

CSR Report 2009

<http://www.astellas.com/>

Changing tomorrow

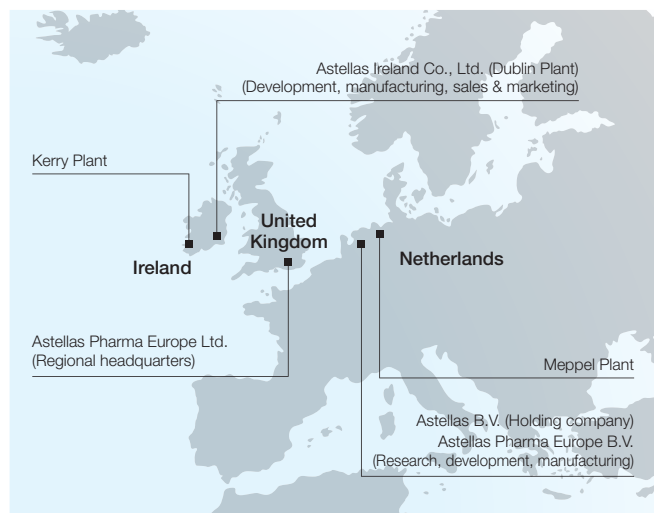
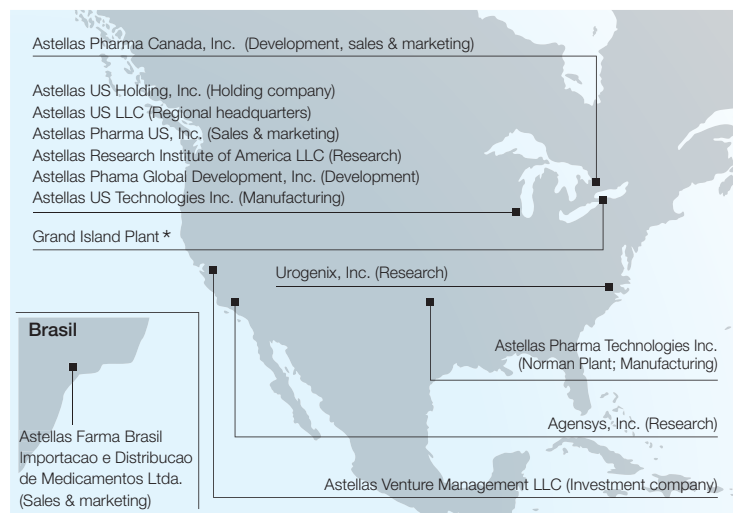
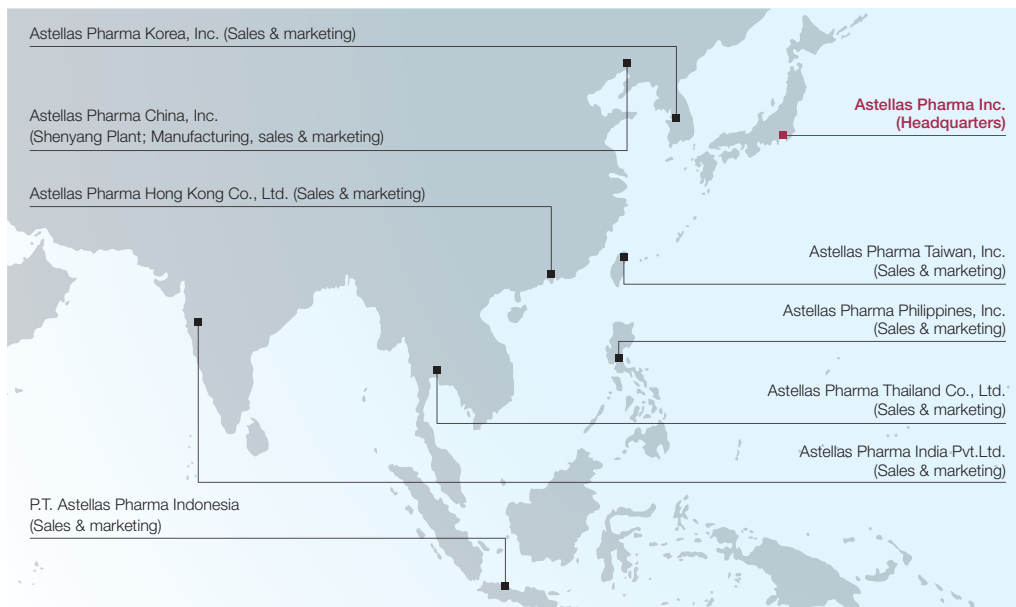


Company outline

Company name Astellas Pharma Inc.
Head office 2-3-11, Nihonbashi-Honcho, Chuo-ku, Tokyo 103-8411, Japan
Founded April 1923
Capital ¥103 billion (as of March 31, 2009)

President Masafumi Nogimori
Employees 14,261 (consolidated basis, March 2009)
Principal areas of business Manufacturing, marketing and import/export of pharmaceuticals

Main facilities (Astellas Pharma and main Group companies)



* The lease on the Grand Island Plant expired in September 2008.

Astellas Pharma and domestic group companies

Company name	Facility	Location	Function
Astellas Pharma Inc. *1	Nihonbashi Facilities	Chuo-ku, Tokyo	Headquarters
	Hasune Office	Itabashi-ku, Tokyo	Development
	Tsukuba Research Center (Miyukigaoka)	Tsukuba, Ibaraki	Research
	Tsukuba Research Center (Tokodai)	Tsukuba, Ibaraki	
	Tokyo Research Center	Itabashi-ku, Tokyo	
	Kiyosu Research Office	Kiyosu, Aichi	
	Takahagi Technology Center	Takahagi, Ibaraki	
	Yaizu Technology Center	Yaizu, Shizuoka	
	Kashima R&D Center	Yodogawa-ku, Osaka	
	Branch/sales offices	Nationwide	Sales & marketing
Astellas Tokai Co., Ltd.	Fuji Plant	Fuji, Shizuoka	Manufacturing
	Yaizu Plant	Yaizu, Shizuoka	
	Nishine Plant	Hachimantai, Iwate	
Astellas Toyama Co., Ltd.	Toyama Plant	Toyama, Toyama	Manufacturing
	Takaoka Plant	Takaoka, Toyama	
Astellas Pharma Chemicals Co., Ltd.	Takahagi Plant	Takahagi, Ibaraki	Manufacturing

*1: The Group companies listed below support the Group's core operations.

● Astellas Business Service Co., Ltd. ● Astellas Learning Institute Co., Ltd. ● Astellas Research Technologies Co., Ltd. ● Astellas Marketing and Sales Support Co., Ltd.
● Lotus Estate Co., Ltd. ● Astellas Analytical Science Laboratories, Inc.

Editorial policy

Astellas Pharma Inc. and its Japanese and overseas group companies (hereafter, Astellas) have clarified the scope of their social responsibility and set specific targets, and are working proactively to reach those targets so as to create a sustainable society.

The CSR Report 2009 is an annual report on the Astellas Group's initiatives concerning management issues regarding the environment, employees, society at large, the economy and compliance. We assume that our readership would consist of healthcare practitioners, our shareholders, and employees, members of local communities, and others who are affected by our business activities or have an interest in the Company. Our priority has been the communication of our specific CSR challenges, initiatives and targets, developed in line with our basic policy on CSR management. We have included figures and tables where appropriate, with the aim of making this report easy to read and understand.

The Group's business activities are only outlined in this report because a summary of their performance results, an overview of the R&D pipeline and other information are made available as Investor Relations Information on our website (<http://www.astellas.com/en/>).

Significant changes up to April 1, 2009

In fiscal 2008, operations performed at our Grand Island Plant in New York were transferred to another company. In addition, Astellas Pharma India Pvt. Ltd. (India) was newly established. We also completed construction of a new research facility at the Tsukuba Research Center (Miyukigaoka). The commencement of operations at the new facility has led to an increase in the power consumption of the Tsukuba Research Center (Miyukigaoka). The Grand Island Plant operated on lease to Astellas until the end of fiscal 2008, and the plant's environmental performance is fully incorporated in this report. Therefore, the transfer had no effect on the Company's environmental performance during the term under review.

Report Scope

The report covers, as much as possible, the operations of all Astellas consolidated subsidiaries in Japan and overseas. However, depending on the item, the data for some companies was not available.

● Environment-related initiatives

Of the main operating bases appearing in the diagram and chart on the left-hand page, all the Company's domestic bases and overseas manufacturing plants are included within the scope of this report.

● Information on employee-related initiatives

The report focuses solely on employee-related initiatives in Japan.

Names of our business facilities

In principle, we refer to each facility by its own name. However, in the case of multi-function sites, a single name is used. Specifically, the Takahagi Technology Center and the Takahagi Plant are operated on the same premises, and the name used is the Takahagi Facilities. The same is true of the Yaizu Technology Center and the Yaizu Plant (the Yaizu Facilities).

Reporting Term

The report covers, in principle, the period from April 1, 2008 to March 31, 2009. Performance data for overseas subsidiaries and work-related accident reports cover the period from January 1 to December 31, 2008.

Report Guidelines

The Astellas CSR Report 2009 was prepared following our in-house manual on the preparation of environmental reports, developed in accordance with the guidelines issued in 2007 by the Ministry of the Environment of Japan.

Environmental performance data for principal domestic facilities

The performance data of individual facilities has been posted in Japanese on our website (<http://www.astellas.com/en/>).

This report is also available at our website:

<http://www.astellas.com/en/>

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Message from the President

Astellas – A Leading Light for Life Creating a brighter future – for patients, for society, for our supporters

Our slogan “Changing tomorrow” reflects Astellas employees’ determination to help each and every patient by providing high value-added pharmaceutical products to patients fighting illness. This fiscal year marks the fifth anniversary of Astellas Pharma Inc. On this occasion, we would like to renew our commitment to helping realize a brighter future for all patients fighting illness.

My mission as President

Three years have passed since I assumed the post of president. At that time, our focus was on strengthening R&D and expanding overseas sales, and my foremost mission was to take steps to help us realize those goals. However, I had also been entrusted with another important mission: the assurance of fair and impartial corporate management.

In our business philosophy, we make it clear that our *raison d’être* is to “contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products.” We intend to provide high value-added drugs on a worldwide basis in highly specialized therapeutic fields, and thereby establish our presence as a truly global company.

This goal will not be easy to achieve. I believe that the key factor will be “people.” I have placed the highest priority on the creation of effective teams of employees. This can be realized only through a shared respect for professionalism and efficient communication. We need to create a work environment and a corporate culture in which individual employees are encouraged to cultivate specialized expertise and take responsibility for



decision-making in their respective positions. I believe that the widespread acceptance of such an approach by frontline employees is extremely important for Astellas to achieve growth, and that fair and impartial corporate management is particularly important.

Priority measures in fiscal 2008

By the end of fiscal 2007, we had nearly completed the restructuring of operations to eliminate duplications in functions, and we implemented other organizational reforms to reinforce our management base. We have positioned fiscal 2008 as a year for changing gears, i.e. shifting our focus from domestic to overseas operations while maintaining the solid base we have created in Japan.

Accordingly, we have introduced new measures to further strengthen our overseas management structure in a way that would allow us to switch our focus to overseas markets. One of these measures is the establishment of the Global Management Committee. Our main objective in establishing the new council is to reorganize the Company’s decision-making bodies to ensure the adoption of a global perspective in decision-making.

Another initiative is the reorganization of the development function. Taking into account the intensifying global competition, the size of the market for pharmaceutical products, and the need for development of products on a global basis, we established a new company in the U.S. which acts as a global development headquarters to strengthen our product development competitiveness.

With regard to the research function, we are working to create a structure for facilitating collaboration between our Japanese and overseas research bases and accelerating research. Specific measures include the concentration of research on new pharmaceutical products at our research centers in Tsukuba and Osaka, the construction of a new research wing in Tsukuba and increased collaboration with our U.S.-based biotechnology subsidiary Agensys.

In the environmental domain, in fiscal 2008 we set medium-term targets for countermeasures against global warming to be achieved by 2020, and have begun implementing measures toward realizing these targets. In addition, in May 2009 we created the Global Warming Prevention Committee, to be headed by an officer in charge of CSR. Countermeasures which had previously been entrusted to each individual plant have been repositioned as activities to be performed companywide.



Words of inspiration

From my childhood days, I have continuously practiced the art of Japanese calligraphy. These days, I only have the chance to do this about once every other month. I cherish the time spent doing calligraphy, as it is a chance for me to calm my mind while writing words of inspiration.

I especially treasure a calligraphic work by the poet Shinmin Sakamura, which reads: “*Nenzureba hana hiraku*” (If you try hard enough, you will succeed). I once told an acquaintance that these words had special meaning for me. The acquaintance later presented me with a piece of artwork displaying this poem written in calligraphy by Sakamura himself. This simple statement inspires me, giving me the courage to take action.

The probability of being able to develop a new product from a newly discovered drug constituent is said to be about one in 20,000. Drug development requires luck. One must be willing to take that chance and hope that luck will be on one’s side. This is not the same thing as leaving everything to chance, in which case nothing happens. One must have worthwhile aspirations, have the intention and the desire to realize those aspirations, and have the willingness to take repeated action until they are realized. In this way, aspirations become realized, through the creation of a virtuous cycle. I also believe that new discoveries are made through this process. The expression, “If you try hard enough, you will succeed” succinctly states the challenge we face in our struggle to develop new pharmaceutical treatments.

For a brighter future for patients fighting disease

Astellas introduced the concept of CSR-based management at the time of the Company’s establishment through a merger. We define CSR-based management as: “Management that works to maintain and improve enterprise value with a holistic approach encompassing economic, social and humanistic qualities.”

In the market, economic activities have become speculative, and society and its individual members are being forced to adjust to a rapid deterioration in economic conditions. Corporate scandals are often in the news. The people responsible seem to have forgotten to give due consideration to the social and humanistic implications of their actions. The conventional approach tends to focus on a company’s or an individual’s economic output as the principal indicator in the assessment of performance. Astellas’ approach to CSR-based management encourages us to assess our actions from a social and humanistic perspective. The aspiration to make Astellas a company of great integrity is commonly shared by all our employees. With these shared values, we are working to achieve the sustainable enhancement of our enterprise value.

It is our wish to help each and every patient fighting illness. To realize our business philosophy, we must keep repeating the process of trial and error in development, and must accept the numerous ensuing failures.

“Changing tomorrow,” and “If you try hard enough, you will succeed.” With these inspirational words, we will make ceaseless efforts so that all patients fighting illness may enjoy a brighter future.

We thank you all for your understanding and continuing support.

June 2009

Masafumi Nogimori, *President and CEO*

Business philosophy

Good health is a wish shared by people worldwide, and our mission is to help them realize this. The Astellas business philosophy has three elements – raison d’être, mission and beliefs. This business philosophy expresses Astellas’ commitment to contributing to the health of people around the world through the provision of highly effective and trustworthy pharmaceuticals, while continuously increasing the Company’s enterprise value.

Astellas Business Philosophy

Raison d’être

Contributing toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products

Mission

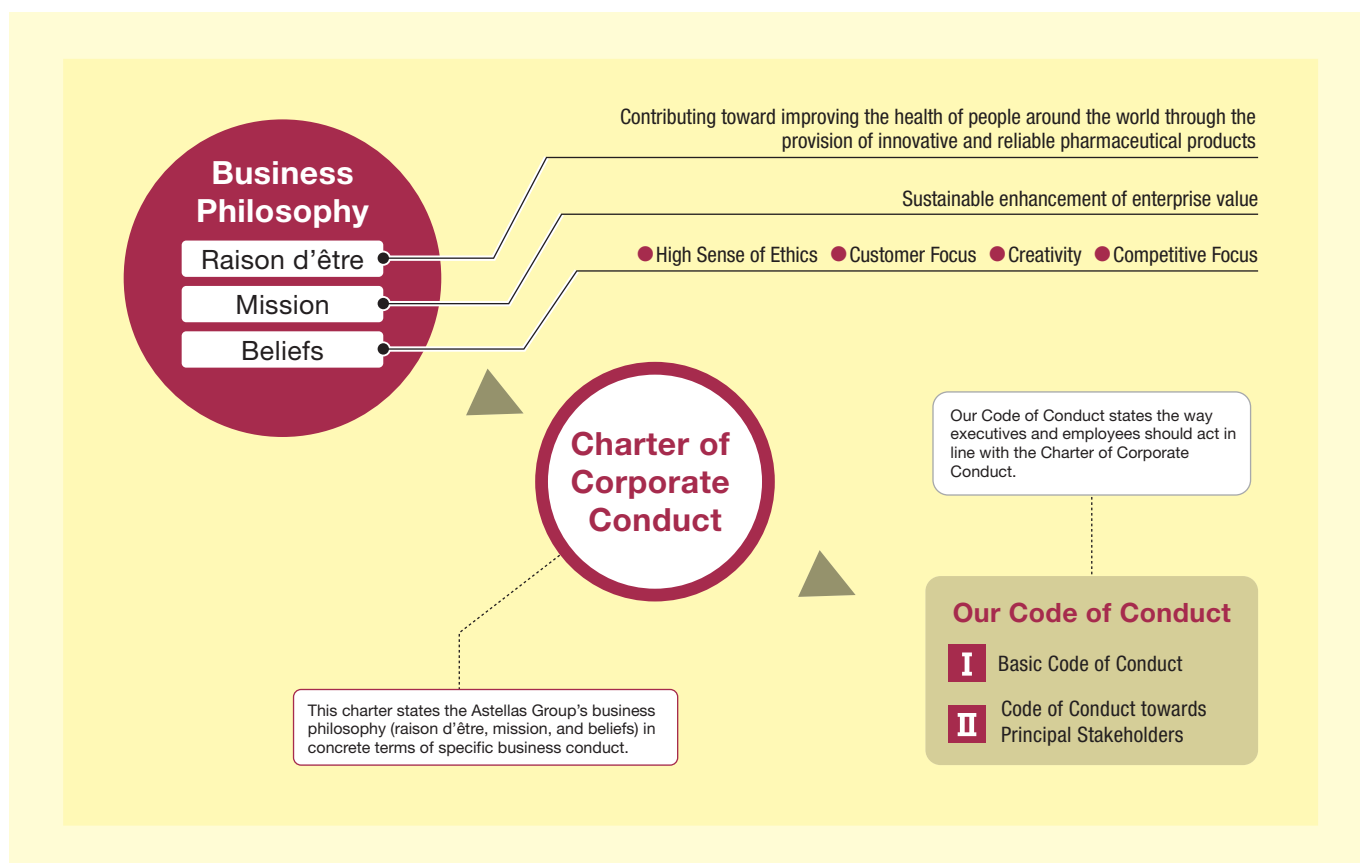
Sustainable enhancement of enterprise value

Beliefs

Our “beliefs” provide the code of conduct we prize at all times. Astellas will always be a group of people who act upon these beliefs.

- High Sense of Ethics
- Customer Focus
- Creativity
- Competitive Focus

Positioning of our Business Philosophy, the Charter of Corporate Conduct, and Our Code of Conduct



Charter of Corporate Conduct

Astellas has renewed its commitment to fulfilling its social responsibilities through corporate activities that show a high level of integrity based on the Charter of Corporate Conduct, which was adopted in April 2005 and more concretely expresses the concept of our business philosophy.

Charter of Corporate Conduct

The Astellas Group seeks to enhance its enterprise value in a sustainable manner through its worldwide business activities and to gain the trust of all stakeholders, including its customers, shareholders, employees, and the global community. To achieve this, we must not only continuously provide stakeholders with value through our business activities, but we must also proactively take measures to ensure legal compliance and corporate accountability and to preserve the environment, based on our recognition of our corporate social responsibility.

This Charter states the Astellas Group's business philosophy (raison d'être, mission, and beliefs) in concrete terms of specific business conduct, and clarifies for our business partners, customers, and society how we will conduct ourselves in our activities.

The top management and other executives at Astellas fully recognize that their primary responsibility is to ensure that the conduct outlined in the Charter of Corporate Conduct is duly reflected in the Company's business activities, and to set an example and take the initiative. For this purpose, we are working to raise employee awareness regarding ethical conduct and creating an in-house system to promote the maintenance of high ethical standards.

Charter of Corporate Conduct

The member companies of the Astellas Group shall observe both the spirit as well as the letter of all laws and regulations applying to their activities and conduct themselves in accordance with the following ten principles based on high ethical standards.

Established April 1, 2005

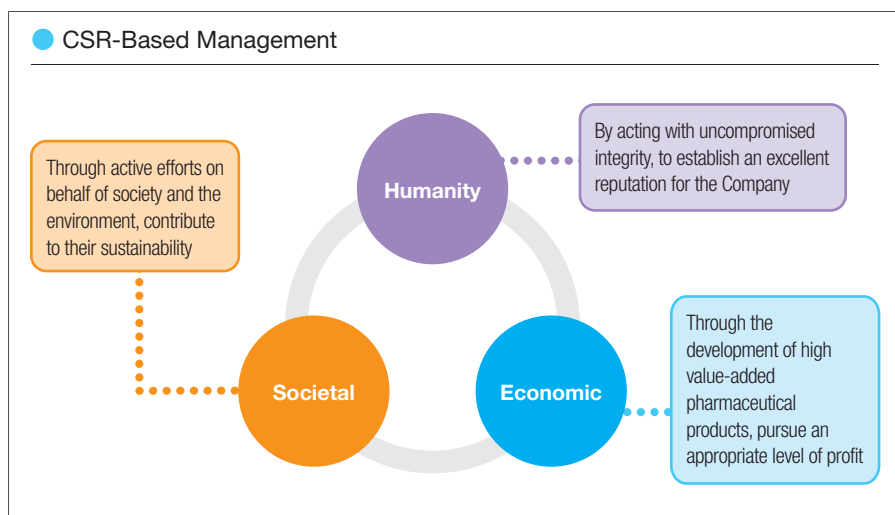
- 1** **Providing beneficial products**
To fulfill our raison d'être — "Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products" — we shall provide products and services which benefit customers and society.
- 2** **Maintaining high ethical standards**
We shall ensure that all our relationships with stakeholders are sound and proper, based on high ethical standards.
- 3** **Fulfilling disclosure requirements and transparency**
We shall disclose relevant corporate information in a timely and appropriate manner not only to stakeholders but also to all members of society at large, thereby fulfilling our obligations regarding corporate accountability.
- 4** **Fair and free competition**
We shall promote appropriate competitive behavior in our business activities.
- 5** **Ensuring sustainable benefits**
We shall actively pursue management efficiency to ensure sustainable benefits for stakeholders.
- 6** **Promoting employee welfare**
We shall respect the universally recognized human rights of our employees as well as their diversity, individuality, and differences, and provide a safe work environment and fair treatment for all.
- 7** **Respect for different cultures**
In the management of our international businesses, we shall not only observe all applicable laws and regulations, but also respect the culture and customs of other nations.
- 8** **Promoting environmental conservation**
Recognizing that harmony between the global environment and our business activities is a prerequisite to our corporate existence, we shall proactively take measures to conserve the global environment.
- 9** **Engaging in philanthropic activities**
As good corporate citizens, we shall actively engage in charitable and other activities to benefit society.
- 10** **Selecting ethical business partners**
We shall not do business with others who break the law or fail to accept standards of responsible social behavior.

CSR-based management

Our mission is to continuously provide truly effective pharmaceutical products to patients fighting disease, and to adequately respond to the requests we receive from the medical community. However, earning the trust of society and raising our enterprise value not only requires adequate product development capabilities and economic performance targets, but is also contingent on the Company's interaction with society, and the characteristics of its corporate citizenship. A company's overall rating is based on all of these factors. We have introduced CSR-based management to realize the aspirations expressed in our business philosophy. We will maintain a steady dialogue with the public and practice integrity in our interactions with our stakeholders, while making utmost efforts to fulfill our corporate social responsibilities.

Basic stance on CSR-based management at Astellas

Our CSR-based management program is a means through which we strive toward sustained enhancement of enterprise value while remaining acutely aware of our social responsibilities and taking a broad view that considers economics, society, and humanity so that we can exist not just as a market entity, but also as a valuable member of society. This means not only contributing to society through the provision of truly effective pharmaceutical products, but also considering how to help realize social and environmental sustainability as a good corporate citizen, and take the necessary action.



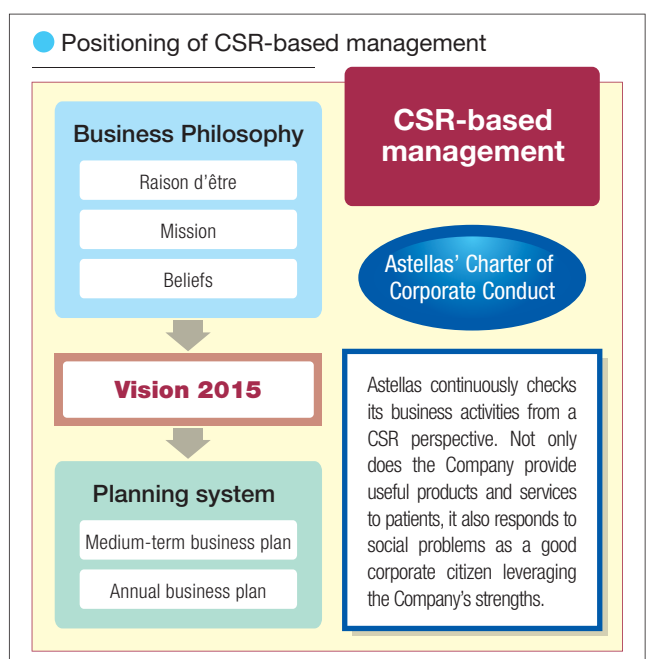
Corporate humanity

A concept that considers a company as being an organic entity — a corporation with a personality — and that enhancement of this personality is a proper responsibility for us as members of society. Therefore, it is important to aspire to enhance the company's personality through honest relationships with stakeholders.

Positioning of CSR-based management

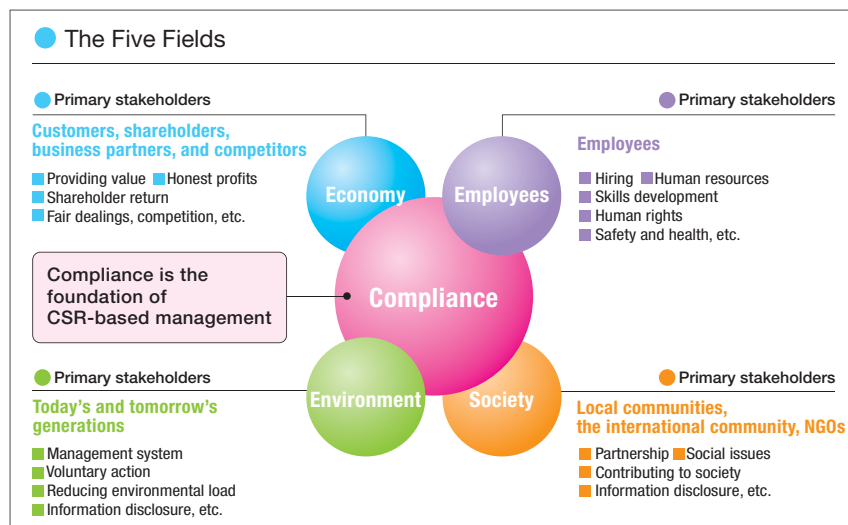
Astellas thinks of CSR-based management as the way business is conducted, in terms of both management theory and strategy. It means that all business activity is checked from the CSR perspective. Because of this, we have positioned the Charter of Corporate Conduct as our standard for judgment of appropriateness of individual corporate behavior.

In accordance with this standard, we identify issues to be addressed, and determine tasks in response to our interactions with stakeholders, social issues, and legal and social requirements. In this way, we are proactively implementing CSR-based management.



● The five fields of CSR-based management

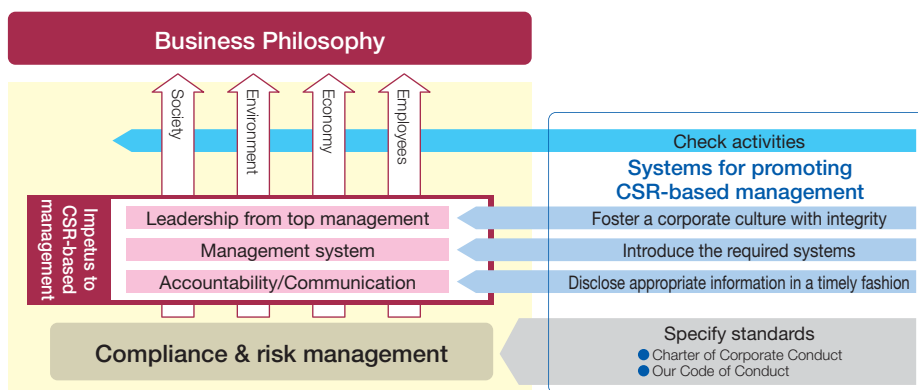
Corporate performance is evaluated not only from an economic perspective but also in terms of the company's environmental and social performance. The determination of a company's overall rating using this "triple bottom line" has become a commonly accepted practice. At Astellas, we break this down further by making society and employees into separate categories, and add compliance as an additional factor. We call these the five fields of CSR-based management. Compliance is the very foundation of all our corporate activities, and we are strongly committed to fulfilling our social responsibilities in the other four fields as well.



● Systems for promoting CSR-based management

We have established a CSR Committee, with the President serving as chairman, to deliberate CSR-related issues pertaining to all aspects of the Company's operations, to formulate basic policy on CSR, and to set CSR targets. All our facilities and business divisions implement measures in line with the basic policies and targets set by the CSR Committee. Status reports on CSR management initiatives are made to the CSR Committee, and additional measures are devised as necessary on an ongoing basis.

In order to practice management in a way that fulfills our corporate social responsibility, all the Company's business activities must be rooted in an awareness of CSR. For this, the driving forces – particularly leadership from the top management – are needed, along with the creation of a management system as the mechanism for implementing CSR management, as well as the timely disclosure of information (accountability and communication).



By checking all of our corporate activities from a CSR perspective, we are able to clarify the steps we need to take to fulfill our social responsibility. We endeavor to meet our social responsibility through the implementation of measures targeting the three systems.

● Three systems

- Promote a corporate culture with integrity based on compliance**
 - We will develop a compliance philosophy that adheres not only to the law, but also to the principles of corporate ethics.
 - Corporate activities based on compliance shall permeate and be inculcated in every department and every employee.
 - We will verify that compliance is entrenched throughout the company.
- Introduce international principles and systems concerning environmental, safety, and social activities**
 - We support international principles of corporate behavior.
 - We will adopt public standards, for example ISO standards, for environmental, health and safety, and social activities.
- In order to meet the demand for transparency in corporate activities, disclose management information as and when appropriate and promote interaction with society and the market**
 - We actively disclose management information and information on environmental and social activities to our stakeholders (financial reports, business reports, CSR reports, annual reports, etc.).
 - In each facility, we inculcate practices in information disclosure and dialogue with the community (disclosure of information in major facilities and at the group-company level).

Measures for realizing a corporate culture of integrity

In Pursuit of Integrity

Astellas puts the highest priority on upholding high ethical standards. Individual integrity creates integrity at the organizational level.

Astellas has a corporate character, and we believe it is naturally our duty as a member of society to aspire to the highest level of integrity. As individual employees, we endeavor to uphold the highest level of integrity in our interactions with our stakeholders. Given our high standard of ethics, we must naturally choose to act conscientiously, and with integrity. Accordingly, individual employees are required to maintain high ethical standards when acting on their own initiative. This is what enables the Company to fulfill its social responsibilities. Moreover, it is crucial to create an effective corporate governance system by which to cultivate a corporate culture of integrity, which serves as the basis for our business activities.

Corporate management rooted in high ethical standards

For a company to carry out its business activities on an ongoing basis, it is necessary that the company and individual employees act in accordance with the expected social norms. The basis for this is naturally strict compliance with all laws and regulations. To ensure that corporate activities and the actions of individuals conform with generally accepted social rules and customs, a knowledge of corporate ethics is required.

It is with this understanding that Astellas has not only designated compliance as a separate field in its CSR-based management model, but has positioned it as the foundation for all its business activities. Here, the term compliance incorporates both a strict observance of laws and regulations, and the maintenance of high ethical standards.

Astellas requires employees to observe rules and procedures, in regard to both individual affairs and social issues. As a company, we are strongly committed to the strict observation of Our Code of Conduct, determined by the efforts of each individual. In the future, we will encourage our employees to make their own efforts in cultivating high ethical standards, while fostering a corporate culture that puts the highest priority on acting with integrity and in accordance with our compliance policy.

Our Definition of Compliance

To sustain its activities, Astellas believes it to be crucial that the Company and each of its employees meet the standards for appropriate behavior that they are expected to live up to as members of society. Therefore, compliance does not simply refer to adherence to laws. We interpret it in the broader sense of corporate ethics, asking

whether our corporate behavior and individual behavior are in line with the norms and standards generally adopted by society. This means that individual employees must take responsibility for their actions and exercise self-discipline. This is fundamental to compliance.

Our Code of Conduct

Our Code of Conduct

Corporate activities are the aggregation of activities undertaken by individual executives and employees, and Astellas consists of the community formed by these individuals. Accordingly, we have drafted Our Code of Conduct, based on the Charter of Corporate Conduct. In Our Code of Conduct, we specify the type of behavior expected of our executives and employees so that our business philosophy may be realized.

Our Code of Conduct serves as a guideline to ensure that business activities will be carried out with integrity, and that each individual's actions will be based on high ethical standards and will take corporate compliance issues fully into consideration.

Our Code of Conduct is composed of the “Basic Code of Conduct” common to all stakeholders, and the stakeholder-specific “Code of Conduct towards Principal Stakeholders.”

I Basic Code of Conduct

- 1 We will strive to observe laws and regulations, company rules, industry rules, norms of social behavior, etc., and to enhance our sense of ethics constantly.
- 2 We will not simply content ourselves with “corporate logic” and “industry logic,” but will maintain sound social judgment.
- 3 We recognize that sales and profits can be won based on a high sense of ethics, and will act accordingly. In the event of a conflict between generating sales or profits and behaving in an ethical manner, we will always opt for ethical behavior.
- 4 We will maintain sound and normal relations with all stakeholders.
- 5 We will respect other people's human rights, personality and individuality, and not engage in any improper discrimination or harassment.
- 6 We will protect company property, including information assets, in accordance with company rules and similar regulations, and handle it correctly.
- 7 We will appropriately manage and use all personal information, confidential information and information on intellectual property, etc., obtained from stakeholders in accordance with laws and regulations, company rules and similar regulations.

II Code of Conduct towards Principal Stakeholders

1 Conduct towards Customers

- We will endeavor, in all business activities, from research and development to production, sales, and post-marketing surveillance, to identify the customer needs of patients, healthcare practitioners, and others.
- We will conduct research for, and develop, the most advanced pharmaceuticals, provide high-quality and safe products together with useful information, and endeavor constantly to increase customer satisfaction.

2 Conduct towards Shareholders

- We will disclose timely and appropriate information to shareholders, to enable them to gain a correct understanding of Astellas.
- We will make effective use of the capital that shareholders entrust to the company to help increase enterprise value.

3 Conduct towards Employees

- We will respect not only other employees' human rights and safety, but also the personality and individuality of each as a colleague, so as to create pleasant workplace environments.
- We will create workplaces in which people respect and support each other, by creating an open-minded working environment.

4 Conduct towards Suppliers

- We will respect suppliers as important partners, maintaining relationships as equals based on contracts.
- We will conduct fair and transparent business with suppliers based on objective criteria governing each transaction.

5 Conduct towards Our Industry

- We will engage in free and fair market competition in accordance with the rules.
- We will respect other companies' rights and property, and will take the greatest possible care with respect to the methods of obtaining and handling external information.

6 Conduct towards the World of Politics and Public Administration

- We will understand the mission and responsibilities (to serve the public good) of public servants, politicians, etc., and maintain impartial, transparent and sound relations with them.
- We will perform faithfully our legal and other obligations with respect to accounting records, reporting, notifications, and tax payments to public agencies, etc.

7 Conduct towards Society

- We will attach importance to communication with local communities and society, and will contribute actively to society from each of their perspectives.
- We will observe local laws and respect local cultures and customs, both within Japan and overseas, to build mutual trust with people.
- We will maintain a resolute stance towards antisocial forces and organizations that pose a threat to social order and stability.

8 Conduct towards the Environment

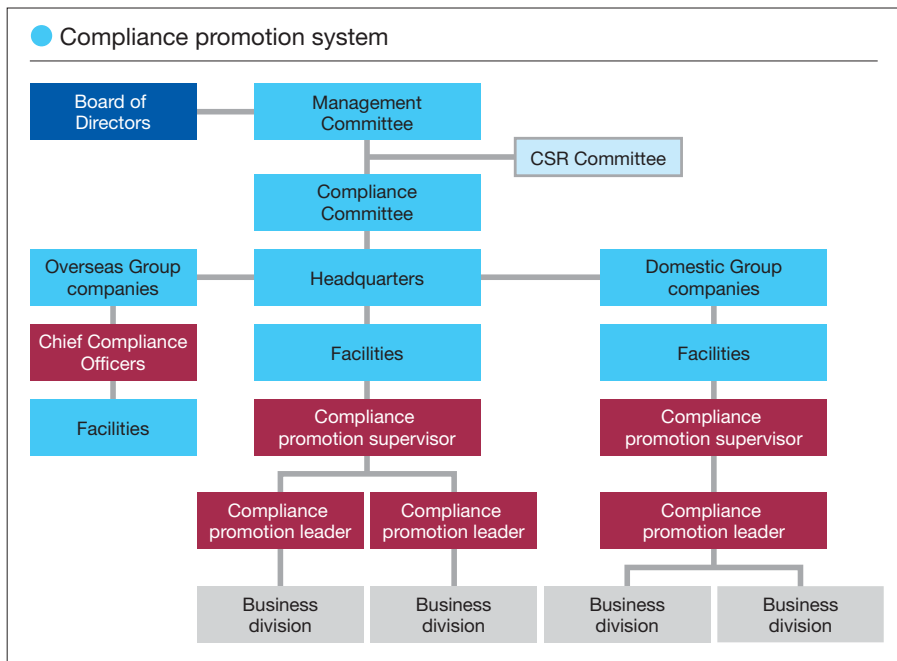
- We will remain fully conscious of the impact of the company's day-to-day business activities on the local community and the Earth's environment, and undertake environmental-conservation activities.
- We will make active efforts to ensure efficient use of resources and energy, and to reduce and recycle waste, so as to reduce the burden on the environment.

Compliance initiatives

Compliance promotion system

Compliance Committee

The CSR Committee was previously responsible for discussing and deciding on compliance planning and other matters, but we have now established a Compliance Committee in order to better respond to individual issues and business systems across the Astellas Group, including our overseas operations.



Chief Compliance Executive

The Chief Compliance Executive, a high-ranking officer serving as the Compliance Committee Chair, plays a central role in the functioning of the Committee. The Chief Compliance Executive also works to ensure that compliance matters are understood at all Group companies in Japan and overseas and that potential compliance issues are managed appropriately.



Compliance Promotion Leaders

We have appointed Compliance Promotion Leaders in each division to play a managing role in efforts to foster activities consistent with our corporate culture at all facilities and workplaces. Sub-leaders have also been

appointed where necessary. The Leaders and Sub-leaders, numbering some 350 employees in total, act as points of contact in each division for consultations and advice on compliance matters and for liaison with

the CSR Department. To facilitate collaboration between the Compliance Promotion Leaders, we hold an annual meeting of the Leaders to share information and ideas.

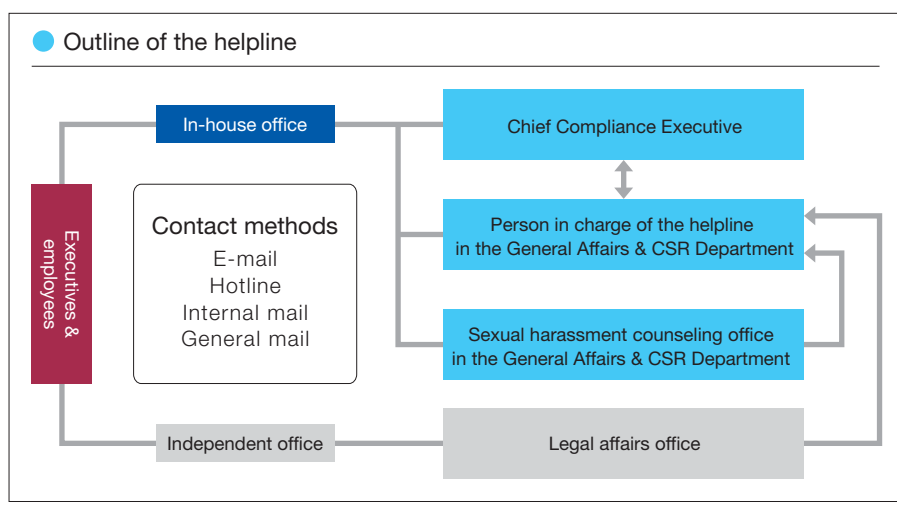


● Helpline

We have established a helpline that individual Astellas employees can contact at any time for advice, rather than attempting to tackle problems themselves. The helpline can be contacted if an employee witnesses acts that are in violation of either Our Code of Conduct or the Charter of Corporate Conduct, or is ordered to act in possible violation of these rules of conduct, or suspects that his/her own actions may have been a violation of these rules.

Complete confidentiality is maintained for any staff member contacting the helpline, and retaliatory actions, workplace threats, and harassment of employees are strictly forbidden.

The system functions such that all employees can make direct contact with the Chief Compliance Executive or other compliance staff, for example by email, general mail, or phone (see the diagram below).



■ Sexual harassment

Astellas takes an uncompromising stance against sexual harassment, which can inflict significant damage on the victim. Our work regulations expressly forbid such behavior. Superiors and Compliance Promotion

Leaders at each facility deal with all cases of sexual harassment immediately upon confirmation of a case through consultation with the employee in question or statements from colleagues. We have also set up a sexual

harassment counseling office in anticipation that such cases may prove difficult to discuss with colleagues in the same workplace or facility.

■ Helpline enquiries

Employees contacting our helpline or Sexual Harassment Counseling Office generally use their real name but can choose to remain anonymous. We accept all manner of enquiries,

not only reports, and deal with each contact appropriately, taking into consideration the aims of the Whistleblower Protection Act, which came into effect in Japan in April 2006.

In fiscal 2008, the helpline was contacted 50 times and the Sexual Harassment Counseling Office was contacted once.

Promoting a corporate culture with integrity

Training and education

Compliance training

We consider ongoing training to be indispensable in establishing a culture of compliance. We utilize various opportunities to run compliance training programs, targeting top management as well as Compliance Promotion Leaders, new recruits, and new middle management appointees. The training does not involve one-way lectures, but utilizes a case study format whereby employees are divided into small groups and everyone can participate in discussions. Questionnaire-based surveys conducted after the training programs confirm that employees recognize compliance as a directly relevant issue and have a better understanding of the steps Astellas is taking to foster its corporate culture. We recognize that, while the case study method provides examples that can

be easily dissected and decided upon on a theoretical basis, in practice employees may need more support to take appropriate measures to deal with the various issues they may encounter in the execution of their duties. We now plan to move away from

general textbook materials for case study discussions, instead focusing on issues that are likely to occur in our daily operations to make our compliance training more directly relevant to our employees.



Other efforts

October is Compliance Promotion Month at Astellas. In fiscal 2008, we produced mini compliance posters for display in each division to raise awareness of compliance issues. We also worked to prevent compliance awareness from fading with time, for example by asking all executives and employees to renew their commitment to upholding the Charter of Corporate Conduct and Our Code of Conduct.

We also run various other activities to improve compliance awareness, including regular distribution to all employees of information on social problems related to compliance.

We intended to improve communication between the compliance promotion department at headquarters and staff working in the Company's other operations, for example through compliance interview programs,

in order to gain a better understanding of staff needs and challenges in the workplace and to demonstrate how our compliance programs are helping to establish a compliance culture.

Challenges in achieving compliance and future programs

A company-wide opinion poll run in fiscal 2008 indicated that employees are becoming more aware of compliance, as highlighted by the particularly high score returned for moral values. However, as discussed on page 61, we also recognize that we have encountered some problems related to compliance, and there is room for improvement in our compliance efforts.

We think that our helpline functions effectively to support better compliance. One important aspect of the helpline is to prevent incidents from occurring, as seen in cases where an employee has used the helpline and this resulted in a problem being resolved before an incident had occurred. The helpline also plays a key role as a point of contact for employee questions, concerns, or ideas relating to compliance. We will continue responding to helpline enquiries conscientiously and in good faith.

Moving forward, we aim to improve our compliance activities and hope that our employees will, without exception, carry out their duties upholding high ethical standards.

● Overseas activities

The Charter of Corporate Conduct is applicable across the Astellas Group. Our overseas operations also produce their own codes of conduct, based on the Charter, to reflect the various laws and ordinances, cultures and business practices in each country. We are currently developing the Astellas Business Ethics Policy as we need to set consistent standards at the operating level to define our basic policy on compliance. Going forward, we will run compliance training and other programs at overseas Group companies and improve links between the Compliance Department and the Group compliance divisions.

Activities in Asia

Compliance managers in each of the eight sales companies across East Asia play a central role, maintaining close contact with

the Compliance Department at the Astellas headquarters and implementing measures to foster a culture of compliance. In fiscal 2008,

the presidents or compliance managers from these Group companies met in Tokyo to exchange information.

Activities in North America

Astellas US LLC, which functions as the headquarters of our North American operations, has established a Compliance Committee and appointed a Chief Compliance Officer. The company is working to ensure

employees are familiar with their own compliance guide and code of conduct. Creative approaches are being used, such as online training systems, to cover the extensive territories in North America. The

North American operations have also set up a dedicated hotline, which handled some 900 enquiries in fiscal 2008 including questions and consultations on compliance.

Activities in Europe

Astellas Pharma Europe Ltd. has appointed a Chief Compliance Officer and has distributed its own code of conduct — translated into

the various European languages — to all European group employees. This has led to a greater understanding of compliance issues

in the sales companies and plants across Europe.

● Ethical considerations in R&D

Ethical considerations in gene research

We have established an Ethics Review Board on Human Tissue Research, based primarily on the Ethics Guidelines for Human Genome/Gene Analysis Research

issued by the Japanese government. This committee, which is made up of members of the general public and experts in various fields such as ethics, law, and the natural

sciences, deliberates on the ethical acceptability of research on human genome and tissue samples.

The ethics of human rights in clinical research

As well as ensuring drug safety and improving precision in clinical research and data reliability, it is also necessary to protect the personal information and human rights

of patients when conducting clinical trials or post-marketing surveillance studies for drug development. We have established an in-house Institutional Board, which

includes outside doctors and lawyers. The board checks and monitors the ethical and scientific appropriateness of clinical trial plans.

Ethical considerations in animal testing

Along with setting policies on animal testing that balance scientific and animal welfare perspectives, the Animal Research Committee considers the “four Rs”^{*1} before deciding whether to permit animal testing. We believe that objective assessment is important in animal testing, so our Kashima R&D Center obtained accreditation by AAALAC International^{*2} in fiscal 2008.

*1. The four Rs:

- ① Replacement (the possibility of substituting with a non-animal test)
- ② Reduction (reducing the number of animals used to a minimum)
- ③ Refinement (refining measures to eliminate unnecessary animal suffering)
- ④ Responsibility (being responsible for sufficiently explaining the need for and the predictability of the experiment and understanding the significance of the experiment)

*2. Association of Assessment and Accreditation of Laboratory Animal Care (AAALAC) International

A private non-governmental organization that promotes the humane management of laboratory animals through a voluntary assessment and accreditation program

Management vision

In order to realize our business philosophy of contributing toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products, Vision 2015 includes the concrete initiatives through which Astellas aims to achieve this goal. In this plan, we have outlined specific guidelines and strategies, indicating the path we must take, and have stated clearly the sort of company we aim to be.

The future profile of Astellas

The following five requirements must be met if we are to realize our desired profile by 2015.

High level of value-added

In response to unmet medical needs*, we will generate valuable ethical pharmaceuticals and will continue to provide high levels of value-added to our products.

* "Unmet medical needs" refers to cases in which there is no effective medical treatment, despite strong demand from patients and physicians.

Global category leader

We will establish a solid business infrastructure on a global scale by maintaining a strong ability to generate products in specific categories and continuing to deliver high value-added products to the market.

The people of Astellas

Astellas will gather together people who share an intense awareness of purpose, and are quick to make decisions and implement actions. They will have the expertise to triumph over the competition, the ability to accommodate changes in their environment, and networking abilities that allow them to incorporate external strengths. These people will provide Astellas with a competitive advantage and allow us to continue to achieve a high level of success.

Corporate culture based on integrity

We will build a corporate culture with integrity to assertively deliver on our social responsibilities.

The Astellas brand

In this way, the Astellas "brand" will provide customers, society in general, and shareholders with an established presence and a reputation for trustworthiness, and employees will work with a feeling of pride in the Company.

Astellas' business model for success by 2015

Astellas' business philosophy is to contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. A primary means for accomplishing this goal is through the establishment of our "global category leader" business model.

There are a large number of diseases for which either no therapeutic drug has been discovered or for which those that are available are inadequate. Moreover, the treatment of many diseases requires a high degree of expertise, and Astellas aims to achieve competitive superiority by providing high-value added products on a global basis in several categories requiring such expertise, not merely to expand sales. By establishing the global category leader business model, we aim to maximize the added value provided to our customers and all people desiring health, and thereby achieve a sustainable enhancement of our enterprise value.

● Three systems for realizing “Vision 2015”

To realize Vision 2015, we are operating these three systems.

● Human resources management system

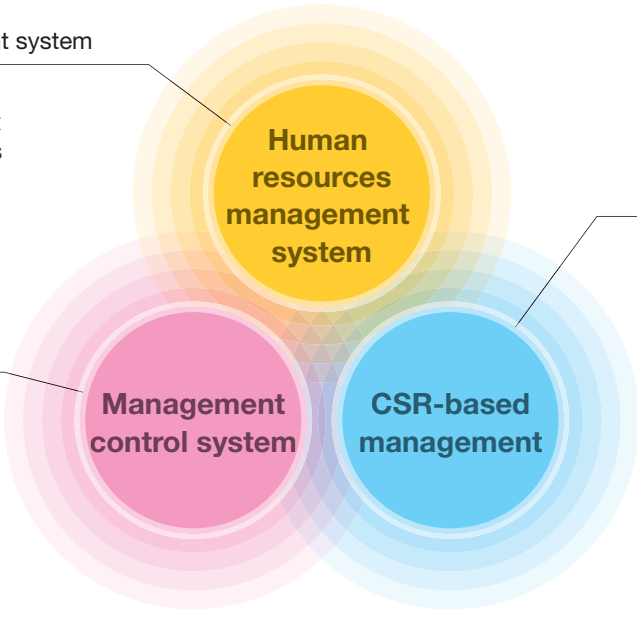
Astellas has identified human resources development as its most important issue, and is tackling this with competitive investment.

● Management control system

Astellas will create a very flexible and agile organization by optimizing the balance of power and authority in the group.

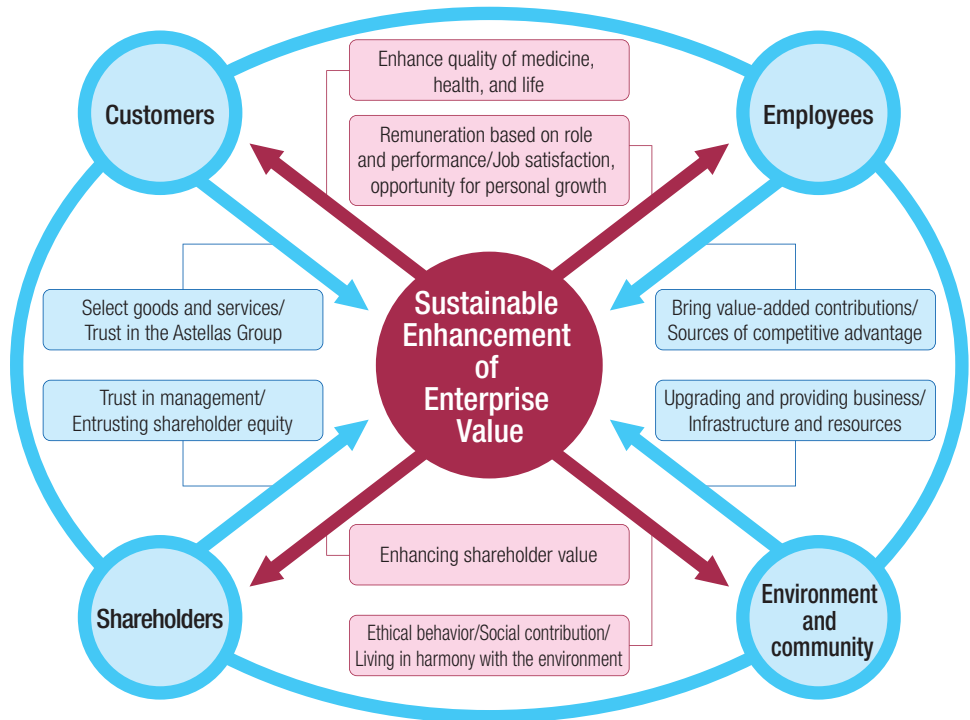
● CSR-based management

Astellas will clarify corporate social responsibilities and build a system to fulfill them.



● Interaction between Astellas and its stakeholders

Our mission is to achieve the sustainable enhancement of our enterprise value. To realize this goal, in addition to paying due attention to preservation of the environment, we must maintain the trust of all our stakeholders, including our customers, shareholders, employees, and society at large, so as to remain the pharmaceutical company of choice.



Astellas promises to perform its obligations toward all stakeholders by upholding high ethical standards and actively disclosing corporate information.

Corporate governance

Corporate governance

Our corporate mission is to provide added value for people seeking to improve their health. We have put into place corporate governance systems as part of our management focus on ensuring business transparency and improving social accountability.

Astellas employs a corporate officer system to achieve a clear separation between the strategic decision-making and operational supervision function of management, performed by the Company's directors, and the execution of day-to-day operational decisions, carried out by the corporate officers. The Board of Directors consists of seven members, of whom four are outside directors, bringing a broader perspective to their decision-making and ensuring independence in their operational oversight.

We also have a Board of Auditors, consisting of four statutory auditors of whom two are outside auditors. The Board of Auditors is charged with auditing the performance of duties by the directors. The Board of Directors has the Nomination Committee and the Compensation Committee as advisory councils in order to further improve transparency and objectivity in deciding on compensation- and personnel-related issues for members of the Board, corporate auditors and executive officers.

The corporate officer system comprises the Global Management Committee; Finance, Accounting, and Administration Committee; and the Personnel Committee. Each committee discusses and decides on issues relevant to that committee's expertise, i.e. Astellas management from a global perspective, finance, accounting and business administration, or personnel matters. Corporate accountability to our stakeholders is a key item in our Charter of Corporate Conduct. We have therefore established committees chaired by top management representatives to decide on basic Astellas policies regarding corporate social responsibility (CSR), compliance, risk management, and IR.

Executive committees

Committee	Role	Chair
Global Management Committee	Decides on key business and product strategy issues involving R&D, technology, sales, etc.	President
Finance, Accounting, and Administration Committee	Decides on accounting issues, such as budgeting, asset elimination/disposal, and on business management issues, such as basic strategy on domestic Group governance, items for decision at the General Shareholders meeting	Executive Vice-President
Personnel Committee	Discusses executive officer appointments/dismissals, promotions/demotions; divisional head appointments, successor training plans; performance evaluations and work assessments. Also decides on accreditation of highly specialist roles and appointments of Group company presidents.	President
CSR Committee	Decides on CSR activities across entire Astellas Group	President
Compliance Committee	Decides on key compliance issues as well as compliance policy and planning across the entire Astellas Group	Chief Compliance Executive
Risk Management Committee	Decides on key policies and measures to better manage risk	Chief Risk Management Executive
IR Committee	Decides on IR policy and planning, sets and updates disclosure policy	IR Executive

Internal controls on financial reporting

Under the Financial Instruments and Exchange Act, from the business year starting on and after April 1, 2008, companies filing securities reports are obliged to assess internal controls on financial reporting and be audited by a certified public accountant. We started a company-wide project in September 2006 to prepare for these regulations, conducting actual preliminary assessments and building systems to evaluate the development and implementation of internal controls on financial reporting, including at overseas Group companies that are also subject to internal control assessment. We implemented assessment procedures in accordance with internal control standards generally recognized as fair and appropriate. We submitted an internal controls report confirming the validity of our internal controls on financial reporting as of the balance-sheet date simultaneously with our fiscal 2009 securities report. Moving forward, we will run ongoing training and education programs for employees involved in this process and maintain valid internal controls to ensure reliable financial reporting.

Assessment systems

The Board of Directors decides our basic policy on systems to ensure reliable financial reporting. The Board has defined procedures for the assessment of internal controls on

financial reporting and the general manager of the Internal Auditing Department assesses internal controls on financial reporting under the guidance of the President, who

is ultimately responsible for internal control assessment.

Assessment methods

When performing an assessment, we look at overall internal controls that could have a major impact on overall financial reporting. On the basis of these results, we then select

operational processes for assessment. Having analyzed these operational processes, we evaluate the development of check items and identification of control points. Poor

performance in these procedures could have a major impact on the reliability of financial reporting.

Risk management

Business operations involve various risks. Risk can be defined as the potential for monetary loss resulting from personal injury or physical damage. Risk management involves a series of management methods to deal with risk in a precise fashion. Improving risk management is a key element for ensuring the sustainable growth of the company.

Our basic policy is to encourage each employee and division to engage proactively in the risk management process and to support effective links and collaboration in this regard. We have a Risk Management Committee that deals with operational risks appropriately and is responsible for educating executives and employees, deciding on key policies and measures, and handling apparent risks. The Risk Management Committee also discusses how to manage major disasters, as well as issues on information security, personal information protection, business continuity plans (BCP), and pandemics.

Responding to emergencies

We have created a manual for dealing with emergency situations to illustrate by example how headquarters would respond to possible emergencies in the event of risks from natural disasters (earthquakes, typhoons or flood damage), social circumstances, or individual acts. Each facility is preparing a manual

on detailed emergency procedures, with reference to the headquarters manual.

For a major earthquake, we have defined specific standards for how employees should respond assuming certain principles of action (ensure personal safety → confirm safety of family → contact company) and have

distributed a “disaster card” describing these procedures. We have opened the Astellas Disaster Message Board, which can be accessed from home by cell phone or other devices to facilitate communication with the Company during a major disaster.

Business continuity plans (BCP)

Over the past few years, much attention has been paid to how a company can continue business operations if its facilities sustain damage from a disaster or other emergency and what plans are in place to ensure business continuity. We have defined BCP guidelines to determine when operations can be maintained, and how to resume suspended operations in as short a timeframe as possible if Astellas businesses were affected by an accident or disaster. The guidelines define a predetermined priority order for operations that need to be maintained and provide standards illustrating specific procedures for operational substitution or restoration. The

objective is to ensure our business can be continued or restarted without disrupting employees and operations at affiliates. We are also working on emergency measures if the supply of pharmaceuticals were interrupted

due to suspended business operations, as this would have an enormous impact on society.

Basic view on priorities in the event of a major natural disaster

Highest priority	Ensuring the safety of all employees and their families
Next priorities	Supplying pharmaceuticals and providing reliable information Supporting the reconstruction of areas affected by the disaster and the rehabilitation of business partners requiring assistance. Securing accumulated management resources

Information security

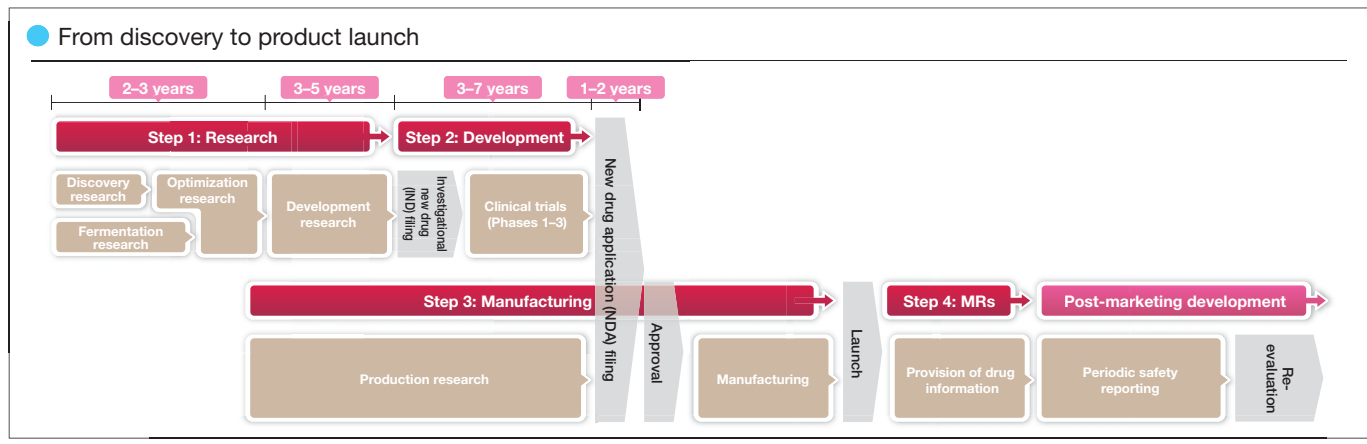
We have established an Information Security Policy to ensure Astellas employees understand the importance of protecting the Company’s information assets and take responsibility for maintaining systems to allow the confidential and appropriate use of information. There has been an enormous increase in the amount of personal information

used in the advanced telecom society we live in today, so it is vital that this personal information is used appropriately. We have therefore set up systems, such as the appointment of personal information protection managers and the establishment of points of contact to handle enquiries, in line with the stipulations in the Personal Information Protection Act and

related guidelines. We have also created a personal information protection manual in a readily portable summary format and distributed this to all our employees.

Product initiatives

The product development process



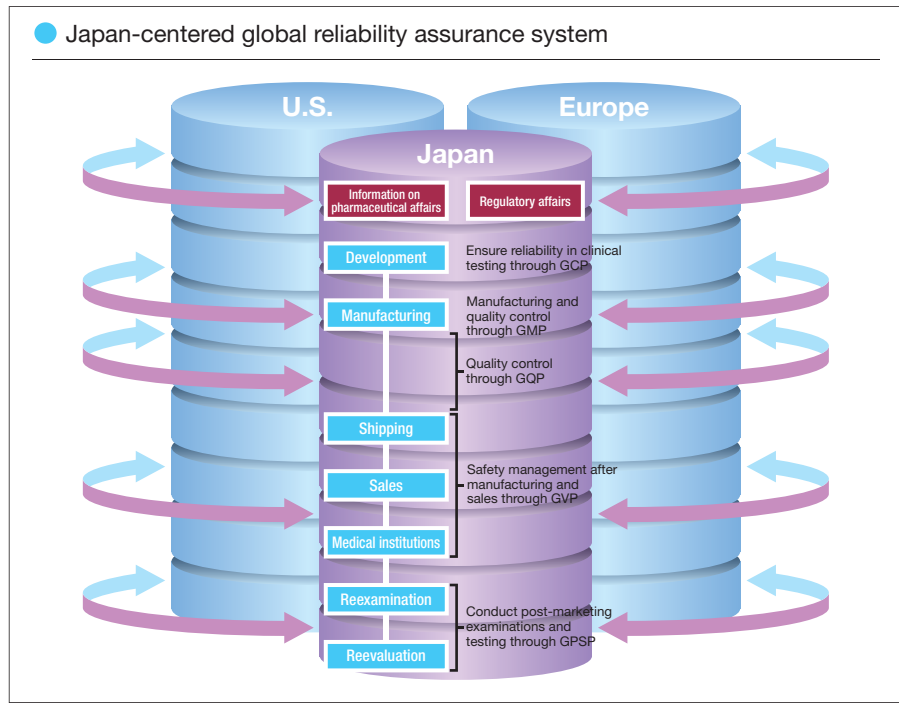
Drug development can be broadly divided into four processes. The first step is research, and involves the discovery of a compound with the potential to become a drug and further investigation until the compound is considered appropriate for human administration. The next step is development, whereby clinical trials are run to test the compound in humans. This is followed by the manufacturing of the drug at a factory. Finally, there is post-marketing development, which involves the collation and provision of information on appropriate drug usage and further development of this product.

Comprehensive reliability assurance

Pharmaceutical companies must deliver not only pharmaceutical products, but also the proper accompanying information. Only in this way can the products be effective medical treatments. The reliability of pharmaceutical products depends on the assurance of their quality, efficacy and safety. To this end, a variety of data must be collected and analyzed, and risks must be mitigated swiftly and correctly.

To ensure the reliability of pharmaceutical products, each country has established various rules and regulations and set standards. We must fully comply with these regulations and standards, and it is also crucial to ensure close collaboration with regulatory authorities and other related parties in the sharing of information and the accurate identification of risks.

We have taken steps to develop a system that ensures the reliability of our pharmaceutical products by centralizing reliability assurance functions for our entire product development process, beginning at the R&D stage and continuing through product launch.



GCP (Good Clinical Practice)

Assurance that international quality standards are met in clinical testing
Regarding clinical trials that involve the participation of human subjects, this standard has been established to ensure not only that the clinical trial data is reliable (credible), but also that all laws and regulations pertaining to clinical trials are being observed and the rights, safety and well-being of trial subjects are protected.

GMP (Good Manufacturing Practice)

Control and management of manufacturing and quality control testing of pharmaceutical products
In pharmaceuticals manufacturing, this control standard governs the entire production process to ensure the provision of high-quality products complying with approved specifications, and covers the entire process from raw material procurement to final product shipment. In addition, this standard aims to minimize mistakes resulting from human error in terms of the installation of equipment at plants or the construction of new facilities.

GQP (Good Quality Practice)

Assurance of quality control for pharmaceutical products
A standard to assure the appropriate quality control of pharmaceutical products, which constitutes a precondition for the undertaking of the manufacture and sale of pharmaceutical products.

GVP (Good Vigilance Practice)

Assurance of post-marketing safety management for pharmaceuticals
In the post-marketing safety management of pharmaceuticals, this standard applies to the collection and study of information on the quality, efficacy, safety and proper use of drugs, and to the implementation of measures for safety assurance principally stipulated in a handling manual.

GPSP (Good Post-Marketing Study Practice)

Implementation of post-marketing study control of pharmaceutical products
This standard applies to the gathering of data and the preparation of documents used for the reexamination and reevaluation of pharmaceutical products.

● Providing information to medical professionals

Pharmaceuticals are valuable only to the extent that medical professionals are provided with information on their use, efficacy, and safety, and that patients properly use them. Our medical representatives (MRs) provide medical professionals with technical information, not only about the beneficial aspects of our products, but about the risks as well, so that they may be used properly. MRs also play a role in collecting information on drug efficacy and safety of actual prescriptions, information that cannot be obtained during the R&D phase. They also provide medical institutions with evaluations based on the results of this effort.

To back up this MR activity, Astellas has also introduced systems that enable healthcare professionals to obtain basic information on products 24 hours a day. These include our website for medical professionals (Astellas Medical Net) and an external fax-based service (Pharmaceutical Information BOX). In addition, an e-mail magazine with information on treatments is available to medical professionals on request.

Our Drug Information (DI) Center handles inquiries from medical professionals, patients and their families, about taking medicines and their safety, effectiveness, and efficacy. Additionally, the DI Center provides our sales departments with feedback received when handling inquiries. This helps the Company provide more comprehensive products and services.

In fiscal 2008, the cumulative number of inquiries about pharmaceuticals received by the DI Center reached 72,926.

● Efforts to improve product convenience

■ Developing drugs that are easy to take

Drugs come in various formulations*, including tablets, capsules, or powders that are taken orally; ointments, patches or eye drops; and injections.

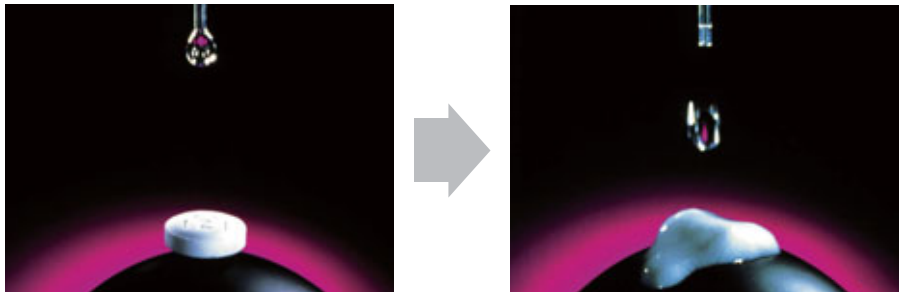
With oral drugs, individual preferences for the formulation differ widely. Astellas was

the first company in Japan to successfully develop, using proprietary technology, a tablet in an orally disintegrating formulation that can be easily ingested without water.

This formulation is now used for some drugs. Drugs must obviously be effective and have

a good safety profile, but many patients also want drugs that are easy to take and easy to handle. We have therefore built these themes into our ongoing R&D efforts.

● Orally disintegrating tablets quickly dissolve in water



The tablet (left photograph) disintegrates after 10–20 seconds (right photograph)

*** Formulation**
The form in which the drug is supplied to ensure drug quality, efficacy, and safety and to provide a product that is easy for the patient to take.

■ Efforts to improve drug markings

Constant checks are made when drugs are used in the clinical setting. For example, when a nurse is preparing an injection or intravenous drip or when a pharmacist is compounding a drug, various checks are made to ensure the combination of the

patient name, drug name, dosage, administration route, and drug are all correct. We are working to make the markings on drug packaging easier to understand, in a bid to ensure accurate drug handling and to reduce the burden on healthcare professionals

(including doctors, nurses, and pharmacists) when performing these checks. Readily understandable drug packaging is also extremely important for patients taking the drug.

■ Marking the product name on tablets

We are working to directly mark the product name onto tablets as well as capsules.



■ Marking the product name and indication on blister packs

Product names are now widely marked on blister packs since the Ministry of Health, Labor and Welfare made this obligatory as part of measures to prevent medical errors. We also include the drug indication on the blister pack where possible, following questionnaire-based research with patients who expressed strong demand for such markings.



Environmental management at Astellas

Global environmental issues are now considered the biggest challenge for mankind in the 21st century. Problems with the environment may not only impact economic sustainability, but could also threaten the very survival of the human race. We are acutely aware that, as well as running a business, we are inhabitants of this planet. To fulfill our social responsibilities with regard to environmental preservation, we need to adopt a long-term view that considers the needs of future generations, and to continuously manage our business operations from a global perspective.

Business operations compatible with global environmental sustainability

Of the many problems we must resolve to achieve social sustainability, global environmental issues are the most pressing and most challenging. We have a responsibility to future generations to curb the environmental impact of mankind so that the Earth's ecosystem remains sustainable.

At Astellas, in all our business operations, we give due consideration to environmental issues, as environmental preservation is essential to the maintenance of health. We consider this to be one of the most important challenges we face in achieving our business philosophy.

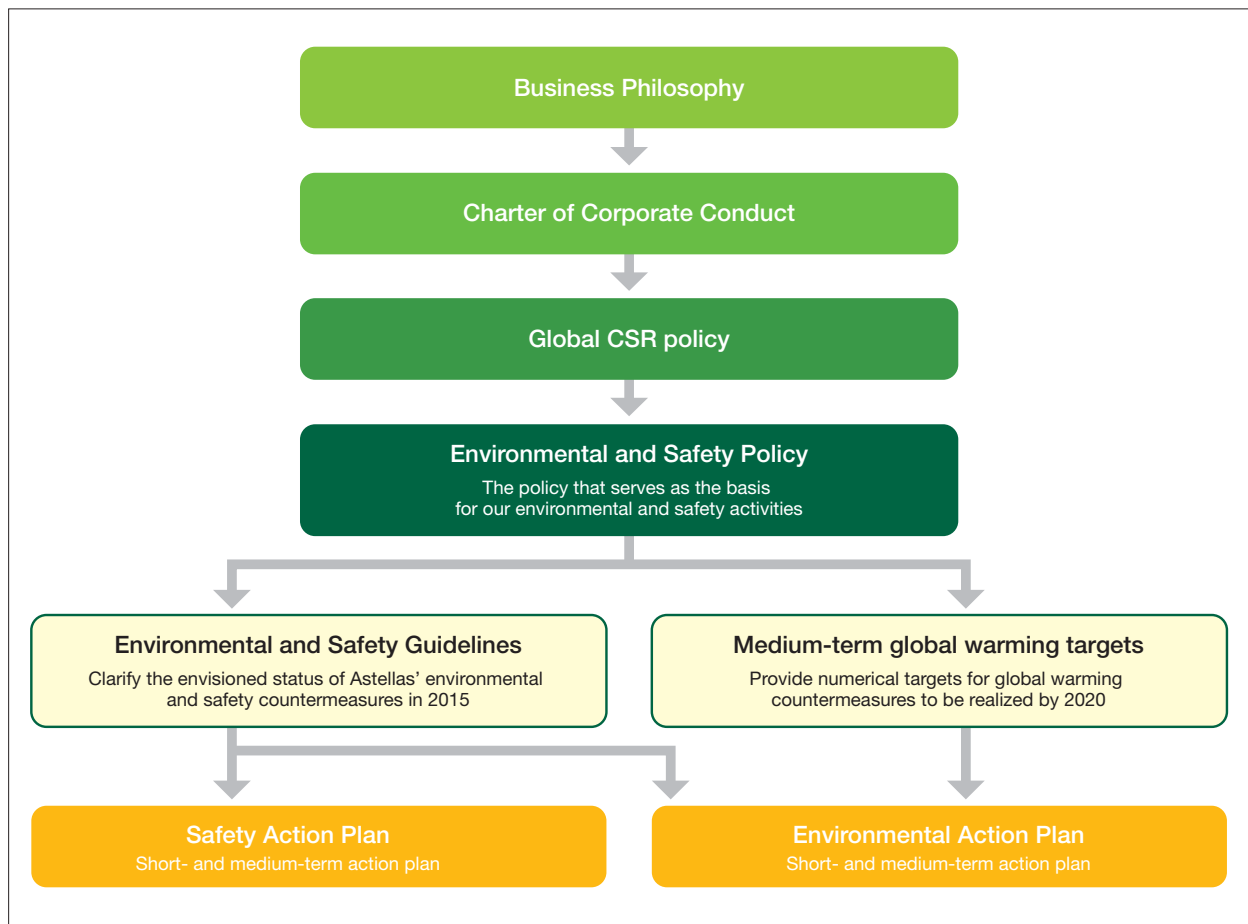
Environmental management at Astellas

Our Environmental and Safety Policy outlines our basic stance on environmental issues when working to fulfill our social responsibilities. We are working across our organization on ongoing programs described in our Environmental and Safety Guidelines, which define how we want our company to operate by 2015.

For priority initiatives, we create an Environmental and Safety Action Plan each year, setting numerical targets to support our efforts.

Framework for environment and safety activities

We regard the environment as one of our key "stakeholders." To fulfill our responsibilities with regard to environmental preservation, we work within the environmental and safety framework shown below.



● Environmental and Safety Policy

Our Environmental and Safety Policy is based on the stipulations for environmental and safety issues contained in the Charter of Corporate Conduct. This Policy defines the universal stance of Astellas on environmental and safety issues. All our business operations are managed in line with the basic thinking outlined in this Policy.

Astellas, as a life science corporation that contributes towards improving the health of people all over the world, conducts business activities in harmony with the global environment and with due regard for employees' health and safety. Environmental and safety issues are recognized as key elements of our corporate management and are considered for every aspect of the business.

Established April 1, 2005

- 1** We not only strive to comply with applicable laws and regulations relating to environmental protection and occupational safety & health, but also proactively aim to achieve stringent standards, setting ourselves higher targets than those required by regulations.
- 2** We have established environmental and occupational health & safety management systems, which demonstrates our commitment to continual improvement through organized activities.
- 3** We regularly assess the potential environmental impacts and safety risks for all our business operations and make sustained efforts to reduce those potential impacts and risks through our environmental and safety objectives and targets.
- 4** We develop effective products and technologies that harmonize well with environmental and safety considerations.
- 5** We promote the implementation of activities that aim to reduce the potential risks that may give rise to environmental pollution or occupational accidents. These activities also ensure that in the event of an emergency we can act promptly and appropriately in order to minimize damage.
- 6** We provide continual training in environmental and safety education for all employees so that they can keep abreast of environmental and safety issues and embrace their social responsibility.
- 7** We are committed to social and corporate accountability and openly communicate environmental and safety information in a timely and appropriate manner to our stakeholders.

● Environmental and Safety Guidelines

Our Environmental and Safety Guidelines provide unified standards to be upheld in the implementation of specific initiatives to meet the seven goals in our Environmental and Safety Policy above. The Guidelines define in qualitative terms how we want our company to operate by 2015. We revise the Guidelines whenever we think that more challenging targets are needed, for example in light of changing social needs.

In the environmental and safety audit conducted by our headquarters departments, these Guidelines are used as the standards by which we evaluate performance at the individual business operations at each site.

● Environmental and Safety Guidelines		established April 1, 2008
1	Compliance with laws, regulations and internal guidelines	7 clauses
2	Environmental and safety management	7 clauses
3	Risk management, preparedness and response to accidents and emergencies	11 clauses
4	Management of facilities and vehicles	7 clauses
5	Development of products and techniques	4 clauses
6	Education, training and motivation	6 clauses
7	Global warming prevention and resource conservation	8 clauses
8	Chemical substance management	9 clauses
9	Waste management	4 clauses
10	Pollution control for air, water and soil	7 clauses
11	Control of sensory nuisance sources and preparedness and response to complaints	3 clauses
12	Social contribution	7 clauses

Environmental topics

Global Warming Prevention Committee

Global warming is the most important environmental problem affecting the survival of the human race.

Long-term measures are under global investigation and societies around the world now share a common target of reducing global greenhouse gas emissions to half of today's levels by 2050.

The Japanese government has revised its Kyoto Protocol Target Achievement Plan, developed an action plan for creating a low-carbon society, and strengthened legal provisions, including legislation to promote global warming countermeasures and energy saving. Private-sector enterprises are being urged to proactively set targets for combating global warming, including energy conservation and CO₂ emission reductions. The government is undertaking stricter monitoring of these in-house targets, requiring companies to take effective remedial measures when they fail to meet their targets. Measures employing economic incentives have also been introduced. In this way, companies are being required to take proactive measures to combat global warming.

Astellas has made a commitment to achieving its own target of reducing CO₂

emissions from Astellas Group energy use by 20% or more compared with fiscal 1996 levels by the end of fiscal 2010. We also set a medium-term target in fiscal 2008 as a milestone for the long-term global warming countermeasures being implemented across the Astellas Group. The medium-term target specifies that greenhouse gas emissions will be reduced by 35–45% compared with fiscal 2005 levels by the end of fiscal 2020. This clarifies the direction and stance for our goals.

In our Japanese operations, we have implemented initiatives to reduce CO₂ emissions in our office and transport divisions. For our sales vehicles, we have set the target of a reduction in CO₂ emissions from our sales activities of 30% or more compared with fiscal 2005 by the end of fiscal 2015. Our medium-term targets for office functions include a reduction in office electricity consumption of 20% or more compared with fiscal 2005 by the end of fiscal 2015.

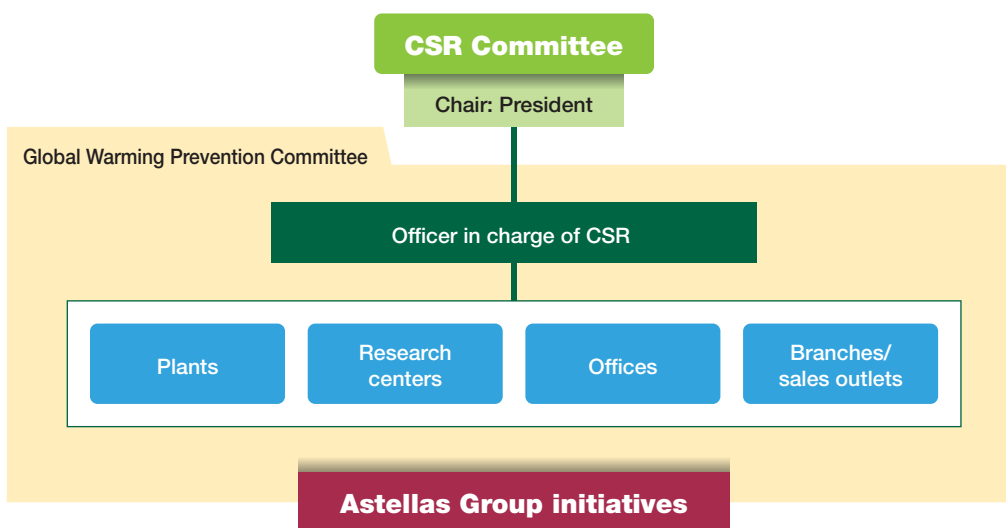
We consider greenhouse gas cuts to be a key priority for Astellas management. We have established a Global Warming Prevention Committee, which is charged with developing cross-organizational

strategy and creating periodic follow-up systems, as we need to take appropriate measures across the entire Astellas Group if we are to achieve our targets.

The Global Warming Prevention Committee is investigating integrated and long-term CO₂ emission reduction strategies and defining effective and efficient company-wide capital expenditure plans for the application of new technologies in our operations, including the adoption of cutting-edge technologies and renewable energy sources.



Organizational structure



“Green Chemistry” Initiatives at the Process Chemistry Laboratories –Eco-friendly, safe drug production processes



Takashi Mukuta

Vice President,
Process Chemistry Laboratories

Role of the Process Chemistry Laboratories in drug development

Various processes are required before a drug can be manufactured and shipped as the final product. These processes include bulk drug manufacturing, in which the active ingredient of the final product is produced; formulation, whereby the drug substance is processed into a capsule or tablet formulation, for example; and packaging, where the drug is packaged for shipping as a product. Of these stages, the

Process Chemistry Laboratories are mainly responsible for developing production processes for bulk drug manufacturing. We conduct wide-ranging research on development compounds discovered by the drug discovery research departments to develop methods for their manufacture on an industrial scale. Ultimately, our main function is to establish appropriate bulk drug manufacturing processes.

Creating a bulk drug manufacturing process that addresses environmental and safety issues

Whichever country a pharmaceutical is manufactured in, the manufacturer must file and obtain approval for the manufacturing method. Approved manufacturing methods cannot be changed without further approvals being sought, even for environmental or safety reasons. Therefore, it is vital that research into the pharmaceutical manufacturing process takes into account environmental and safety issues from the very early stages. One of our main challenges at the Process Chemistry Laboratories is to factor in environmental and safety issues when designing manufacturing processes, we have established a group of experts to examine this issue. The Process Chemistry Laboratories are now rooted in a culture of designing manufacturing processes that take environmental and

safety factors into consideration. This is called “Green Chemistry.”

With bulk drug manufacturing processes, various organic solvents are used in volumes that can be several tens, several hundred, or even several thousand times the volume of the bulk drug manufactured. Organic solvents pose fire and explosion hazards. A major issue from a safety perspective is how to reduce their use in the manufacturing process. In environmental terms, reduction in the use of organic solvents translates into less use of natural resources. In addition, a significant reduction in the amount of waste materials can be expected. Astellas has introduced an Environmental and Safety Assessment System to check such issues from the very first stages of research right through

to the manufacturing process itself. We determine the final, most appropriate bulk drug manufacturing process only after independent assessment of safety risks and of further potential for reduction of the environmental impact of the manufacturing process.

The Process Chemistry Laboratories also evaluate the environmental impact and safety risks at all Astellas plants that actually manufacture bulk drugs or formulated products. As such, the Laboratories also play an important role in developing technologies to further reduce the Company’s environmental impact and improve its safety profile.

Future technology development

My dream is to develop new drug manufacturing processes that incorporate revolutionary new technologies that have yet to be fully established today, such as processes that use absolutely no organic solvents, but involve reactions in aqueous solution or carbon-efficient reactions using new catalysts. If we can develop such methods, we will not only reduce environmental and safety risks, but will also achieve significant reductions in

energy consumption, contributing to measures to combat global warming.

I look forward to the challenge of developing new technologies to realize this dream.



Environmental action plan

Astellas Environmental Action Plan

Environmental or health and safety efforts should involve assessment of environmental impacts or safety risks for all business activities, specific target setting, and ongoing action programs. When setting environmental targets, the ideal scenario should be established from both a long-term and a global-scale perspective, with milestone targets set for each fiscal year and for the medium term.

Our Environmental Action Plan is updated each fiscal year to include new themes or more challenging targets in light of the progress made the previous fiscal year or changes in social needs.

In fiscal 2008, we set new domestic targets for reduced CO₂ emissions from our operations and reduced atmospheric emissions of volatile organic compounds (VOCs), as well as new global targets for reduced water usage.

Progress in Environmental Action Plan

Item	Fiscal 2008 Action Plan	Fiscal 2008 performance
Global warming prevention	<p>Global</p> <ul style="list-style-type: none"> Reduce CO₂ emissions by 20% or more from fiscal 1996 level by fiscal 2010 Reduce CO₂ emissions of Astellas Group domestic operations by 8.6% or more from 1990 level by fiscal 2010 (a 28.8% reduction from fiscal 1996) Reduce CO₂ emissions of the overseas production facilities to below the fiscal 1996 level by fiscal 2010 <p>Note: Global targets have priority.</p>	<p>CO₂ emissions</p> <p>Global: 194,213 tons (compared with fiscal 1996: -13.1%)</p> <p>Domestic: 145,008 tons (compared with fiscal 1990: -3.5%) (compared with fiscal 1996: -24.9%)</p> <p>Overseas: 49,205 tons (compared with fiscal 1996: +62.0%)</p>
	<p>Domestic</p> <ul style="list-style-type: none"> Reduce CO₂ emissions generated through sales activities by 30% or more from fiscal 2005 level by the end of fiscal 2015. 	<p>CO₂ emissions from fuel consumption by sales vehicles: 7,761 tons (compared with fiscal 2005: -11.1%)</p>
Biodiversity	<p>Global</p> <ul style="list-style-type: none"> Reduce water consumption by 20% or more from fiscal 2005 level by the end of fiscal 2015. 	<p>Water usage</p> <p>Global: 14,908 thousand m³ (compared with fiscal 2005: -12.2%)</p> <p>Domestic: 14,564 thousand m³</p> <p>Overseas: 345 thousand m³</p>
Chemical substance management	<p>Domestic</p> <ul style="list-style-type: none"> Reduce atmospheric emissions of formaldehyde by 95% or more from fiscal 1999 level by fiscal 2010 Reduce atmosphere emissions of chloroform by 70% or more from fiscal 2003 level by fiscal 2009 Reduce atmosphere emissions of VOCs by 25% or more from fiscal 2006 level by fiscal 2015 	<p>Atmospheric emissions</p> <ul style="list-style-type: none"> Formaldehyde: 0.1 ton (compared with fiscal 1999: -95.5%) Chloroform: 3 tons (compared with fiscal 2003: -54.0%) VOC: 149 tons (compared with fiscal 2006: +37.7%)
Waste management	<p>Domestic</p> <ul style="list-style-type: none"> Curb the volume of waste materials subject to final disposal to 1% or less of total generation, or 2% or less of total emissions by the end of fiscal 2010. (Waste materials that cannot be recycled, such as pharmaceutical goods, are not included in this calculation.) 	<p>Waste materials subject to final disposal: 168 tons</p> <p>0.9% of total generation</p> <p>1.7% of total emissions</p>

Other initiatives

Item	Fiscal 2008 Performance	Page
Environmental accounting	<ul style="list-style-type: none"> Environmental preservation costs Equipment investment: ¥315 million Costs: ¥1,734 million Economic benefit: ¥909 million 	29
Environmental management system	<ul style="list-style-type: none"> Environmental audits conducted at 19 facilities in Japan and overseas On-site audits and examinations of paperwork at 13 facilities in Japan and two facilities overseas Paperwork audits only at four facilities overseas 	32
	<ul style="list-style-type: none"> Product assessments: 11 Facility assessments: 2 	33
	<ul style="list-style-type: none"> Conducted group training for personnel responsible for environment and safety at domestic facilities Ran training programs simulating emergency situations, such as organic solvent spills 	34
	<ul style="list-style-type: none"> Organized tree-planting or cleanup programs for coastlines, rivers, and around business premises Held explanatory meetings on environmental preservation initiatives for local authorities 	55
	<ul style="list-style-type: none"> Surveyed soil contamination at the Takahagi site 	46
	<ul style="list-style-type: none"> Environmental Performance Index: down 50.2% compared with fiscal 2005 	30

In fiscal 2008, total CO₂ emissions generated through electricity use increased over the previous year due to the commencement of operation of a new building at the Tsukuba Research Center (Miyukigaoka). However, as a result of the introduction of hybrid cars, we were able to reduce gasoline consumption by our sales vehicles by 5.0% year-on-year. With regard to water resources, each facility has begun to set specific targets, enabling the Company to reduce water consumption by 12.2% from the base year of fiscal 2005. We must reduce water consumption by a further 7.8% to achieve our final target of a 20% reduction from the fiscal 2005 level by the end of fiscal 2015.

We have conducted a review of our Environmental Action Plan targets, and have decided to maintain targets at the previous-year level in fiscal 2009.

Regarding the priority environmental issue of biodiversity, we will consider an expansion of targets in this category to include items other than water resources.

Analysis, challenges	Fiscal 2009 Action Plan	Page
<p>CO₂ emissions have risen in line with increased energy usage due to a temporary duplication of facilities in use during the restructuring process.</p> <p>We expect to expand manufacturing plants.</p> <p>Decisions at the top management level are required for the promotion of a company-wide reduction campaign, so we have established a Global Warming Prevention Committee to create a comprehensive program to cut greenhouse gas emissions.</p>	<ul style="list-style-type: none"> ■ Reduce CO₂ emissions by 20% or more from fiscal 1996 level by fiscal 2010 ● Reduce CO₂ emissions of Astellas Group domestic operations by 8.6% or more from 1990 level by fiscal 2010 (a 28.8% reduction from fiscal 1996) ● Reduce CO₂ emissions of the overseas production facilities to below the fiscal 1996 level by fiscal 2010 <p>Note: Global targets have priority.</p>	35
Rapid roll-out of hybrid vehicles in commercial fleet	<ul style="list-style-type: none"> ■ Reduce CO₂ emissions generated through sales activities by 30% or more from fiscal 2005 level by the end of fiscal 2015. 	39
The challenge lies in taking steps in Japan, where 97.7% of our water usage takes place. Our Fuji Plant has introduced water usage reduction targets and achieved a 5.6% cut in water usage in fiscal 2008 compared with fiscal 2007.	<ul style="list-style-type: none"> ■ Reduce water consumption by 20% or more from fiscal 2005 level by the end of fiscal 2015. 	40
We are implementing measures to reduce the amount of formaldehyde used in manufacturing processes at our plants. We expect to be able to achieve cuts in the amounts of chloroform used in research processes through the installation of better discharge control equipment in the building of new research wings. In contrast, we anticipate increased VOC emissions due to the greater use of organic solvents in our technology development and manufacturing processes, so we are developing facility modification plans and specific targets for each business site to help achieve our goals.	<ul style="list-style-type: none"> ■ Reduce atmospheric emissions of formaldehyde by 95% or more from fiscal 1999 level by fiscal 2010 ■ Reduce atmospheric emissions of chloroform by 70% or more from fiscal 2003 level by fiscal 2009 ■ Reduce atmospheric emissions of VOCs by 25% or more from fiscal 2006 level by fiscal 2015 	41
We are stepping up recycling and have achieved a steady decrease in the amount of waste materials subject to final disposal.	<ul style="list-style-type: none"> ■ Curb the volume of waste materials subject to final disposal to 1% or less of total generation, or 2% or less of total emissions by the end of fiscal 2010 (Waste materials that cannot be recycled, such as pharmaceutical goods, are not included in this calculation.) 	43

Note: Global means activities by both domestic and overseas Astellas Group companies, whereas Domestic means activities by domestic Group companies alone.

Item	Fiscal 2008 Performance	Page	
Reducing environmental load	Air and water	<ul style="list-style-type: none"> ● BOD load (from fiscal 2007): reduced by 9.7% (3 tons) to 26 tons ● Air pollutant emissions (from fiscal 2007) SOx: decreased 18.6% (1 ton) to 5 tons NOx: decreased 9.3% (4 tons) to 43 tons 	45
	Waste management	<ul style="list-style-type: none"> ● Waste generation volume (from fiscal 2007): reduced by 0.1% (25 tons) to 19,469 tons ● Recycling of organic solvents: increase of 4.6% (225 tons) to 5,079 tons ● Recycling of sludge: increase of 6.3% (54 tons) to 921 tons 	43
	Management of chemical substances	<ul style="list-style-type: none"> ● Released volume of materials for which notification is required by the PRTR Law concerning management of chemical substances (from fiscal 2007): increased by 14.3% (2 tons) to 16 tons 	42
	CO ₂ emissions from operation of warehouses and transportation	<ul style="list-style-type: none"> ● Warehouses: 698 tons (Electricity: 1,846 MWh) ● CO₂ emissions during distribution*: Transport stage (estimated total) 1,696 tons (Diesel oil: 647kL) <p>*Does not include transfer from the factory to the distribution warehouse</p>	39
	Complaints, accidents, non-compliance with discharge standards	<ul style="list-style-type: none"> ● Complaints regarding noise levels: two at the Yaizu Facilities, one at the Tokyo Research Center 	46

Interaction between Astellas and the environment

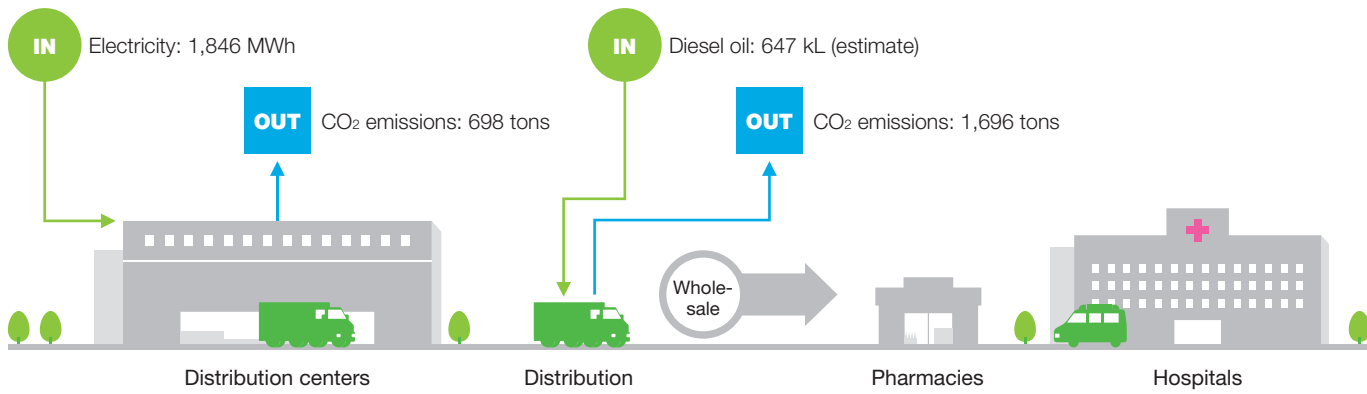
Japan

INPUT

Energy	Electricity	203,002 MWh
	Gas	21,234 thousand m ³
	LPG	2,245 tons
	Heavy oil	4,671 kL
	Kerosene	1,279 kL
	Diesel oil	9 kL
	Gasoline	8 kL
	Gasoline used by sales vehicles	3,345 kL
	Raw materials	Pharmaceutical ingredients
	Reagent, materials* ¹	—
Water	Total water usage	14,564 thousand m ³
	Tap water	964 thousand m ³
	Industrial water	12,333 thousand m ³
	Well water	1,266 thousand m ³
Office supplies	Copier paper	207 tons

OUTPUT

Greenhouse gases	CO ₂ * ²	152,769 tons
Air pollutants	SO _x	5 tons
	NO _x	43 tons
	VOCs	149 tons
Water pollutants	BOD load	26 tons
	Drainage volume	13,814 thousand m ³
Waste materials	Volume generated	19,469 tons
	Volume recycled	10,517 tons
	Landfill volume	208 tons
Chemical substances* ³	In the atmosphere	15 tons
	In water	0.8 tons
Volumes shipped	Items subject to domestic distribution	7,739 tons



Notes:
 *1 Test drugs, capsules, packaging materials, etc. (Unable to determine the weight)
 *2 Includes emissions from sales vehicles (7,761 tons)
 *3 Substances specified under the PRTR (Pollutant Release and Transfer Register) Law
 Note: A dash indicates that these figures were not available at the time of writing.



U.S.A

INPUT

Norman Plant

Energy	Electricity	22,900 MWh
	Gas	2,920 thousand m ³
	Diesel oil	12 kL
Water	Tap water	136 thousand m ³
Raw materials	Chemical substances	3 tons

Grand Island Plant

Energy	Electricity	6,860 MWh
	Gas	880 thousand m ³
	Tap water	30 thousand m ³
Raw materials	Chemical substances	—

OUTPUT

Greenhouse gases	CO ₂	19,727 tons
Air pollutants	SO _x	0.1 tons
	NO _x	7 tons
Water pollutants	BOD load	6 tons
Chemical substances	In the atmosphere	0.6 tons
Waste materials	Volume generated	104 tons
	Volume recycled	0.7 tons

Greenhouse gases	CO ₂	5,913 tons
Air pollutants	SO _x	—
	NO _x	—
Water pollutants	BOD load	—
Chemical substances	In the atmosphere	—
Waste materials	Volume generated	40 tons
	Volume recycled	1 tons



Europe (Ireland and the Netherlands)

INPUT

Dublin Plant

Energy	Electricity	6,589 MWh
	Gas	709 thousand m ³
	Diesel oil	1 kL
Water	Tap water	96 thousand m ³
	Well water	2 thousand m ³
Raw materials	Chemical substances	—

Kerry Plant

Energy	Electricity	7,974 MWh
	Gas	950 thousand m ³
	Tap water	35 thousand m ³
Raw materials	Chemical substances	2 tons

Meppel Plant

Energy	Electricity	12,530 MWh
	Gas	908 thousand m ³
	Tap water	25 thousand m ³
Raw materials	Chemical substances	114 tons

OUTPUT

Greenhouse gases	CO ₂	5,809 tons
Air pollutants	SO _x	0.3 tons
	NO _x	5 tons
Water pollutants	BOD load	0.9 tons
Chemical substances	In the atmosphere	—
Waste materials	Volume generated	97 tons
	Volume recycled	78 tons

Greenhouse gases	CO ₂	7,585 tons
Air pollutants	SO _x	1 tons
	NO _x	3 tons
Water pollutants	BOD load	—
Chemical substances	In the atmosphere	0.001 tons
Waste materials	Volume generated	247 tons
	Volume recycled	151 tons

Greenhouse gases	CO ₂	7,553 tons
Air pollutants	SO _x	—
	NO _x	—
Water pollutants	COD load	12 tons
Chemical substances	In the atmosphere	2 tons
Waste materials	Volume generated	608 tons
	Volume recycled	160 tons



China

INPUT

Shenyang Plant

Energy	Electricity	1,574 MWh
	Diesel oil	7 kL
	Steam	15,562 GJ
Water	Tap water	21 thousand m ³
Raw materials	Chemical substances	0.8 tons

OUTPUT

Greenhouse gases	CO ₂	2,618 tons
Air pollutants	SO _x	—
	NO _x	—
Water pollutants	BOD load	0.04 tons
Chemical substances	In the atmosphere	0.003 tons
Waste materials	Volume generated	155 tons
	Volume recycled	10 tons

Environmental accounting

Environment-related investment and performance trends

We calculate the cost of environmental conservation (sums invested and expenses) and the outcomes from such investment for each domestic facility at Astellas, in line with our standards set with reference to the environmental accounting guidelines issued by the Ministry of the Environment.

The cost of environmental conservation includes expenses and investments related to pollution control, global environmental conservation, and resource recycling. In fiscal 2008, we invested ¥315 million and recorded expenses of ¥1,713 million, including depreciation.

The main investment in pollution control included the installation and maintenance of emergency overflow tanks to prevent abnormal water spills, and the laying of underground water pipes. Regarding investment in global environmental conservation, we installed more efficient air-conditioning equipment for energy-saving purposes and adopted inverter control technologies in our refrigerators.

The economic benefit from our environmental conservation efforts totaled ¥909 million, for example from reduced costs for waste disposal and the sale of organic solvents and metals.

The table below summarizes trends over the past five years in our investment in environmental conservation and our environmental performance. Investment in environmental conservation is trending down because we have already completed many measures, such as fuel switching, as part of our efforts to counter global warming.

Environment-related investment

(million yen)

Category	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Pollution prevention	193	214	190	211
Global environmental conservation	406	197	29	100
Resource circulation	55	119	0	2
Upstream/downstream costs	0	0	0	0
Administration costs	7	17	1	0
R&D costs	5	11	4	2
Social activity costs	0	0	0	0
Total	667	557	224	315

Environmental performance

Category		Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008	
INPUT	Energy	Electricity MWh	207,266	194,622	193,879	203,002
		Gas thousand m ³	15,665	20,203	20,558	21,234
		LPG tons	4,485	2,206	2,248	2,245
		Heavy oil kL	11,178	4,922	4,975	4,671
		Kerosene kL	2,679	2,138	1,414	1,279
		Diesel oil kL	8	7	10	9
		Gasoline kL	4	7	6	8
		Gasoline for sales vehicles kL	3,762	3,685	3,522	3,345
	Water resources	Total water usage thousand m ³	16,479	15,305	15,065	14,564
		Tap water thousand m ³	1,069	928	920	964
Industrial water thousand m ³		12,872	12,688	12,608	12,333	
Well water thousand m ³		2,473	1,639	1,493	1,266	
Raw materials	Raw materials tons	21,780	13,311	11,261	10,481	
OUTPUT	Global warming	CO ₂ * tons	162	142	141	145
	Atmospheric pollutants	SOx tons	9	6	6	5
		NOx tons	49	46	48	43
	Water pollutants	BOD load tons	53	35	28	26
		Drainage water thousand m ³	15,378	14,970	14,338	13,814
	Waste materials	Volume generated tons	39,048	24,222	19,495	19,469
		Volume emitted tons	21,708	11,329	10,097	10,038
		Landfill volume tons	568	326	237	208
	Chemical substances	In the atmosphere tons	84	16	13	16
		In water tons	2	0.2	0.4	0.8

*Includes gasoline for sales vehicles

Note: Some data have been restated due to revisions in estimates for past amounts

● Environmental Performance Index*

An environmental performance index is drawn up to show the overall relationship between the economic added value created by business activities and the environmental load resulting from those activities. We estimate the relationship with an index (added value, sales, etc.) that integrates multiple environmental loads, but there are various methods and theories that apply to this method.

At Astellas, we have designed our environmental performance index based on five factors where our activities are closely linked to environmental load: global warming, chemicals, waste materials, water quality, and the atmosphere.

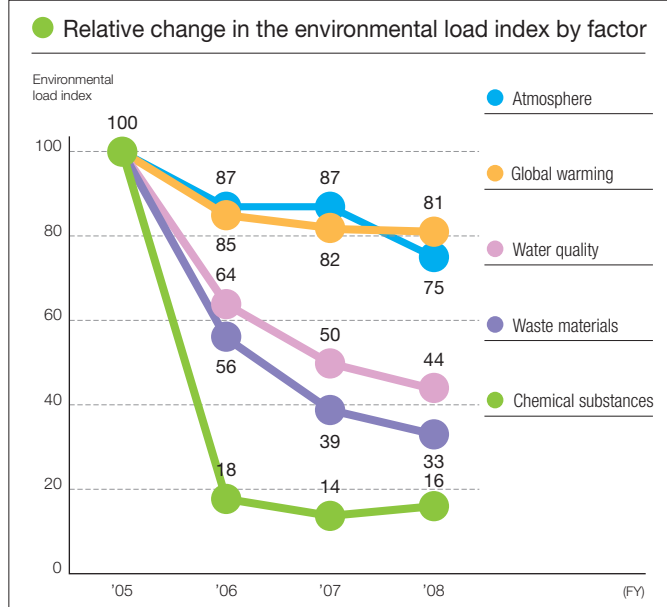
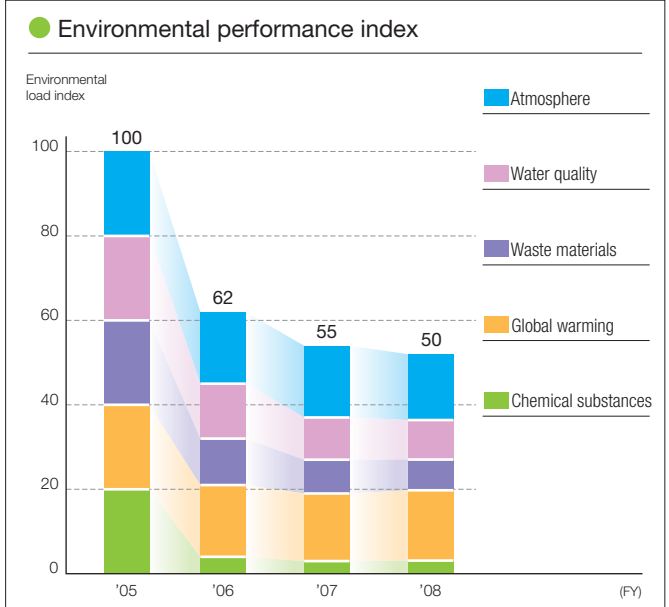
By gaining an understanding of overall environmental load through the analysis of the various factors, we can achieve a balance between our business activities and environmental conservation, for example by setting appropriate Environmental Action Plan targets. We can also show how improvements in total environmental load link to our medium- and long-term targets.

In fiscal 2008, the environmental performance index was 50, which marks a 50.2% improvement from the base year (fiscal 2005) and an 8.9% improvement from the previous fiscal year.

***Environmental performance index**
 On the whole, the coefficients are the economic value generated by a business activity, which includes the added value created, and the impact of those activities on the environment. The environmental performance index integrates individual environmental loads and multiple environmental loads (the environmental impact) into a single numerical value. We calculate the Astellas index taking into account economic value (sales). The index applies only to domestic operations.

■ Factors used in determination of the environmental performance index and methods of calculation

Environmental load	Employ the following factors in determining the environmental impact of our business activities Chemical substances: Atmospheric discharge volume of PRTR Class 1 designated chemical substances Global warming: CO ₂ emissions Waste materials: Landfill volume Water quality: BOD load Atmosphere: Total soot and dust, NO _x and SO _x emissions
Environmental load intensity	The intensity is calculated by dividing the environmental load of each environmental factor category by the sales of that category for that fiscal year. Environmental load intensity of chemical substances (A) = Discharge volume of PRTR designated chemical substances/Sales Environmental load intensity of greenhouse gases (B) = CO ₂ emissions/Sales Environmental load intensity of waste products (C) = Landfill volume/Sales Environmental load intensity of water pollutants (D) = BOD load/Sales Environmental load intensity for air pollutants (E) = Total NO _x and SO _x emissions/Sales
Environmental performance index	A relative value with the total environmental load intensity in the base year (fiscal 2006) at 100. Environmental load intensity of the five environmental factors is set at 20 for each factor (with the total for the five being 100). Calculate the value of the environmental load intensity for the fiscal year divided by that for the base year by multiplying by 20. $\text{Environmental performance index} = 20 \times (A/A_0 + B/B_0 + C/C_0 + D/D_0 + E/E_0)$ Environmental load intensity for the base fiscal year: A ₀ , B ₀ , C ₀ , D ₀ , E ₀ Environmental load intensity for the fiscal year being evaluated: A, B, C, D, E

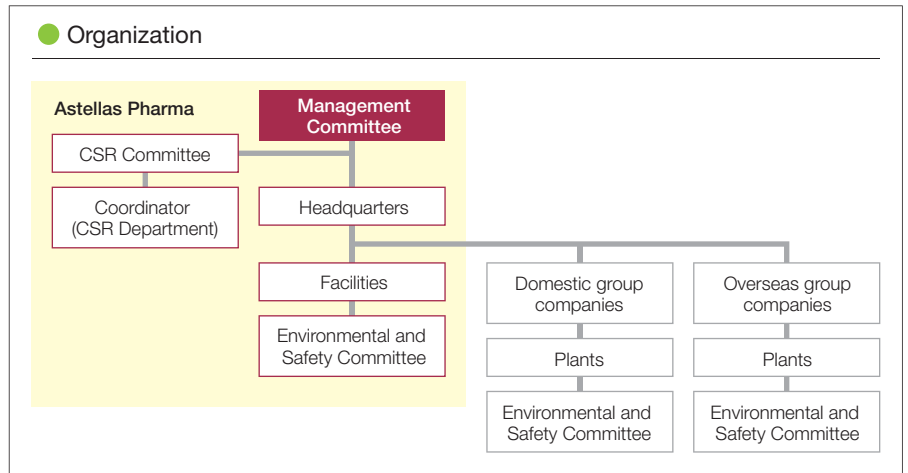


Environmental and safety management system

Environmental and safety management system

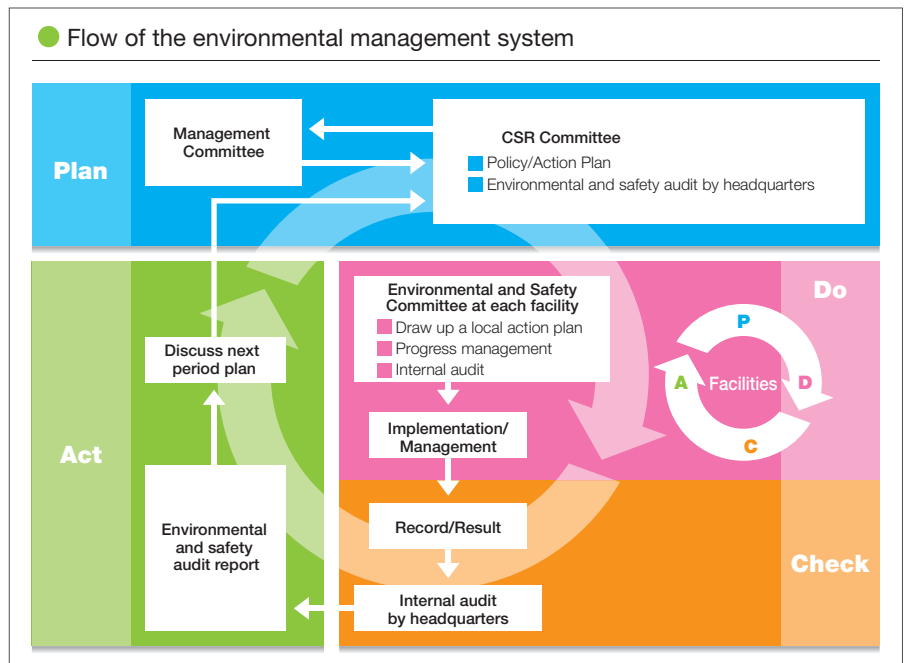
Environment and workplace safety programs are a key focus of CSR management. The CSR Committee deliberates and decides on policy, action plans and measures related to the environment and workplace safety.

The results of these deliberations are communicated to all our business facilities through the Astellas headquarters. Each facility then establishes its own policy and action plan suited to its operations, and works to achieve the targets therein.



Management system

When implementing environmental and workplace safety initiatives, Astellas management engages in wide-ranging debates to identify the issues to be targeted, then defines the basic policy and sets action plans. These action plans are achieved through company-wide initiatives as well as more specific programs developed by each facility. Company-wide internal reviews are performed to confirm progress at each facility, leading to the development of revised plans and new goals. We therefore achieve a reduced environmental load through the functioning of this PDCA (Plan-Do-Check-Act) cycle on both a company-wide and individual facility basis.



Accreditation of our environmental and safety management system

We have obtained ISO 14001 certification (an international standard for environmental management) for almost all our plants in Japan and overseas. We have also acquired OHSAS 18001 certification (an international standard for occupational safety and health management) at our Takahagi, Dublin, and Kerry plants. Other plants have developed

their own occupational health and safety management systems and are working to continuously improve these systems.

At our research laboratories, we have developed an integrated management system for environmental and health and safety issues. The research divisions are working together to continuously improve

their environmental and safety initiatives. In the future, we plan to improve our organizational systems in our administrative and sales divisions, with the goal of taking our activities to a higher level.

● Environmental and safety audits

To ascertain the status of overall environmental and safety activities at Astellas, the officer in charge of CSR acts as chief auditor and heads an audit team, which conducts a company-wide audit of environmental and safety activities.

Audits by examining documentation are conducted annually at our facilities in Japan and overseas. On-site audits are conducted once a year in Japan, and once every two or three years at overseas sites.

Environmental and safety audits assess the degree of compliance with our Environmental and Safety Guidelines, as well as identifying issues specific to individual facilities. The individual facilities are required to submit reports containing concrete remedial measures. A questionnaire on remedial measures is distributed to check the progress of the measures, and the progress is confirmed in the next year's environmental and safety audit.

Individual workplaces and the headquarter departments responsible for environmental and safety issues share their views on social needs and awareness of workplace issues. This ensures that Astellas policy is consistent and is one of the main functions of the audit process.

Fiscal 2008 audit

Key audit themes

- Future environmental initiatives: Measures to combat global warming, measures to manage hazardous chemicals
- Research divisions: Developing/implementing a chemicals management system
- Legal compliance: Compliance overview, reconfirming legal interpretations
- Risk management

The fiscal 2008 audit identified the following issues to be addressed.

Issue	Response
<ul style="list-style-type: none"> ■ Global warming countermeasures: Need initiatives across the entire Astellas Group, as there are limits to what individual facilities can do alone. 	<ul style="list-style-type: none"> ■ Set up a Global Warming Prevention Committee and clearly position global warming countermeasures as a business strategy.
<ul style="list-style-type: none"> ■ Need more programs and the setting of numeric targets for the reduction of VOC emissions, reduction of water usage, and office initiatives. 	<ul style="list-style-type: none"> ■ Review whether the Astellas Environmental Action Plan targets have been accurately incorporated into individual facility targets, and assess progress in this regard.
<ul style="list-style-type: none"> ■ Need to build and carefully manage a system for the reliable management of all controlled chemical substances. 	<ul style="list-style-type: none"> ■ Quickly build a chemicals management system, start operating the system, and establish quality assurance systems covering regular inventory reviews, internal audits, education, etc.
<ul style="list-style-type: none"> ■ Environmental and safety initiatives need to be of a higher quality for legal and social reasons. Need to think of systems for the systematic and continuous development of employees capable of responding to these needs. 	<ul style="list-style-type: none"> ■ Ongoing engagement in employee development, e.g., ensuring sufficient qualified employees on staff.
<ul style="list-style-type: none"> ■ Gaps can be seen in the existing management systems. Must redesign the management systems to meet our needs today. Also need to promote and foster better awareness of management systems across Astellas. 	<ul style="list-style-type: none"> ■ Clarify, particularly for management-level employees, an appropriate and functional division of roles and investigate measures to improve practical skills.
<ul style="list-style-type: none"> ■ There is room for improvement in the effectiveness of our systems for incidents/emergencies and disaster prevention. Need to think of a wider range of situations and consider appropriate measures. 	<ul style="list-style-type: none"> ■ Consider risks from regional disasters, continuously review disaster prevention systems, and work to improve effectiveness, e.g. through training programs.
<ul style="list-style-type: none"> ■ Risk assessments are performed, but potential risks are probably not fully explored. 	<ul style="list-style-type: none"> ■ Explore risk factors that could affect the Company's operations from a broader perspective, referring to internal and external information on incidents, disasters, etc., and minimize risk by implementing prevention programs.

Environment and safety assessment system

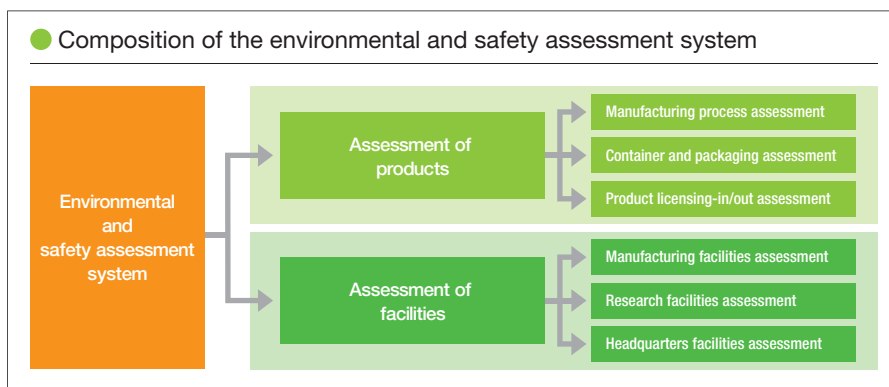
Environment and safety assessment system

Government approval must be obtained for the manufacture and marketing of each pharmaceutical product, and it is difficult to change the specifications of the manufacturing method or packaging once approval has been granted. Additional capital investment may be required if the commencement of production of a new product necessitates changes in existing equipment and control systems relating to energy consumption during the production stage, the discharge of chemical substances into the environment, waste management, or safety countermeasures.

Astellas has therefore introduced an environmental and safety assessment system which requires the environmental load to be minimized at all stages, including during the research and development stages, production, distribution, and disposal, or when building or installing new facilities.

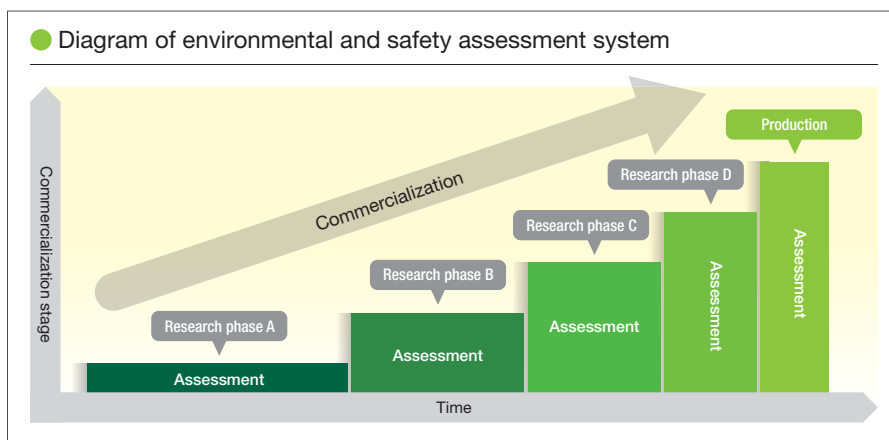
Environmental and safety assessment system—overview and operation

A team of specialists makes assessments at each major R&D stage and when a new facility is set up. Furthermore, when facilities larger than a certain scale are to be built or extended, the assessment system requires an examination of the environmental impact on the entire business site from the construction, installation and use of these facilities. The system also requires the examination of whether land to be purchased is contaminated.



We examine issues such as reducing hazardous air pollutant emissions, avoiding excessive packaging, and various safety measures at our manufacturing plants prior to the commencement of commercial-scale production.

The results of these assessments have considerable weight in decisions on whether to proceed to the next product development stage or whether to install equipment or purchase land.



Recent assessments

In fiscal 2008, we performed 11 product assessments and two facility assessments.

The assessments confirmed that measures to reduce environmental load and safety risks are being included in manufacturing

processes and the design of facilities and equipment. They also clarified the issues and countermeasures that need to be investigated at the next stage. The introduction of this assessment system has resulted in a much

broader take-up of efforts to combat global warming, reduce solvent usage, minimize hazardous chemical emissions, and evaluate the risks posed by chemicals used as raw materials.

Education, development, and training

Education, development, and training

We hold regular company-wide meetings and training sessions attended by managers and working-level employees engaged in environmental and safety programs at our Japanese facilities. The sessions provide a forum for sharing information on social issues and programs at each facility. The goal is to increase specialist knowledge of environmental and safety issues company-wide through the discussion of successful case studies and issues that have come to light through daily business operations.

Training at each facility is designed to reflect the characteristics of the operations at each site, and is provided systematically for all employees. Environmental and safety initiatives in particular rely on management leadership, so these programs require different study seminars for each employee class and a focus on practical skills for management-level employees.

When implementing initiatives to improve environmental and safety matters, it is imperative that all employees have an appropriate understanding of environmental and safety initiatives, recognize their responsibility and their role in the initiatives, and reflect this in their work. Key factors in ensuring that initiatives are continuously improved and fine-tuned are the capacity and awareness of employees responsible for business operations that have a major impact on environmental and safety matters.

We are working to improve our skill base through a wide variety of training programs, including specialized education for employees engaged in roles requiring specialist knowledge and skills, such as environmental conservation or hazardous operations, and the development of employees professionally qualified in environmental, health and safety matters.

We also explain our policies and site rules to construction workers at our plants, raw materials suppliers, and waste disposal contractors, and seek collaboration on our environmental and safety programs.



Dust explosion prevention training, Yaizu Facilities



Health seminar, Yaizu Facilities



Safe driving aptitude test, Fuji Plant

Accident and emergency preparedness

Being prepared for an accident or natural disaster can help to prevent an environmental catastrophe and minimize damage. We work to understand the overall picture regarding environmental and safety risks in our business activities, then define priority risks, develop specific measures and procedures, and educate our employees accordingly. We run regular training sessions to test the effectiveness of our procedures, as specified in our emergency procedures manual. We see room for further improvement in the effectiveness of our disaster prevention systems, and are therefore providing training for various emergency situations, and reviewing and revalidating our contact systems and assignment of duties.

We share information on accidents and disasters at other Astellas sites, as well as locations outside the company. We work to reduce environmental and safety risks through discussions on the possibility of a similar event occurring at Astellas sites.



Disaster prevention training, Takahagi Facilities



Training on solvent spill prevention, Yaizu Facilities



Training on distribution of emergency rations, Kashima R&D Center



Respirator training, Kashima R&D Center

Global warming prevention

Environmental Action Plan Targets

- **Reduce CO₂ emissions by 20% or more from fiscal 1996 level by fiscal 2010**
 Reduce CO₂ emissions from Astellas Group domestic operations by 8.6% or more from fiscal 1990 level by fiscal 2010 (a 28.8% reduction from fiscal 1996)
 Reduce CO₂ emissions of the overseas production facilities to below fiscal 1996 level by fiscal 2010
 Note: The Action Plan prioritizes global targets. Fiscal 1996 is used as the base year for the global and overseas targets, as most overseas plants were not operating in fiscal 1990.
- **Reduce CO₂ emissions generated through sales activities by 30% or more from fiscal 2005 level by the end of fiscal 2015**

Global warming is an environmental problem that could threaten the very survival of mankind. The issue needs to be addressed through active engagement at all levels, including central governments, local authorities, companies, and individual citizens. We need to work on ongoing programs over the long term.

Scientists around the world have been sounding warnings about global warming. Global temperatures have been rising steadily, and we are now at a stage where we need to focus on measures to mitigate and adapt to, rather than prevent, this warming. In Japan, initiatives are underway to develop a low-carbon society, starting with legal amendments, and companies now need to consider global warming countermeasures as a management benchmark.

At Astellas, we view further delays as unthinkable and have positioned global warming countermeasures as our number one environmental priority.

Current greenhouse gas emissions

Our CO₂ emissions from energy use in Japan break down by business activity as follows: manufacturing divisions 53.5%, research divisions 43.7%, and administrative divisions 2.7%. Our manufacturing divisions now account for a smaller percentage of emissions than previously, while the proportion of emissions from our research divisions has been rising each year. We attribute the decrease in emissions by manufacturing mainly to more efficient energy conversion and a change in the manufacturing mix to products with lower

energy consumption intensity rates. The rise in emissions by research is mainly due to a substantial increase in research facility area and greater use of equipment as we employ more sophisticated pharmaceutical research processes.

CO₂ emissions from energy use breaks down to a 3:1 ratio for Japanese versus overseas emissions.

When the Company was founded, Astellas set numeric targets for reduced CO₂ emissions from energy use. This initial target was achieved in fiscal 2006, so a more

challenging target was set in fiscal 2007 and new initiatives to achieve these targets were started.

However, our total CO₂ emissions in fiscal 2008 rose 1.1% year-on-year, so further steps need to be taken to achieve the new target. Our analysis suggests the emissions figures were affected by expanded production capacity at manufacturing plants and the start of operation of a new research building in Tsukuba, as well as delays in implementing energy-saving programs overseas.

Calculation methods and conversion coefficients

The table shows the conversion coefficients used in the calculation of calorific values for electricity, different types of fuel, and CO₂ emissions. In some cases, conversion coefficients vary from those used in the calculations of calorific values and CO₂ emissions provided by each plant as stipulated in the global warming countermeasures law. For the sake of comparison, we have employed the same conversion coefficients used in the preparation of our Environmental Action Plan, as this would best help to clarify the results of the initiatives implemented.

● Coefficients used for calculating calorific values and CO₂ emissions

By type of energy	Conversion factor	
	Calorific values*2	Carbon dioxide*3
Electricity*1	9.83 GJ/MWh	0.378 tons/MWh
Heavy oil	39.1 GJ/kL	2.71 tons/kL
Kerosene	36.7 GJ/kL	2.49 tons/kL
LPG	50.2 GJ/ton	3.00 tons/ton
Gas	45.0 GJ/thousand m ³	2.15 tons/thousand m ³
Diesel oil	38.2 GJ/kL	2.62 tons/kL
Gasoline	34.6 GJ/kL	2.32 tons/kL
Coal (thermal coal)	26.6 GJ/ton	2.41 tons/ton

*1: The conversion coefficients for calculating CO₂ emissions from the electricity used at our overseas plants differ from one country to another.

*2: The conversion coefficient used for calorific values was in accordance with the pertinent provision of the Enforcement Ordinance for the Law concerning the Rational Use of Energy (1979 Act No.49 of December 27, 2002). The volume of gas consumed is calculated on the assumption of gas with a calorific value of 45.0 GJ/thousand m³.

*3: The CO₂ conversion coefficient employed conforms with an amendment to an ordinance regarding global warming countermeasures (enacted on December 26, 2002). For electricity, a total electric power emissions factor for public power suppliers, as specified in the same ordinance, was used.

● Post-Kyoto Protocol initiatives

■ Medium-term targets for global warming prevention

Global warming needs to be managed from a long-term perspective for future generations. Astellas has set medium-term targets to combat global warming, which define levels to be achieved by fiscal 2020, as part of our long-term countermeasures

against global warming. We have clarified the levels and direction for future targets using the “backcasting” approach. We then use a step-wise method to generate numeric targets or initiatives for each fiscal year. We now plan to step up our global

warming initiatives further, through the introduction of cutting-edge technologies and a review of business operations from a business strategy perspective.

■ Reduce greenhouse gas emissions by 35–45% from fiscal 2005 levels by the end of fiscal 2020

- In Japan, reduce greenhouse gas emissions by 30–40% from fiscal 2005 levels by the end of fiscal 2020
- At overseas production bases, reduce greenhouse gas emissions by 45–55% from fiscal 2005 levels by the end of fiscal 2020

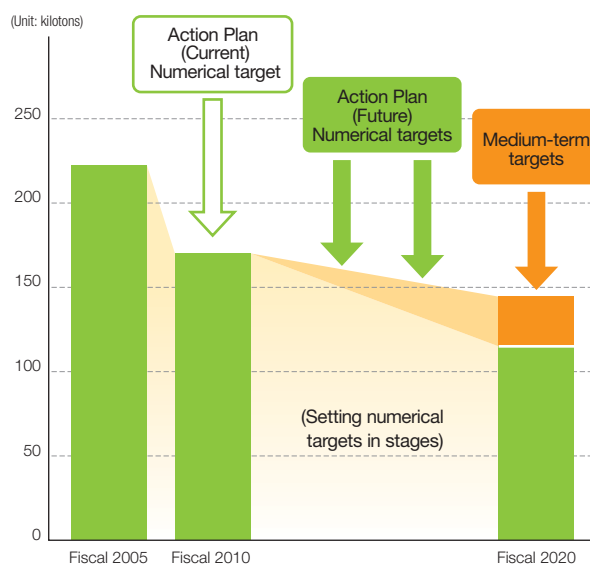
Note: We are targeting reduced greenhouse gas emissions from our activities as defined in the Law to Promote Global Warming Countermeasures, and are implementing programs at plants and research centers in Japan and overseas, our headquarters office buildings, and overseas plants.

■ Reduce office electricity consumption by more than 20% from the fiscal 2005 level by the end of 2015 (Japan)

■ Set targets and implement measures to cut CO₂ emissions generated in-house in the transportation of Astellas products (Japan)

When converting CO₂ emissions from electricity consumption in our medium-term global warming targets, we take into account consistency with the experimental introduction of an integrated domestic market for emissions trading, and employ the coefficients issued by the Federation of Electric Power Companies of Japan (FEPC) in the calculation of CO₂ emission intensity at end-users' sites.

● Progress towards medium-term targets for global warming prevention



■ Participation in the trial emissions trading scheme

We will implement voluntary measures on a priority basis to achieve our Environmental Action Plan goals, but are aware that it may prove difficult under some circumstances to achieve these goals. There are many uncer-

tainties that could, for example, affect our manufactured product line-up. Therefore, we need to consider economic measures, such as emissions trading, right now. In fiscal 2008, we participated as a cap-setting

organization in a trial of the Japanese market for emissions trading that is being promoted by the Japanese government.

■ Greenhouse gas emissions other than CO₂ from energy usage

Greenhouse gases other than CO₂ from energy usage which must be reported according to the Law to Promote Global Warming Countermeasures include CO₂ originating from the incineration of waste oil used as a combustion enhancer in the

liquid waste incinerator at our Takaoka Plant. We are working to further analyze other greenhouse gas emissions where there is no legal reporting requirement. However, we cannot ascertain our total emissions because of the lack of uniform standards

for calculation methods or greenhouse gas reporting requirements. We now plan to clarify calculation standards for the six types of greenhouse gases specified in our medium-term targets.

Global warming prevention

Energy consumption

Current Energy consumption for fiscal 2008

Energy consumption by Astellas for fiscal 2008 was 4,166 terajoules worldwide, up 2.0% (80 terajoules) from the previous year. At Astellas, we strictly regulate temperature and humidity at our factories for product quality control and to ensure the reliability of the research data, and a large amount of energy is consumed by air conditioning

systems and freezers. Electricity makes up 61.7% of our global energy consumption. The figures for energy consumption in Japan by business activity came to 44.9% for the research division including technological research departments, 52.0% for the production departments, and 3.1% for the office departments.

Forecast Energy consumption forecast for fiscal 2009 and beyond

Due to construction of a new research building, the total floor space at the Tsukuba Research Center (Miyukigaoka) will increase 150%, and demand for energy will increase considerably.

However, as the latest energy-efficient equipment has been installed in the new research building, energy efficiency is 30% higher in comparison to the existing research buildings. Additionally, as energy efficiency

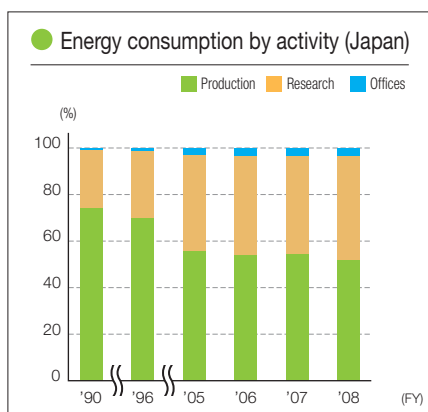
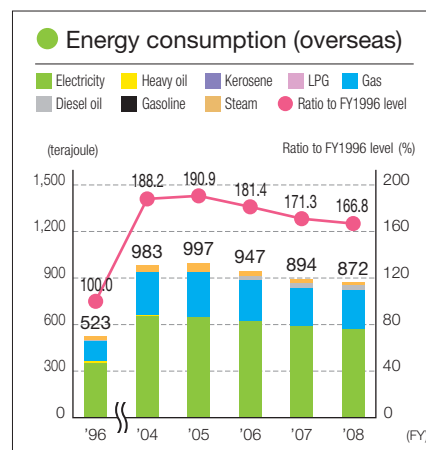
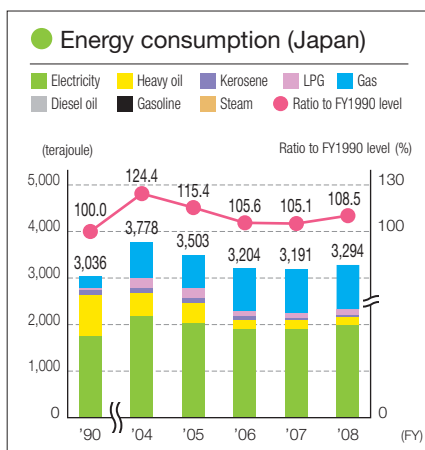
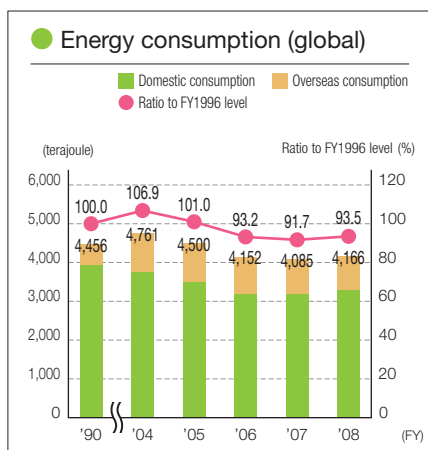
will increase due to the remodeling of existing research buildings at the Tsukuba Research Center (Miyukigaoka) and the Kashima R&D Center, we expect great improvements in energy intensity compared to total floor space for the research division. We also forecast an increase in energy consumption for the production division, due to the augmentation of production equipment.

Measures Future measures

We recognize that the increased steam and electricity that accompanies air conditioning in factory pharmaceutical manufacturing processes and the research division are issues, and we are analyzing energy loss and potential room for reductions in detail. We are moving

forward with proactive reduction measures, including the introduction of next generation energy-efficient facilities. We will evaluate the introduction of energy-efficient equipment from the design stage, and curb increases in energy usage to the maximum degree possible.

Global	4,166 terajoules (up 2.0% from previous year; 6.5% decrease from FY1996)
Japan	3,294 terajoules (up 3.2% from previous year; 16.2% decrease from FY1996; 8.5% increase from FY1990)
Overseas	872 terajoules (down 2.6% from previous year; 66.8% increase from FY1996)



Joule
This is a unit of heat energy and is calculated by multiplying each type of energy by a conversion coefficient. The amount of energy used is converted into a calorific value. One terajoule is equivalent to 1 trillion joules.

Volume of CO₂ emissions due to energy use

Current Emissions for fiscal 2008

The volume of CO₂ discharged as a result of energy use in fiscal 2008 at facilities covered by our global action plan totaled 194,000 tons, up 2,000 tons or 1.1% from the previous year's level. This is a 13.1% decrease in emissions from the action plan's reference year of fiscal 1996, but a further 6.9% (15,000 ton) reduction is necessary to reach

our target. A contributing factor in the increase over the previous year is the higher total floor space resulting from the construction of a new research building at the Tsukuba Research Center (Miyukigaoka).

Forecast CO₂ emission forecast for fiscal 2009 and beyond

In fiscal 2009 the Tokyo Research Center will be closed, while renovations at the Tsukuba Research Center (Miyukigaoka) and the Kashima R&D Center will be completed, bringing the reorganization of the research division that we are currently proceeding with almost to a close. Through the new research building and remodeling of existing research buildings, considerable improvements in energy efficiency are

expected. However, as the total floor space for the research division as a whole will increase, a minimal increase of CO₂ emission volume over current levels is forecast for fiscal 2009.

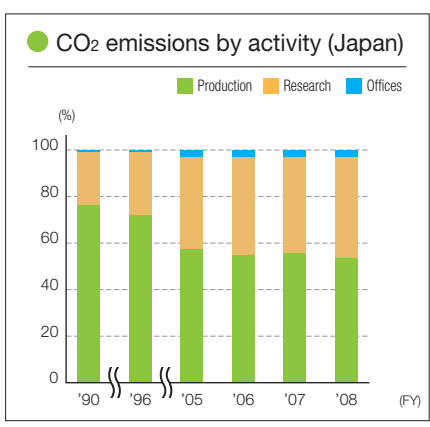
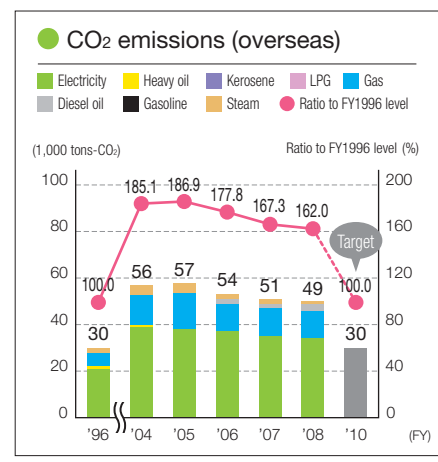
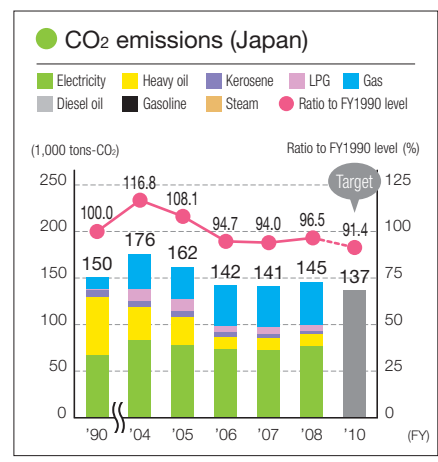
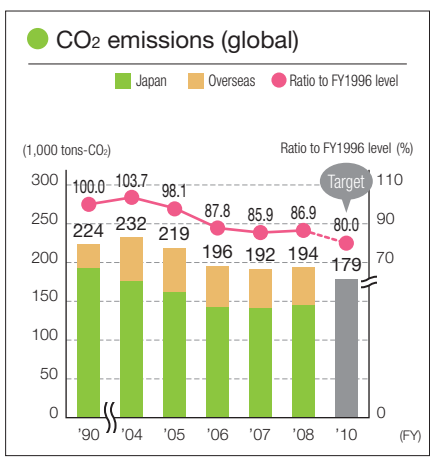
An increase in CO₂ emission volume is also expected due to the augmentation of equipment at technological development bases that will be carried out between fiscal 2010 and fiscal 2012.

Measures Future measures

We will continue to look into areas where we can make reductions in CO₂ emissions for fiscal 2010 and beyond. We believe that there is a need to evaluate thorough measures, including the introduction of new

energy sources. We are also tackling the technological development of a CO₂ emission reduction process from a long-term perspective.

Global	194,000 tons (up 1.1% from previous year; 13.1% decrease from FY1996)
Japan	145,000 tons (up 2.6% from previous year; 24.9% decrease from FY1996; 3.5% decrease from FY1990)
Overseas	49,000 tons (down 3.2% from previous year; 62.0% increase from FY1996)



Global warming prevention

Environmental Action Plan Targets

- Reduce CO₂ emissions generated through sales activities by 30% or more from fiscal 2005 level by the end of fiscal 2015.

Sales activity initiatives

CO₂ emissions from gasoline used in sales vehicles in fiscal 2008 totaled 7,761 tons, which is a 5.0% (410 ton) reduction from the previous year. This is an 11.1% decrease in emissions from the Action Plan's reference year of fiscal 2005, but a further 1,651 ton

reduction is necessary to reach our target. As of the end of fiscal 2008, 929 (36.7%) of a total of 2,532 sales vehicles were hybrid vehicles, and we plan to upgrade to a total of over 2,000 hybrid vehicles within the next few years. We are also working to reach

our goal by increasing the efficiency of our Medical Representatives (MRs).

Gasoline consumption by sales vehicles

Item	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Gasoline consumption in kiloliters	3,762	3,685	3,522	3,345
CO ₂ emissions in tons	8,729	8,550	8,171	7,761

Note: Gasoline consumption for fiscal 2006 has been updated with revised data (an increase of approximately 200 kiloliters). The resulting CO₂ emissions have also been updated.

CO₂ emissions from distribution operations

Astellas outsources all transportation of its products. The CO₂ emissions at the distribution stage that we are aware of, originating from the electricity used at our distribution center warehouses and the diesel oil used when transporting products from our distribution centers to wholesalers, are shown in the following table.

Item		Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Warehouses	Electricity consumption in MWh	2,504	2,088	1,978	1,846
	CO ₂ emissions in tons	946	789	748	698
Transportation	Diesel oil consumption in kiloliters	662	663	667	647
	CO ₂ emissions in tons	1,735	1,736	1,747	1,696

CO₂ emissions

The table below shows CO₂ emissions (defined under Japan's Law Concerning the Promotion of Measures to Cope with Global Warming) from our facilities.

Volume of CO ₂ emitted due to energy use		Volume of CO ₂ emitted due to non-energy use	
Nishine Plant	10,337 tons	Takahagi Facilities	12,900 tons
Fuji Plant	14,400 tons	Yaizu Facilities	30,610 tons
Toyama Plant	16,108 tons	Tsukuba Research Center (Miyukigaoka)	28,300 tons
Takaoka Plant	17,800 tons	Tsukuba Research Center (Tokodai)	4,980 tons
Tokyo Research Center	3,050 tons	Kiyosu Research Office	4,090 tons
Kashima R&D Center	24,588 tons	Hasune Office	3,030 tons
		Takaoka Plant	3,810 tons

Biodiversity initiatives

Environmental Action Plan Targets

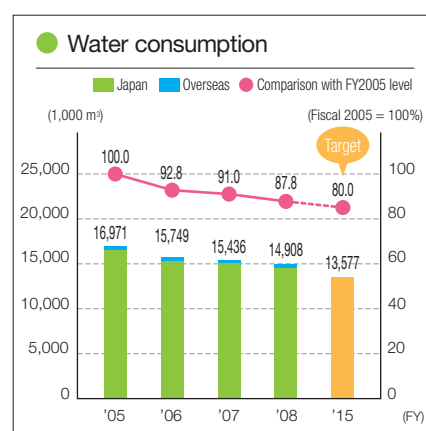
- Reduce water consumption by 20% or more from fiscal 2005 level by the end of fiscal 2015.

Astellas has adopted a biodiversity perspective in its “Environmental and Safety Guidelines,” indicated in a guideline that reads, “We will work towards preserving the water resources by reducing water consumption, reusing water, and reducing the emission of water pollutants as much as possible.” We plan to further evaluate corporate activity issues from the dual perspectives of biodiversity preservation and sustainable usage. Currently we are researching the effective use of water resources that have an impact on the ecosystem, and the reduction of the impact that pharmaceuticals have on water resources.

Effective use of water resources

Astellas has created and initiated an action plan for reducing water consumption, and is also working to preserve water resources by reducing emissions of water pollutants as much as possible. As the effective use of water resources is one of the indices of the impact on biodiversity, Astellas has set numerical targets for this issue and is proceeding with initiatives on a global basis.

Water consumption for fiscal 2008 was 14,908 thousand m³ (global) with 97.7% of the total used in Japan. This is down 3.4% (528 thousand m³) from the previous year, and a reduction of 12.2% from the reference year.



Impact of pharmaceuticals on water resources

A variety of chemical substances are used in the manufacture of pharmaceuticals. As there is a chance that chemical substances discharged into water resources during the manufacturing process may affect the ecosystem, we are evaluating ways to reduce emissions into the environment as much as possible in the research and development phases. We are also looking into the effects of pharmaceuticals on the ecosystem, such as evaluating the biodegradability of drug candidate compounds.

Sustainable use of biological resources

Astellas is carrying out collaborative research with a corporation that controls access to biological resources in Sarawak, Malaysia (Borneo). As we continue our search for pharmaceuticals that can be derived from biological resources, we plan to give careful consideration to biodiversity, and continue with initiatives that make it possible for these benefits to be shared equally by all, including future generations.

Use of genetically modified organisms

In recent years, biotechnology has begun to be applied to a variety of fields. It is also applied as a technology for producing effective products in the research and manufacture of pharmaceuticals. However, as there is concern for its impact on the environment, appropriate handling is required to prevent adverse effects on the environment. When we use genetically modified organisms at Astellas, we implement biosafety measures to prevent its spread, such as restricting the locations it is used, containment, and appropriate disposal after use.

Chemical substance management

Environmental
Action Plan
Targets

- Reduce atmospheric emissions of formaldehyde by 95% or more from fiscal 1999 level by fiscal 2010
- Reduce atmospheric emissions of chloroform by 70% or more from fiscal 2003 level by fiscal 2009
- Reduce atmospheric emissions of VOCs by 25% or more compared to fiscal 2006 level by fiscal 2015.

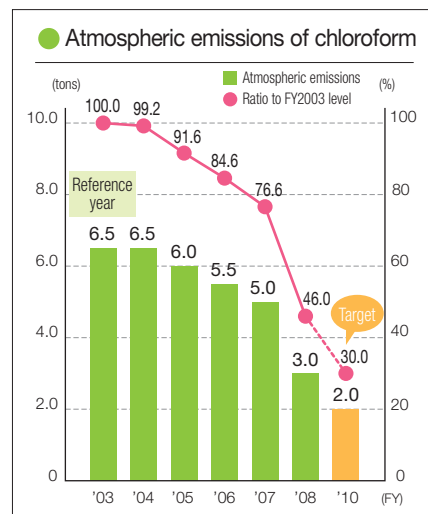
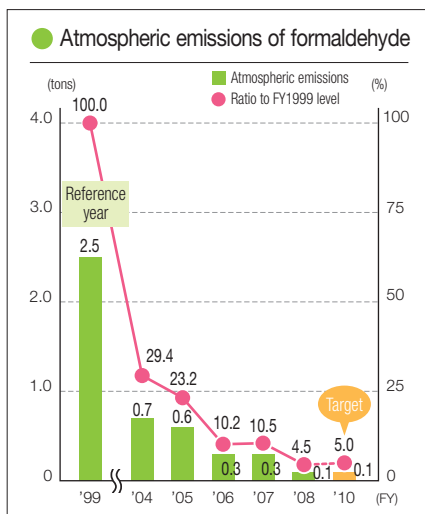
Astellas uses a variety of chemical substances in the research and manufacture of pharmaceuticals. While chemical substances have useful properties that provide numerous benefits to society, depending on how they are used some may be harmful to people and/or the environment. Because of this, there is a need to manage chemical substances to limit their harmful effects.

The international community has reached an agreement on minimizing the harmful effects that the production and use of chemical substances have on people's health and the environment by 2020, and initiatives regarding the control of chemical substances are being carried out around the world.

Astellas is implementing measures to limit effects on employees, regional communities, and the global environment by, for example, developing production methods that do not use hazardous chemical substances as a way of preempting environmental pollution, occupational health hazards, and damage to the health of residents in nearby areas.

Measures to reduce harmful air pollutant emissions

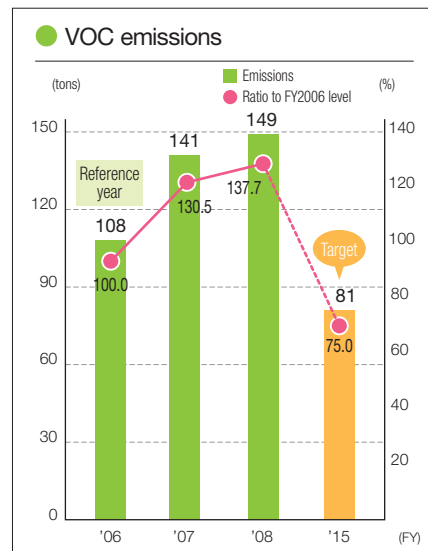
Formaldehyde is mainly used for sterilization during the formulation process when manufacturing injection products. However, in fiscal 2008 we moved forward with revisions to the operation procedure of injection products manufacturing process at our Fuji Plant, greatly reducing the amount of formaldehyde used. As a result, atmospheric emissions of formaldehyde decreased by 95.5% from the reference year, attaining the action plan target value two years ahead of schedule. As for chloroform, the Tsukuba Research Center (Miyukigaoka) accounts for 85.6% of total emissions, and due to the installation of equipment for removing harmful vapors at the new research building there we expect to achieve the action plan target value in fiscal 2009.



Measures to reduce VOC emissions

Regarding volatile organic compounds (VOCs)*, Astellas has no equipment that would fall under the regulations of the Air Pollution Control Act, but we are voluntarily proceeding with initiatives to reduce emissions by, for example, reducing amounts of VOCs used and introducing special equipment. In fiscal 2008, VOC emissions totaled 149 tons, an increase of 8 tons from the previous year. The main reason for this

is the increased use of methyl alcohol at the Kiyosu Research Office and ethanol at the Fuji Plant. We plan to implement initiatives to achieve our action plan, such as introducing emission-suppressing equipment for specific processes that use large amounts of VOCs.



*VOCs: Volatile Organic Compounds

VOCs is a generic term for chemicals that evaporate easily into the air. VOCs released into the air become suspended particulate matter, causing air pollution, and VOCs exposed to sunlight in the upper atmosphere turn into photochemical oxidants, which are another source of pollution.

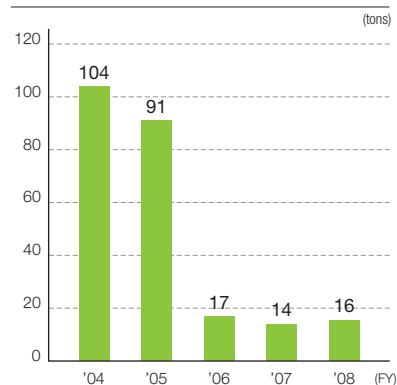
PRTR (Pollutant Release and Transfer Register) survey

Chemical substances covered by the PRTR Law are those that are recognized as potentially harmful to people's health and the eco-system. A total of 354 substances have been identified thus far. The goal of this law is to force companies to confirm their PRTR emissions and transfer amounts, enabling them to voluntarily evaluate and improve the management of these chemical

substances. Transfer and emission statistics for materials requiring notification under the PRTR system in fiscal 2008 are shown in the table below.

In fiscal 2008, emissions of designated chemical substances into the environment totaled 16 tons (chart at the right).

● Emissions of Class 1 designated chemical substances under the PRTR system



PRTR system

PRTR system is a registry of the amounts of potentially harmful chemicals released into the air, land, or water, and the amount released as waste material. Chemical substances designated by the PRTR system are defined, in Japan, by the Law Concerning Reporting, etc. of Release to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management. The registry is created and then submitted to the central government.

● Fiscal 2008 statistics on material requiring notification under the PRTR system

Substance name	Number of facilities reporting	Volume handled	Volume released			Volume transferred	
			Air	Water	Soil	Waste	Sewerage
Acetonitrile	8	41.177	0.979	0.744	0.000	26.466	0.000
Ethylene glycol	2	56.165	0.005	0.000	0.000	0.000	0.000
Xylene	1	8.725	0.000	0.000	0.000	0.002	0.000
Chloroform	3	33.490	2.977	0.000	0.000	30.512	0.000
Salicylaldehyde	1	27.502	0.000	0.000	0.000	3.058	0.000
Dichloromethane	5	327.720	10.587	0.003	0.000	18.484	0.000
N, N-dimethylformamide	3	152.505	0.022	0.000	0.000	2.489	0.000
Thiourea	1	11.450	0.000	0.000	0.000	0.000	0.000
Toluene	1	20.473	0.117	0.004	0.000	0.721	0.000
Formaldehyde	1	65.395	0.029	0.000	0.000	19.896	0.000
Manganese and its compounds	1	30.550	0.000	0.055	0.000	30.495	0.000
Dioxins	2	—	0.608	0.104	0.000	0.139	0.000

Notes:

* Amounts in the table are tons/year. For dioxins, the units are mg-TEQ/year.

* The number of facilities refers to the number of plants and laboratories that handle one ton or more of Class 1 designated chemical substances annually, or half a ton or more of Class 1 designated chemical substances.

Polychlorinated biphenyl (PCB) contaminated waste material

In Japan a public system for the treatment of PCB waste is now in place, and five treatment facilities have commenced operation. Astellas stores PCB waste at eight facilities. In fiscal 2008, 60 fluorescent

lamp ballasts, three high-voltage transformers, and two capacitors were newly discovered, so the number of items being stored has increased. We will continue to undertake systematic treatment to the extent that the

schedules of authorized facilities for PCB treatment permit. In fiscal 2009 we plan to process five high-voltage capacitors.

● State of PCB-contaminated waste storage

Classification	Category	Number or volume
Stored	Capacitors	239
	Electric current breakers	1
	Fluorescent lamp ballasts	7,185
	PCB-contaminated oil	2L
	High-voltage transformers	27
	PCB incrustation	2kg
In use	Fluorescent lamp ballasts	199

PCB (Polychlorinated Biphenyl)

This is the common name of a group of chemical compounds formed by two benzene rings with 1 to 10 chlorine atoms attached. There are 209 different varieties depending on the number and location of the chlorine atoms. The compound is hard to break down when exposed to heat, which makes it a superior electrical insulator, and it is often used in heating media and capacitors. Waste materials (including PCBs) that have been identified as having harmful effects, and those whose production was suspended are stored by local governments and businesses as stipulated by law.

Initiatives for a recycling-based society

Environmental Action Plan Targets

- Curb the volume of waste materials subject to final disposal to 1% or less of total generation, or 2% or less of total discharged by the end of fiscal 2010 (Waste materials that cannot be recycled, such as pharmaceutical goods, are not included in this calculation.)

Various initiatives are underway at Astellas in which we are rethinking the system of mass-consumption and mass-disposal that our social and economic activities involve, and thereby helping to realize a recycling-based society.

Waste management

Astellas set a target of zero emissions*, pursuing the recycling of waste (reuse, recycle, thermal recycling), and making efforts to reduce waste landfill volume. In fiscal 2008, we achieved our targets two years ahead of schedule.

The challenge in achieving zero emissions was finding measures to deal with sludge and waste plastics, which account for most of the waste landfill volume. We promoted control of the amount of these wastes that was generated, as well as recycling.

The waste mentioned in this report includes that sold or transferred as a resource.

* Zero emissions

The goal is to reduce the emission of waste material to effectively zero. In general, this is interpreted as eliminating emissions that are processed through final disposal.

Waste generation, waste discharged and landfill volume

Current status

Waste processing for fiscal 2008

The amount of waste generated in fiscal 2008 was 19,469 tons, a decline of 25 tons from the previous year. Emissions totaled 10,038 tons, up 59 tons from the previous year. Landfill volume was 208 tons, a decrease of 29 tons from the previous year.

Progress towards the action plan target (zero emissions) was 0.9% for waste generation volume, and 1.7% for emissions, reaching

the target two years ahead of schedule. As some facilities have not yet achieved zero emissions, we have decided to leave the action plan unchanged for fiscal 2009, maintaining the current standards. We will continue our initiatives to establish zero emissions.

Progress in achieving action plan targets (zero emissions)

Facility	Landfill volume as a percentage of total amount generated	Landfill volume as a percentage of total emissions	Facility	Landfill volume as a percentage of total amount generated	Landfill volume as a percentage of total emissions
Nishine Plant	0.4%	0.4%	Kashima R&D Center	2.8%	2.8%
Takahagi Facilities	0.2%	1.8%	Tsukuba Research Center (Miyukigaoka)	2.5%	2.5%
Fuji Plant	0.6%	0.6%	Tsukuba Research Center (Tokodai)	4.6%	4.6%
Yaizu Facilities	0.4%	0.4%	Tokyo Research Center	5.7%	5.7%
Kiyosu Research Office	0.2%	0.2%	Nihonbashi Facilities	1.2%	1.2%
Toyama Plant	0.8%	0.8%	Hasune Office	1.0%	1.0%
Takaoka Plant	0.8%	4.0%	Overall	0.9%	1.7%

Note: Waste materials that cannot be recycled, such as pharmaceuticals, are outside the scope of calculation. We have deducted the total weight of the materials that cannot be recycled from the totals for emissions, waste generation amount, and landfill volume.

Waste recycling

Sludge recycling

We are working to make organic sludge compost from the residue left over from the wastewater treatment process, and to recover the valuable materials from sludge in terms of inorganic sludge. In fiscal 2008, we were able to recycle 63.2% of the sludge in terms of the amount generated (921 tons).

Recycling of organic solvents

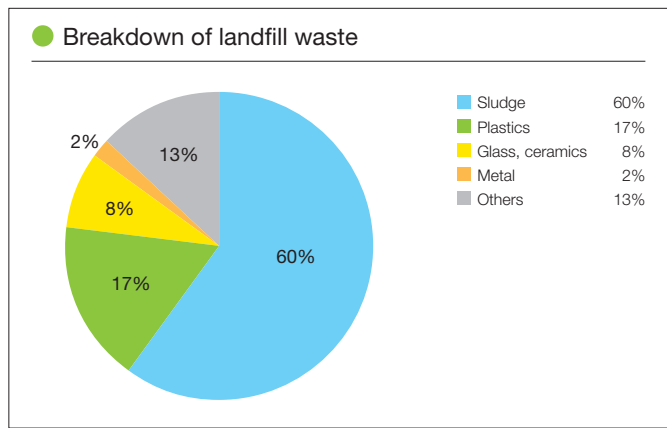
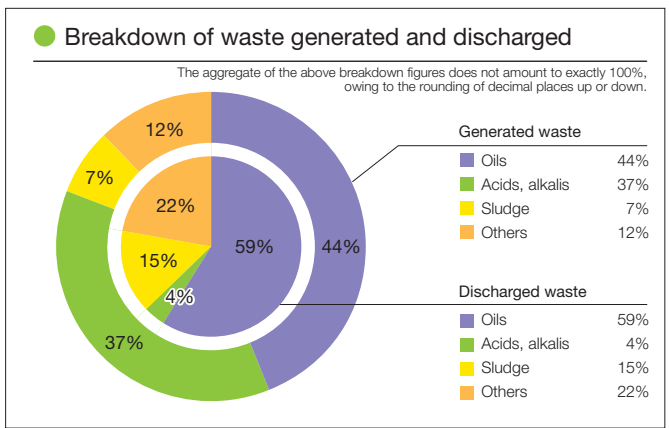
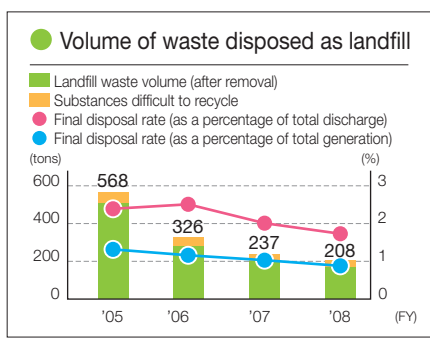
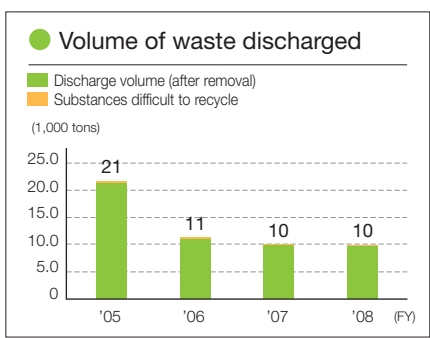
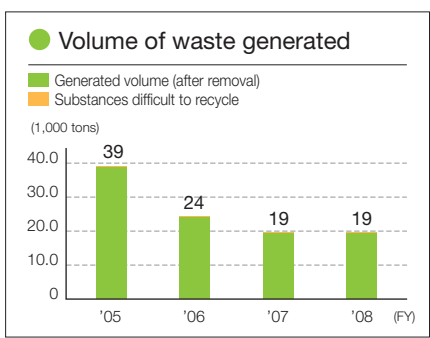
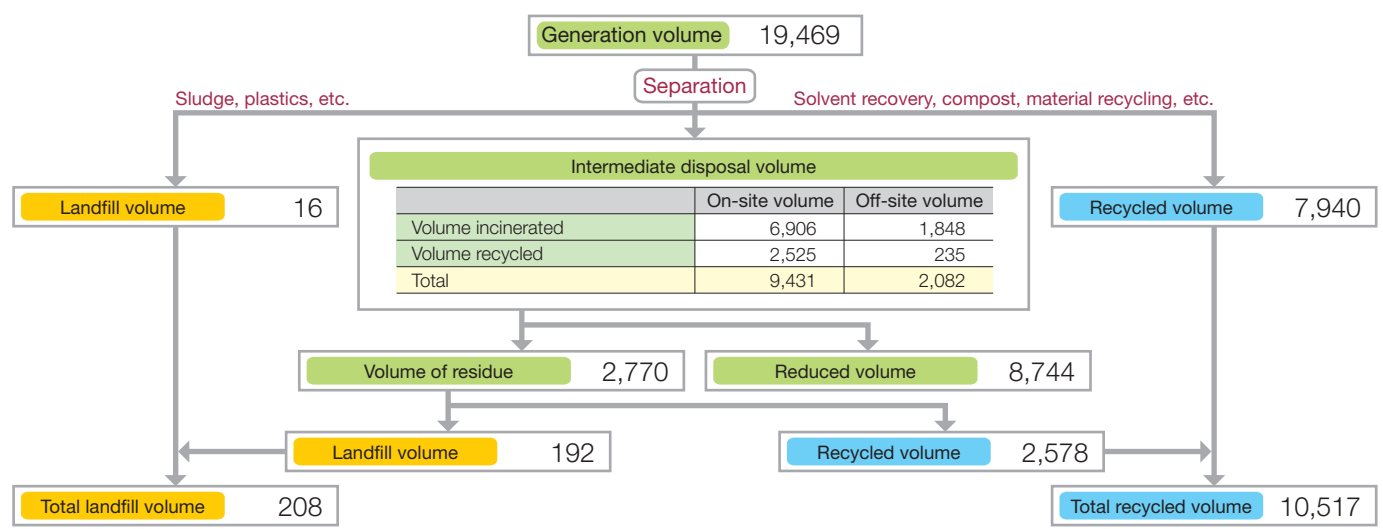
Of the waste oil that accounts for the majority of waste generated, heavily-used organic solvents are either recycled and reused (material recycling), or used as supplemental fuel (thermal recycling).

In fiscal 2008 we carried out a total pure conversion amount of 3,823 tons corresponding to pure solvent fractions of material recycling, and 1,257 tons of thermal recycling.

Other recycling activities

We are also making an effort to recycle numerous other types of waste materials, including plastics, glass, metal, used paper, and fluorescent lights. Additionally, we have begun outsourcing the recycling of some of the mixed liquid waste from chemical reagents, which had previously been impossible to recycle, using a sub-critical water reaction process.

Waste processing flow (tons)



Green purchasing

Astellas has set guidelines on promoting green purchasing, which puts priority on the purchasing of office supplies, raw materials and packaging materials with a low environmental load. Since fiscal 2005, our green purchasing initiative has achieved some degree of penetration due to the setting of numerical targets mainly for the purchase of office supplies, and for low-pollution vehicles used in sales activities. We have decided not to draw up a new action plan, and we will instead maintain our green purchasing initiative and continue providing environmental load information through our purchasing system.

Packaging recycling initiatives

Although the majority of pharmaceutical product packaging is disposed of by medical institutions, products prescribed by doctors are disposed of by households. In accordance with the Containers and Packaging Recycling Law, we bear the cost of recycling these waste packaging materials. In fiscal 2008 we estimated the total amount of bottles, plastic, and paper containers disposed of by households at 527 tons, and the relevant recycling cost amounted to approximately ¥27 million.

Preventing pollution

In Japan, long-standing pollution issues, such as air and water pollution, have not yet been fully resolved, and further initiatives are necessary.

For major environmental management items such as the atmospheric and water quality, Astellas has voluntarily set stricter targets than the mandatory requirements set by regulations or agreements with local governments or residents. The aim is to control pollutant emissions and prevent leakage of environmental pollutants. Additionally, in preparation for accidents and emergency situations, we are working to reduce the risk of pollution by implementing measures for the prevention of environmental pollution, including the installation of backup equipment.

Water pollutants

We discharge wastewater, after suitable treatment, not only into the sewer system, but also directly into rivers and the sea. The accidental discharge of harmful substances would lead to the pollution of water resources, or cause problems at sewage treatment plants. As this could have a grave impact on regional communities, we consider it one of the most serious environmental risks.

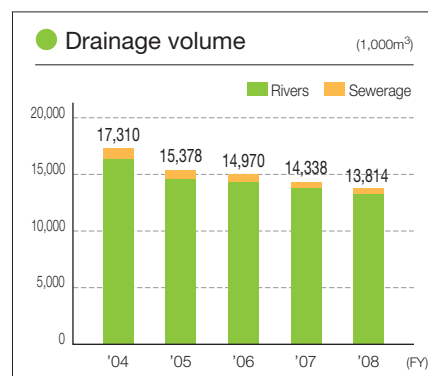
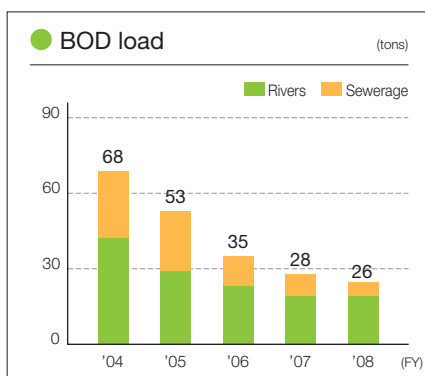
To prevent groundwater contamination, Astellas is working to meet strict environmental standards in the management of its wastewater treatment facilities. We are closely monitoring operations and taking measurements of the quality of water draining out of our plants to confirm compliance with these standards.

We are also upgrading the skills of our emergency response teams, and installing backup equipment such as emergency cutoff devices and emergency escape tanks.

In fiscal 2008, the BOD*1 load was 26 tons, a 9.7% reduction from the previous year.

***1 BOD (Biochemical Oxygen Demand)**

This index gives the level of water pollution by organic matter, and shows the amount of oxygen (mg/L) consumed when water contaminants are oxidized by microorganisms. The larger the value, the greater the water contamination.



Air pollutants

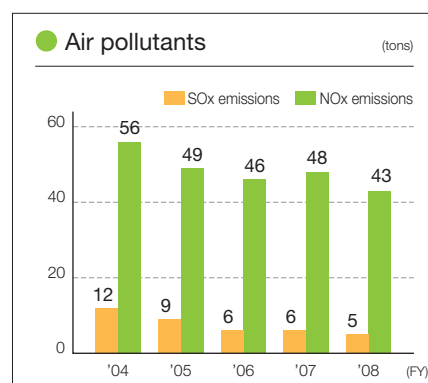
In fiscal 2008, NOx*2 and SOx*3 emissions totaled 43 tons and 5 tons respectively, virtually unchanged from the previous year. We are investigating alternative fuels to further reduce emissions of air pollutants and also to devise measures that address global warming concerns.

***2 SOx (Sulfur Oxides)**

Sulfur oxides are produced when oxygen is combined with sulfur, which is a component of both oil and coal, during combustion. SOx is one of the causes of acid rain.

***3 NOx (Nitrogen Oxides)**

Nitrogen oxides are produced when nitrogen, which is contained in fossil fuels and in the air, combines with oxygen during combustion. NOx is one of the causes of acid rain.



Measures related to incinerators

Incinerators are used to burn waste such as solvents from the production process. As a result our measures to achieve the optimal management of incinerator facilities, dioxins*4 measured in the exhaust gas of incinerators were once again far below standard values in fiscal 2008.

Amount of dioxins in the exhaust gas of incinerators

(ng-TEQ/m³N)^{*5}

Facility locations		FY2004	FY2005	FY2006	FY2007	FY2008
Takahagi	Liquid waste incinerator	0.00083	0.0014	0.00089	0.000015	0.00045
	Standard	10	10	10	10	10
Takaoka	Liquid waste incinerator	0.000058	0.00072	0.00019	0.000005	0.022
	Standard	5	5	5	5	5

***4 Dioxins**

These are not a single chemical substance, but a general name for a group of chemical compounds. Dioxins can be broadly divided into polychlorinated dibenzo-para-dioxin (75 varieties) and polychlorinated dibenzofuran (135 varieties). Generally, coplanar PCBs (14 varieties) are also now considered dioxins.

***5 TEQ (Toxicity Equivalency Quantity)**

Toxicity equivalency quantity (TEQ) is a value that converts the amount of dioxin into an equivalent amount of the most toxic material. Dioxins are a broad group of compounds, and since toxicity depends on the compound, a method that expresses the amount of dioxin as an equivalent amount of the most toxic substance is formally employed.

Soil contamination surveys

Astellas meets all legal requirements and has voluntarily drafted guidelines in line with the Soil Contamination Countermeasures Law. Astellas conducts soil contamination investigations at sites where projects such as the destruction of old facilities and the building of new ones are being undertaken, as well as at its athletic grounds and parks. These same guidelines are applied in environment-related decision-making for the purchase of land.

In fiscal 2008, a soil contamination survey was carried out to coincide with the removal of the general incinerator at the Takahagi Facilities, and we confirmed that there was no contamination.

We have carried out soil surveys at nine locations between fiscal 2004 and fiscal 2008. At the site of the former Osaka Plant, on the premises of the Kashima R&D Center, levels of benzene, mercury, lead, arsenic, and fluorine higher than the

permissible standards were detected in the soil, and high levels of benzene, lead, arsenic and fluorine were also detected in the groundwater. We are currently moving forward with the excavation and removal of contaminated soil, and the purification of groundwater at the Kashima R&D Center. No pollution has been detected in surveys conducted at other locations to date.

Compliance with environmental regulations, and accidents and complaints

Compliance with environmental regulations

In fiscal 2008, stormwater runoff pollution levels and pH levels at the Tsukuba Research Center (Miyukigaoka) exceeded the values agreed to with the Tsukuba municipal government. After reporting this to the local government, we were instructed to monitor levels over a period of time, as the levels had only been exceeded temporarily.

Over the past five years, discharge levels were also exceeded three times in fiscal 2004, twice in fiscal 2005, and once in fiscal 2007, but each time our countermeasures have proved effective.

There have been no lawsuits or fines related to environmental issues over the past five years.

Environment-related accidents

No environment-related accidents occurred in fiscal 2008. Over the past five years, there has been one case of an abnormal reaction at our Osaka Plant in fiscal 2004, and one case of an abnormal odor at the Takaoka Plant in fiscal 2006. During the accident at the Osaka Plant, an irritating gas with an abnormal odor was caused by an abnormal reaction, and there were complaints of sore eyes and nausea. During the accident at the Takaoka Plant, gasified acetate compounds were dispersed into the atmosphere causing a foul odor, but no human suffering was reported.

Environment-related complaints

Three noise-related complaints were received in fiscal 2008, such as complaints due to noise caused by construction work and tree-branch cutting carried out at the Yaizu Facilities, and motor noise caused by outdoor exhaust fans at the Tokyo Research Center. We dealt with these complaints by installing noise dampening sheets and changing operation methods.

We place great importance on measures to combat sensory nuisances such as noise, foul odors, and vibrations, in order to build trust with local communities. Because of this, in addition to working to prevent the occurrence of abnormalities by implementing regular measurements of noise, foul odors, and vibrations, we would also like to maintain appropriate levels of communication with local communities even when there is no violation of regulations.

Environment-related complaints

Item	Fiscal 2004	Fiscal 2005	Fiscal 2006	Fiscal 2007	Fiscal 2008
Noise	1 (Tokyo)	0	2 (Tokyo, Fuji)	1 (Takaoka)	3 (Yaizu, Tokyo)
Foul odors	0	0	1 (Takaoka)	0	0
Vibrations	0	1 (Kiyosu)	0	0	0

Note: Takaoka = Takaoka Plant, Yaizu = Yaizu Facilities, Tokyo = Tokyo Research Center, Kiyosu = Kiyosu Research Office, Fuji = Fuji Plant

The number of cases is shown in the table. Single cases that drew several complaints are recorded as one case.

Astellas organizes its CSR activities into five fields (the environment, employees, society, the economy, and compliance) to advance CSR-based management. Separating the field of employees from that of society, and making it a field of its own is the most distinctive part of Astellas' CSR-based management philosophy. This demonstrates the idea that employees are the nucleus of a company, and that it is only through the support of employees that corporate activities can be continued, meaning that companies exist because of their employees.

On the basis of this stance, we strive to enrich our human resources in addition to working to provide an HR management system, training system, and a welfare and benefits system targeted at raising employee satisfaction, respecting employees' individual rights and individuality, and ensuring workplace safety. In these ways, we provide a workplace where employees can relax and focus on their work without distractions.

Ensuring a safe working environment

Ensuring the health and safety of our employees is one of the most crucial aspects of Astellas' CSR-based management. Astellas makes every effort to provide a safe and comfortable working environment for all its employees. We are also establishing a system to minimize work-related injuries, as well as policies to improve employee health.

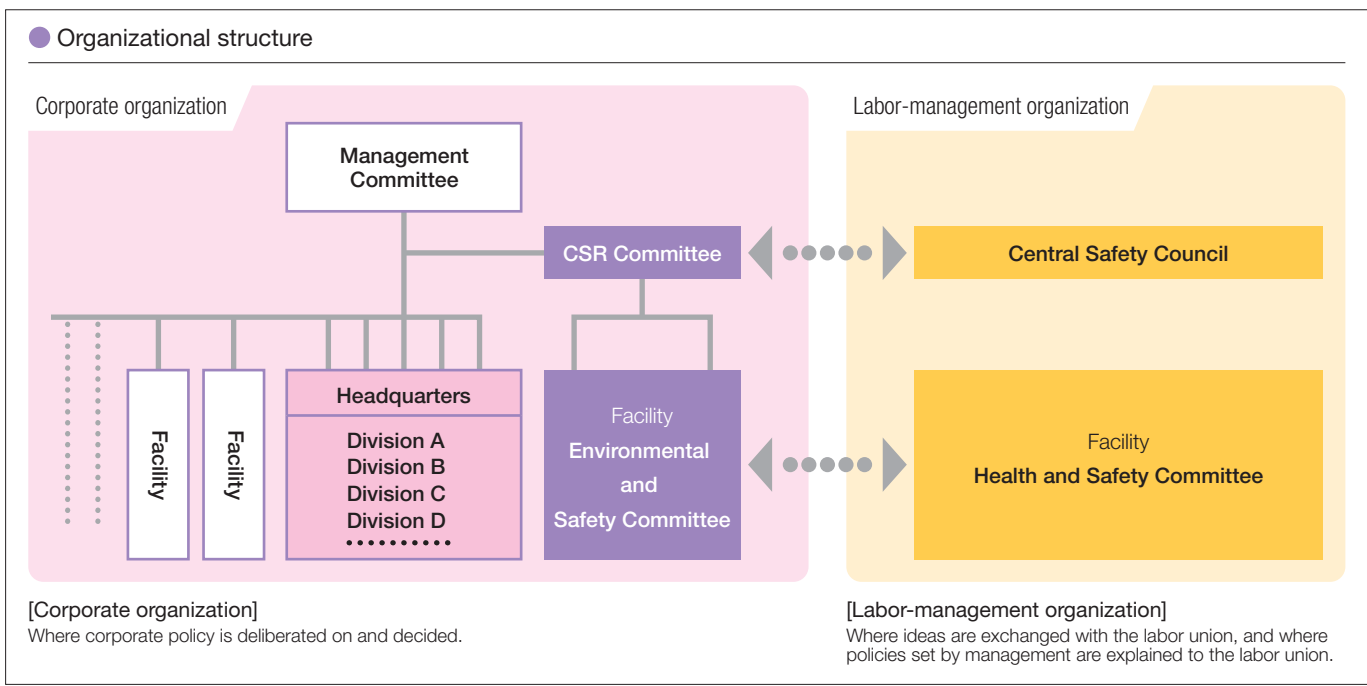
Rules of conduct governing health and safety activities

The rules of conduct governing health and safety activities are created in common with those for environmental activities. The following three points encompass our basic philosophies.

- We are focusing on disaster prevention and damage mitigation when a disaster occurs.**
 - Greater use of risk assessment Full utilization of our occupational safety and health management system
Enhancement of our disaster management system
- As a wholesome and energetic corporate culture is created solely by healthy employees, we are making efforts to improve the management of our employees' physical and mental health.**
 - Employee health management Expanding follow-up checks after regular medical examinations, and promoting metabolic syndrome countermeasures.
 - Offering mental health care Employee mental health checkups, and enrichment of a support system that enables stress identification and early detection, as well as appropriate treatment.
- In addition to thorough work hour management, including elimination of excessive work and unpaid overtime, we are looking into a system that makes it easier to take leave.**
 - Measures to prevent overworking Preventing extended periods of long working hours.
Measures to increase the amount of paid leave taken.

Safety Action Plan

Fiscal 2008 Action Plan	Fiscal 2008 Initiatives
Workplace safety and occupational hygiene management <ul style="list-style-type: none"> ■ Review safety management system at regular intervals for maintenance and improvement. ■ Identify all risks at each business site concerning workplace safety, occupational hygiene, security and disaster prevention, and establish objectives and targets with the aim of reducing the likelihood of materialization of risks by the end of fiscal 2009. 	<ul style="list-style-type: none"> ● We revised our management system in response to changes in our organization and activities. ● We identified risks that could lead to occupational accidents at all our plants and research centers, and implemented measures for risks that could not be tolerated.
Response to accidents and emergencies <ul style="list-style-type: none"> ■ Continuously work to effect improvements in the risk management system, including organizations, communication networks, and methods of responding to all conceivable accidents and emergency situations. 	<ul style="list-style-type: none"> ● We revised our system for responding to emergency situations and carried out training at all our facilities.
Severity rate of work-related injuries <ul style="list-style-type: none"> ■ Continually work to keep the severity rate of work-related injuries at 0.005 or lower. 	<ul style="list-style-type: none"> ● Severity rate of work-related injuries in fiscal 2008: 0.001
Chemical substance management <ul style="list-style-type: none"> ■ Establish a comprehensive and effective system for managing hazardous chemical substances from procurement through disposal by the end of fiscal 2009. 	<ul style="list-style-type: none"> ● We registered all chemical substances, decided on introducing a management system that will make it possible to confirm usage status, and began preparations for its operation.



Safety and health management system

We are building a safety management system at our plants that enables functional operation conforming to the characteristics of the corporate activities at each facility. We are also building an integrated management

system unique to Astellas to further environmental and safety and health activities at our research centers. The Takahagi Facilities have also acquired certification for the OHSAS 18001 standard,

and we are making further improvements to maintain the occupational safety and health management systems at our other facilities at a level that qualifies for third-party certification as well.

Fiscal 2009 action plan related to employee health

Fiscal 2009 targets

- 1 Reduce the number of employees exceeding the recognized standards for death from overwork to zero.
Reduce the number of employees working more than 100 hours of overtime per month to zero.
Reduce the number of employees working more than 60 hours of overtime per month for two consecutive months to zero.
- 2 Increase the rate of annual leave taken to 50% or more.

Analysis of Results and Issues	Fiscal 2009 Action Plan
We have not yet confirmed whether comprehensive identification of risks and potential risks has been carried out sufficiently at our facilities. The assessment methods require further improvements, and we also need to provide additional training for our assessors.	Workplace safety and occupational hygiene management <ul style="list-style-type: none"> Review safety management system at regular intervals for maintenance and improvement. Identify all risks at each business site concerning workplace safety, occupational hygiene, security and disaster prevention, and establish objectives and targets with the aim of reducing the likelihood of materialization of risks by the end of fiscal 2009.
A response system for emergency situations is in place at all of our facilities, but we must confirm the effectiveness of this system from a variety of angles.	Response to accidents and emergencies <ul style="list-style-type: none"> Continuously work to effect improvements in the risk management system, including organizations, communication networks, and methods of responding to all conceivable accidents and emergency situations.
The severity rate of work-related injuries has remained at a low level. However, some accidents that have occurred could have caused the individuals involved to require an absence from work had the conditions been different.	Severity rate of work-related injuries <ul style="list-style-type: none"> Continually work to keep the severity rate of work-related injuries at 0.005 or lower.
After the chemical substance management system is introduced, we must build and refine a system for regularly confirming that all chemical substances are being appropriately managed.	Chemical substance management <ul style="list-style-type: none"> Establish a comprehensive and effective system for managing hazardous chemical substances from procurement through disposal by the end of fiscal 2009.

Safety Action Plan Initiatives

Workplace safety and occupational hygiene management

It is important for each employee to maintain a high level of awareness of issues concerning workplace safety and occupational hygiene, especially at production and research facilities where they are exposed to potential danger. Even when employees are aware of the importance of safety activities, complacency and a lowered sense of danger can lead to serious accidents.

Astellas regularly revises day-to-day work procedures and its safety and health management system, conducting identification and assessment of any latent safety and health risks relating to equipment, work operations, or employee conduct, so as to minimize risk. In fiscal 2008 we implemented initiatives for making further improvements, such as building and establishing a management system for the research division, and revising and expanding the scope of the risk assessment process for the production division.

Response to accidents and emergencies

As well as preventing occupational accidents, we must also minimize the damage caused by any accident or disaster that might occur. For this reason, each major facility has created a system and established internal and external communication networks to prepare for an emergency response. We are also conducting fire and earthquake drills and other training exercises to be prepared for all conceivable disasters. Although we already have a system for responding to emergencies in place, we believe there is a need to expand it further. As the response to an emergency depends on whether managerial level employees can fulfill their duties and responsibilities reliably, we are looking into measures for maintaining high response standards for our middle management staff. There is also a need for regular tests to determine whether they can behave according to procedure and function adequately when an emergency situation occurs. For this reason we are carrying out systematic training and education at each facility.

Severity rate of work-related injuries

At Astellas, we have set a numerical target for the severity rate of work-related injuries as represented by the number of days of absence from work due to injuries.

In fiscal 2008, the severity rate of work-related injuries was 0.001, which is below our target of 0.005. Although we have improved our occupational accident record, there are still cases occurring that could lead to serious accidents with one wrong step, so we will continue to bolster our accident prevention in the future.

Work-related injuries

	2005	2006	2007	2008
Number of work-related injuries	32	41	31	26
Frequency rate of work-related injuries *1	0.44	0.35	0.25	0.31
Severity rate of work-related injuries *2	0.011	0.003	0.001	0.001

Note: Work-related injury data is based on the calendar year. Additionally, the severity rate of work-related injuries is calculated on the basis of Astellas' Safety Action Plan.

*1 Frequency rate of work-related injuries

This rate shows the number of employee deaths or injuries resulting from work-related accidents per million hours of work. The larger the number, the more frequently work-related injuries occur.

*2 Severity rate of work-related injuries

This rate shows the number of days absent from work due to work-related injuries per thousand hours worked. The higher the number, the greater the severity of the injury. The indicator of the frequency of work-related injuries is the frequency rate.

Chemical substance management

Astellas has devised measures to prevent workers from being exposed to the harmful chemical substances they handle. These include providing information on harmful substances and ensuring that employees are aware of the dangers involved; providing protective equipment; improving work procedures; and taking steps such as closing off facilities. In the event of an accident during the transportation of chemical substances or waste, a slow initial response or incomplete information on the material being transported could delay containment efforts and have a major impact on the wider community. To prevent this, drivers and other parties involved must take appropriate steps, which include giving information to the authorities, such as fire departments. Our guidelines require that emergency contact cards, which contain environmental and safety information as well as contact information, be provided when outsourcing the transportation of chemicals and waste material.

Employee health management

It is crucially important for employees to be able to carry out their duties in a comfortable workplace and in a state of good physical and mental health, not only for the employees themselves, but also for the company. Astellas is committed to taking health improvement measures in collaboration with its employees and labor union, as well as health insurers, in order to help its employees maintain physical and mental fitness. In fiscal 2008, we implemented comprehensive measures to promote health and to plan appropriate work hours, including steps to achieve a good work-life balance and encourage the adoption of no-smoking policies.

Excessive work initiatives

We have put programs in place to prevent health problems caused by overwork, which are designed to eliminate excessive overtime and encourage employees to take annual paid leave. We are also making efforts to prevent excessive overtime by monitoring work hours using employee reports, and by recording working hour data on smart cards.

Initiatives for achieving targets

In addition to displaying posters to raise employee awareness and implementing promotion activities, we send letters of warning to employees who work excessively long hours as well as to their superiors, and request a revision of work procedures for organizations where long work hours are a constant problem.

In the sales division, we are working to create an environment that makes it easier to take leave, by reducing the workloads assigned to specific days.

Mental health care

Because mental health problems can be caused by a number of factors, such as occupational stress, we must make an ongoing effort as an organization to alleviate these factors.

In fiscal 2008, we implemented a mental health checkup for the self-evaluation of mental health. We have also changed the content of the independent Employee Assistance Program (EAP) so that the counseling office can be used more effectively.

In fiscal 2009 we will hold a labor-management mental health subcommittee meeting for both employees and management to collaborate in the promotion of various measures, such as the creation of a pleasant workplace, implementation of self-care as well as care from superiors on the line and care from health staff such as psychiatrists at the place of work, in addition to care through the independent EAP.

Medical checkups

To comply with legal requirements for general health examinations, Astellas provides regular checkups for employees up to the age of 35, and in association with the Company's health insurance union, it provides a more complete series of examinations designed for the middle-aged to verify that those 35 and older are in the best of health. Along with checkups at the time of employment and checkups for employees being assigned overseas, we offer voluntary examinations that are not legally required. Legally required checkups include special health examinations for employees who handle organic solvents, specific chemical substances, or are exposed to ionized radiation. In addition, Astellas provides special biosafety health examinations for persons handling pathogens or clinical materials, as checkups are not legally required in such cases.

Implementation of no-smoking program

Astellas has launched initiatives such as a no-smoking campaign to reduce the damage to human health from cigarette smoke. We implemented a total ban on smoking indoors from October 2008, and we no longer provide smoking areas on our premises. We will continue to pursue no-smoking initiatives at our facilities.

Our human resources system and welfare programs

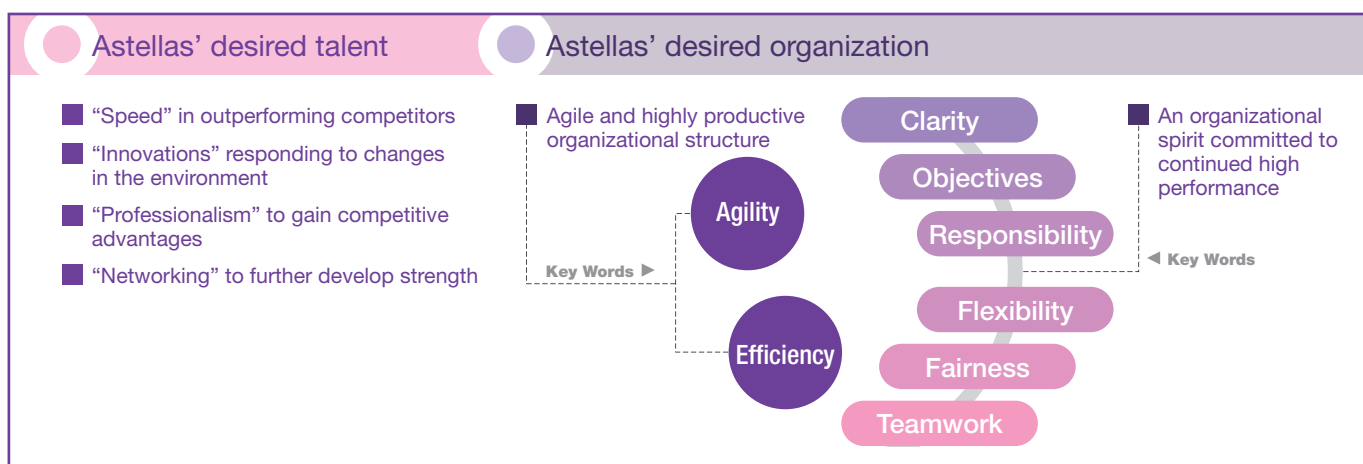
Astellas believes that proactive initiatives in the areas of human resources, employment and welfare lead to activities that contribute new value to society.

We are working to prepare a financial safety net for employees during situations such as pregnancy, childbirth and child-raising, the nursing of family members, and sickness or injury of the employees themselves. We will continue to implement comprehensive measures to help our employees achieve a good work-life balance, and strive to further develop and apply our employee welfare system.

We will also actively address the issues of population aging, gender equality, the diversification of employment patterns, and the employment of disabled persons.

Human resources vision

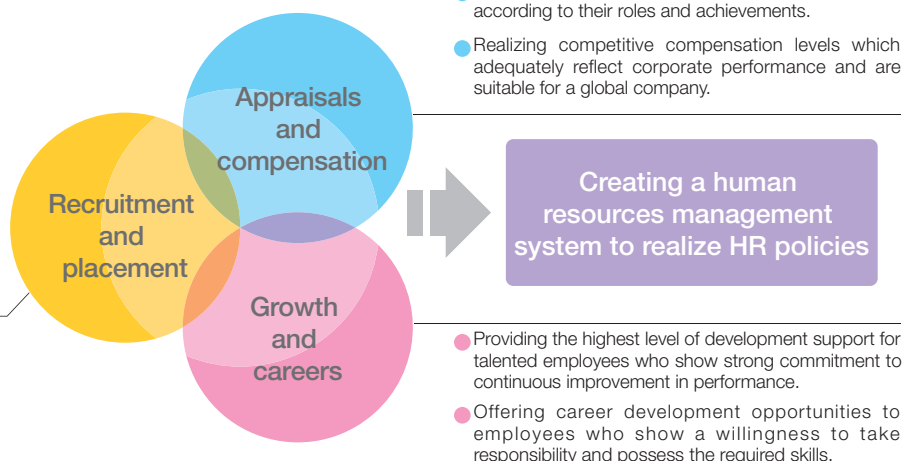
Through its human resources vision, Astellas has clarified its employees' desired talents and its desired organizational features.



Human resources policies

We believe that the human resource management system at Astellas should be attractive to potential employees who demonstrate excellence in their field, and should also create an environment that enables our talented employees to tackle greater challenges. Each of the interrelated human resource management systems must be kept consistent. For this reason, the policies for operating these human resource management systems must be clarified, and appropriate systems put in place.

Human resources policies



Providing opportunities for growth

As Astellas is a company where all employees are provided with opportunities for personal growth and encouraged to have pride in their work, we have prepared a variety of human resource development programs that allow employees to develop their abilities and hone their skills to the fullest extent possible.

Astellas operates job challenge programs (the internal recruitment program, the internal free agent program, and the global career entry program) and an early retirement support program in order to increase the freedom of employees to select roles that prioritize their own goals and aptitude.

● Diverse human resource initiatives

The diversity of human resources includes differences in ethnic group, nationality, gender, and age. At Astellas, we have launched this initiative by first considering the active role of women in the workforce. Changes in corporate culture and employee awareness enable women to make fuller use of their capabilities in the workplace. We believe that such changes will help Astellas to strengthen its overall competitiveness. To tackle these issues, we launched the WIND (Women's Innovative Network for Diversity) project in fiscal 2007, and in fiscal 2008 we further developed this initiative with the addition of a diversity promotion office.

● Composition of the labor force

The table at the right shows the composition of the Astellas labor force, and this demonstrates the diversification of employment patterns. At group companies in Japan in particular, non-regular employees make up over 30% of the workforce. There are differences in the human resource management systems applied due to the variety of employment patterns, but health, safety, and compliance-related activities, such as providing training opportunities, are implemented universally regardless of employment type.

For those engaged in production and research areas involving risks due to the use of potentially harmful chemicals, as well as physical dangers (including possible fires), thorough education and training is provided to avoid accidents and injuries. In this way, we are working to create an optimal labor force management system that corresponds to the diversification of employment situations.

● Composition of the labor force

(As of March 31, 2009)

Employee Classifications		FY2008		
		Total	Male	Female
Astellas Pharma	Full-time employees	5,473	4,649	824
	(Middle management staff or above)	1,934	1,895	39
	(New graduates)	120	73	47
	(Mid-career hires)	80	70	10
	Other staff	92	73	19
	Temporary staff	405	40	365
	Total	5,970	4,762	1,208
	Average length of service (regular employees)	15.4	15.8	12.9
	Average age of regular employees	40.1	41.0	36.4
Domestic Group Companies	Full-time employees	1,716	1,030	686
	(Middle management staff or above)	357	332	25
	(New graduates)	0	0	0
	(Mid-career hires)	119	64	55
	Other staff	373	81	292
	Temporary staff	451	96	355
	Total	2,540	1,207	1,333
	Average length of service (regular employees)	22.0	23.5	19.8
Average age of regular employees	44.6	46.1	42.3	
Overseas Group Companies	Full-time employees	6,739	—	—

Note: Figures include staff seconded to other companies or institutions. Additionally, figures for other staff include workers with fixed-term contracts and part-timers.

■ Employment of the elderly

Against the backdrop of a low birth rate and the rising average age of the population, in addition to a higher age for initial pension payments, we believe it is important to provide a place of work for employees over the age of 60 who meet our criteria and who have specialist abilities and knowledge. Astellas has introduced an extended employment system that allows all employees who meet our criteria to continue working on a yearly contract basis. In fiscal 2008, 54 employees made use of the extended employment system.

● Relationship with the labor union

We have signed a labor agreement with the Astellas Labor Union, which is comprised of employees of Astellas Pharma and group companies operating in Japan. Through this agreement, the two sides acknowledge each other as equals, and they are working to build sound labor-management relations. The Company and the labor union jointly hold meetings with the Management Council, the Central Safety Council, the Personnel System Council, and the division management councils as required, to review and improve working conditions and ensure the sound conduct of operations.

Our human resources system and welfare programs

Work schedule systems

Evaluation of each employee's role and performance is the foundation of the Astellas human resources management system, and we have introduced a work time system that supports a variety of working styles and gives employees discretion to set working hours to suit their professional duties.

Number of employees under each work schedule system (regular employees) (As of March 31, 2009)

	Male	Female	Total
Outside de facto working hours	1,649	160	1,809
Discretionary working hours	908	302	1,210
Flexible working hours	562	728	1,290
Other options	408	256	664

In fiscal 2008, we made efforts to shorten the actual time worked by revising business tasks and devising new work methods. Based on the results of these efforts, from fiscal 2009 we will shorten the standard prescribed working hours per day from 8 hours to 7 hours and 45 minutes.

Flexible working hours

This system gives employees the flexibility to choose when they start and finish work each day.

Outside de facto working hours

This is applicable for sales-related work performed outside the office. Under this system, employees are considered to have worked their scheduled number of working hours regardless of the actual number of hours worked.

Discretionary working hours

Researchers and some staff members qualify for this system, under which employees are compensated for a fixed number of hours regardless of the actual number of hours worked.

Other options

Depending on job content and specific duties, various work schedule systems are employed, with employees working fixed hours, in shifts, or on a non-daily basis.

Vacation and leave

Special leave

In the event that an employee's child, spouse, or parent suffers injury or illness, the employee is allowed up to five days (per year) of special leave — separate from the normal annual leave allowance — to allow him/her to care for the indisposed family member.

Nursing care leave

Astellas has introduced a nursing leave system where employees can take time off (up to a year) to help take care of family members at home. The leave may be taken in intervals. Additionally, the option to shorten working hours by one or two hours, a half day or a full day will be made available, up to 25% of the monthly total.

Child-care leave

The employee is able to take the leave until the child is three years old.

Bone marrow donor special leave

Out of respect of an employee's desire to donate bone marrow, a system has been created so that special leave can be taken to register and donate bone marrow.

Reduced working hours for employees raising children

Employees with children who have not yet begun the fourth year of elementary school are able to shorten their working hours. Use of this option together with the flex-time system gives employees more flexibility to select working hours that suit them best.

Recovery leave

If continued hospitalization or home care is necessary after receiving one month of treatment for the same disease or injury, employees can take up to one extra month of leave for recovery.

Utilization of leave (regular employees)

		FY2008
Paid leave	Percentage used	55.1
	Average days taken	10.7
Special leave	Employees	440
Bone marrow donor special leave	Employees	3
Shorter working hours for child raising	Employees	53
	Average days used	404
Shorter working hours for nursing care	Employees	0
	Average days used	—
Maternity leave	Employees	78
Child-care leave	Employees (female)	87
	Employees (male)	1
	Average days used (female)	374
	Average days used (male)	—
Nursing care leave	Employees	1
	Average days used	5
Recovery leave	Employees	48

Note: The number of users indicates those who used the system in fiscal 2008. This figure excludes cases where the term was not completed by the end of fiscal 2008. In other words, it is limited to cases which ended within fiscal 2008. (The man taking child-care leave continued his leave into fiscal 2009, so the period of use has not been finalized.)

Newly introduced human resource management systems

Maternity care leave

When work is not possible due to complications with pregnancy such as morning sickness, danger of miscarriage, gestational toxicosis, or premature delivery, or in order to prevent these problems, it is possible to take units of leave from two weeks to three months long between the time when pregnancy is discovered and the beginning of maternity leave. In fiscal 2008, one employee made use of this system.

Volunteer leave system

This system allows for up to five days of leave to be taken each year, to support the acquisition of knowledge and technical skills for participating in social welfare, environmental protection, disaster relief, international cooperation, and other volunteer activities. The volunteer leave system can also be used to take a leave of absence of up to three years. In fiscal 2008, there were no users of this system.

Registration for reemployment

Regular employees who were previously forced to resign from their jobs due to responsibilities involving child raising, nursing care for family members or the transfer of a spouse to a new work location, can now register for reemployment under this system. These individuals will be given preference when hiring is necessary.

Addressing social issues in employment

In Japan, social issues affecting employment include the low birth rate and the growing elderly population, and the questions of how men and women can work cooperatively in a partnership format for the benefit of society, how to provide employment opportunities for the disabled, and how to address the growing disparity in income levels between regular and non-regular employees. As we are confronted with a substantial decline in the birth rate and a rapidly aging population, support for a harmonious balance between work and family life is particularly crucial in view of the current population decline.

Work-life balance

Child-raising support initiatives

Those who take child-raising leave may face anxieties about their isolation from workplace communication channels, may fear a deterioration of their skills, and may have misgivings about resuming work. To allay these concerns and make it easier for those who take child-raising leave to return to work, we are implementing measures to promote the sharing of company information with those on leave, as well as self-study and communication.

In addition to financial support by the Company when a baby sitter is used or when day-care is necessary after returning to work

from maternity leave or child-raising leave, the Kyosaikai (a mutual aid association for regular employees) has introduced the "WIWIW" service (<https://www.wiwiw.com>), which helps facilitate a fulfilling child-raising lifestyle and a smooth return to the workplace.

Astellas has established an action plan based on the Law for Measures to Support the Development of the Next Generation, and is working on measures to support the nurturing of the next generation. The details of the Astellas Pharma action plan as well as its current progress are shown below.

Action Plan

Implementation period: April 1, 2007 to March 31, 2012

Targets	Measures	Fiscal 2008 Results
During this period, reduce the number of annual predetermined work hours.	Take effective steps to achieve a real balance between work and private life by reducing the number of annual predetermined work hours, after careful examination of this topic.	From April 1, 2009, standard prescribed working hours were shortened from 8 hours to 7 hours and 45 minutes. Work hours at branch offices and sales offices have been reduced by 15 minutes a day to 7 hours and 45 minutes. For other divisions, work hours for Monday to Thursday are unchanged, while work hours for Friday have been reduced by 1 hour and 45 minutes.
During this period, introduce a new work format that facilitates the fulfillment of both work and child-raising duties.	The management and the labor union will jointly investigate various work formats, with the twin aims of raising productivity and achieving a better balance between work and private life.	Reduced working hours for employees raising children were extended (until children start the fourth year of elementary school).
During this period, introduce measures to support reentry into the workplace.	Investigate reentry support measures, taking into account the characteristic features of job category.	An event for supporting the return to work was held for employees on maternity and child-raising leave, with the aim of informing them of new leave systems and promoting the use of these systems. We have introduced leave systems for the smooth return of employees to work, and the Company gives employees allowances to pay part of the cost of day-care services.

Harmony between work and personal life

It is believed that physical and mental fatigue due to work and child-raising, as well as a lack of balance between work and personal life, can lead to serious social problems, such as a deterioration in social vitality, and even a falling birth rate and depopulation. There is a need to create a society that gives people a sense of fulfillment,

allowing them to live diverse lifestyles together with both family and community during each stage of their life, such as child raising and middle and old age, in addition to fulfilling their professional duties. Astellas is striving to create an environment that allows for a variety of lifestyles, taking into account events at every stage of life.

Employment of disabled persons

In fiscal 2008, disabled employees accounted for 1.84% of our workforce, above the statutory requirement of 1.8%. We will continue our efforts across the entire Astellas Group to provide workplace employment conditions suitable for disabled persons, and evaluate policies with a focus on achieving our target of having disabled persons account for 2.0% of our workforce.

FY2005	FY2006	FY2007	FY2008
1.86	1.81	1.78	1.84

Companies, as members of society, must maintain a sound, reciprocal relationship with other members while pursuing the sustainability of society as a whole. By incorporating society's needs and values, and the issues it faces, into our corporate activities, we work to propose ways of creating new added value for society. At the same time, we disclose information about our corporate activities and fulfill our duty of accountability to our stakeholders.

Communication with the larger community

Astellas believes that providing timely and appropriate information to the larger community and facilitating communication are important functions of CSR-based management. CSR-based management is more than a simple matter of taking initiative in the fulfillment of a company's social responsibilities. It is also crucial to ensure accountability for our activities, and to recognize any discrepancies between solutions to the challenges that society is facing and the initiatives that we are implementing, in order to keep improving our corporate activities. Astellas will continue to faithfully disclose information on the current state of its activities from a CSR perspective, and promote a fruitful dialogue with the greater community.

Relationship with society

Shareholders forum

To give shareholders a more comprehensive understanding of our initiatives, we hold a shareholders forum after the regular meeting of shareholders has finished. Last year it was held under the theme of "Changing tomorrow." It was a valuable opportunity for communication, and we received many questions from shareholders and listened to their views and expectations regarding our future development of new pharmaceuticals and our environmental initiatives.

CSR Report

Our CSR report features an explanation of the philosophy of Astellas regarding social responsibility, as well as an update on our activities.

The report is targeted at all our stakeholders, customers, employees, the government, local communities, shareholders and other investors. We also have our major production and research facilities issue site reports covering their environmental and safety activities to enhance information disclosure in their local communities.



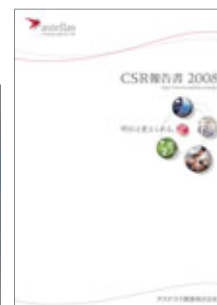
CSR Report 2005



CSR Report 2006



CSR Report 2007



CSR Report 2008

Interaction with the local community

As a "Good Corporate Citizen," Astellas undertakes a variety of activities to build strong ties with the local community. We conduct the following activities, taking into account the distinctive features of each facility and local area.



Environmental management system seminar
Takahagi Facilities



Kids soccer
Toyama Plant



Cleanup campaign
Kashima R&D Center



Anti-crime patrol
Hasune Office

Astellas website update

We have updated our Japanese website to strengthen trust in Astellas and increase familiarity with the Company's operations and activities. Hoping to attract as many visitors as possible, we have made our website easier to use. We will continually add useful content and other features, putting the highest priority on accessibility.

Informative illness guide



We provide a variety of useful information about illnesses, aimed at patients, their families, and the general public.

<http://www.astellas.com/jp/>

Medical professionals



We have designed a website targeted at medical professionals.

Astellas pharmaceutical guide



Includes information regarding the correct use of Astellas pharmaceuticals.

How pharmaceuticals are made



The story of Astellas



The history of Astellas goes back 100 years, which we have spent fighting alongside patients. We introduce our story here, starting with the establishment of our predecessors Fujisawa Pharmaceutical Co., Ltd. and Yamanouchi Pharmaceutical Co., Ltd.

Here we convey our thoughts on pharmaceuticals creation at Astellas in the words of our employees. We also show footage of the new building at our Tsukuba Research Center (Miyuki gaoka).

Social contribution activities

Astellas' wish for health — for individuals, society and the Earth

If individuals and communities can work together as one,
through these joint efforts we can change tomorrow.

We are making continuous efforts to promote dialogue with communities.

In “Our Code of Conduct,” Astellas has declared its commitment to actively implementing social contribution initiatives as a good corporate citizen. We conduct our corporate activities taking into account the needs of society and social norms, as well as current social issues, and believe it is important to propose means for creating new value for society. Our social contribution activities embody this thinking.

Basic Philosophy on Social Contribution Activities

- 1** Astellas aims to undertake social contribution activities which draw on its unique features as a pharmaceutical company, and pays attention to the sustainability of society as a whole. The Company expects that its activities are being well received by members of the local communities in which it operates, and are raising the motivation of its employees.
- 2** As a pharmaceutical company, our approach will be to focus on distinctive activities that can be ongoing. We will not be offering something for everyone. Instead, we will put priority on activities related to our main or peripheral businesses, as well as activities that encourage the cultivation of ties with the local community, respond to requests from society, including the international community, or address humanitarian concerns. We aim to promote activities that reflect the distinctive features of Astellas and its values.
- 3** We will proactively undertake social initiatives with a CSR focus after considering requests from the general public.
- 4** In conducting social contribution activities, we will first give adequate consideration to any attendant risks, then make a selection and formulate the appropriate means for their implementation. In addition, we will conduct periodic reviews of these activities.
- 5** To ensure the transparency of our social contribution activities we will make available information about these activities whenever possible.
- 6** Individual employees may take part in social contribution activities on their own initiative. These volunteer activities are considered separate from company-sponsored activities, but Astellas provides support for them.

- Contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products
- Sustainable enhancement of enterprise value
- Beliefs (high sense of ethics, customer focus, creativity, competitive focus)

Astellas proactively engages in social contribution activities as a good corporate citizen.

Astellas aims to be esteemed not only for its economic contribution but also for its social contributions and its sense of humanity.

Help promote a sustainable society by undertaking corporate activities that constitute a proactive response to social needs, personal values and pertinent social issues.



At Astellas, we draw up an action plan every fiscal year based on our basic policy for social contribution activities, with the Company and employees collaborating on various initiatives. Additionally, we are striving to expand and refine our ongoing social contribution activities by evaluating the pros and cons of continuing each activity and determining whether there is a need for a change in direction or a different approach, based on our basic policy for social contribution activities.

● Social contribution activities

Item	Details	Results
Support for NPO/NGO activities	Support for the Japan Organ Transplant Network	We are providing ongoing support for the "Think Transplant" campaign led by the Japan Organ Transplant Network, which aims to raise people's awareness and encourage them to think about organ transplants.
Support for citizen health	Citizen health class	We held the 4th Astellas Good Life Forum.
	Radio programs	We are providing accurate knowledge and useful information about health and illness via the media. "Astellas Pharma - Also Healthy Tomorrow," "Astellas Pharma - For a Healthy Life"
	Health support line	We are providing helpful information from specialists for those with concerns or questions about their health.
	Draw Tomorrow – "The Picture Book Project"	Under the theme of "Changing tomorrow," we are releasing a picture on our website every month with the aim of creating inspirational picture books. One picture book will be completed each year, and we will distribute these to children in welfare facilities and medical institutions such as pediatric clinics through our Draw Tomorrow – "The Picture Book Project."
Donations and fund-raising activities	Starlight Partner Activities	We are supporting the independent activities of our patients from the sidelines.
	Flying Star Fund	We make a single donation each year consisting of voluntary deposits made by employees and matching donations from the Company. In fiscal 2008, we donated seven wheelchair-compatible vehicles to social welfare facilities.
	Ambulance donations	We have been donating ambulances to local governments since 1970. In fiscal 2008 we donated four ambulances.
	Support for various organizations	Cooperation with the Red Feather Community Chest (corporate donation) Support for organizations such as WWF Japan and the Japan Association for the UN World Food Programme. Donation of used stamps and used prepaid cards, etc.
	Disaster relief	We made disaster relief contributions for the Great Sichuan Earthquake in China and the Iwate-Miyagi Nairiku Earthquake in Japan.
Course funding	Funding for the "Chemical Biology for Drug Discovery" course	We funded a course at the Research Department of the University of Tokyo Graduate School of Pharmacology. The department is currently researching drug discovery using chemical biotechnology based on genome science.
Corporate foundation activities	<ul style="list-style-type: none"> ● Astellas Foundation for Research on Metabolic Disorders ● Astellas U.S. Foundation ● Astellas Europe Foundation 	We are making contributions to the progress and development of medical science, pharmaceuticals, and other related natural sciences, global environmental protection, and regional development and welfare. We are also supporting the research of young scientists through grants, and contributing to learning through the establishment of an academic society prize.

● Overseas initiatives

Europe

Astellas Europe Foundation is making regular donations to the global Save the Children charity. In fiscal 2008, the aid was used to fund a measles eradication project in Liberia, being put towards immunizations and treatment for children with measles. Donations were also made to support the repair of damage caused by a cyclone that hit Myanmar in May 2008.

America

Toys donated by employees were given to children in local communities at Christmas through the Boys and Girls Club and Project Sunshine. Also, believing that development of the pharmaceutical industry would be impossible without enthusiastic teachers who can encourage children to become interested in science, scholarships were presented to 15 science teachers who are active in their communities, in order to raise awareness of the importance of science education.

Sound economic activities provide value to society, and securing legitimate profit through such activities is the *raison d'être* of a company. Astellas has established a business model for becoming a global category leader that can provide maximum added value for people seeking health in the specific diseases and fields it targets. We will work to achieve this by utilizing a management system that uses economic value-added as an indicator. We also intend to secure legitimate profit, carry out the proper payment of taxes and distribute appropriate dividends to our shareholders.

We also recognize that Astellas' social responsibilities with respect to procurement activities call for the building of partnerships with suppliers who can carry out business activities in a fair and transparent manner, as well as initiatives that aim to develop sustainability and increased enterprise value for each party. It is for these reasons that we are implementing CSR procurement.

CSR initiatives for procurement activities

As a declaration of our execution of procurement activities based on compliance, Astellas has established a basic policy on procurement activities involving suppliers, and has worked at strengthening its relationship of mutual trust with suppliers. We began our CSR procurement initiatives in fiscal 2008, and through these activities we hope to build a sound partnership with suppliers.

Procurement initiatives

To carry out procurement activities in a fair and transparent manner, it is necessary for purchasing staff to comply with our basic policy on procurement activities involving suppliers as a code for self-regulation, and to conduct themselves according to the Purchasing Staff Code of Conduct, which embodies the basic policy. Astellas carries out internal audits and supplier surveys to monitor the penetration of the basic policy, and received responses from 150 companies in fiscal 2008. In the responses from suppliers showing their perspectives on the compliance of Astellas purchasing staff with the basic policy, "above average" stood at 98% or above for all categories.

Basic policy on procurement activities involving suppliers

- | | |
|--|---|
| 1 Comply with the law and corporate ethical standards | 5 Do not accept inappropriate payments |
| 2 Maintain partnerships | 6 Observe strict confidentiality |
| 3 Make selections based on economic rationality | 7 Promote CSR procurement |
| 4 Practice fairness and impartiality | |

*The complete text can be viewed on the Astellas website.

CSR procurement initiatives

In addition to our own activities, a sound partnership with suppliers is crucial for Astellas to carry out corporate activities with integrity. For this reason, we have begun the following three CSR procurement initiatives in accordance with our basic policy, to request understanding and cooperation with respect to Astellas' basic stance on CSR. In January 2009 we created the Astellas CSR Procurement Guidebook, and informed approximately 260 direct suppliers in Japan (from which materials are directly procured) of our intention to implement CSR procurement. In addition to holding explanatory meetings, we also carried out a survey regarding the status of CSR initiatives. In the future we plan to expand this to include indirect and equipment suppliers. The results of the survey will be used as scoring materials for the selection of suppliers, and if it is judged through the survey that any serious problems exist, we will request cooperation with the implementation of CSR procurement by calling for improvements to be made.

Our CSR procurement initiatives started in Japan, and we plan to eventually expand them globally, in conformity with the laws and customs of each country.

Basic policy for CSR procurement

- To build a sound network for business activities, Astellas requests that suppliers cooperate with our CSR activities, as they are business partners in our procurement activities. (Details will be added under the CSR procurement principles)
- Astellas will use assessments of supplier CSR initiatives for selecting suppliers.
- We may carry out investigations of suppliers, either in written form or in the form of visits, in order for us to confirm the status of CSR initiatives.

CSR procurement principles

I. Comply with laws and regulations, and promote CSR

- Compliance with all related laws and regulations
- Fair corporate activities based on corporate ethical standards
- Guaranteed information security
- Encouragement and promotion of CSR activities

II. Respect human rights and ensure appropriate employment conditions

- Respect for workers' individual rights, and the prohibition of child labor
- Appropriate employment conditions based on labor laws

III. Conduct safety management in the workplace

- Ensuring a safe working environment, and undertaking safety management

IV. Give consideration to the environment and sustainability

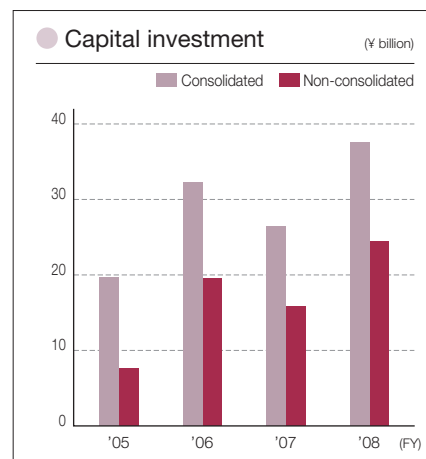
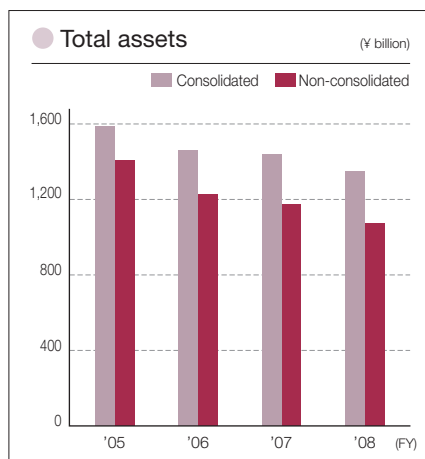
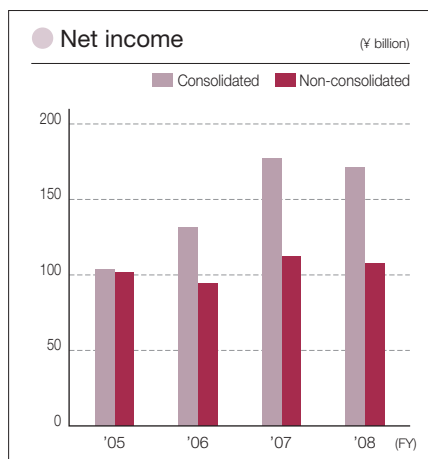
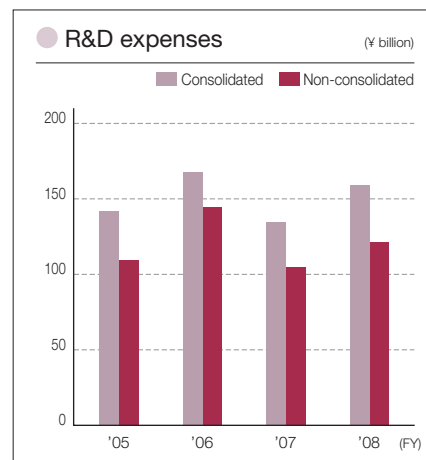
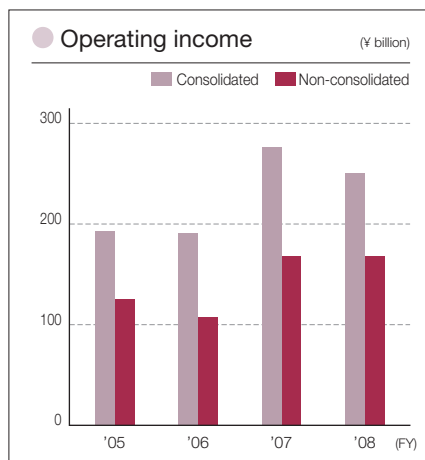
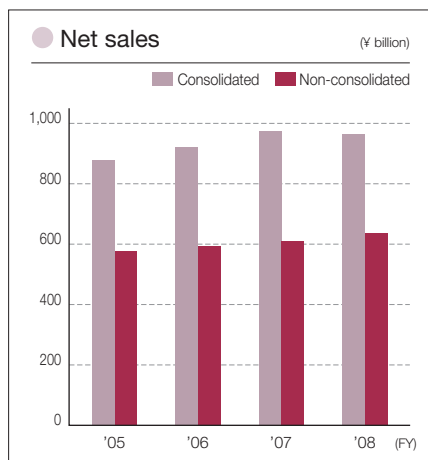
- Reducing the global environmental load and contributing to the creation of a sustainable society

V. Social contribution initiatives

- Participation in and support for social contribution activities

Business overview

Major Performance Indicators



Marketing approval status

January 2009

Bonoteo® tablets 1mg (generic name: minodronic acid hydrate) - osteoporosis treatment

Approval granted (Japan)

It is estimated that more than 10 million people in Japan suffer from osteoporosis (including undiagnosed patients), and it is expected that this number will continue to rise with the aging of the population. As elderly osteoporosis patients are particularly susceptible to becoming bedridden through fractures of bones such as the spine and femur neck, osteoporosis countermeasures are an important issue, not only in the field of medical care but also for society as a whole.

July 2008

Graceptor® capsules (generic name: tacrolimus hydrate) - immunosuppressant

Approval granted (Japan)

Graceptor maintains the same efficacy and safety as the Prograf® formulation for suppressing organ rejection after a transplant, and by making once-daily administration possible, we expect to be able to reduce the physical and mental strain placed on transplant patients who must take multiple drugs at the same time over an extended period. We also believe that this drug contributes to further improving long-term transplant results by increasing the convenience of taking drugs for patients, which will hopefully reduce the risk of dosages being forgotten.

July 2008

Irribow® tablets (generic name: ramosetron hydrochloride) - diarrhea-predominant irritable bowel syndrome (IBS) treatment

Approval granted (Japan)

Irritable bowel syndrome does not result from injury or disease. It is a functional disorder where gastrointestinal symptoms such as abdominal pain and discomfort, diarrhea, and constipation either continue for prolonged periods or grow worse and improve in cycles. It is estimated that approximately 12 million people in Japan suffer from irritable bowel syndrome, which is classified into three different forms characterized by repeated cycles of diarrhea, constipation, or both. Irribow® tablets have been recognized as effective in the treatment of diarrhea-predominant irritable bowel syndrome in males.

April 2008

Mycamine® (generic name: micafungin sodium) - injectable antifungal agent

Approval granted (Europe)

This is sold in Japan for the prophylaxis of candida infections under the product name "Funguard®," and is also sold in the U.S., China, Taiwan, and other Asian countries as "Mycamine®." Being granted approval in this new territory will allow us to provide a new option for the prophylaxis of infections in Europe.

April 2008

Lexiscan™ (generic name: regadenoson) - pharmacologic stress imaging agent

Approval granted (U.S.)

This is a drug for applying pharmacological stress in place of exercise stress when testing cardiac function. This enables patients who cannot tolerate exercise stress to undergo cardiac function tests.

Other information

Inappropriate handling of regulated compounds

In our CSR reports to date, we have reported cases of the inappropriate handling of controlled substances at Astellas research laboratories. Whenever such cases of inappropriate handling have been discovered, we have taken steps to prevent recurrence, but other violations of regulations have unfortunately also come to light. We consider this a matter of grave concern, and we have carried out thorough investigations at all of our facilities at the behest of our president.

As a result, we have discovered the following cases of the inappropriate handling of substances used in the production of narcotics, psychotropics, and stimulants, as well as substances designated as being linked to chemical weapons.

Tsukuba Research Center (Miyukigaoka)	Narcotics (ketamine, etc.) and substances designated as being linked to chemical weapons (tris (2-chloroethyl) amine, etc.)
Tsukuba Research Center (Tokodai)	Narcotics (1- (3-chlorophenyl) piperazine, etc.) and raw materials for stimulants (phenylacetic acid)
Kashima R&D Center	Narcotics (4-methoxy-alpha-methylphenethylamine hydrochloride)
Tokyo Research Center	Narcotics (ketamine)
Takahagi Technology Center	Narcotics (1-benzylpiperidine, etc.) and psychotropics (chlordiazepoxide)
Takahagi Plant	Narcotics (4-methoxy-alpha-methylphenethylamine)

These substances were all used as chemical reagents for the purpose of research and quality control, but we now recognize that failures to confirm changing trends in regulations and insufficient management of substances in stock have led to these cases of inappropriate handling.

We have promptly reported the results of this survey to the Ministry of Health, Labor and Welfare, the Ministry of Economy, Trade and Industry, and the prefectural bodies that have jurisdiction over each of our facilities. We are also thoroughly investigating measures to prevent a recurrence under the strict guidance of the relevant authorities, introducing a chemical substance management system, and revising handling procedures, in addition to carrying out extensive employee training.

Changes to performance data from the previous year

1 Revision of past data for chemical substance management

- Regarding the ethanol handled at the Fuji Plant, we have switched to a more accurate calculation method for atmospheric emissions, wastewater treatment volume, and recycling volume. Because of this, we have recalculated the data for past years using the new calculation method, causing the following changes to the numbers reported last year.

Revised environmental performance	Fiscal 2006	Fiscal 2007
VOC emissions	23-ton increase	36-ton increase

2 Changes to data representation for the human resources management system and welfare and benefits

We included information on the composition of our labor force and the utilization of leave systems for previous fiscal years in last year's report, but in this year's report we are only including information for the current fiscal year, with a few exceptions. This is because it has become impossible to calculate the results for previous fiscal years using the current standards for aggregating the utilization status of each system due to the changes in the standards made in the reporting period.

3 Changes to the data on work-related injuries

As the figures for work-related injuries in previous fiscal years included figures for companies which are no longer included in the scope of consolidation, we have retroactively revised the figures for the sake of comparison.

Note: Assurance was provided on the environmental performance indicators included in the Japanese-language original of **Astellas CSR Report 2009** by the independent assurance provider KPMG AZSA Sustainability Co., Ltd., a subsidiary of KPMG AZSA & Co.

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■ Our CSR Report can be viewed on our website:
<http://www.astellas.com/en/>