCPs) based on scenarios such as natural disasters, pandemics, cyberattacks, and geopolitical risks.

Chugai carries out Group-wide efforts for internal controls and risk management, and strives for proper business management as an overall corporate group.

2. Basic Policy and Status of eliminating any relationships with antisocial forces and groups

The Company clearly states in the CCC, the code of conduct, that Chugai will eliminate any relationships with antisocial forces and groups. The internal structure for eliminating any relationships with antisocial forces and groups is included in The Resolutions concerning the Internal Control System by the Board of Directors.

The Company is addressing this issue as a whole. The Company has identified a structure to set up and operate an internal contact point for inquiries regarding antisocial forces, to conduct credit research of outside parties when signing new contracts, and to cooperate with relevant parties including the authorities.

The Company is promoting the conclusion of the Memorandum Regarding Exclusion of Antisocial Forces with business partners mainly domestic business partners that have concluded outsourcing contracts, purchase and sales contracts, other transaction contracts, and basic contracts, etc. to confirm that they are not related to antisocial forces. We have a system in place to terminate any contract immediately if a relation of a business partner with antisocial forces becomes evident.

V Others

1. Items relating to Takeover Defense

Not applicable.

2. Other Items relating to Corporate Governance System, etc.

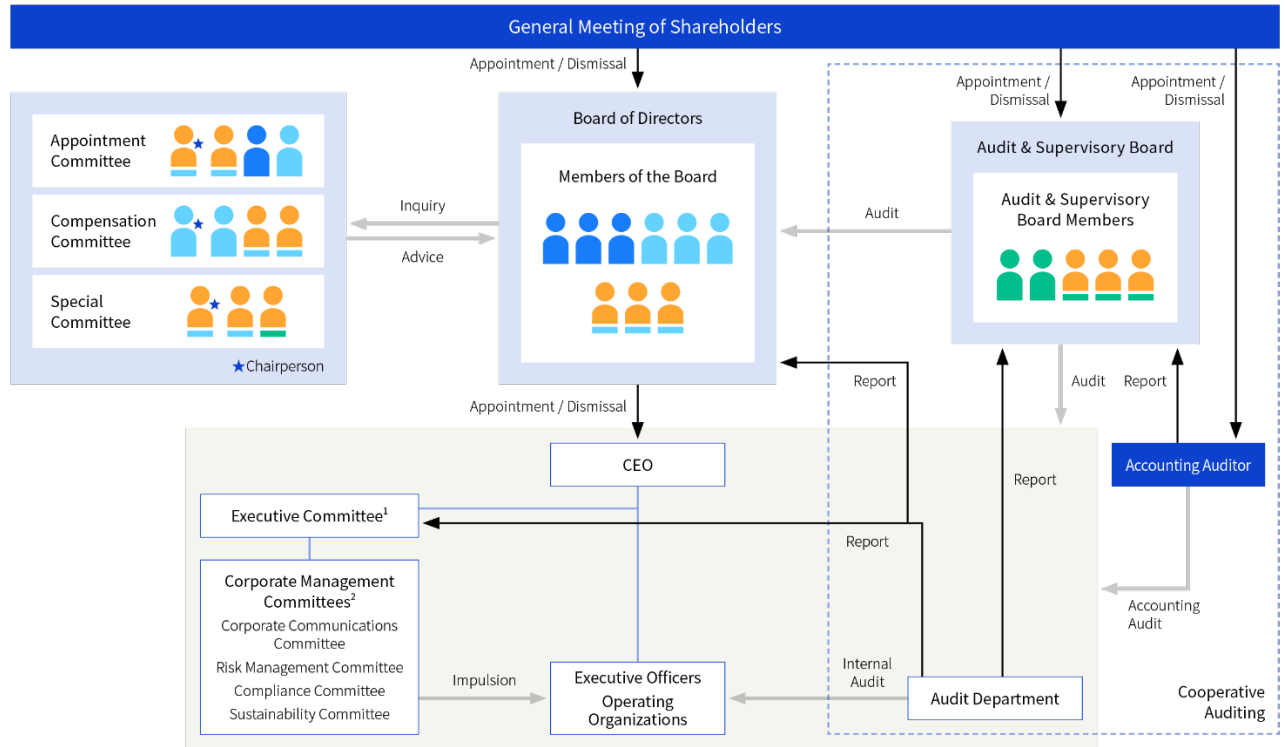
Chugai has established the Disclosure Policy for conducting appropriate disclosure of corporate information to shareholders and investors, and is striving to disclose in a timely and appropriate manner important information on matters decided at the Board of Directors and the Executive Committee, or identified by any department, when we recognize that such disclosure is required in accordance with the Financial Instruments and Exchange Act and relevant rules of the Tokyo Stock Exchange, or when the information would have a significant impact on investment decisions. In Chugai, top management, including the CEO, has overall accountability. To conduct timely disclosure, Corporate Communications Department takes the lead and coordinates with relevant departments, striving to disclose information promptly. In addition, Chugai has established a Corporate Communications Committee composed of the Chief Financial Officer (CFO), Head of Finance Supervisory Division and Heads of the Corporate Communications Department, the Corporate Planning Department, the Finance & Accounting Department, the Risk & Compliance Department, the Human Resources Management Department, and the ESG Department as an executive advisory committee. The Corporate Communications Committee shall be held periodically and shall be responsible for the establishment, revision and internal dissemination of the information disclosure policy, and for the conduct of other related activities.

Please note that the following corporate governance structure diagram is as of April 1, 2026.

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Corporate Governance System (As of April 1, 2026)

● Executive Directors
 ● Non-Executive Directors
 ● Independent Outside Directors
 ● Audit & Supervisory Board Members
 ● Independent Outside Audit & Supervisory Board Members



1. Executive Committee: Performs important decision-making related to Company-wide business strategies and execution of business.
 2. Corporate Management Committees: Subcommittees of the Executive Committee. The Corporate Communications Committee makes decisions and oversees promotion of activities regarding information disclosure and dialogue with stakeholders; the Risk Management Committee oversees risk management and promotes activities to identify and measure risks; the Compliance Committee reinforces the PDCA cycle for compliance activities and monitors the implementation of countermeasures and the status for particular items; the Sustainability Committee is responsible for formulating and promoting the implementation of the Chugai Group's sustainability strategies.