



Astellas Pharma Inc.

Sustainability Meeting 2023

February 21, 2024

Event Summary

[Company Name]	Astellas Pharma Inc.	
[Company ID]	4503-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Sustainability Meeting 2023	
[Date]	February 21, 2024	
[Number of Pages]	34	
[Time]	10:00 – 11:34 (Total: 94 minutes, Presentation: 51 minutes, Q&A: 43 minutes)	
[Venue]	Webcast	
[Number of Speakers]	6	
	Naoki Okamura	Representative Director, President and CEO
	Katsuyoshi Sugita	Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)
	Shingo Iino	Vice President, Head of Sustainability
	Takashi Tanaka	Outside Director
	Rie Akiyama	Outside Director
	Hiromitsu Ikeda	Chief Communications and IR Officer (CCIRO)
[Participant Names]	Shinichi Kohguchi	Sumitomo Mitsui Trust Asset Management
	Shinichiro Hyogo	Mitsubishi UFJ Trust
	Kazuaki Hashiguchi	Daiwa Securities
	Junko Yatsunami	Nissay Asset Management
	Yoshinobu Muraoka	Asset Management One

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Presentation

Ikeda: Thank you very much for joining Astellas Pharma Inc.'s Sustainability Meeting 2023 despite your very busy schedules. I am Ikeda, Chief Communications and IR Officer. Very nice to meet you.

Today's session, including the Q&A session, will be held with simultaneous interpretation in Japanese and English. We cannot guarantee the accuracy of interpretation. Thank you for your understanding. You can set the language from the menu on the Zoom webinar screen. If you choose original, you can listen to the original audio without the simultaneous interpretation.

Today's presentation material is posted on our website. This material or presentation by representatives of the Company and the answers and statements by representatives of the Company in the Q&A session includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially, depending on a number of factors.

They contain information on pharmaceuticals, including compounds under development, but this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of these preparations.

Let me introduce today's attendees. Naoki Okamura, Representative Director, President and CEO; Katsuyoshi Sugita, Representative Director, Executive Vice President, Chief People Officer, and Chief Ethics and Compliance Officer; Shingo Iino, Head of Sustainability; Takashi Tanaka, Outside Director, Chair of Nomination Committee and Compensation Committee; and Rie Akiyama, Outside Director, Audit and Supervisory Committee member. We are joined by these five speakers.

Now, over to you, Okamura-san.

Okamura: Hello, everyone. I'm Naoki Okamura from Astellas Pharma. Thank you very much for joining our Sustainability Meeting despite your very busy schedule today.

This is a cautionary statement regarding forward-looking information. As this was explained by Ikeda earlier, I'm not going to read this page again.

In the previous two meetings, we introduced initiatives and their progress. In this third meeting today, we are going to focus on the achievements and the outcome of our initiatives.

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MY PERSPECTIVE ON SUSTAINABILITY

-Through the "Action on Fistula"¹ project to promote obstetric fistula² treatment in Kenya-

Corporate Social Responsibility (CSR) in the 2010s

The majority of CSR activities were not related to Astellas' core business; instead, the main focus was on social contribution activities such as donations

My thoughts back then

- We should incorporate CSR activities directly into Astellas' **business activities**, instead of just supporting them through Astellas Foundations
- Astellas' **knowledge and capabilities should be leveraged**
- We should aim for a **collaborative project** where we can participate in the planning to create a more sustainable structure, rather than solely providing funds

Started a project that could leverage Astellas' capabilities and knowledge

2014

Launched the "Action on Fistula"¹ project in collaboration with the Fistula Foundation

- Faced budget problems, but generated savings by streamlining operations
- Employees were very supportive of the concept that the funding would be used to make a big difference to the lives of Kenyan women
- Focused on training local physicians and building network of hospitals. The number of fistula surgeons in Kenya increased steadily
- Established a support group to provide financial and employment support and psychological care for patients to reintegrate into society



© Georgina Goodwin



Project became a life-changing project for women in Kenya

Plan was to deliver over 1,200 surgeries in 3 years, but ultimately provided treatment to **6,223 patients in 6 years**

1: Action on FistulaTM. Started in 2014 by a grant given to Fistula Foundation from an affiliate of Astellas Pharma Inc., Astellas Pharma Europe Ltd. Astellas was one of many sponsors/supporters of Action on FistulaTM. Fistula Foundation and Astellas jointly funded Phase I of the program, 2014-2017. Astellas funded approximately 25% of the second phase of the program running from 2017-2020.
2: Obstetric fistula: A hole between the vagina and rectum or bladder that is caused by prolonged obstructed labor when emergency care is unavailable, causing either fecal or urinary incontinence or both conditions. Untreated, fistula can lead to chronic medical problems including ulcerations, kidney disease, and nerve damage in the legs.

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Before going to the main topic, let me talk about sustainability from my perspective and Astellas' sustainability.

Between 2012 and 2014, I was transferred to London. I was in charge of the strategy of the organization responsible for Europe, Africa, and the Middle East. Corporate communications, corporate social responsibilities, CSR, was covered by that department. CSR, at that time, was focusing on the social contribution activities not relevant directly to the core business, but I thought that our knowledge and capability should be leveraged. We should incorporate CSR activities directly into Astellas' business activities, not just providing funding.

In countries where we don't have direct businesses, also in urology-related diseases, and where we are not selling products, the Action on Fistula project was initiated in 2014 in Kenya. In 2014, the budget was already developed, so we couldn't apply for a new budget. So within the existing budget, we decided to generate funding and savings. If there was such room, we were told to reduce the budget from the headquarters, so we had a fight. But from the employees within the organization, by enhancing the efficiency of the business, then we can save money, and that will help the Kenyan women, that concept was well-received.

As for the obstetric fistula, it's a hole between the vagina and bladder and/or rectum. Because of social and cultural factors, it's often seen in Africa where women may get married at a young age, and if the body is immature, without support from doctors and others, the labor is going to be taking place for a long time, there can be fetal necrosis, which would create a hole. There's going to be fecal incontinence. So, it's not seen well by society, and these women may have to live their lives in isolation, even from their family members. But a fistula can be closed by surgery. Then the condition can be cured completely, and they can return to their usual life.

In society, people do not know that it can be treated, and such surgeons are in shortage, so we wondered whether we could do something about it. In the United States, the Fistula Foundation was providing support for obstetric fistula. Physicians and hospital networks were established, and fistula surgeons are to be developed continuously through a program. Patients do not come forward by themselves, so we have to identify the patients ourselves.

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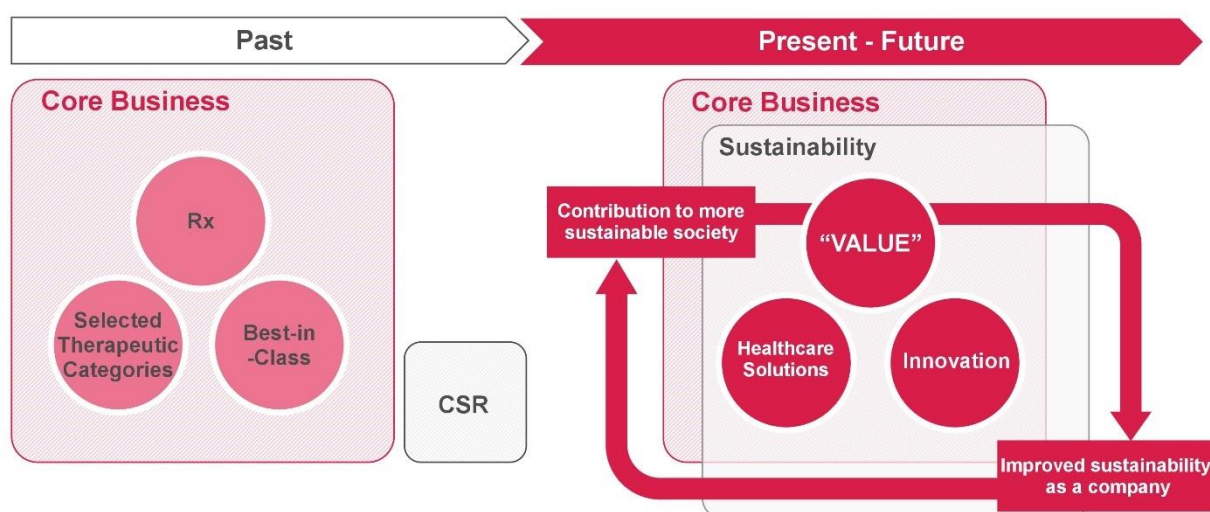
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As I mentioned before, this is a condition hated by society at large. We have to ensure disease awareness activities in the community, and they may not be able to reintegrate into society after surgery. We can provide employment support as patients are living far away from the family members. So we decided to establish a support group to provide financial unemployment assistance and psychological care for patients reintegrating into society.

Initially, we were aiming for 1,200 surgeries in three years. It was extended, and we were engaged for six years in total. By the end of the project, treatment had been provided to 6,223 patients, much higher compared to the initial expectation. This became a life-changing project for women in Kenya in the end. I came back to Tokyo in July 2014. Before that, I went to Kenya, and I had a chance to talk with the patients. I met women at the vocation training facility to reintegrate into society. I still remember their smiles.

ASTELLAS' SUSTAINABILITY

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CSR: Corporate Social Responsibility



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Next page, please. Slide five is about sustainability from Astellas' perspective.

In order to turn innovative science into value for patients, Astellas is aiming to create innovation continuously and have a positive impact on society and business. In the past, we focused on the Rx business in selected therapeutic categories, and we tried to follow on what was created by others, and took the best-in-class approach. At that time, CSR was outside of the business. There was a concept that we shouldn't do anything directly related to the business.

But Astellas' core business has evolved significantly since. As you know, at present, we have clearly defined values and have expanded the business to broader health care solutions. We are transforming to be a cutting-edge, value-driven life science innovator.

Right now, unlike CSR, sustainability overlaps with our core business, and we think that should be the case. If you can contribute to a sustainable society through our core business of life science, we can gain the trust and support of society and our stakeholders, which will also make Astellas' business sustainable as well. Through our core business, sustainability is improved for both society and our business, generating a virtuous cycle. That's the definition of Astellas' sustainability.

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CONTRIBUTION TO SOCIAL ISSUES THROUGH OUR CORE BUSINESS

- SOCIAL IMPACT OF VEOZAH (fezolinetant) -

6

VMS (vasomotor symptoms)

One of the most common menopausal symptoms that women experience¹

- On average, women experience 17 hot flashes / week, 11 night sweats / week²
- Difficulty sleeping are reported by up to 65% of women experiencing VMS³
- The more severe vasomotor symptoms are, the more sleep is affected, and daytime activities and work productivity are impaired⁴
- >70% of women in the US go untreated for VMS⁵

VEOZAH's diverse values



- | | |
|----------------------------|--|
| Scientific value | • First non-hormonal NK3 receptor antagonist approved to treat VMS due to menopause ⁶ |
| Clinical value | • Sustained reductions in frequency and severity of moderate to severe VMS ^{7,8} |
| Financial value | • Higher work productivity , reduced sleep disturbance, improved health-related QOL, and reduced impairment in daily activities ^{9,10} |
| Psychological value | • Improved awareness and understanding of VMS associated with menopause ¹¹ |

VEOZAH contributes to improving women's QOL and increasing work productivity by freeing them from the burden caused by moderate to severe VMS

VMS: Vasomotor symptoms (hot flashes and/or night sweats), NK3: Neurokinin 3, QOL: Quality of life
VEOZAH: Approved as "VEOZA" in Europe 1-11: See the sources on slide 36

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Next page. Slide six.

As an example of our contribution to more sustainable society through our core business, I'd like to explain the social impact of VEOZAH, which we launched this year. VEOZAH is indicated for moderate to severe VMS associated with menopause. This is also called "hot flashes" and is one of the most common menopausal symptoms that women experience.

On average, women experience 17 hot flashes per week and 11night sweats per week, according to data. Many menopausal women are also faced with sleep-related issues. The more severe the VMS symptoms are, the more sleep is affected, and the more daytime activities and work productivity are impaired. Many women remain untreated. More than 70% of women in the United States go untreated for VMS, according to some data.

For these unmet medical needs, Astellas can provide the diverse values of VEOZAH. This is the world's first non-hormonal NK3 receptor antagonist. There is scientific and clinical value to achieve sustained reductions in the frequency and severity of VMS. The financial value is higher work productivity and the psychological value is due to the improved awareness and understanding of VMS and its treatment. Women will find it easier to seek advice from HCPs and people around them. VEOZAH and innovative treatment contributes to improving women's QOL and increasing work productivity by freeing them from the burden caused by moderate to severe VMS.

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Agenda

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I	Initiatives for Evolving Sustainability	Vice President, Head of Sustainability Shingo Iino
II	People and Organization	Chief People Officer and Chief Ethics & Compliance Officer (CPO&CECO) Katsuyoshi Sugita
III	CEO Succession Planning	Outside Director Takashi Tanaka

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Next, slide seven.

This is the agenda for today. Shingo Iino, Vice President, Head of Sustainability, will present on the progress of our initiatives to address sustainability issues. Next, Katsuyoshi Sugita, EVP, Chief People Officer, and Chief Ethics and Compliance Officer, will explain our HR strategy, the outcome of penetration of organization health goals, OHT, and the current status of succession planning, et cetera. Mr. Takashi Tanaka, Outside Director, will talk about CEO succession planning. We will have time for Q&A after the presentation.

I'd like to hand over to the first presenter, Iino. Iino-san, please.

Iino: Good morning, everyone. I'm Shingo Iino, Vice President, Head of Sustainability. I'm going to explain our initiatives for evolving sustainability.

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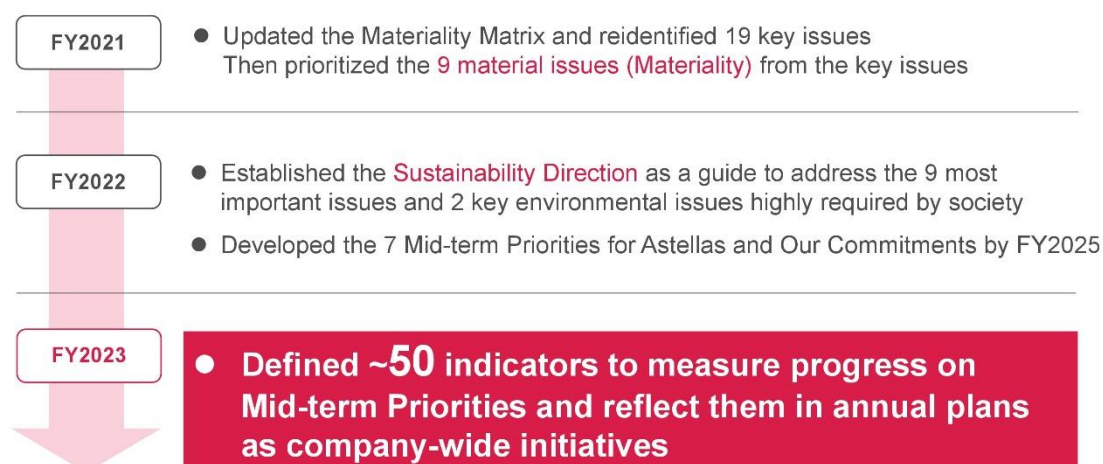
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INITIATIVES FOR EVOLVING SUSTAINABILITY

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Next page, please.

Let's look back on the direction for our initiatives for evolving sustainability over the last three years. First, in FY2021, we updated the Materiality Matrix. We identified 19 key issues and then prioritized the nine material issues, materiality, from the key issues.

In FY2022, we focused on the nine most important issues and key environmental issues highly required by society, developed the seven medium-term priorities for Astellas and our seven commitments, and then positioned this as the Sustainability Direction.

In FY2023, we defined about 50 indicators to measure progress on medium-term priorities and established a mechanism to reflect them in annual plans as company-wide initiatives.

Due to the limited time, it's difficult to explain all items. So today, I will take up, first, access to health; secondly, strengthening business continuity plan, or BCP, for geopolitical risks and natural disasters; and thirdly, initiatives for environmental sustainability. I will explain the progress in detail. You can find the performance of our initiatives to address the seven medium-term priorities in the appendix on pages 28 and 29 in detail. We are also planning to post the information on our corporate website.

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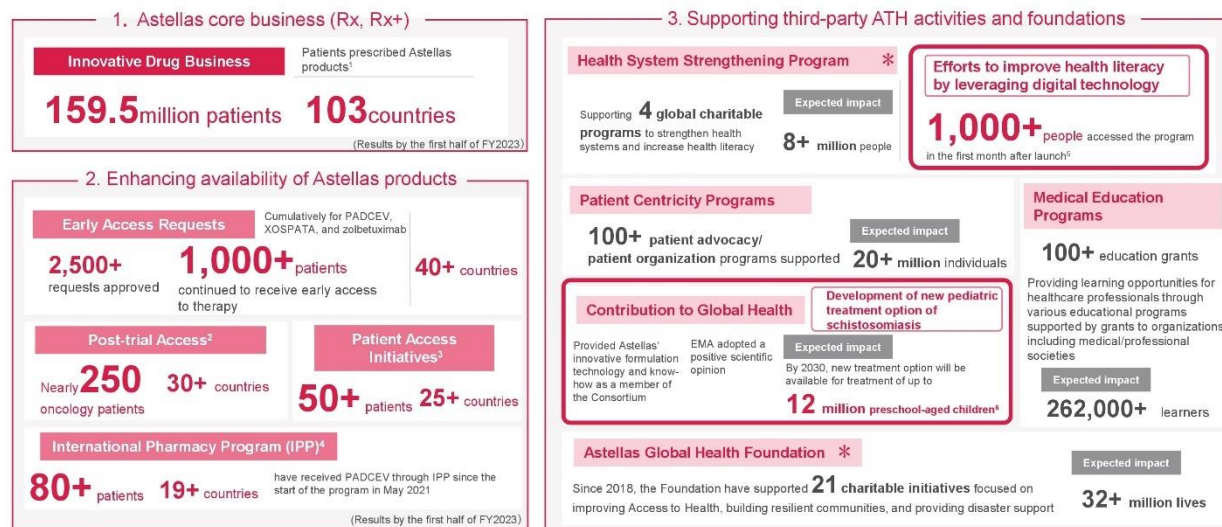
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INITIATIVES FOR ENHANCING ACCESS TO HEALTH

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1: HARNAL, VESICARE, mirabegron, PROGRAF, XTANDI, XOSPATA, EVRENZO, PADCEV, 2: Continued on treatment with post-trial access to Astellas products (continued course of therapy following the end of a clinical trial given the patient is showing continued benefit), 3: Provide access for certain products after approval and before reimbursement, and primarily, after commercial availability in a country through various affordability programs called patient access initiatives, 4: IPP: A program that facilitates access to certain therapies in countries where the therapy is not yet approved, 5: As of December 31, 2023, 6: <https://www.pediatricpraziquantelconsortium.org/>
 Astellas Proprietary Information - not for promotional use. *The combined number of people marked with * correspond to the target of "more than 36 million people" as stated in "Our Commitment by FY2025" on slide 28



Please turn to page 10.

First, about access to health. I will explain the results of our initiatives for enhancing access in three categories, like the previous sustainability meeting.

First, the results of number one, access through Astellas' core business, shown in the upper left of the diagram. We were able to deliver value to about 160 million patients prescribed with Astellas products in 103 countries by H1 of FY2023, according to estimation.

Next, number two, enhancing availability of Astellas products shown in the left-hand side, bottom. This is the number of patients we have supported with various access programs throughout the entire life cycle, to whom we cannot deliver a product through user prescription by physicians. With the pharmaceutical access strategy, we were able to impact more than 1,380 patients in total from the development stage. This is up by about 80% from 780 in FY2022.

Moving on to the right side, the third category is supporting third-party ATH activities and foundations for enhancing access to health. As is shown here, a variety of programs are being implemented. The thinking behind Astellas' access strategy is not providing funds to external parties and then leaving everything up to them but rather, in principle, we focus on areas where Astellas' knowledge and capabilities can be leveraged while our employees can also work hard and contribute to the resolution of social issues together with our partners. We will continue to promote activities with external partners who can empathize with Astellas' philosophy.

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Development of new pediatric treatment option to eliminate schistosomiasis

- Astellas provided its innovative formulation technology and know-how as a member of the Pediatric Praziquantel Consortium¹
- EMA adopted a positive scientific opinion for potential new pediatric treatment option of schistosomiasis in preschool-aged children²



Development of Astellas Healthcare E-city™ contributes to improving health literacy

- Astellas has collaborated with the Brazilian tech company (Pixit) to develop the virtual platform Astellas Healthcare E-city™³
- Astellas Healthcare E-city™ provides educational content on the early diagnosis and prevention of gastric cancer partnering with medical specialists from the State University of Brazil (Universidade de São Paulo)



¹: An international public-private partnership that aims to reduce the global disease burden of schistosomiasis by addressing the medical needs of infected children between the ages of 3 months and 6 years. It is comprised of 11 organizations, including governments, academia, and pharmaceutical companies. <https://www.pediatricpraziquantelconsortium.org/>; ²: December 18, 2023 press release <https://www.astellas.com/jp/news/28791>, ³: <https://www.astellas.com/en/sustainability/astellas-healthcare-e-city>



Today, I'm highlighting the two initiatives in the red box with progress in particular. The first one is a program aiming to provide a new pediatric treatment option to about 12 million preschool-age children suffering from schistosomiasis.

The second one is a program to improve the health literacy of patients in Brazil. We have started providing services since December last year and more than 1,000 people are already using this program. I will explain the details on the next page.

First, the development of pediatric treatment option for schistosomiasis, one of the neglected tropical diseases. Schistosomiasis is a parasite disease, mostly seen in developing nations, with a great impact on the economy and the health of people living in endemic areas. Morbidity is particularly high among children. If untreated, it would trigger anemia, development of fever, impaired learning ability, and chronic organ inflammation, and it can be life-threatening. Praziquantel is a standard of care for schistosomiasis for school-aged children and adults. On the other hand, the tablet size is thick and the drug tastes bitter so it's not suitable as a treatment for younger children.

Many preschool-age children are unable to receive public health care. Against this backdrop, Astellas, as a founding member of the Pediatric Praziquantel Consortium, has contributed to the development of a pediatric formulation since 2012.

Specifically, a small-sized, water-soluble tablet not affected by the climate was developed. Taste was also improved so that younger children can take the drug. Astellas plays an extremely important role. In December last year, EMA CHMP adopted a positive scientific opinion for potential new pediatric treatment option of schistosomiasis. The consortium achieved a major milestone in clinical development.

In parallel, with the review by the regulatory authority, the consortium's implementation research is ongoing right now. Preparation is underway to introduce the medicine in the first endemic country in Africa. We will continue to work hard as a consortium member so that we can deliver the treatment to patients as soon as possible.

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The second one is a program in Brazil. Astellas has collaborated with a local tech start-up company called Pixit to develop Astellas Healthcare E-city. On this virtual platform, we have started providing educational content on the early diagnosis and prevention of gastric cancer since December last year, partnering with medical specialists in the region.

In Brazil, early treatment intervention through improved health literacy and rectifying the disparity in rural areas are the key to enhancing access to health. So we initiated the development of the platform so that anyone with an Internet connection can access highly reliable information anytime. The information that can be accessed covers the patient journey broadly, such as prevention awareness and early diagnosis. We are aiming to enhance users' health literacy, realize early disease diagnosis, reduce health care costs, and improve health conditions.

Please watch a video for about a minute so that you can get a sense of E-city.



[Video Begins]

Company Representative*: A new universe of health, a more meaningful life journey, access and education for all, Astellas Healthcare E-city. A transformative experience with quality information, support, and access for patients, family members, caregivers, and health care professionals. Differentiated and interactive environment, accessible from anywhere and at any time. Starting with everything about gastric cancer, prevention, awareness, and diagnosis. Astellas Healthcare E-city. Access, explore, and interact.

[Video Ends]

Iino: As you saw in the video, this is an innovative program leveraging digital technologies in our sustainability activities. We believe this is one example of a fusion between digital transformation and sustainability transformation. Today, I talked about two cases as an example. We will continue to leverage Astellas' technologies and strength and make efforts to enhance access to health through collaboration with those who empathize with Astellas' philosophy.

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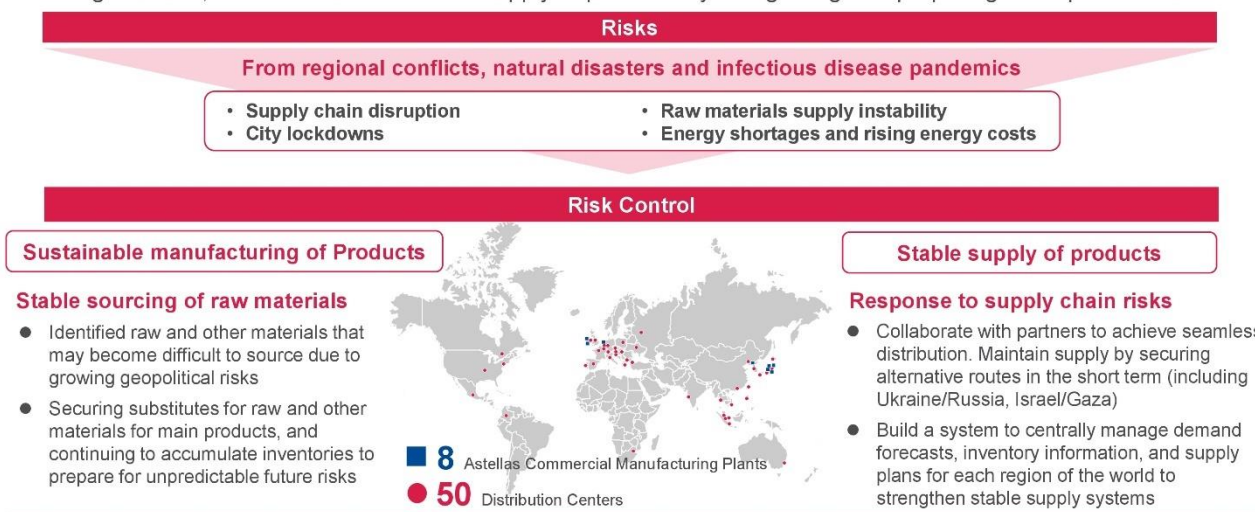
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STRENGTHENING BUSINESS CONTINUITY PLAN (BCP) FOR GEOPOLITICAL RISKS & NATURAL DISASTERS

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Securing effective, efficient and sustainable supply of products by recognizing and preparing for unpredictable risks



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Next, on page 13, I will explain our initiatives for strengthening BCP for geopolitical risks and natural disasters.

Astellas is reinforcing BCP to address unpredictable events, such as regional conflicts, natural disasters, infectious disease pandemics in order to be ready for supply chain disruption, city lockdowns, raw material supply instability, energy shortages, and rising energy costs. Specifically, we are implementing a supply chain management from two aspects: sustainable manufacturing and stable supply of products.

In sustainable manufacturing, we are working to secure stable sourcing of raw materials. We identified raw and other materials that may become difficult to source due to growing geopolitical risks. We are securing substitutes and continuing to accumulate inventories proactively.

Also, to ensure a stable supply of products, we are responding to supply chain risks as well. With eight manufacturing sites and 50 distribution centers of the foundation, we have established a structure to collaborate with partners to realize seamless distribution. We are working to maintain supply by securing alternative routes in the short term.

Regarding the Noto Peninsula earthquake on January 1, there's no report of damage with immediate impact on pharmaceutical supply.

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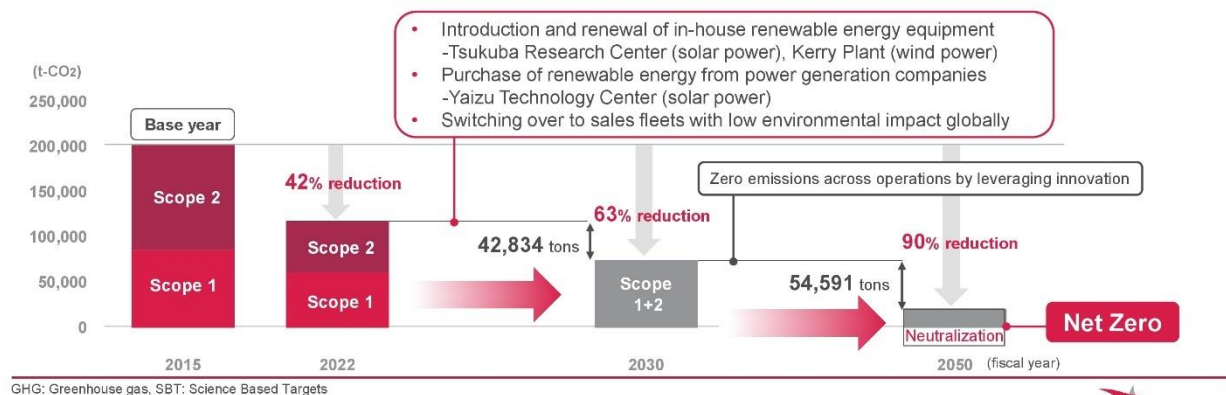


INITIATIVES FOR ENVIRONMENTAL SUSTAINABILITY

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Environmental Action Plan (Climate Change Measures) <SBT re-certified in January 2023>

GHG emissions (Scope 1 + Scope 2) Base year: FY2015 Reduce by 63% by FY2030 Emissions in Base year: 202 kilotons Target: 1.5°C target	GHG emissions (Scope 3) Base year: FY2015 Reduce by 37.5% by FY2030 Target: well-below 2°C target Our Efforts to Reduce GHG Emissions: Identified suppliers with a large impact on Scope 3 emissions and engaging with them
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Next, on page 14, I will explain our initiatives for environmental sustainability.

Astellas has set the goal to reduce greenhouse gas emissions and achieve net zero by FY2050. Through SBTi or science-based targets initiative [inaudible] Astellas reduction targets through 2030, we got the SBT certification. Specifically, with a 1.5 degrees Celsius target on our mind, our goal is to reduce GHG emissions by 63% in Scope 1 and Scope 2 compared to 2015, and by 37.5% in Scope 3, with a well-below 2 degrees Celsius target.

In FY2023, we considered concrete measures to achieve FY2030 targets. Namely for Scope 1+2 reduction, we will introduce solar power at Tsukuba Research Center and renew wind power generation facility at Kerry Plant in Ireland. Also, at Yaizu Technology Center, we will promote the purchase of solar power-based renewable energy from power generation companies. We will switch over to sales fleets with low environmental impact globally as well. In addition, we are discussing new initiatives with external stakeholders in parallel.

As for Scope 3 emissions reduction, we will determine needs of transport based on sufficient information on how the selection of transportation methods will impact CO2 emissions. In addition, we identified suppliers with a large impact on Scope 3 emissions, and we are engaging with them to reduce their greenhouse gas emissions.

As we disclosed information on December 28, 2023, our performance on climate change and our leadership in climate change transparency were recognized by CDP, an international non-profit organization. Astellas was selected as an A-list company in 2023. You can find our sustainable biodiversity initiative as another environmental initiative in the appendix on page 35, for your reference.

The next topic is related to people and organization. Sugita-san, please.

Sugita: Hello, everyone. I am Sugita. I'm in charge of Human Resources and Compliance. Very nice to meet you. I would like to explain about Astellas' people and organization.

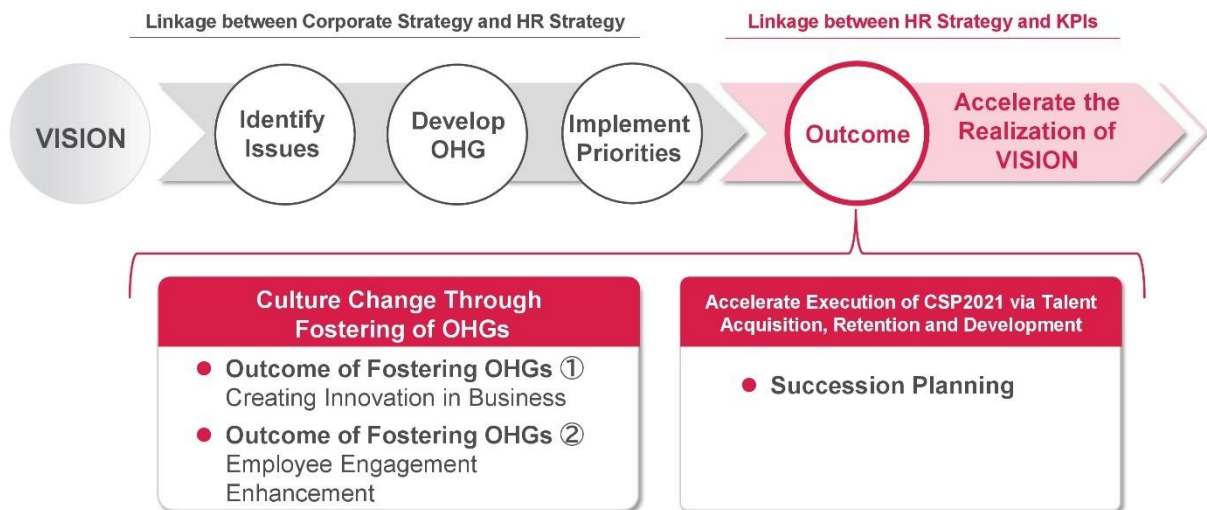
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HR STRATEGY IN LINE WITH CORPORATE STRATEGY (Organizational Health Goal: OHG)

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HR: Human Resources, KPI: Key Performance Indicator, CSP: Corporate Strategic Plan

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Next page, please.

After having thorough discussions as to how we can realize our VISION and identifying issues, we at Astellas established Organizational Health Goals, or OHGs, three years ago, which aim to trigger innovation. Since then, we have undertaken a variety of initiatives. Those initiatives have been introduced already in previous Sustainability Meetings as well as in our Integrated Reports.

So today, I'd like to introduce some innovative outcomes borne out of the penetration of OHG promoted through the initiatives rather than introducing the initiatives themselves. We are very much focusing on succession planning. Therefore, I'd like to also introduce the progress status of succession planning.

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 **SCRIPTS**
Asia's Meetings, Globally

Results of OHG implementation in the form of **changes in employee behavior**

Example 1 OASIS (One-Astellas Idea Developers)

- Astellas' unique project for drug discovery through voluntary and cross-functional collaboration among employees
- Initiatives expanding globally



Example 2 Digital Innovation Contest

- Company-wide audition for ideas to leverage DX for business, led by the Digital Division
- Gold-winning ideas are being piloted



Measures to Support Innovation Creation

Cost-benefit Analysis of Meetings

Sharing the results of analysis to determine whether the results are commensurate with the cost (time and labor) of internal meetings, thereby promoting decision-making with "just enough" number of people

▶ Aiming to increase white space and create innovation

OHGs: Organizational Health Goals
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Next page, please.

First, let me talk about how the penetration of OHG has led to the creation of business innovation within our company. It's not just a mindset of the people, but in terms of the behavior, there has been some changes that are occurring.

First, I'd like to talk about Project OASIS. This is completely voluntary efforts being made by the people of Astellas. It's bottom-up and the people of Astellas started this initiative on their own. Right now, we have started in Japan but it's being extended globally. We are aiming to promote drug discovery unique to Astellas, and this project involves top management as mentors; not just mentors, but they are involved as sponsors because for such a project, sponsors are very important. So we are promoting this project, aiming for drug discovery unique to Astellas. Innovative culture is being penetrated across the Company and that is an indication of this initiative.

The next one is a digital innovation contest. This is led by the digital division, and it's open for digital transformation ideas across the Company, and many divisions took part in this quite actively. Ideas were submitted, ranging from the use of digital transformation for drug discovery to the digital transformation for patient centricity. Ninety-three ideas were submitted and we ranked those ideas, and the idea which won the gold award is currently being tested in practice.

Right now, this gold award idea is being tested in pilot phase and actual business innovation is going to be promoted. That's our expectation.

Lastly, if you can go to the bottom of this slide, we are doing what we call cost-benefit analysis for meetings.

White space. This is a term you may not be familiar with, but this means that you shouldn't be driven by tasks too much and there needs to be some leeway for everyone. That's why we want to create what we call white space. I think it's for all the companies, not just for us. In order to create white space, we have to eliminate the number of reports or the number of meetings within the Company. There are too many of them. Therefore,

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we decided to analyze whether the meetings being held are absolutely necessary or whether those meetings are taking too much time or whether these meetings are not involving too many people.

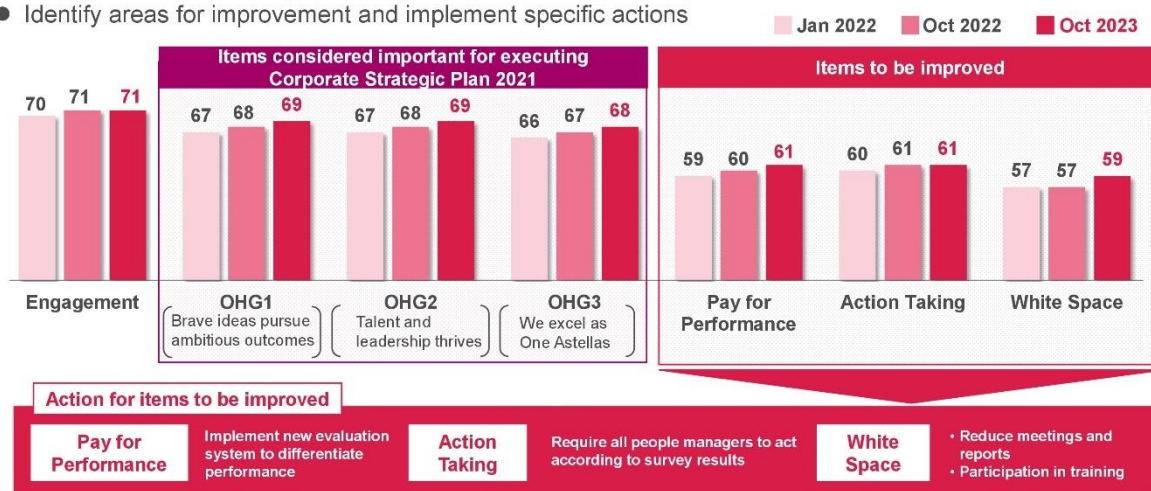
So, we focused on these aspects of the internal meetings to see what are the costs of those internal meetings and how many people are taking part and spending time for those internal meetings. We decided to analyze those parameters. So, the person who set the meeting and when the person sends the meeting invitation, the person would already know how many people will come, how much time is going to be spent, and this is through a digital tool.

This is just the beginning, but through digital power, we would like to increase white space as much as possible. And by having white space, we would like to accelerate the creation of further innovation.

OUTCOME OF FOSTERING OHGs ② Employee Engagement Enhancement

18

- Analyze survey results by question and confirm continuous improvement in all OHG items
- Identify areas for improvement and implement specific actions



The survey using the current platform were conducted in January and October in 2022, and every October from the following year.

OHGs: Organizational Health Goals

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Next page, please.

This is looking at the actual numbers in terms of the outcome of the penetration of OHG through a global engagement survey.

This has been conducted for several years by now and this is done globally. The response rate is quite high, and compared to other companies, I think the response rate for us is quite high. So we have 15,000 people and it's not an easy thing that the scores are going up by three notches or five notches.

To the farthest left, we are from 70 to 71 to 71. This is the engagement score. Originally, we were expecting to see the increase of the score by several notches every year, but that's not been the case. It's true that we are struggling to increase the score for engagement, and I think there are several reasons for that. One is we are implementing a lot of transformation measures. That itself is a good thing. Transformation, however, entails some level of pain on the part of the people. Therefore, when it comes to the engagement survey, for each year's score, sometimes that works negatively.

To the right-hand side, we have CSP2021 OHG 1, 2, 3, and we have scores for these items. For OHG1, we have nine items. For OHG2, we have nine items and we also have nine items for OHG3. So in total, if you look at

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the average of those nine items, these are the progress for those OHGs. As I said, improvement of two or three notches, that's not been the case for those OHG items either, but then we are seeing the steady growth of the scores by one or two notches, and none has declined. So this is good.

However, there are certain areas for improvement. One is white space that I touched upon already. People are too busy trying to fulfill their tasks so there isn't much white space. And some of the divisions are very much globalized already. And so, global way of work, this means that people have to work early in the morning and late at night so it's very difficult for them to have enough time for creating innovation.

Another one is action-taking. When you conduct this kind of engagement survey, the survey itself is not important. But after the survey, is it the case that the management started to take actions to improve the situation? And action-taking wise, we are a little bit weaker compared to other items.

Another one is pay for performance. We have a lot of good systems already in place. However, systems alone will not change the situation. Those systems need to be fully utilized by the managers, and with the new evaluation system, people's performance needs to be fairly evaluated. So people management needs to be improved further. I think that is what it means. But for all those items, we see the trend of improvement, so I do believe that all these items are improving.

SUCCESSION PLANNING

- Human Resource Strategy in line with Corporate Strategic Plan 2021 -

19

Leadership required to execute Corporate Strategic Plan 2021



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From now, I would like to talk about succession planning.

Especially for senior leaders, in terms of succession planning, we really focus on three aspects: number one, transformational leadership; number two, result driven; and number three, global mindset.

We are in the middle of transformation right now at Astellas. So how much leadership is there? That is a very important element we would like to see in the top management. However, delivery of the results is also very important, so we would like to see leadership that is strong in delivering results. And we are being globalized. Therefore, if top management says that I only understand this area but not that area, that is not a good case for the senior management. Therefore, it's very important for the leadership to have a global mindset, and we need to have a one-Astellas mindset, and this can lead to global behaviors.

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Now, I have four characteristics of Astellas. One is that completely integrated global succession planning for all the global senior positions are covered by the succession planning. That's number one.

The second, this is quite new. So we include succession candidates from outside, not just from inside. So it's both inside and outside. Of course, we can't capture all the candidates outside of the Company. But if the CxO person looks at the position that is a subordinate position, and if that person sees other people through certain conferences and sees them as promising, then those people will be included as candidates for successors. So we are open to the labor market or the talent market. That is the second characteristic of succession planning.

Number three is complete, free competition. So, we have succession planning candidates and, just because of that, those candidates will be appointed, and that's not the case.

Of course, we really focus on succession planning, but based on this succession planning, when it comes to the actual appointment, we have a fair selection process through interviews. We actually conduct those interviews for division heads and above. Several CxOs meet these candidates and then discuss with those candidates to see where their strengths lie and where their weaknesses lie. After such discussions take place, the actual appointment is being made and the selection is being done.

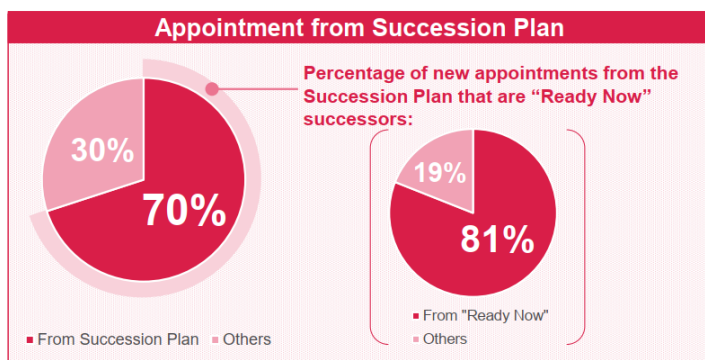
The fourth characteristic used is to have the right people for the right positions. Every year, we have a review for that. You may think this is a matter of [course], but actually, one entire day is spent on this theme. All CxOs are to come to Tokyo to discuss this matter, spending the entire day, and then preliminary preparation is done with HR business partners and CxOs. So we have a thorough operation of succession planning.

SUCCESSION PLANNING

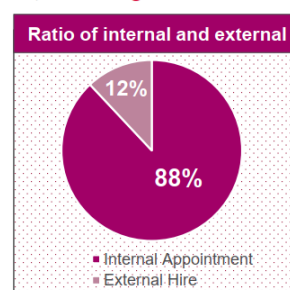
- Operational Status : Appointment of Division Heads (FY2023) -

20

- More than half of newly appointed talent was appointed from the Succession Plan



- Appointment of the right people in the right places from a broader candidate pool, including external hires



Ready Now	Have the expertise and leadership capabilities for the position required
Ready 1-2 Years	Need to develop in both or either the expertise and leadership capabilities required for the positions
Ready 3-5 Years	Have the potential to fill the position but need to develop further in expertise and leadership

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Next page, please.

As for the succession planning, as you can see, this is one way of looking at the succession planning appointment. From the list inside the succession plans, that accounts for 70% out of 100%. So 70% of the people are appointed from the succession plans.

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We have different stages for succession planning. As you can see, at the bottom of the slide, we have Ready Now, Ready 1-2 Years, and Ready 3-5 Years. So we have those different stages. Logically speaking, those people in the stage of Ready Now should be appointed. That will be the smooth operation of succession planning, and that accounts for 81%.

So how do you look at this data and interpret it? Of course, there are many ways.

But as I said, those people listed in the succession plans, they are not appointed automatically to the positions. We always have interviews with these candidates and succession plans are being prepared. Some time may have elapsed already, so there may be certain changes.

Therefore, I do believe that this number, 81%, is quite a good number. If this number is raised further, that is great, but if it's going to become 100%, it's probably too much.

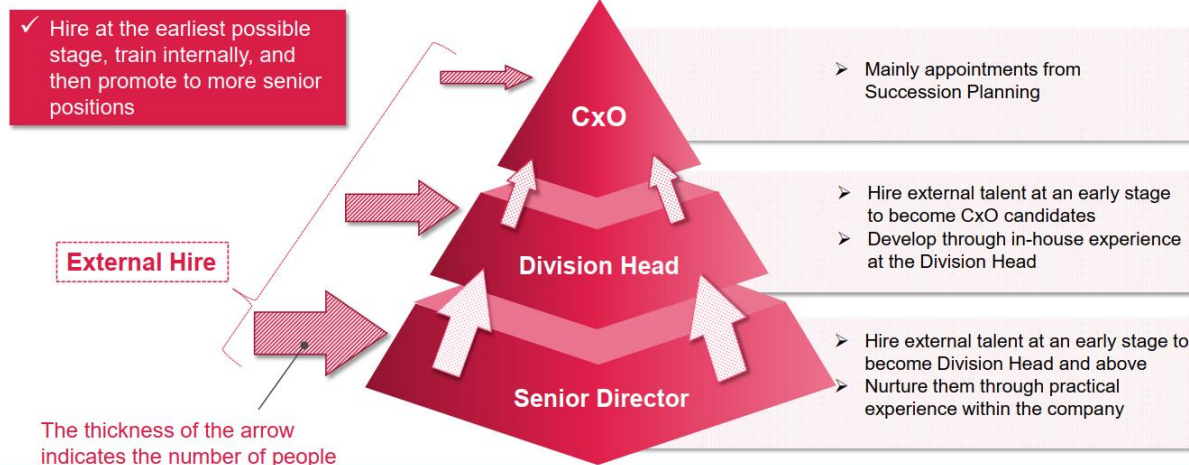
88% of the appointments from within the Company and 12% are from outside, the external hires. Division heads are CxO minus one. Therefore, as much as possible, we would like to have internal appointments. But if there aren't any people ready inside, then we turn to external hires.

But when we have division heads interviews, together with internal candidates, we would like to have external candidates interviews as well, and we incorporate that in the process. So we look at the level of the talent available in the market and decide the final appointments.

SUCCESSION PLANNING - Strengthening the Talent Pipeline -

21

- Establish a globally consistent system based on **training and development through practical experience**
- Further strengthen the talent pipeline, both internally and externally



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Next page, please.

What I said right now is illustrated here. In this pyramid, CxOs at the top, and then, we would like to appoint those people through the succession planning to the CxO positions, meaning that we need to have hires of those people who are potential CxOs early on.

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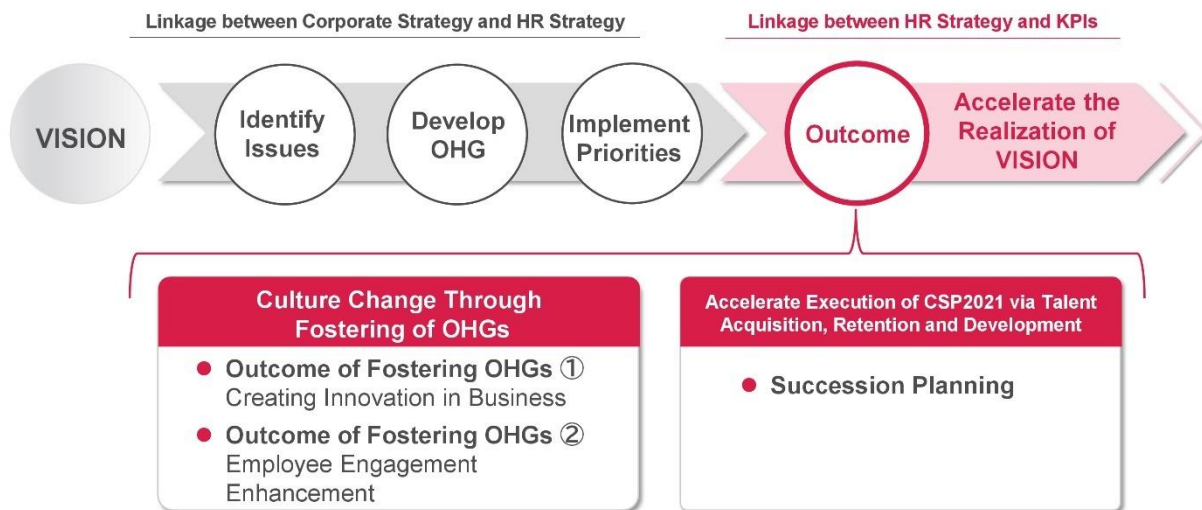
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If you go down this pyramid, there are many more cases of external hires. For the divisional heads and above, we look at a balance between internal hires and external hires. Going down further, we may directly hire external people with more frequency.

HR STRATEGY IN LINE WITH CORPORATE STRATEGY (Organizational Health Goal: OHG)

22



HR: Human Resources, KPI: Key Performance Indicator, CSP: Corporate Strategic Plan

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Going to the next page, this is my last page.

Our HR strategy is really in line with corporate strategy. They are not separate. It's not designed that way. First, we have corporate strategy, CSP2021, and then issues are being identified. In order to execute solutions toward those issues, what kind of HR strategy is needed? That is a starting point. So we have OHG penetration to trigger behavioral changes and mindset changes. We are working on that. When it comes to succession planning, the second OHG, that is talent and leadership, and we are picking up in terms of succession planning as well.

Talents and leadership, I think succession planning has a lot of impact on the talent as well as the leadership. So it's very, very important. I introduced to you some of the success examples and areas of improvement as well. I hope it was open enough to share those points. We will implement measures for further improvements and make a contribution to the realization of our vision.

Finally, in terms of CEO succession planning, Outside Director, Tanaka, would like to take the floor to explain. Tanaka-san, please.

Tanaka: Good morning, everyone. I am Tanaka. I'm an Outside Director, and I serve as the Chairperson of the Nomination Committee and the Compensation Committee.

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Outside Director
Takashi Tanaka

Chairperson of Nomination Committee
Chairperson of Compensation Committee

Resume, position and responsibilities at the Company

- April 1981 Joined Kokusai Denshin Denwa Co., Ltd. (KDD)
- April 2023 Executive Officer, General Manager, Solution Product Development Division, Solution Business Sector, KDDI CORPORATION
- June 2007 Managing Executive Officer, Executive Director, Solution Business Sector, KDDI CORPORATION
- August 2007 President, Wireless Broadband Planning Inc. (current UQ Communications Inc.)
- April 2009 Managing Executive Officer, Solution Business Sector, KDDI CORPORATION
- April 2010 Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION
- June 2010 Senior Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION; Chairman, UQ Communications Inc.
- December 2010 Representative Director, President, KDDI CORPORATION
- April 2018 Representative Director, Chairman of the Board, KDDI CORPORATION (present post)
- June 2018 Director, Okinawa Cellular Telephone Company (present post)
- June 2021 Director, the Company (present post)



Outside Director
Rie Akiyama

Member of Audit & Supervisory Committee

Resume, position and responsibilities at the Company

- April 1992 Joined Sanwa Bank Ltd. (current MUFG Bank, Ltd.)
- April 1999 Registered as attorney-at-law (Tokyo Bar Association)
- April 1999 Joined Baba Law Office (current Baba & Sawada Law Office) (present post)
- June 2019 Outside Director, GOLDWIN INC. (present post)
- June 2023 Director (Audit & Supervisory Committee Member), the Company (present post)

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Next slide, please.

Today, another Outside Director, Ms. Akiyama, is here to answer your questions during the Q&A session to follow later. I was appointed as an Outside Director of Astellas in June 2021 and as Chairperson of the Nomination Committee and the Compensation Committee in June 2023. Director Akiyama was appointed as an Outside Director in June 2023, and she serves as an Audit and Supervisory Committee member.

As you know, Astellas has established a nomination committee as an advisory board to the Board of Directors. The role of the Nomination Committee is to discuss matters related to the appointment and dismissal of not only the CEO but also other directors and top management, and to explain and make proposals to the Board as necessary.

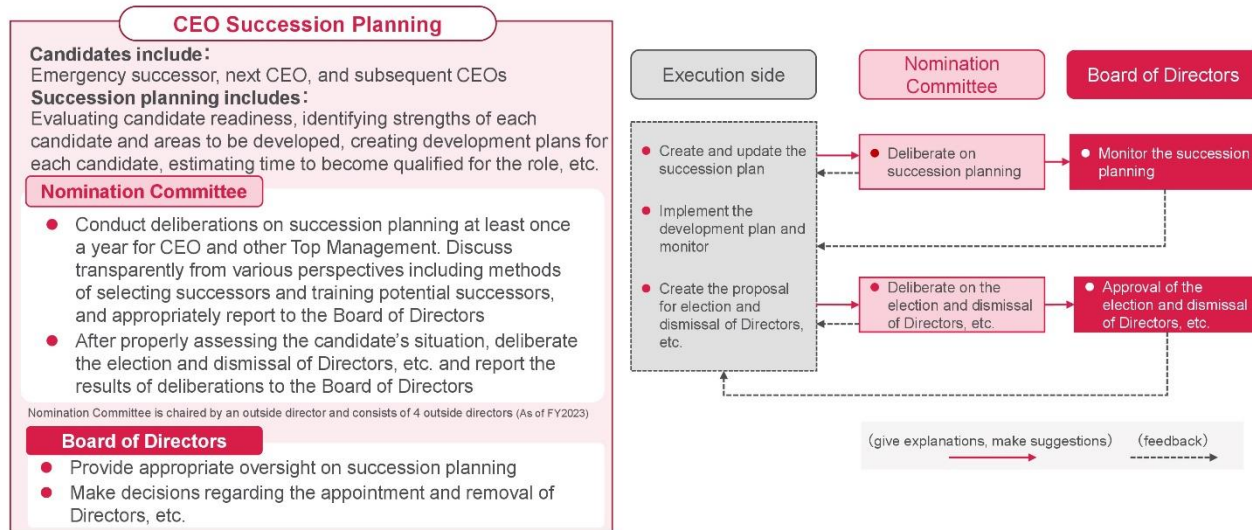
Now, at Astellas, the CEO changed from Mr. Yasukawa to Mr. Okamura in April 2023, and today, I will focus on CEO succession planning as an explanation of this topic has been requested by many. I'd like to explain the structure and the deliberation process of the Nomination Committee.

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Policies and procedures for appointment of CEO are disclosed in the [Corporate Governance Guidelines](#).



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Next slide, please.

First, about CEO succession planning. The Nomination Committee asks the executive side to list multiple candidates for the current CEO's emergency replacement and the next CEO. Based on the CEO selection criteria, the committee deliberates on the readiness and the strength of each candidate, areas to be developed by the time of succession, actual development plans, and the timing when the readiness is complete.

The Nomination Committee, which is made up of four outside directors, holds highly transparent and objective discussions from a variety of perspectives, including how to select successors and the development of successor candidates, in principle, at least once a year, and the state of the matter is reported to the Board of Directors. Additionally, if there is any appointment or dismissal of senior members, the results of the deliberations are reported to the Board.

Please refer to the process illustrated on the right. Please also refer to the corporate governance guidelines for CEO appointment criteria with the link provided on the slide.

A CEO is required to embody the Company's management philosophy and vision through business execution and lead the sustainable improvement of corporate value. From this perspective, we have established three criteria for the appointment of CEO.

The first one is the CEO needs to be flexible to respond to rapidly changing internal and external environment, and the CEO needs to have excellent insight into the future. The second one is to have the ability to plan, make decisions, execute amid uncertainties, and to fulfill accountability for the decisions made. And the third is it has to be somebody who is attractive just as a human being who can earn trust from Astellas Group employees and from stakeholders.

In addition to these three criteria, we also take into consideration the business environment and the business strategy of any given time when making appointments. For reappointment, we take into consideration achievements and contributions made during the term of office.

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DELIBERATIONS OF THE NOMINATION COMMITTEE: President and CEO Succession in April 2023

26

Current CEO was selected through transparent and objective deliberations, incorporating the perspectives and opinions of outside Directors

Process of appointing Naoki Okamura as new CEO

- Oct 2022** The Nomination Committee deliberated after receiving a detailed briefing on succession planning from former CEO, Kenji Yasukawa. The briefing covered the status, strengths, and development plans of each candidate, which was appropriately reported to the Board of Directors. Preliminary discussions were also conducted regarding future appointments of Directors, etc.
- Feb 2023** During deliberations on the decision for the CEO successor, the Nomination Committee confirmed that the current CEO, Naoki Okamura, is the best successor based on the selection criteria and considering the business environment and strategy. The Board of Directors approved the decision.

Updating the potential successors under current CEO

After the change of CEO

- Jun 2023** Discussions were held regarding candidates for the next successor updated by the current CEO Naoki Okamura and were appropriately reported to the Board of Directors.
- Dec 2023** Current CEO Naoki Okamura explained the assessment of the key capabilities required for Top Management for each candidate in addition to regular updates. The Nomination Committee discussed and reported to the Board of Directors.

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Please see slide 26.

A CEO change took place in April of this fiscal year from Mr. Yasukawa to Mr. Okamura, and this was the process taken at that time. At the Nomination Committee meeting in October 2022, we received a detailed briefing on the next CEO candidates' strength and development status from the former CEO, Mr. Yasukawa, and took a considerable amount of time to deliberate in detail.

In addition, preliminary discussions also took place regarding future appointments of directors. One interaction with Mr. Yasukawa that left an impression on me was the discussion regarding the timing of the change of CEO. To be honest, I thought the committee member would say that it was too early to change CEO, since it was in the middle of CSP 2021, but Mr. Yasukawa said FY2023 will be the year to go on the offensive to further accelerate growth, so it's best for our company to form a new leadership team to achieve the goals of CSP 2021 and to prepare and execute strategies toward long-term growth beyond that.

With such background explanation in detail, I remember that the Nomination Committee unanimously voted to propose Mr. Okamura as the new CEO to the Board of Directors, with not a single person raising any objections.

Subsequently, at the Nomination Committee meeting in February 2023, it was confirmed that Mr. Okamura, current CEO, was the most suitable successor, and this was put to a vote by the Board. The matter was thoroughly deliberated at the previous Nomination Committee meeting in October 2022, so there was no major discussion at this Nomination Committee meeting.

At the Nomination Committee held in June 2023, after the change of CEO, in advance of deliberations on succession planning, which is usually held around autumn, the committee received an updated explanation of successor candidates from Mr. Okamura and held discussions.

In addition, at the Nomination Committee in December 2023, we discussed the readiness status and the strength of CEO successor candidates, areas that need development, and their development plans. At that time, we received detailed explanations from Mr. Okamura regarding key capabilities he wants to see in top

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managers, including an easy-to-understand list of Mr. Okamura's evaluation of each candidate, based upon which we had thorough deliberations.

I think one of the characteristics and the strengths of Astellas' succession planning is that, every year, the Nomination Committee receives a detailed report on the status of each successor candidate and openly discusses the matter. The operation is extremely transparent and objective. I also have the impression that it is wonderful that the executive side has taken seriously and responded to the opinions of the Nomination Committee members, and that the content of deliberations regarding succession planning has evolved and improved to suit the situation.

In addition, many opportunities are provided for CEO candidates to present themselves to outside directors, including Nomination Committee members, such as by having them speak at board meetings, so that succession planning can be deliberated while knowing the person directly. I feel that this is also one of Astella's strengths.

I'd like to point out that Astella's Nomination Committee is already operating at a fairly high level compared to other industries. Based on this understanding, if there is anything, it would be important for us to have more opportunities in the future to see candidates for other top management positions, not just for CEO, as the Nomination Committee is to deliberate on succession planning, not only for CEO but also for other top management.

That's all for my explanation.

In the question-and-answer session that follows, I'd like to answer questions together with Ms. Akiyama from our standpoint as outside directors. Thank you very much.

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Question & Answer

Ikeda [M]: That's all for our presentation. We'd now like to entertain questions from the audience. If you have a question, please press the raise-hand button at the bottom of the Zoom screen. If you're joining from your smartphone, if you tap details, raise-hand button would be shown, so please press it.

Our emcee is going to name you one by one. If your name is called, please unmute yourself on your screen and please mention your name and affiliation and then ask your questions. Questions, please.

Moderator [M]: Thank you very much. The first person is from Mitsui Sumitomo Trust Asset Management, Kohguchi-san, please.

Kohguchi [M]: Mitsui Sumitomo Trust Asset Management. My name is Kohguchi. Can you hear me?

Moderator [M]: Yes, we can hear you.

Kohguchi [Q]: I have three questions. Regarding enhancing access to health, I have questions. First of all, on slide 11, Pediatric Praziquantel as is described here, there has been progress being made, which I think is very important. Once again, Praziquantel Consortium, what is the contribution of Astellas to this consortium? What's the significance of Astellas' presence in this consortium? Could you explain this once again? That's my first question.

Secondly, health literacy enhancement contribution, I think this is a very interesting initiative. What about the potential of this virtual platform? What's your plan for the future? It can be your imagination or just ideas. I'd like to hear more. To enhance access to health, not only in Brazil, this can be rolled out in other countries through expansion. Is that going to be possible?

Thirdly, again, regarding the initiative in Brazil, looking at the integrated report, evolving organization culture, Ricardo-san said that the operation in Brazil was very successful in that dialogue. In Brazil, initiatives are becoming successful. In terms of the organization culture, anything special? Can this be the evidence of the successful organizational operation at Astellas?

Okamura [M]: Regarding all the three questions, the Head of Sustainability, Iino is going to explain in detail. So he's going to respond. As you mentioned, I will add something, like something I just imagine.

Iino [A]: Kohguchi-san, thank you very much for your questions.

First, regarding praziquantel, as you know, it's a social issue in global health. There is a variety of issues in global health. And then, what can be done by Astellas? When we think about it, as I said in my presentation, what Astellas alone can do, issues which can be resolved with Astellas capabilities should be done. That's the basic concept.

Based on this assumption, praziquantel's current status, when we consider schistosomiasis, praziquantel is the only drug in the market, but the size of the tablet is too big, and it tastes bitter. For children, they cannot take the medicine. That's the reality. Our manufacturing group has capabilities to produce smaller tablets with their technologies, and technology was available to improve the taste. Using their capabilities, we thought we may be able to resolve the issue of praziquantel. Once again, what Astellas can do, through Astellas capabilities and knowledge, we wanted to address the social issues and the issues in schistosomiasis are matched. That's the first point.

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Secondly, the project in Brazil, I was very determined to work very hard on this project as well. This is a future vision but first of all, for the future, is an open ecosystem. As such, in order to resolve a variety of health issues, we are aiming to turn this into a platform to resolve various healthcare issues. As I said in my presentation, disease literacy can be enhanced, and we provide content we'd like to leverage on this platform.

In Brazil, in considering this program, there are a variety of elements. If I explain just briefly, the environment in Brazil is one thing I'd like to mention. Gastric cancer is one of the major causes of deaths in Brazil. The initial symptoms of gastric cancer, because of the gastric complaints, it may be identified and diagnosed in late stage, and it would worsen the prognosis and healthcare cost.

By enhancing health literacy for patients, early diagnosis and intervention can be the areas where we can do something about it. As for the Internet environment in Brazil, per capita, Internet usage time is quite long, according to a survey. And they value communication. So two-way communication through the Internet and an approach to develop a virtual platform would be fit to resolve the healthcare access issues in Brazil.

Internally speaking, as Kohguchi-san said, employees of our Brazilian affiliate have a very high engagement score. They take on challenges a lot. Not just the work in front of them; they end up taking on a challenge on many things and they have a strong sense of belonging. So there was a structure put into place for them to work together with the sustainability department. In the future, looking at the situation in Brazil, if we can achieve more than we expected, then in similar countries, we are hoping to expand this initiative. That's my personal wish.

That's all for me. Thank you very much.

Okamura [A]: Iino-san, thank you very much. Let me add a bit. Regarding the initiative in Brazil, from the idea level, we have been able to come this far. So whether the idea would work or not must be examined first. If we're able to examine the validity, then we can increase target diseases as one thing and we can expand the target countries. We're hoping to move in that direction.

What's the most important thing is that there is increasing interest in health care, and because of this, information is sometimes excessive. Patients and family members wonder where they can find the right information, where they should go to. Instead of doing everything by Astellas, reliable information should be gathered. If they come here, they can find useful and the correct information, not just from Astellas, but from other sources as well.

Outside of Japan, Astellas awareness is not so high, but in Brazil, in the industry, he is working very hard, and he improved the reputation. He has strong leadership, so he can lead the organization strongly as well. Since last year, he has moved to Spain to serve as the General Manager, and he is building the organization in Spain. We are hoping that he can play a role there.

That's all for me. Thank you very much.

Kohguchi [M]: Well understood. Thank you very much.

Ikeda [M]: Thank you. Next, from Mitsubishi UFJ Trust, Hyogo-san, please.

Hyogo [Q]: I'm Hyogo from Mitsubishi UFJ Trust. Thank you very much for your presentation and thank you for appointing me. I'd like to ask you a question about the Nomination Committee, is that okay?

Ikeda [A]: Yes, please go ahead.

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Hyogo [Q]: So, about succession planning, thank you very much for your detailed explanation. I know you are working on succession planning in earnest. I understood it. I'd like to ask the outside directors, this Nomination Committee, to what extent the committee should be involved in appointing?

Okamura-san has leadership and then he was unanimously voted for, and that's wonderful and there is no problem. But when it comes to a pharma company, the timeline or time frame is longer compared to service companies and others, and the corporate strategy cannot be very visible from outside. So, as outside directors, to what extent should the Nomination Committee be involved in the actual nomination? Should you ensure the process itself and just that, or should you be actively involved in the actual selection? What do you think? In terms of not just CEO, but for other CxOs, to what extent should the Nomination Committee be involved in the nomination and the selection? Please answer the question.

Tanaka [M]: Thank you for your question. Well, the CEO is sitting next to me so it's rather awkward to answer this question.

Hyogo [M]: Yes, I dare to ask this question.

Tanaka [A]: First, about the Nomination Committee, as I explained to you already, it is made up of only outside Directors. In the selection of CEO, of course, in the committee meetings, there are candidates sitting there. So Mr. Yasukawa back then gave us a detailed explanation. And what we do at the committee is, number one, as you have asked a question, to ensure the process, the transparency of the process. Whether the process is being operated appropriately, we are checking on that.

In addition, criteria appropriate for a CEO. I explained to you the criteria, and we check to see whether those candidates are meeting those criteria in a transparent manner from a neutral perspective. I don't know whether I'm answering your question directly. Not just the process, but we have some additional involvement there. So that's answering the first question.

For the second question about other CxOs, as you know, in terms of CEO, we took a lot of time to discuss and deliberate on the CEO succession planning. But when it comes to CxOs, as Sugita-san already explained, division heads, they are between division heads and the CEO.

Of course, we have similar deliberations and discussions. The CEO gives us an idea of what kind of attributes and characteristics should be there for other CxOs and we take them into consideration. As the Nomination Committee, we discuss whether those candidates are suited to meet those characteristics explained by the CEO. When it comes to the candidates, in the Board of Directors meeting, every quarter, they are there. We ask questions to these people. So we know these people. Upon that, the recognition at the Nomination Committee, we come to the conclusion as the committee. Did I answer your question?

Hyogo [Q]: Yes. Thank you very much.

As the second question, I think this question goes to Tanaka-san. At Japanese pharmaceutical companies, the CEOs' compensation compared to the compensations of CEOs of the global pharmas is lower. But unless you raised the compensation for those in top management, you can't really compete well with global companies. Some people think so. So those directors-and-above people, what do you think is the appropriate level of compensation for these people? What's your idea?

Tanaka [A]: Yes. Thank you for your question. May I answer your question? In Consolidated Financial Statements and Footnotes, I'm sure that you have read, it states what is the structure of compensation in Astellas. But what we are doing is that because we are a globalized company, so if you read the report, we have certain benchmarks upon which we determine the compensation levels within the Compensation Committee. That should be rather comparable to the global level. Whether those compensation levels are

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high or low, I wouldn't really give you my personal opinion. But I think, currently, the compensation level is quite convincing already. That is my understanding. Going forward, if the world changes and if our competitors also change, of course, we need to review the compensation, if that is the case.

Hyogo [Q]: Thank you very much. You have that recognition there so that's good. Thank you very much. My final question is to Sugita-san, and it's about human capital. If you look at the engagement score, I think it's quite high-level, maintained at the high level, I have confirmed it. You are working on the activation of the organization to improve productivity and so on and so forth. But when it comes to human capital and human resources, are you making investments into human capital? What are you doing? And what would you like to do in the future? Please let me know. Thank you very much.

Sugita [A]: Yes. Thank you, Hyogo-san. Investment into human capital is really the hottest topic nowadays. So when it comes to human capital, we take it seriously at our company. But on the other hand, I don't know whether it's appropriate for me to say this, but recently, the time spent for training and the cost spent for training, when those costs are high, there is an impression that such a company is making investment into human capital, but I think that's kind of wrong.

Rather, preparing an appropriate succession plan. And for younger people, to provide opportunities for career development for younger people, and the development plans being thoroughly discussed between the supervisors and subordinates, if the time is spent for that and that's thoroughly implemented, and if those young people can believe that they can grow in Astellas or not, I think these aspects are the most important aspects when it comes to investment in human capital.

When it comes to the senior level of the organization, I think succession planning-wise, we are doing pretty good. When it comes to career development and development plans, growing people through work, I think in this regard, there is still room for improvement. I think people managers need to implement these things. So this means that we need to coach and guide those people managers appropriately to encourage those people to engage. Within the human resources, we are changing the organization to promote such aspect. So that's the stage we are at right now. I hope that answers your question.

Hyogo [M]: Thank you very much. I think it was a very clear-cut explanation. Thank you. Rather than being swayed by the trend outside of the Company, you have your own idea. That's great. So I'd like to continue to have communication with you. Thank you.

Ikeda [M]: Thank you very much. Next, Daiwa Securities, Mr. Hashiguchi, please.

Hashiguchi [Q]: Hashiguchi speaking. Thank you very much. I have questions about the CEO and top management succession plan. In the pharmaceutical company succession, people of similar generations with an interval of a few years, some companies want rather frequent successions every few years or so, or at other companies, people may serve in the position for 10 years or more.

And when there's a succession, the generation may change. The top management achievements may not have an impact in one or two years so it may affect the situation in five years or so. So it's very important to manage the company with a long-term perspective, according to my understanding. For Astellas, the next candidate should have what kind of capabilities and qualifications being required? Where are the next challenges for Astellas?

Depending on how they see these issues, it's going to be different. After the selection of the candidates, you explained the process today. But to begin with, whether the process to select candidate, is it the right one? The Nomination Committee consists of outside members only. Why that particular candidate? What kind of capabilities or qualifications are held by them? What kind of people are required for Astellas into the future? Can you realize sufficient discussions just by outside members? You placed importance on continuity and

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Yasukawa-san, the predecessor, and Okamura-san joined the Company in the same year. There was a deep commitment to the current CSP 2021, and Okamura-san was the right person for the next CEO, and there was consensus. The reason for selecting such a person, how the issues for Astellas were discussed, which conclusion that this kind of person was required, could you explain this process, Tanaka-san?

Tanaka [A]: I'd like to respond first. It's a very difficult question but, at the same time, I think it's a very good question. Thank you very much indeed for your question.

In the explanation earlier, for the Nomination Committee, from the executive side, to be more precise, from Yasukawa-san, we received a candidate to discuss, as I explained, but Hashiguchi-san pointed this out. Then, how to select candidates? Needless to say, outside member candidates other than those we meet at the Company can be difficult for us to understand, and people working for other pharmaceutical companies to be selected as candidates can be difficult.

Regarding the selection of candidates themselves, the executive side and the incumbent president choosing the candidate, I think, is important. Having said so, what kind of capabilities and achievements should exist in those people? The Nomination Committee on people who can commit to sustainable growth of Astellas, such people must be selected. Once we receive the proposal for a candidate, whether that person can lead Astellas for the future, including that issue, we have been discussing it. That's the current status. Did I respond to your question?

Hashiguchi [Q]: Thank you very much. If possible, I'd like to hear from Okamura-san as well.

Okamura [A]: Before selecting the candidate, there is a CEO succession plan as well. Most of the people who will become CEO are serving as CxO in many cases. CEO-CxO succession planning was already explained at the Board and the Nomination Committee. As Mr. Tanaka mentioned earlier, you don't understand people by just looking at the documents in writing. Not just the CxO, but from the division head and above, we should increase the contact with the Board of Directors so that Nomination Committee members can see those potential candidates in person. I think that's very important.

Just by chance, I joined the Company in the same year with Yasukawa, but it was just by chance. As you know, there was an analogy to other companies. We have a relatively faster cycle compared to these companies -- changing the generations and the person is going to stay in the same position for 20 years -- we are not taking such a style at Astellas. I'm not in the position to judge whether it's the right thing or not, and that's to be discussed by the Nomination Committee. That's all from me.

Hashiguchi [M]: Thank you very much.

Ikeda [M]: Thank you. Next, Nissay Asset Management, Yatsunami-san, please. Please go ahead.

Yatsunami [Q]: Yatsunami from Nissay Asset Management. Thank you for this opportunity today. I'd like to ask you some questions about the activities of the Nomination Committee. I have some additional questions.

In your explanation, Tanaka-san, going forward, apart from CEO, for other top managers, you'd be involved more in the deliberation, you said. And CxO and division heads and above should come to the Board meeting so that you can get to know them firsthand. But you are a global company, meaning that those are global candidates. How are you going to evaluate those candidates in each business side? How are you going to find those candidates from outside of your company, outside of Japan? How are you going about it? Do you think this is a challenge? Overseas, outside of Japan, as for candidates and succession plans, are there any additional explanations or comments you can make?

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Tanaka [A]: Yes. First, about CxO selection, how we look at it. The current CxOs, they have their areas of responsibility, and not just the Nomination Committee members and also outside directors are monitoring the achievements of those CxOs. But are the numbers the only criteria for evaluation? As Okamura-san said, these people come to the head office and take part in the Board of Directors' meetings and answer our questions. That way, we'll be able to see those people firsthand. So that's about candidates.

What about the candidates outside of the Company? It goes without saying that these people, if they are promoted internally, this is a good thing, but we actually discussed that in terms of succession planning. And as Sugita-san showed already in the material, what is the timing that those candidates become ready?

Those candidates that are in the ready stage are being discussed. And it may happen that there isn't any appropriate talent outside of the Company or inside the Company. For that matter, then, of course, the Nomination Committee members meet these people to see whether those people are appropriate candidates or not. So that is the process in place. Did I answer your question?

Yatsunami [Q]: Yes. Thank you. What about the candidates overseas listing up or listing those overseas candidates? You don't see any issue as of now, is that right?

Tanaka [A]: Yes. As long as those people are available inside the Astellas pool, then there isn't any problem.

Sugita [A]: Yes, I am Sugita, in charge of human resources and compliance. I would like to give you some additional comments. Number one, about CxO, it's not fully established yet but those CxOs, for their own successor candidates, they select division heads. Consciously, they invite those division heads to the Board of Directors' meetings as well as the executive management meeting. Therefore, those CxOs, they always show their selected candidates in front of those board meetings and management meetings.

Overseas, for internal meetings, we use Teams. Therefore, there aren't any advantages or disadvantages just because we are in Japan or outside of Japan. When it comes to overseas and external candidates, inside HR, we have experts who do the executive search, and they are looking at executive-level people and doing the search not just inside but also outside of the Company, and introduce those candidates to the CxOs in order to expand the pool of candidates, not just inside but also the outside of the Company. Thank you. That's all.

Yatsunami [Q]: Thank you for your thorough explanation. I have another question. The Nomination Committee activities, I don't know whether that's covering this or not. But outside directors' successions, Mr. Tanaka, what are your thoughts on the succession of outside directors in terms of the skill sets? What kind of people should be selected going forward? You may prepare a list. Are there any challenges you're seeing right now in that regard?

Tanaka [A]: Thank you for your question. I would like to talk about what I think about that. So, outside directors, and I think this is very basic, I think the skill matrix that is required by Astellas, that's there. We need to have good balance in terms of the skill matrix in the selection of outside directors.

In addition, this industry, the pharma industry, is the industry where technology is advanced very quickly. We are outside directors, therefore, when it comes to the understanding of the technology, it's not always easy. But as of now, Dr. Ohno is there as an Outside Director so I think the operation is all right.

Going forward, when we select outside directors, when there are some new qualifications that are needed because of the emergence of new technologies, then we need to review the skill matrix properly. Another one that we have to consider is diversity, of course, but also the availability of these persons. Those outside directors, they need to spend time with us. If those people are directors of other companies, they may not be able to secure enough time for Astellas. That is being discussed and confirmed in advance in the Nomination Committee. Of course, independence is very important.

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That's all from me. Is that okay?

Yatsunami [M]: Thank you very much.

Tanaka [M]: Thank you.

Ikeda [M]: Thank you very much. Next, Asset Management One, Muraoka-san, please.

Muraoka [Q]: Thank you very much. I have two questions. First, sustainability management as a whole. Access to health care and others, you are promoting these initiatives very actively. Regarding your employees, including those who are in the global team, how much is the level of penetration? As the CEO explained earlier, initially, it was in the form of CSR, but you have increased the linkage with your core business. Your short-term profits or your performance or business, there can be a trade-off in some of the initiatives. In that case, how much do they feel convinced? How are you penetrating these initiatives among employees? That's my first question.

Secondly, it's related to human capital. Sugita-san is playing a very active role in very advanced initiatives. Regarding the KPIs at the end, there was an engagement survey score in the end. How are you going to show this to us as investors? As Hyogo-san said earlier, improving productivity, are you going to show that information as well? How are going to link and tie this and show and present that information to investors for the future? Thank you very much.

Okamura [A]: Thank you very much. First, about sustainability, I would like to explain and will hand over to Iino-san when necessary.

First of all, CSP 2021, which is ongoing, the four strategic goals, and the fourth one is enhancing sustainability. We have such goals. It's not just somebody doing this alone, but this is well recognized as a strategy in the Company to deepen our engagement in sustainability. And if something is outside of the core business, the money you wanted to spend could be spent by someone else. That could be the image. But rather, through our core business, we want to enhance sustainability of society. That's our sustainability as well.

Those who create a new medicine, if that's launched, that is going to help society. That would contribute to social sustainability. So the job you do can be compatible with sustainability. I think employees are able to think that way. We are pharma companies, and people who develop drugs using test tubes and those who do clinical studies and those who manufacture tablets and those who deliver information to physicians and those who are engaged directly, would feel that they are contributing to health care.

But support functions may find it difficult to feel that way, but we do this at Astellas. What you do today would be linked somewhere, and it would be impacting one of the four supply-chain areas. Employees are able to feel that way. So your daily work would be linked to sustainability. Such sense is being fostered.

Iino-san, anything to add?

Iino [A]: If I may add, this fiscal year, or rather, related to sustainability, we are having periodic discussions, and we are reporting to the executive committees and others. Awareness of sustainability among internal employees, it's important to penetrate their awareness, according to the comments we received. From this fiscal year, we have been establishing Sustainability Week. Sustainability activities at Astellas would be explained so that employees, including global members, can understand. We are organizing such an event. Also, there are about 70 groups or divisions and our members go to them individually to explain.

As Okamura-san said, the work they do would result in enhancing sustainability. There is time for them to think about it, then they can feel convinced. It's not just the status of doing sustainability activities, but

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through their activity, how they can contribute to sustainability; there is time for them to think about it. Then, in order to increase awareness and increase the understanding among employees, we are doing such activities.

Okamura [A]: Sugita-san is going to explain regarding the second question.

Sugita [A]: Thank you very much. Regarding the second question, I'm not sure whether the wording is correct. But in our culture, originally, it was rather KPI-driven, task-focused, or check-box methods were rather strong. One of the things we are working on right now is the KPI to move away from KPI. That's what we think about in the process.

In the longer run, what we are aiming to achieve is as follows: mission-purpose-vision exists, and we have a midterm business plan, our CSP, and the single-year plan. How much we can contribute to business goals in human capital, that is the most important goal. So, whether it's a single-year plan or a midterm business plan, whether we have been able to achieve it and how much contribution is being made, we think that's the ultimate goal for us. But just talking about it may not be enough, because you may not have goals in front of you.

Regarding gender, when we want to achieve how much percentage for our female managers and engagement, we don't have targets like this much by when, but what we are aiming for is to continue to make improvements better today than yesterday, and better this year than last year. Talent, which might have been taken away by other companies, should be attracted to us. That's what we are aiming for. At the single-year action level KPIs or action level KPI at three years' level, we do have such KPIs, but in the longer term, mission-purpose-vision and midterm business plan or CSP, these are the ultimate goals, also in human capital as well. That's all.

Muraoka [M]: Thank you very much.

Ikeda [M]: Thank you. Now, it's time to close. With this, we would like to conclude today's Sustainability Meeting 2023. Thank you for your attendance.

[END]

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