



**Astellas Pharma Inc.**

Sustainability Meeting 2024

February 21, 2025

## Event Summary

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[Company Name]	Astellas Pharma Inc.	
[Company ID]	4503-QCODE	
[Event Language]	JPN	
[Event Type]	Analyst Meeting	
[Event Name]	Sustainability Meeting 2024	
[Date]	February 21, 2025	
[Number of Pages]	32	
[Time]	10:00 – 11:15 (Total: 75 minutes, Presentation: 44 minutes, Q&A: 31 minutes)	
[Venue]	Webcast	
[Number of Speakers]	6	
	Naoki Okamura	President and Chief Executive Officer (CEO)
	Katsuyoshi Sugita	Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)
	Shingo Iino	Head of Sustainability
	Takashi Tanaka	Outside Director
	Mika Nakayama	Outside Director
[Questioner]	Hiromitsu Ikeda	Chief Communications & IR Officer (CCIRO)
	Kazuaki Hashiguchi	Daiwa Securities
	Seiji Wakao	JPMorgan Securities Japan
	Shinichi Koguchi	Sumitomo Mitsui Trust Asset Management
	Junko Yatsunami	Nissay Asset Management
	Shinichiro Muraoka	Morgan Stanley MUFG Securities

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## Presentation

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**Ikeda:** Thank you very much for joining with us for this Astellas Sustainability Meeting 2024 despite of your busy schedule. I would like to serve as the moderator for today. I'm Ikeda, Chief Communications and IR Officer. Today, after an explanation from our company, we'll move on to the Q&A session. The presentation will be given in accordance with the presentation materials posted on our website. Simultaneous interpretation will be provided between Japanese and English, including Q&A session. Please note that we cannot guarantee the accuracy of the simultaneous translation. The language can be selected from the menu on the Zoom webinar screen.

This material, our representation, and answers and statement by representatives for the Company in the Q&A session includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Actual financial results may differ materially depending on a number of factors. They contain information on pharmaceuticals, including compounds under development, but this information does not intend to make any representations or advertisements regarding the efficacy or effectiveness.

Now I'd like to introduce you the participants for today; the President and CEO, Naoki Okamura; Head of Sustainability, Shingo Iino; Takashi Tanaka, Outside Director, Chair of the Nomination Committee, Chair of the Compensation Committee; Mika Nakayama, Outside Director, Chair of the Audit and Supervisory Committee; Executive Vice President, Chief People Officer and Chief Ethics and Compliance Officer, Katsuyoshi Sugita, is not available here today. When it comes to his part of the presentation, prerecorded presentation will be given. Okamura-san, please start the explanation. The floor is yours.

**Okamura:** Hello, everyone. I am Okamura from Astellas Pharma. Thank you very much for joining in this sustainability meeting despite of your busy schedule.

## Cautionary Statement Regarding Forward-Looking Information

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In this material, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Astellas Pharma. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions and in laws and regulations, relating to pharmaceutical markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Astellas to market existing and new products effectively, (v) the inability of Astellas to continue to effectively research and develop products accepted by customers in highly competitive markets, and (vi) infringements of Astellas' intellectual property rights by third parties.

Information about pharmaceutical products (including products currently in development) which is included in this material is not intended to constitute an advertisement or medical advice. Information about investigational compounds in development does not imply established safety or efficacy of the compounds; there is no guarantee investigational compounds will receive regulatory approval or become commercially available for the uses being investigated.



This is a cautionary statement for today's presentation. I will skip this reading since Ikeda explained it earlier.

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# Relationship between Sustainability and Enhancement of Enterprise Value



**Naoki Okamura**  
President and CEO

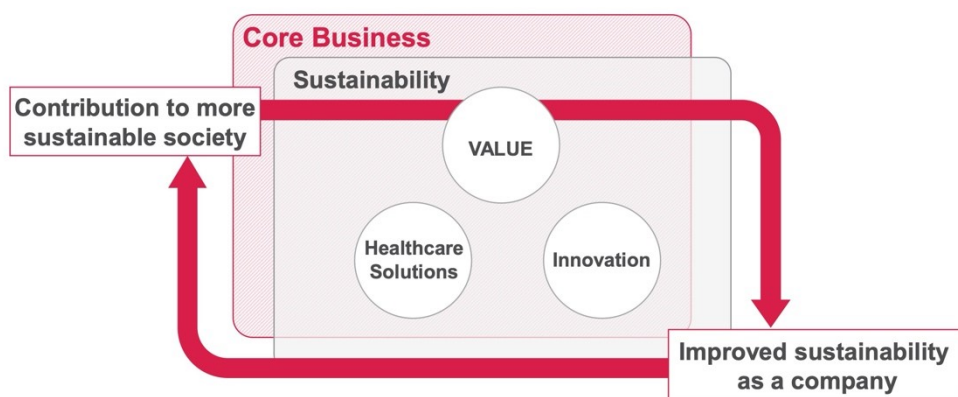


In the past three meetings, we have explained the progress of sustainability initiatives and their outcomes. In this fourth meeting, we will focus on the relationship between sustainability initiatives and enterprise value enhancement. Before we get into the main topic, I would like to explain Astellas's definition of sustainability and where sustainability initiatives are positioned in our daily activities.

## Astellas' Sustainability

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Our approach to sustainability is to contribute to society through our core business first and to create a positive cycle that improves the sustainability of both society and Astellas



Page four. I will first explain Astellas's definition of sustainability. As a member of society, we will naturally continue to address important sustainability issues such as climate change. On the other hand, since we are in a life science industry, the essence of sustainability is to contribute to society through our core business. Astellas's efforts will increase the trust of our stakeholders, which in turn will make Astellas more sustainable

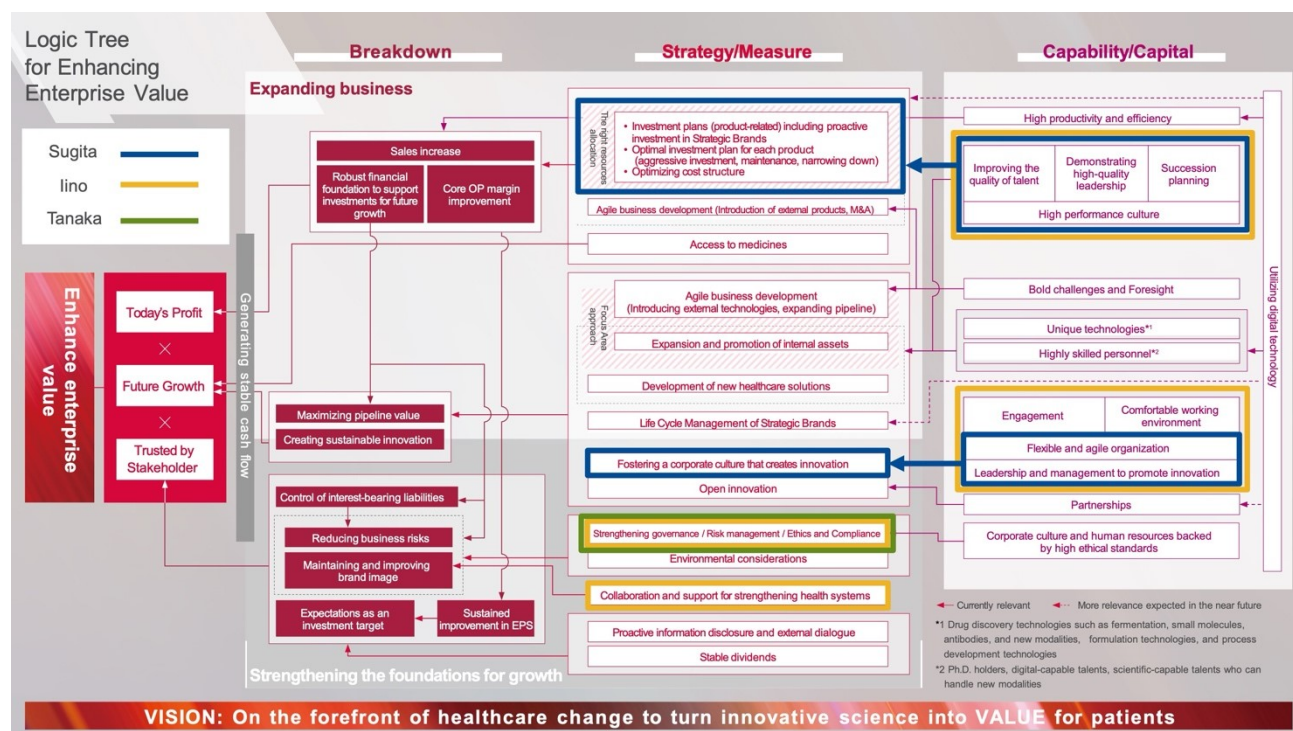
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as a company, thereby creating a positive cycle that improves the sustainability of society. Creating such a positive cycle is what sustainability means to us. Through today's presentation, I hope to convey how Astellas's initiatives have an impact on society and contribute to improving its sustainability as well as how they have an impact on improving our corporate value.



Page five. This is a logic tree for enhancing enterprise value. This logic tree visualizes how Astellas's financial and nonfinancial initiatives lead to improvements in corporate value. It was created in response to the needs of investors who wanted to see the relationship of these between Astellas's initiative and the improvement of corporate value and was disclosed in the integrated report in October 2024. We have presented it today for your review once again.

Today, of this logic tree, Sugita, CPO and CECO, will explain the blue part; Iino, Head of Sustainability, will explain the yellow part; and Tanaka, an outside director, will explain the green part. Specifically, Sugita will explain examples of innovations and results generated from the organizational health goals. Iino will explain the social impact of efforts related to the analysis of the relationship between human capital and governance enhancement and corporate value improvement as well as initiatives of collaboration and support for the health system enhancement. Tanaka-san will provide an update on corporate governance in FY2024 in relation to governance enhancement.

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## Agenda

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Examples of Innovations and Outcomes generated from OHG\*

### Katsuyoshi Sugita

Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)



1. Visualizing the Social Impact of Access to Health Initiatives
2. Impact of Non-Financial Activities on Enterprise Value

### Shingo Iino

Head of Sustainability



Updates on Astellas' Corporate Governance

### Takashi Tanaka

Outside Director

\*OHG: Organizational Health Goal



Slide six is today's agenda. Please note that Sugita's part is a prerecorded presentation as has been explained. Thank you for your understanding. Now please watch Sugita's presentation, prerecorded one first.

[Video Begins]

## Examples of Innovations and Outcomes Generated from OHG\*



### Katsuyoshi Sugita

Chief People Officer and Chief Ethics & Compliance Officer (CPO & CECO)

\*OHG: Organizational Health Goal



**Sugita:** Hello, everyone. I am Sugita, CPO and CECO. I would like to explain about the innovation cases and results that came out of OHG or the organizational health goals.

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## HR Strategy in line with Corporate Strategy (Organizational Health Goal: OHG)

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\*OHG1 : Brave ideas pursue ambitious outcomes  
OHG2: Talent and leadership thrives

OHG3: We excel as One Astellas



Page eight. When Astellas formulated the CSP 2021, we had deep and thorough discussions to realize the vision. We examined the specific issues that were hindering innovation and concluded that the most important issue was to reform our organizational culture.

Based on this issue, we developed OHG or organizational health goals and have been working to achieve them. The OHG have three key areas of focus: innovation, talent and leadership, and One Astellas. Today, I would like to present three examples of the business impact of our efforts to achieve the OHG, creating innovation, talent acquisition and development based on corporate strategy, and unleashing talent potential and retention.

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## Creation of innovation through efforts to achieve Organizational Health Goals

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### Simultaneous global regulatory submissions of VYLOY

- Setting Bold and Ambitious Goal, Intelligent Risk-Taking and accelerating the handoff as One Astellas lead to simultaneous global regulatory submissions of VYLOY



Slide nine. To begin with, I will describe simultaneous global regulatory submissions of VYLOY as an example of how our efforts to achieve OHG or organizational health goals have had a tangible effect on business innovation. Although it is difficult to compare head-to-head due to the different types of the data used in the submissions, in case of the global product in the past, it took more than two years from the initial submissions to complete them in multiple regions.

Despite of such circumstances, we set an bold and ambitious goal of submitting more than 10 BLAs or biologic license application in 12 months. To achieve this goal, we identified potential risks, developed countermeasures and engaged in appropriate and intelligent risk taking. For example, potential risk of simultaneous submission is handling inquiries from multiple regions at the same time, which is difficult with the current resource level. But we created efficient resource planning and reproducible core BLA dossier structure for the first submission, so that we could easily adopt them.

This requires close collaboration within and across divisions as One Astellas, instead of hand off to the next department after one step was completed. Each divisions began working side by side at an earlier stage to accelerate the handoff. As a result, 13 submissions were completed in FY2023, which is significant. Of these, four major regions of the US, Japan, Europe, and China, submissions were completed in three months, and this is unprecedented achievement.

As of Q3 of FY2024, we had received approval in 30 countries and launched in nine countries. It is difficult to say contribution factors of this in a word, but we believe one of the reasons is that we've already implemented our OHG1, brave ideas pursue ambitious outcomes, and the OHG3, we excel as One Astellas internally.

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## Astellas Talent Acquisition and Development Policy

- Appoint and hire internal and external talents at the earliest possible stage, train internally, and then promote to more senior positions



### Next Gen Leadership

### next gen» leadership

- 6 months of training was conducted for 50 selected high-potential leaders to develop solutions for real issues in Astellas
- Proposals were then presented to CxOs and senior leaders, and 4 approved proposals will be considered as projects (proposers can also participate)



Slide 10. Second is about talent acquisition and development based on corporate strategy. In order to develop talent based on corporate strategies, we have started the development of next-generation leaders who will take on action management issues. Astellas hires at the earliest possible stage, for example, at the senior director level rather than the division head level all of a sudden and promotes talent to move senior positions while developing them internally. As part of this process, we now have a next-generation leadership program. We select 50 high potential global leaders and conduct trainings for them.

The training is characterized by its practical content that can have a direct impact on business rather than classroom trainings. The group will spend six months working on solutions to aid real difficult business issues that Astellas faces. Finally, all 50 participants meet face-to-face and present their proposals to CXO and senior leaders, and approved proposals will get into the business project phase. This time, four proposals were approved, and these four are now in the process of consideration as projects. In this way, the next-generation leadership program not only develops talent, but also brings together the wisdom of the high potential leaders to be immediately applied to business growth. This is one example of how we are promoting the talent and leadership thrives, which is organizational health goal, OHG2.

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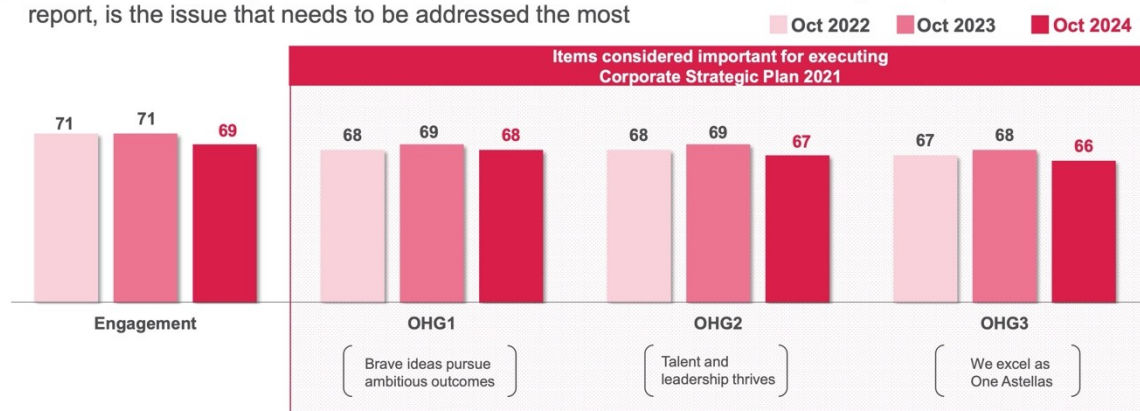
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## Talent potential and retention challenges in numbers

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- There has been a recent decline in engagement scores for 2024, due in part to a series of major organizational and institutional changes, despite some improvement in 2023
- The score for “Change Communication (communication about transformation)”, newly established in this report, is the issue that needs to be addressed the most



\*OHG1 : Brave ideas pursue ambitious outcomes  
OHG2: Talent and leadership thrives

OHG3: We excel as One Astellas



Page 11. Lastly but not least, talent potential and retention challenges in number is explained. Astellas uses the global engagement survey score as an indicator of the progress of our OHG organizational health goals initiatives. To date, key scores have steadily improved, although it's just one to two points each year. However, this year's engagement score is 69. While we have been moving quickly to implement major organizational and institutional changes, we have not taken sufficient steps to deepen employees' understanding. As a result, continued improvement in engagement scores rather resulted in a two-point decrease this time compared to FY2023. We take these results seriously, share them openly and widely internally, and take an action to improve it. As we continue to reform, we have identified the issue of communication such as properly conveying the thoughts of top management and senior leaders to frontline employees when there are numerous changes. The score for change communication, a new item in this survey this time, is the lowest in all.

In order to address the areas that need improvement specifically, a task force team has been formed with members from HR, digital, and communications divisions, and the team is now already working on solutions. Currently, we are planning to provide management education focusing on change management, including trainings for leaders and managers close to the front lines to strengthen their communication skills. We believe that increasing employee engagement is very important to realize the full potential of our talent and to retain them.

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## HR Strategy in line with Corporate Strategy (Organizational Health Goal: OHG)

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\*OHG1 : Brave ideas pursue ambitious outcomes  
OHG2: Talent and leadership thrives

OHG3: We excel as One Astellas



This is the last page of my part. So far, I have explained the impact on business of efforts to achieve organizational health goal in three areas: creating innovation, talent acquisition and development based on corporate strategy, and unleashing talent potential and retention. Our talent strategy does not exist apart from the corporate strategy. Talent strategies are part of our corporate strategies, and we are working to ensure an impact of them on our business.

Fostering organizational culture is difficult to achieve in the short term and requires a long-term perspective. But as I explained today, there have been many cases where the mindset of OHG, organizational health goal, have taken root among employees and have been put into practice resulting in an impact on the business. Not all of them have been successful, and as I explained in the engagement score, there are some areas that need more improvement and which we believe that we have shared openly. We would like to continuously contribute to realize the vision while implementing measures to address areas that need improvement.

Next is the sustainability part. Iino-san, Head of Sustainability, will explain. Please start.

[Video Ends]

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## 1. Visualizing the Social Impact of Access to Health Initiatives

## 2. Impact of Non-Financial Activities on Enterprise Value



**Shingo Iino**  
Head of Sustainability



**Iino:** Hello, everyone. I am Iino, Head of Sustainability. I would like to explain two of efforts to improve sustainability. The first is visualizing the social impact of access to health initiatives. Specifically, I will introduce a case study of quantifying the social impact of disease awareness program in Malaysia. The second is the impact of nonfinancial activities on enterprise value. I will explain the results of our study on the relationship between our nonfinancial activities and market capitalization, which we consider important as our enterprise value.

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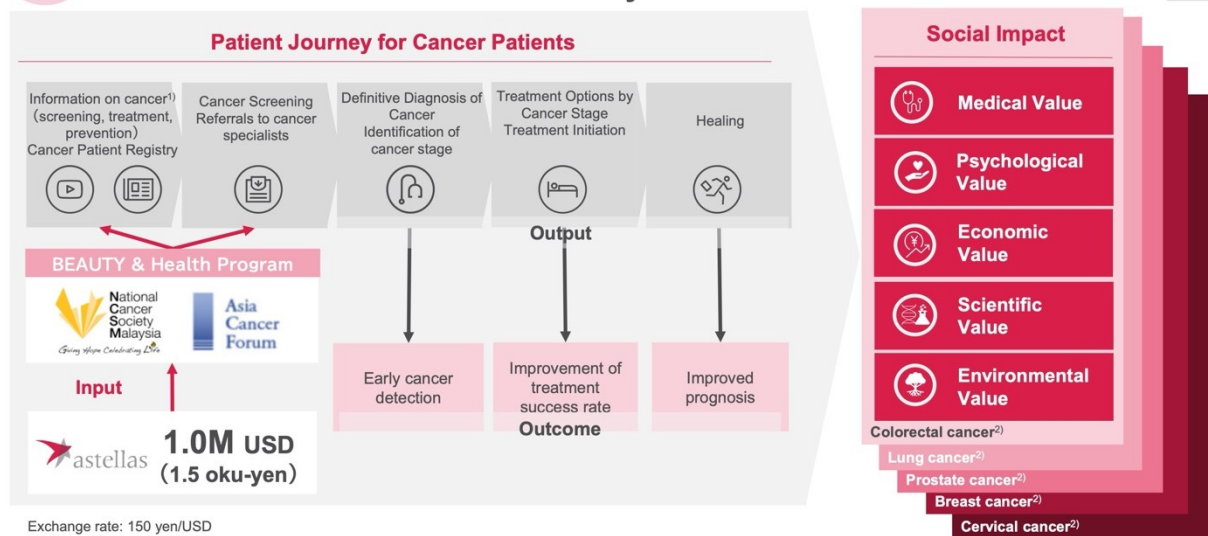
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## Monetary valuation of the social impact created by Access to Health initiatives in Malaysia

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- 1) Community participation sessions for cancer disease awareness (colorectal, lung, prostate, breast, and cervical cancer) at barbershops, beauty salons, etc.
- 2) The BEAUTY & Health program targets five cancer diseases, but this time the conversion was focused on colorectal cancer, for which publicly available data from Malaysia is available.

Next, please, page 14. First, let me explain the first point, quantification of social impact. As has been explained in the past, we are engaged in a variety of activities to improve access to health care on a global scale. We believe that we are making a social impact through these activities but have not been able to visualize them. This year, we addressed this issue.

One of the programs that support our activities to strengthen health care systems and improve the health literacy in countries and regions with a fragile access to health care is the beauty and health program in Malaysia. Focusing on this, we have converted the social impact of that activity into a monetary value. This illustrates the social impact of this activity.

In Malaysia, more than 60% of cancer patients are diagnosed at an advanced stage. On the other hand, due to the low awareness of cancer disease and culture backgrounds, the cancer screening uptake rate is low, which is one of the social issues. Two NGOs, the National Cancer Society of Malaysia, NCSM, and Asia Cancer Forum, ACF, have been working to address this issue through the BEAUTY & Health program, A cancer awareness program.

Astellas supports the BEAUTY & Health program by donating about USD1 million. The BEAUTY & Health program raises awareness of cancer disease and promotes screening in local communities in Malaysia. The program is expected to improve the prognosis of cancer through early detection and treatment as an outcome. So far, the social impact of these activities has been discussed qualitatively but has not been easily quantified. We categorized the social impact into five values and converted three of them applicable to this activity, namely medical value, psychological value, and economic value into monetary values.

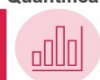
There are various methods for the conversion. But the conversion of efforts to improve access to health care into monetary values is a very challenging task as there are few prior studies that can serve as a reference. The following is the results of our calculations. The BEAUTY & Health program conducts disease awareness activities targeting five cancer types as described at the footnotes. But for this conversion, we calculated only colorectal cancer, which has the highest incidence rate in Malaysia and usable published data. Please turn to the next page.

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## Estimated social impact of the BEAUTY & Health Program (Colorectal Cancer)

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- Through cancer awareness activities, early detection, and early treatment of colorectal cancer, a social impact of \$4.6 million was generated for 150 colorectal cancer patients
- This extends beyond medical benefits for patients, such as reduced social security burden for families and medical institutions in Malaysia

Classification		Target benefited from impact				Total (%)
		Primary Impact (Direct (medical) impact on patients)	Secondary Impact (Indirect impact on patients)	Tertiary Impact (Impact on families and healthcare providers)	Quaternary Impact (Social, Industrial, and environmental impact)	
Areas of impact	Medical Value	\$2.8 M	—	\$32 K	—	\$2.8 M (61.4%)
	Psychological Value	—	\$1.3 M	—	—	\$1.3 M (29.1%)
	Economic Value	—	\$0.3 M	\$0.2 K	\$61 K	\$0.4 M (7.9%)
		—	\$31 K	—	\$43 K	\$75 K (1.6%)
Total (%)		\$2.8 M (60.7%)	\$1.7 M (36.3%)	\$32 K (0.7%)	\$105 K (2.3%)	<b>\$4.6 M</b> <b>[6.8 oku-yen]</b>

(Assumptions) The BEAUTY & Health program's education and literacy initiative reached 1 million Malaysian residents. As a result, 150 colorectal cancer patients were diagnosed and treated early, and the impact was calculated based on a change in the number of cancer patients detected in stages 3 and 4, from 75% to 55%.



Page 15 shows the results of monetary evaluation of the social impact by the BEAUTY & Health program. There are several assumptions. As is described at the very bottom of this page, the BEAUTY & Health program's education and literacy initiative related to cancer reached 1 million Malaysian residents. As a result, 250 colorectal cancer patients were diagnosed and treated early, and the impact was calculated based on a reduction in the number of cancer patients detected in Stages 3 and 4 from 75% to 55%. These were our assumptions. According to monetary valuation under these assumptions, the social impact of USD4.6 million or JPY680 million is estimated to be generated as is shown as the total in the right bottom. Compared to our input of USD1 million or JPY150 million shown on the previous page, a simple calculation leads to ROI of 4.6 times.

If you look at the breakdown of the generated social impact by areas of impact described vertically on this page, the medical value accounts for the biggest portion of 61.4% with USD2.8 million, followed by psychological value of USD1.3 million, accounting for 29.1%. Economic value was relatively small. Economic value with income impact accounted for 7.9% with USD400,000. Economic value with expenditure impact was 1.6% with USD75,000.

On the other hand, by target benefiting from impact shown horizontally, the so-called primary impact or direct medical impact on patients was the biggest with USD2.8 million, accounting for 60.7%, followed by secondary impact or indirect impact on patients, which accounted for 36.3% with USD1.7 million. This indirect impact on patients includes patients' work productivity improvement and treatment-related cost reduction. We found that there is a certain level of impact also on families and medical institutions as tertiary impact as well as on social security and the whole industry as quaternary impact.

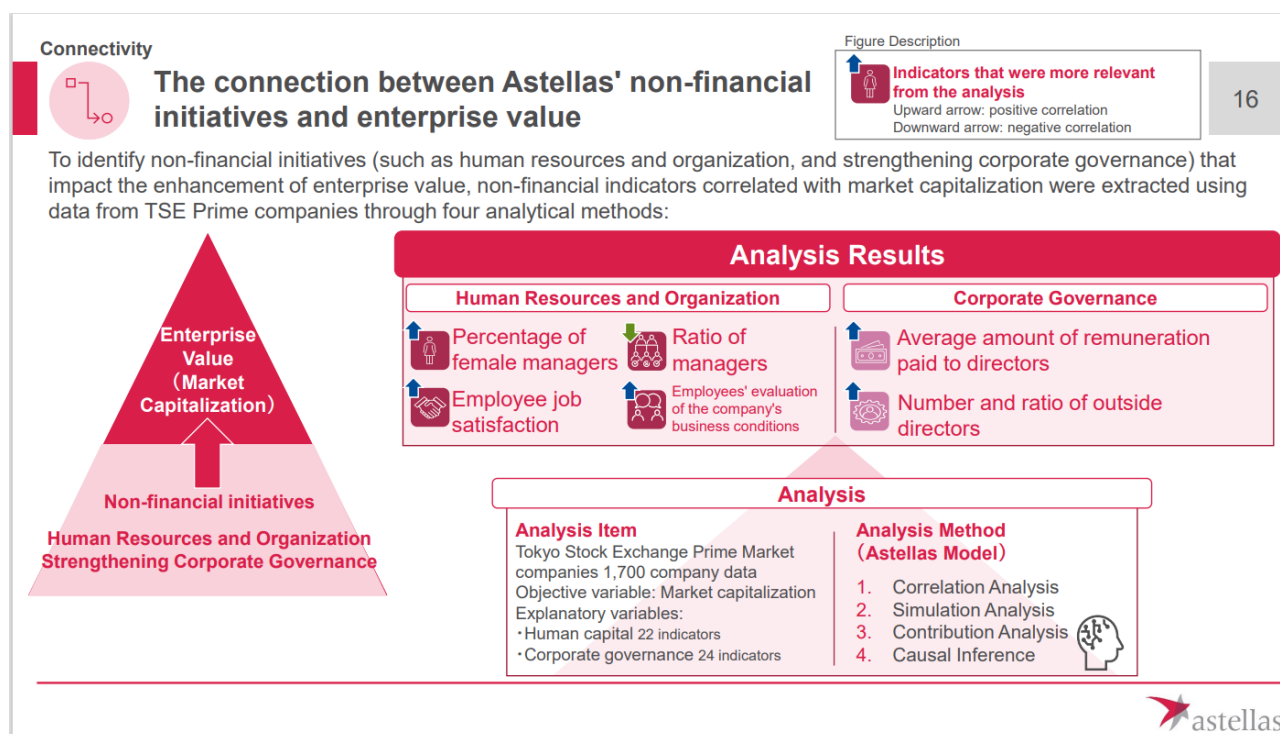
This time, these were the results focusing on colorectal cancer only, but not only including direct medical impact on patients, which is drawing attention in general so far, but also including secondary impact such as patients' work productivity improvement as well as value for families and society, we believe that we were able to specifically and quantitatively show the possibility that social value of USD4.6 million could be generated. On the other hand, there's also some limitation as we could not perform monetary evaluation of medical value and psychological value of quaternary impact. We believe these are the challenges we need to address in the future.

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Next, page 16. I will explain the second theme. We, at Astellas implement a variety of nonfinancial activities. All of these are important initiatives for our company, but it was not so clear how they are impacting our enterprise value. Also, some of the stakeholders are wondering how much Astellas's nonfinancial ESG initiatives are linked to the enhancement of our enterprise value. This time, among our nonfinancial initiatives, we focused on human resources and organization and corporate governance strengthening to analyze how much various activities related to those are relevant to market capitalization, which we regard as important as our enterprise value.

In order to ensure the accuracy of the analysis, in addition to our data, we also used published data of about 1,700 companies listed on the Tokyo Stock Exchange's Prime Market. As for analysis items, we used market cap as objective variable and human capital indicators and corporate governance indicators as explanatory variables. We performed the analysis with four analysis methods, namely correlation analysis, simulation analysis, contribution analysis, and causal inference. We thought that by combining these four methods, we can obtain more robust results in our analysis.

We also believe that these are highly unique analysis methods, leveraging analytical capabilities of Astellas, which is creating innovative health care solutions in its core business. We named this approach the Astellas model. These analysis results suggested connection between market capitalization and the following indicators: four human capital indicators, namely percentage of female managers, ratio of managers, employee job satisfaction, and employee evaluation of corporate management, and two corporate governance indicators, average remuneration paid to directors and the number and ratio of outside directors. Today, out of these analysis results, I will explain the representative results on the following two pages.

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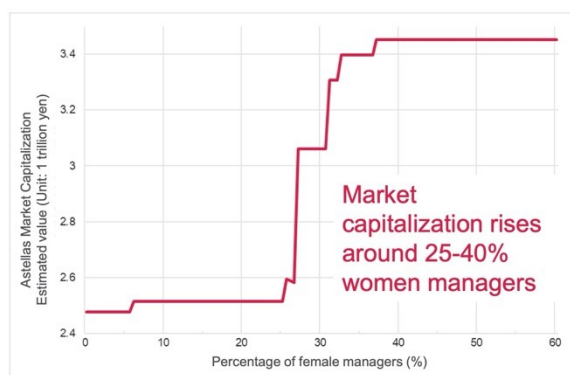
## Analysis Result 1

### Simulation Analysis and Contribution Analysis (Representative Results)

17

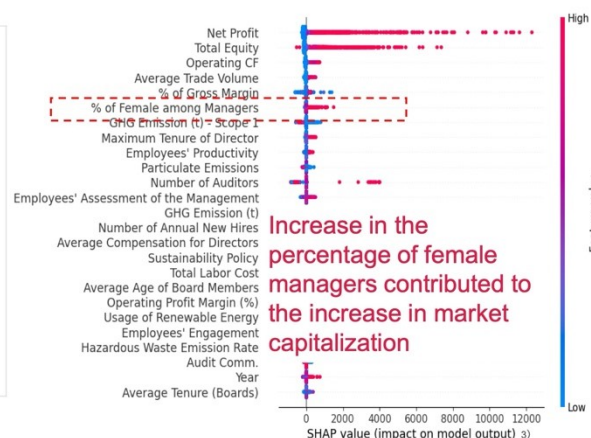
#### Percentage of female managers

##### Simulation Analysis <sup>1)</sup>



#### Percentage of female managers

##### Contribution Analysis <sup>2)</sup>



1) Astellas market capitalization forecast using data on approximately 1,700 companies listed on the Tokyo Stock Exchange's Prime Market. 2) Analysis using data from approximately 1,700 companies listed on the Tokyo Stock Exchange's Prime Market. 3) The impact of each factor, indicating how much each factor raised or lowered the forecasted results from the average.



Next page, please, page 17. The graph on the left shows the results of simulation analysis regarding the percentage of female managers. Based on the data of 1,700 companies listed on the Tokyo Stock Exchange's Prime Market, we used the machine learning model to analyze the relationship between the percentage of female managers and market cap. Specifically, using our actual data from 2023 as a reference, we performed a simulation to see what kind of impact there can be on market cap when the percentage of female managers alone is changed from 1% to 60%. The results suggested that market cap rises when the percentage of female managers is between 25% and 40%.

The graph on the right shows the analysis results of the contribution of financial and nonfinancial indicators to market cap. In contribution analysis, it's important to more accurately measure the contribution of each indicator to market cap. In order to avoid overestimation of contribution, we added financial and environmental indicators to the analysis. The level of each factor's impact identified in the contribution analysis is shown here in a descending order with more impactful ones from the top.

The impact of each factor was calculated by numerical values called SHAP values. I'm going to skip the details, but SHAP values indicate how much each factor raised or lowered the forecasted results from the average. The horizontal axis in the graph corresponds to the SHAP values. We looked at how much contribution the percentage of female managers would demonstrate. Analysis results suggested after financial indicators such as net profit, total equity, operating cash flow, average trade volume, and gross margin rate, the percentage of female managers, which is a nonfinancial indicator shown in the red box, is contributing to market cap.

As for color coding in the graph, we are showing the numerical value of each indicator in the red and blue gradation. Specifically, if the indicator is closer to the maximum value, it's shown in red. If closer to the minimum, it's shown in blue. For example, if you look at the percentage of female managers, companies with a higher percentage shown in red are positioned on the right side of the graph, and we can see the positive impact on their market cap. On the other hand, companies with a lower percentage shown in blue, tend to have a smaller impact. This result supports the simulation analysis results where the percentage of female managers have a big contribution to market cap, and when it exceeds a certain level, impact will emerge.

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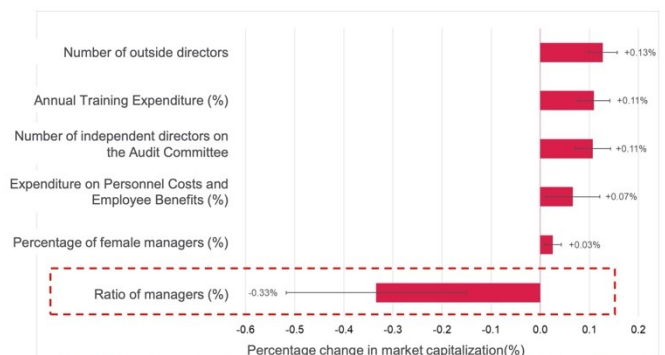


## Analysis Result 2

## Causal Inference (Representative Results)

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## Ratio of managers

Causal Inference <sup>1)</sup>

A 1% increase in the ratio of managers leads to a 0.33% decrease in market capitalization (equivalent to about ¥9.2 billion) in the following year.

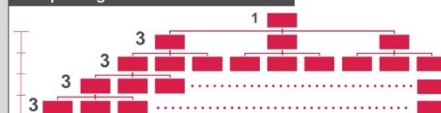
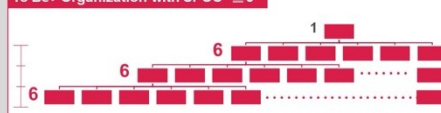
1) Analysis using data from approximately 1,700 companies listed on the Tokyo Stock Exchange's Prime Market

2) SPOC (Span of Control): Number of members that one people manager manages

## HR initiatives

## 《Ref.》 Flattening of the organization

Reduce the number of layers from CEO to flatten the organization, promoting faster decision-making and fostering an environment that generates innovation.

Example: Organization with SPOC<sup>2)</sup>=3To Be: Organization with SPOC<sup>2)</sup> ≥ 6

Next, on page 18, I will explain the analysis results of causal inference. Causal inference is not a mere correlation analysis, but rather it's about the causal relationship between causes and results. When input is changed, output changes accordingly. For example, in a causal analysis, in order to estimate the causal effect of each indicator as accurately as possible, analysis is performed by focusing on the exclusion of the impact of other factors. In the analysis, the panel data was utilized for financial and nonfinancial indicators of companies listed on the Tokyo Stock Exchange's Prime Market were tracked for 11 years.

Upon estimation of causal relationship, there was a need to take into account individual characteristics of each company in addition to factors that change over time. Therefore, we used a method called fixed effect model. We excluded the impact of each company's characteristics in addition to financial indicators and then evaluated the impact of nonfinancial indicators respectively. In this graph, please focus on the ratio of managers.

In this analysis, a 1% increase in the ratio of managers leads to a 0.33% decrease in market cap equivalent to about JPY9.24 billion in the following year according to the results. Regarding the increase or decrease of the ratio of managers, flattening of the organization is a corresponding initiative on Astellas human resources and organization. At Astellas, we reduced the number of layers from CEO to flatten the organization. By doing so, we are promoting faster decision-making and fostering an environment that generates innovation.

Specifically, as is shown in the diagram on the right, this is what we call span of control, an initiative to secure at least a certain number of members each people manager manages. Analysis results from causal inference showed that an increase in the ratio of managers has a negative impact on market cap. We are hoping that our initiatives to flatten our organization will work positively on market cap in the end by promoting organizational health and further driving our business activities.

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## Results of data-based analysis and Astellas Initiatives

— The connection between market capitalization and non-financial indicators —

19

Indicators suggested to be related to market capitalization		1. Correlation Analysis	2. Simulation Analysis	3. Contribution Analysis	4. Causal Inference	Initiatives strengthened in Astellas
Human capital	% of Female Managers	↑	↑	↑	↑	Diversity
	Ratio of managers		↓		↓	Span of Control <sup>2)</sup>
	Employee Job Satisfaction		↑	↑		Employee Engagement
	Employee Evaluation of Corporate Management		↑	↑		Employee Engagement
Corporate Governance	Average remuneration paid to directors		↑	↑		Incentive for Top Management
	Number and ratio of outside directors <sup>1)</sup>	↑			↑	Corporate Governance Guideline Independence Criteria for External Directors

↑: Positive correlation

↓: Negative correlation

1) Outside director: Non-executive officers in other companies' published data are read as outside directors in Astellas  
2) Span of Control: Number of members that one people manager manages



Next page, please. Page 19 shows indicators suggested to be related to market cap according to the data analysis results, which are also initiatives strengthened at Astellas. The upward arrow means that an increase in that specific indicator has a positive correlation with market cap, while the downward arrow means that an increase in that specific indicator has a negative correlation with market cap.

Analysis results suggested the connection between the following indicators and market cap. They are four human capital indicators, namely the percentage of female managers, the ratio of managers, employee job satisfaction, and employee evaluation of corporate management, and two corporate governance indicators of average remuneration paid to directors and the number of ratio of outside directors. Using the four analysis unique to Astellas, we were able to obtain more robust new insights. We were able to identify items which could potentially impact market cap among our initiatives and items specified in the guidelines, which we think was a great achievement.

Lastly, I'd like to touch on limitation. There is a limitation to the number of data we have and the number of data disclosed by companies listed on the Tokyo Stock Exchange's Prime Market, so we think it's difficult to use these analysis results alone as absolute data in developing our future strategies. Enrichment of disclosed data, data accumulation, and continuous analysis, et cetera will enable more robust analysis. Through various analysis, we'd like to analyze nonfinancial activities, which could impact our enterprise value going forward as well.

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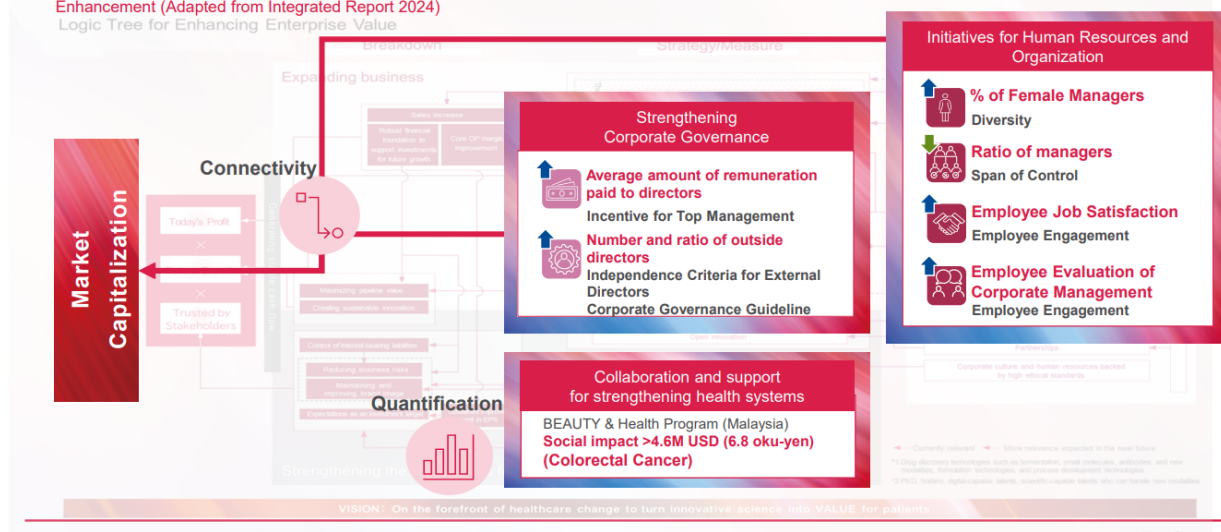
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## Summary of “Quantification” and “Connectivity” of non-financial initiatives

20

Logic Tree for Enhancing Enterprise Value  
Enhancement (Adapted from Integrated Report 2024)  
Logic Tree for Enhancing Enterprise Value



Next, page 20. This is my last page. Let me summarize the results of the two initiatives I explained today in association with the logic tree. First, I explained the results of monetary valuation of the BEAUTY & Health program in Malaysia, one of the initiatives for strengthening health systems. We quantified the social impact, which could not be visualized before, and it was suggested that social value of USD4.6 million could be generated from an input of USD1 million. Secondly, in our initiatives for human resources and organization and initiatives for strengthening corporate governance among Astellas nonfinancial activities, we identified initiatives with connection with market cap, which represents our enterprise value. Analysis results using four models unique to Astellas suggested that four human capital indicators and two corporate governance indicators have connection with market cap. We try to consider nonfinancial initiatives we should refer to while aiming to enhance our enterprise value going forward as well.

Next up is the last part of our company presentation. Director Takashi Tanaka will talk about updates on Astellas Corporate Governance. Tanaka-san, please.

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## Updates on Astellas' Corporate Governance



**Takashi Tanaka**  
Outside Director



**Tanaka:** Hello, everyone. I'm Takashi Tanaka, an outside director. I serve as the Chair of the Nomination Committee and the Chair of the Compensation Committee. I will talk about FY2024 corporate governance updates at Astellas. Today, Ms. Mika Nakayama, another outside director, is also in attendance. She will respond to questions later during the Q&A session.

## Career History

22



**Takashi Tanaka**  
Outside Director  
Chair of the Nomination Committee  
Chair of the Compensation Committee

### Resume, position and responsibilities at the Company

April 1981	Joined Kokusai Denshin Denwa Co., Ltd. (KDD)
April 2023	Executive Officer, General Manager, Solution Product Development Division, Solution Business Sector, KDDI CORPORATION
June 2007	Managing Executive Officer, Executive Director, Solution Business Sector, KDDI CORPORATION
August 2007	President, Wireless Broadband Planning Inc. (current UQ Communications Inc.)
April 2009	Managing Executive Officer, Solution Business Sector, KDDI CORPORATION
April 2010	Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION
June 2010	Senior Managing Executive Officer, Solution Business Sector, Consumer Business Sector, and Product Development Sector, KDDI CORPORATION, Chairman, UQ Communications Inc.
December 2010	Representative Director, President, KDDI CORPORATION
April 2018	Representative Director, Chairman of the Board, KDDI CORPORATION
June 2018	Director, Okinawa Cellular Telephone Company (present post)
June 2021	Director, the Company (Present post)
June 2024	Director, Chairman of the Board, KDDI CORPORATION (present post)



**Mika Nakayama**  
Outside director  
Chair of the Audit & Supervisory Committee

### Resume, position and responsibilities at the Company

August 1984	Joined Nippon Synthetic Rubber Co., Ltd. (current JSR Corporation)
April 2015	Officer, General Manager of Corporate Planning Department and General Manager of Diversity Promotion Office, JSR Corporation
April 2017	Executive Officer, General Manager of Intellectual Property Department, JSR Corporation
June 2020	Director, Senior Officer, General Manager of Sustainability Promotion Dept., JSR Corporation
June 2022	Director (Audit & Supervisory Committee Member), the Company (present post)
June 2024	Outside Director, Mitsubishi Kakoki Kaisha, Ltd. (present post)



Page 22. I became an outside director at Astellas in June 2021. In June 2023, I took office as the Chair of the Nomination Committee and the Chair of the Compensation Committee. Ms. Nakayama became an outside director in June 2022. She has served as the Chair of the Audit and Supervisory Committee since June 2024.

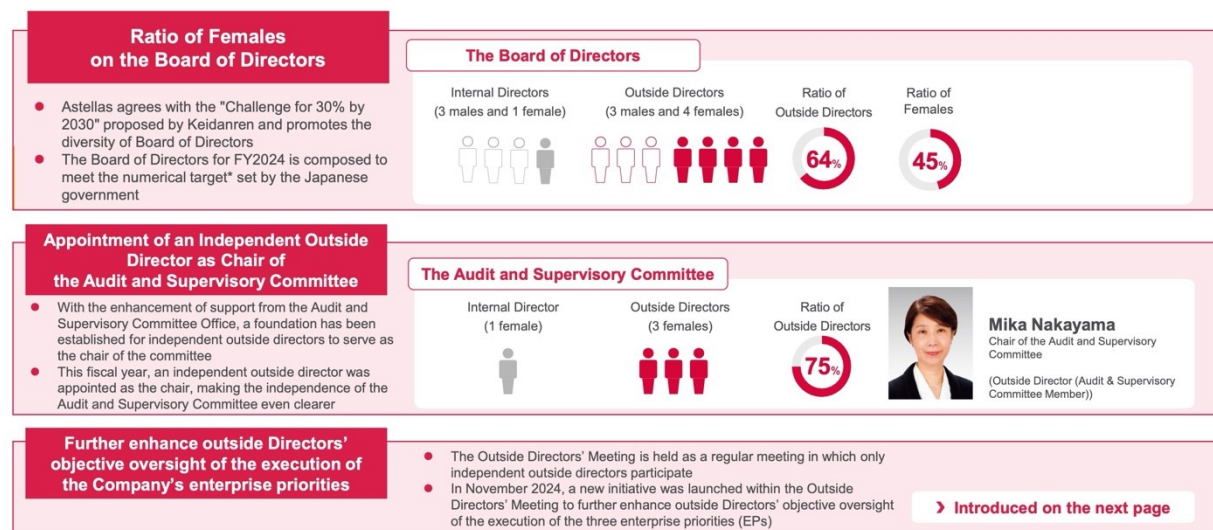
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\*To have at least 30% of female directors by 2030 at companies listed on the Tokyo Stock Exchange's Prime Market



Page 23. As the first topic, the ratio of female directors on the Board of Directors increased from 27% as of June 2023 to 45% as of June 2024. At present, we have 11 Board members and six of them are male and five are female. Astellas agrees with the Challenge for 30% by 2030, proposed by Keidanren. We have worked on initiatives to enhance the ratio of female directors and promote the diversity on the Board of Directors. The Japanese government set a numerical target of 30% or higher as the ratio of female by 2030 in its intensive policy for gender equality and the empowerment of women 2024. The composition of our Board of Directors for FY2024 meets this numerical target.

The second topic is the appointment of an independent outside director as the chair of the audit and supervisory committee. In June 2024, Ms. Nakayama, who is attending today, took office as the Chair of the Audit and Supervisory Committee. Up until FY2023, in-house full-time audit and supervisory committee members served as the chair of the committee but with the enhancement of support year after year from the audit and supervisory committee office established in 2020, a foundation has been established for independent outside directors to serve as the chair of the committee. This fiscal year, an independent outside director was appointed as the chair for the first time, making the independence of the audit and supervisory committee even clearer.

The third topic is to further enhance independent outside directors' objective oversight. I will explain the details on the following pages.

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## New initiatives by independent outside Directors; Establishment of EPM

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### Objectives

With regard to the three enterprise priorities (EPs), the Enterprise Priority Monitoring group (EPM) will contribute to Astellas' sustainable growth and enhancement of enterprise value over the medium to long term by further strengthening the outside Directors' objective oversight through the following:

- Deepening the understanding of outside Directors regarding the current status and outlook of 3EPs
- Achieving enhanced monitoring of the progress of 3EPs by the Board of Directors
- Exchange and coordination of opinions for the outside Directors to provide oversight and advice at the Board of Directors regarding 3EPs

Name	Enterprise Priority Monitoring group (EPM)
Member	All independent outside Directors
Chair	Takashi Tanaka, Director
Co-chair	Mika Nakayama, Director
Period of Activity	From November 15, 2024 (Friday) to the end of FY2025 (To be discussed for the period after this)
Frequency	Generally held in conjunction with the Outside Directors' Meeting on a monthly basis



On Page 24, I will explain our new initiatives by independent outside directors, the establishment of EPM, Enterprise Priority Monitoring Group. In order to further make sure of our midterm growth, we have set and are working on the three enterprise priorities, the so-called 3EPs, which are closely aligned with our performance goals in the corporate strategic plan, CSP2021.

In order to further strengthen the independent outside director's objective oversight of the 3EPs in their objective capacity, EPM has been established. EPM has three objectives. First, deepening the understanding of independent outside directors regarding the current status and outlook of our initiatives; number two, achieving enhanced monitoring of the progress by the Board of Directors; number three, exchange and coordination of opinions for the independent outside directors to provide oversight and advice as the Board of Directors. All independent outside directors are EPM members. I, Tanaka, serve as the chair and Ms. Nakayama is the co-chair. Activities started from November last year, and we plan to continue activities until the end of FY2025 when the ongoing CSP2021 period will be over. In principle, our meeting will be held on a monthly basis.

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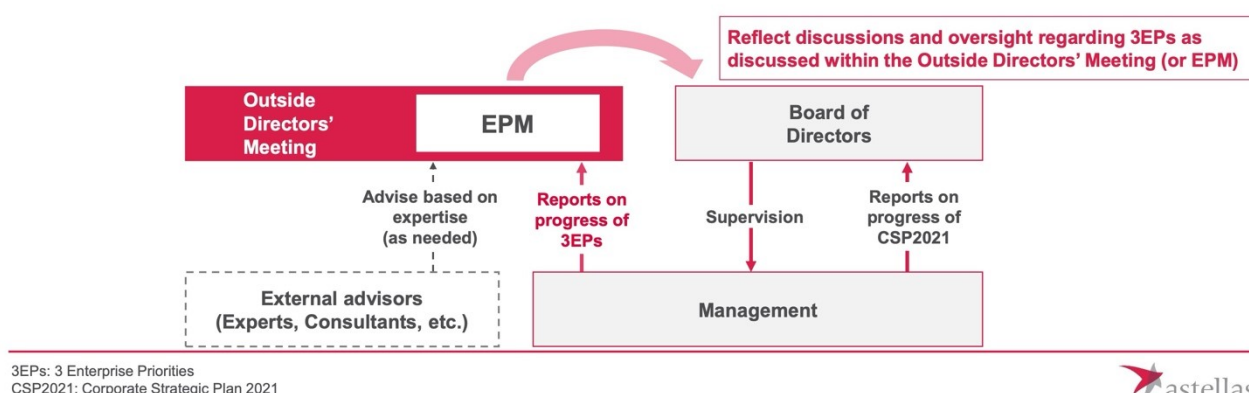
## Enhancing outside Directors' objective oversight through EPM

25

Launching a new initiative within the existing outside Directors' Meeting to further **enhance outside Directors' objective oversight**

### About the Outside Directors' Meeting (外役会: Soto Yaku Kai):

- Consists of independent outside Directors only
- Held regularly (usually monthly) and supports an open exchange of opinions
- Also serves as an opportunity for direct communication with the full-time Audit & Supervisory Committee Member and Financial Auditors



Next page, please. Page 25 shows an overview of our governance structure including EPM. EPM is a new initiative we have launched within the existing outside directors meeting, which we call Soto Yaku Kai in Japanese. Outside directors meeting, Soto Yaku Kai, is attended by independent outside directors only. It supports an open and constructive exchange of opinions among outside directors. It's held monthly. It also serves as an opportunity for direct communication with the full-time audit and supervisory committee members and external financial auditors as well. EPM has been newly launched based on this meeting.

To the Board of Directors, overall progress of CSP2021 is reported by management and is supervised by the Board of Directors. The progress of the three enterprise priorities, 3EPs, of particular importance is reported by management to EPM. In their objective capacity, independent outside directors deliberate these matters. If there is a need for advice based on expertise, we would also consider using external advisers. By reflecting those discussions on the Board of Directors' deliberations and supervision, we are further enhancing outside directors' objective oversight. That's all from me about corporate governance update. During the upcoming Q&A session, in our capacity as an outside director, I, together with Nakayama-san, will respond to your questions. Thank you very much.

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## Question & Answer

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**Ikeda [M]:** Thank you very much. This is all as a presentation from the company's side. Now, I would like to entertain your questions. If you have any questions, please use the raise hand button at the bottom of the Zoom screen. If you are on smart phone, tap the details, then you can find the raise hand function, so please tap that. The moderator is going to call out your name. If your name is called upon, please unmute yourself on your screen and mention your name and affiliation to start the presentation. Now please start.

First questioner is from Hashiguchi-san of Daiwa Securities.

**Hashiguchi [Q]:** Hashiguchi speaking, thank you for this opportunity. The first question is about the submission activities for VYLOY. There, you explained about the acceleration of the speed. If the quality is the same, of course, speedup is really welcome. But when it comes to VYLOY, FDA provided to you the notification of the completion of the review, but gaining the actual approval was delayed. As for the recent case, in the case of IZERVAY, the change of the package insert took place because of the question about the result of the statistical analysis, which leads to the delay. Of course, there are outside factors, not only your internal factors. For example, it seems that you had the causing factors outside of your company. But including the management for the outsourcing partners, I just wonder if this speedup or acceleration is sacrificing the quality. Would you please elaborate more on this point?

**Okamura [A]:** Hashiguchi-san, thank you very much for your question. First of all, the speedup might sacrifice the quality. That is exactly what we are paying attention on to. The earlier is not always better. Of course, earlier is better, but at the same time, we would like to enhance the quality. On the other hand, the cases that you pointed out, VYLOY or IZERVAY, the Complete Response Letter from FDA, yes, were received. First of all, about VYLOY, the third party audit issue happens among the outside manufacturing companies. That was the cause. CRO is given to us because of the affiliation of the speed. It's not really the case. We've been conducting the discussion with FDA in the case of IZERVAY. The final conclusion was that CRL, which was a great surprise for us in either situation, if it is necessary to revisit and redo once again, then there should have been the pre-dialogue with the authorities. This is not because of the speedup. That's what I think. Thank you very much.

**Hashiguchi [Q]:** Next is question about setting EPM. Probably I was not understanding it quite well. You have the convention of Soto Yaku Kai or outside directors' meeting. But what was missing there? Now you have this EPM. With having this EPM compared to the past, what would be the addition? Would you please explain about that more? You introduced this kind of new system that probably you might feel that the conventional outside directors' meeting might not be sufficient. You might feel in that way; that's why you decided to set up EPM. Would you please explain about the background?

**Tanaka [A]:** Tanaka speaking, Hashiguchi-san, thank you very much for your question. First of all, about the objectives of setting EPM, I believe you see the slide here now. On this slide, you see the three company-wide priorities. Within the Board of Directors meeting, it's been discussed that further thorough tracking will be necessary. The conventional Outside Directors' Meeting involves the discussion and coordination for a wider perspective, but when it comes to EPM, we prioritize the 3EPs. We specialize in 3EPs for the discussions, and that result is going to be fed back to the Board of Directors meeting. That is the objectives of this meeting.

So, the function of Soto Yaku Kai Outside Directors' Meeting is insufficient. That might be the question, but in EPM, in a more intensive fashion, discussions will be performed to deepen the understanding and perform close monitoring, so I hope you understand. And also, if you look at this diagram on the left, as you can see there, where necessary, external advisers with expertise may be asked to give us their advice. That, I think, is a difference. I hope you understood. Thank you very much.

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**Hashiguchi [Q]:** What are the 3EPs? Is that described somewhere?

**Tanaka [A]:** On this screen, on the right, you can find the 3EPs.

**Hashiguchi [M]:** Oh, this is the 3EPs. Understood, thank you very much.

**Ikeda [M]:** Thank you very much. Next, Mr. Wakao from JPMorgan Securities. Wakao-san, please.

**Wakao [Q]:** Thank you very much. Wakao from JPMorgan speaking. I have two questions. First, on Page 11, I have a question. Engagement score was down. You talked about the action to be taken, but can you take countermeasures sufficiently? Cost reduction program will be performed, so there would be further transformation and organizational capabilities can be maintained sufficiently because of the cost reductions, so no more risk of further reduction. On this page, regarding the change communication, this score was the biggest issue to be addressed. I wonder where it's described. This will lead to an improvement. I was not clear, so could you please explain?

Including the data in 2021, there was a peak in 2023, and there's a decrease in 2024. For the past one year, did anything happen? Transformation was ongoing, so I was concerned about the decline in the past year. What happened? Cost reductions and additional transformation will occur. Can you maintain organizational capabilities? That's something I also would like to know.

**Okamura [A]:** Thank you for your question. Today, Sugita is not attending, so I'd like to respond from my side. First of all, engagement score in the current fiscal year was down. There are multiple various factors behind. As Wakao-san said, transformation did not start just this year. We are doing transformation all the time. On the other hand, global engagement survey, timing, and various measures are to be shown to employees, and the timing, global engagement survey, as you know, perhaps depending on the countries, there's a difference in the trend of the scores. The results may be very good in some countries and not so much in other countries. Because of the employee mix, there can be a variability in the scores as a tendency.

Also regarding communication and transformation, because we hear such an opinion, this question was added in 2024. Can we evaluate all the scores equally? Not necessarily. That's part of the assumptions I'd like to explain. Various transformations, in particular, cost reduction will have an impact on organizational capabilities. The details of transformation and in implementing the transformation, the leaders will take the lead. How they're going to take the lead, it will depend on those aspects. It should not be the cost reduction for the sake of cost reduction; it doesn't make sense. The Company's capabilities must be maintained or even enhanced. Based on such assumptions, we try to curtail and optimize our cost. That's what we mean by cost reduction.

There are 3EPs. The third one is sustainable margin transformation. It must be sustainable. That's the assumption. It's not just a mere cost reduction for any items. Sustainable Margin Transformation, when I talk about it, most of the people say we are going to reduce the headcount. No, that's not the case. Clinical studies were mostly performed depending on CROs, but we are now on the way to do it in-house. Large clinical studies, if you have to do so, it's more efficient to ask a CRO to support us. But if you look at the current future portfolio, we can do this on our own. We can communicate with investigators directly, then that's good for the studies per se. Also, we can enhance the understanding of products, so we had a conclusion that it's better to do this internally. By having the development work internally, we need more people and personnel costs would increase, but we can reduce outsourcing costs for CROs. On a net basis, the margin will be higher. That's what we mean by Sustainable Margin Transformation.

Our transformation, lowering our organization capabilities overnight or change fatigue, so to speak, because of transformation one after another, people may be fatigued. We hear such a voice, so we have to capture

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such voice and take necessary measures. There should be no damage on the organization, and we shouldn't lose the capabilities we have. We have to be very careful in doing this.

**Wakao [Q]:** Understood that case there is the transformation fatigue going on, but at this moment it is okay not thinking about.

**Okamura [A]:** It is okay not going down further from this status, although there is a voice of the transformation fatigue. Yes, we are going to work on that to avoid such situation.

**Wakao [Q]:** Well, no explanation today, but I would like to ask you about the supply chain, more specifically about the tariff in the United States plus 25% for the pharmaceutical products as well. As for this point, is there any impact to Astellas? Once this 25% tariff becomes realistic and real, do you think you can counter with this situation and you can minimize the impact of that?

**Okamura [A]:** Thank you for the question. I don't know if it's all of a sudden, but relatively speaking, only recently that discussions got started, so we are going to do the further elaboration on that. We are a more complicated global operation. It's not really the situation whether that we produce the products on local and that is used at the same local area. Some products are not produced in the United States, so such products are imported from outside. If the tariff is applied for that, then we have to, of course, think about the countermeasures for that. But for example, having the factory established in the United States, that kind of thing is what we cannot do. We are going to have some thinking about the supply chain. Even if there are some tariff applied, we do not bring that effect on to the price of the products of the customers. We have a lot of ways that we could think about. Well, we've closed a certain factory in the United States. In order to deal with this tariff situation, all the products of Astellas are going to be produced within one factory in the United States. Of course, that is not happening as, Wakao-san, you know. We are not thinking about dealing with the situation in that way.

**Wakao [Q]:** I see. This is not the financial call, so this might not be the right place to ask you. But qualitatively, if this tariff is applied, will there be a certain impact?

**Okamura [A]:** Well, in this meeting, I cannot say how big or small the impact would be or the amount is bigger or lower. Maybe it will be explained in other opportunities.

**Ikeda [M]:** Wakao-san, thank you very much. Next question is from Sumitomo Mitsui Trust Asset Management, Koguchi-san.

**Koguchi [M]:** Koguchi speaking, can you hear me?

**Ikeda [M]:** Yes, we can hear you.

**Koguchi [Q]:** Taking this opportunity, I would like to ask a question to Iino-san. Social impact, monetary valuation is really what I got impressed, but this is JPY 680 million, that is the amount of the social impact. How can I interpret this? The output outcome against the input and quantification for that in that sense, I understand about this. But this absolute monetary amount, how should we interpret that? How do you want us to interpret? Would you please explain about it? That's the first question from me.

**Iino [A]:** Koguchi-san, thank you very much for your question. That is a very important point and question. As I've explained in the presentation, so far, to the countries or the regions where the health care is fragile, we provide the support so that the health system can enhance, and for that purpose, the donation is done multiple times from Astellas. Yes, we do such kind of activities and initiative, but we didn't know the impact of such a donation. Of course, we have said thank you very much; it was useful. But actual monetary amount

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as the contribution from us and to what extent of value that is linked to was not visualized because we wanted to see that for the first time, we decided to this calculation.

It's about JPY 150 million is the investment that we've done, and this is the activities for five different types of the cancers and this calculation this time is focusing only on the colorectal cancer. We focused on this because the data is relatively available in the market for the calculation. And our result, this is 4.6 times of the result. With this support, in Malaysia, we were able to realize positive impact, and that was visualized in that sense; this is meaningful that we think.

**Koguchi [Q]:** In that sense, 4.6 times of the impact, you had such an effect, which you think is important. Is this the point you want us to understand?

**Iino [A]:** Yes. I hope you understand that way.

**Koguchi [Q]:** Understood, thank you very much. You will increase the tumor types and programs in other countries. Are you going to do something similar?

**Iino [A]:** Personally, I hope so, but the available data cannot be found so easily in the world. Without such data, even if I want to do this, I cannot. That's the reality.

**Koguchi [Q]:** Understood, so it may be up to the judgment by the CEO perhaps. Number two, the relationship between the nonfinancial indicators and market cap, the percentage of female managers in this way, you found a relationship or connection. The ratio of female managers in Japan is low, which is a challenge for you. Because of this supporting data, you're going to work on this more. Are you declaring such intention?

**Iino [A]:** Thank you for your question. Let me respond. Of course, in Japan, the ratio of female managers in Japan is still low. That's the actual situation, so we will continue to make efforts in this regard. On the other hand, appointing females to managers because they are female or if there are male and female candidates, selecting female candidates with priority, no. There should be equal opportunities between both genders. When we appoint them, the individual's capabilities and the past experience and their motivation for work would be evaluated fairly to determine whether we will appoint them to certain positions. The ratio of female managers, in order to increase the ratio, increasing the number of female managers should not happen. We shouldn't put the cart before the horse.

**Koguchi [Q]:** Lastly, I'd like you to let me know how you reached this. The average remuneration paid to directors, there was a positive correlation there. But the remuneration may be very big, but market cap may not increase for certain companies. How should I think? How should I read? I'd like to hear your view.

**Iino [A]:** Right. 1,700 companies listed on the Tokyo Stock Exchange's Prime Market were analyzed, and these are the analysis results. Among them, as Koguchi-san said, some may not match these results. But as a result of the data analysis, these were the outcome we saw. As I mentioned, when I talked about the limitation, the number of data, even if we collect data from 1,700 companies, it's not rich just for 11 years. We have to increase our data further. Otherwise, we cannot say anything accurate.

**Koguchi [M]:** Understood. Thank you very much for challenging initiative.

**Ikeda [M]:** Thank you very much. Next, Nissay Asset Management, Yatsunami-san, please.

**Yatsunami [Q]:** Yatsunami from Nissay Asset, thank you very much. Today, I have two questions to you. First, as Koguchi-san asked on page 16, nonfinancial indicators and the enterprise value, you analyzed the relationship and thank you for sharing the results. According to the explanation, there's still some limitation to the available data. Based on this, reflecting this on to your corporate strategy, you cannot do so yet, as I

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understood. According to your analysis by now, human resource capital, human resources, and also corporate management, how are you going to turn this into your KPIs specifically? Do you have any idea?

**Okamura [A]:** Yatsunami-san, thank you very much for your question. How to understand about the results of this analysis this time? Well, the sustainability or digital divisions for them, they did a really challenging thing, and I recognized and acknowledged their effort. But as for this result, from here, rather than that we did this result in order to identify what should be done or rather, we wanted to review what we have done is really heading toward the right direction. So, this is used as a verification of what we've done. That has to be more sufficient or the method of the analysis should be more precise. Those two are both sides of the coin. In this situation, is it okay to make a further investment based upon this result? We haven't really convinced that level yet. So this might be the repetition but span of control to be expanded so that we can have the flat organization, we thought that is important. With that management percentage is heading towards the opposite direction of the enterprise value. We learned that, so at least what we've done is not a wrong thing. At least we were able to verify that. Please interpret this in that way.

**Yatsunami [Q]:** I see. So to the capital market, so that you can have a certain KPI that can be shared with the investment market, do you think you will still make it?

**Okamura [A]:** Well, if we can capture even the smaller delta, then in that case, this could be reflected into the KPI. It might be not really good to say about this in front of Iino-san, he might be sad. But this is, yes, quantification, but it is not that precise. We think it's better to not rush to reflecting this as KPI.

**Yatsunami [Q]:** Thank you very much. But sharing this result is really good for or meaningful for the investors because this is giving us the certain view. Now about page 25, EPM, the outside advisers are going to be utilized just like Tanaka-san mentioned, external advisers. If it is possible, I didn't understand if you have done this already or just this is about future, but in what situation these external advisers are used are going to be used? Could you share with us some specific examples?

**Okamura [A]:** Yatsunami-san, thank you very much for your question. Let me answer your question. First of all, EPM activities has got started November last year. Roughly monthly, we are having the activity. And if we made use of external advisers or not, as of this moment, we didn't use external advisers as you see as needed; so it's the situation. We have the outside directors in this number, and you can see the metrics here and the people from various fields are the members. When things are difficult to understand only by ourselves, then in that case, as needed, we receive advice from experts. Please do understand in that way. That's all for me. Thank you very much.

**Yatsunami [Q]:** When we look at this because you are a pharmaceutical company, so the scientific information for the pharmaceutical industry like M&A or development cases or transactions, if they are necessary to be discussed within the directors' meeting, you might seek for the external advisers' opinions of the advice. Is that the case?

**Okamura [A]:** Well, as of this moment, we haven't been that level of the specificity phase. There might be the possibility, however, but at this moment, we haven't identified specifically just like you said.

**Yatsunami [M]:** Understood, thank you very much. That's all for me, thank you very much.

**Ikeda [M]:** Next question, Morgan Stanley Securities, Muraoka-san, please.

**Muraoka [Q]:** Muraoka from Morgan Stanley speaking, thank you very much. Engagement survey, as Wakao-san asked a question earlier, in the appendix slides, looking at those pages, I was very surprised. Page 27 and onwards, specific items, individual items are shown. You talked about communication, which is a new additional question; I was able to understand that. Also, the trust in management and growth opportunities

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and also the promotion policy, if I were the management, I would be shocked because of the decrease in certain items. Okamura-san said that there can be some items which may change in scores. A single survey or change the direction, that might be a question, but how do you perceive the survey results as management? Maybe as directors as well, how do you see these results? What's your perception? I would like to hear your view. Thank you very much.

**Okamura [A]:** We perform the survey, so we take the results very seriously. Particularly, there was a big change for some of the items. In order to identify the causes behind having subgroups, they have interviews and exchanging opinions as well. As CEO, if you ask me whether I'm happy, no. But that does not stop anything, so what are we going to do next? This should be seen as an opportunity for the next step. What can be improved further? That's something I'm considering every day.

**Tanaka [M]:** Then how do I perceive this from outside, Nakayama-san?

**Nakayama [A]:** Nakayama would like to comment on these results. Looking at the results, a reduction in score, including the management, we have to take it seriously. For the past one year or two, which are measures and organizational change, looking at such a situation at Astellas, the responses reflect the candid opinion of the employees. If they face such a big transformation, if the score goes up, that's not natural from outside. On a temporary basis, I think this is a natural flow or course among employees. The management, in order to improve the scores, have to consider the measures to be taken, and they need to focus on the deep understanding. Negative results or decrease are not so good, but I hope that they would come up with better measures for the future. Thank you very much.

**Muraoka [Q]:** As Okamura-san explained, there is some difference among different countries. I was able to understand it, but what about the particular difference among Japan, US, and Europe leading to the differences? If you give me clues, that would reach to better understanding next time.

**Okamura [A]:** I don't have specific data at hand. In my discussions with Sugita, please listen; this is based on my ambiguous memory. Japanese employees may account for majority. Japanese employees, not just our company, but in an engagement survey like this, they're rather conservative. Even if they're happy, they may say it's usual, normal as a trend. But on the other hand, China and Latin America, Central and South America, or Southern Europe tend to have a higher score. I hear such a trend or tendency. If the sample size is at a certain level or higher, we may specify who responded how, so we don't evaluate by groups or divisions unless they have a certain number. If they have a bigger number of people, what happened in that group in that year may have an impact in sales and marketing. If there is something in sales in Japan, that would affect the bigger group, so the results could be affected.

**Muraoka [Q]:** Thank you very much, now I have better understanding. Another question is about the tariff issue. The tariff issue was asked in the previous questions, and there was the answer about the absorption of that portion with the reduction of the cost and so on. So of course, I understand the situation is not clear; nothing has been decided. But as one of the countermeasures, you didn't mention about the increase of the price. Increasing the price is one of the important options. Of course, it's not easy to simply say about the increase of the price, but why didn't you say that?

**Okamura [A]:** Right. That increase in the price is not something that can be simply and easily stated, so I rather would refrain from talking about that today.

**Muraoka [M]:** Understood, thank you very much.

**Ikeda [M]:** It's time. With this, I would like to close this sustainability meeting 2024. Thank you very much for your participation.

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