



Astellas Pharma Inc.

Sustainability Meeting

February 28, 2022

Event Summary

[Company Name]	Astellas Pharma Inc.	
[Company ID]	4503-QCODE	
[Event Language]	JPN	
[Event Type]	Investor Conference	
[Event Name]	Sustainability Meeting	
[Date]	February 28, 2022	
[Time]	15:00 – 16:33 (Total: 93 minutes, Presentation: 49 minutes, Q&A: 44 minutes)	
[Number of Speakers]	4	
	Kenji Yasukawa, Ph.D.	Representative Director, President and CEO
	Fumiaki Sakurai	Chief Administrative Officer (CAO) and Chief Ethics & Compliance Officer (CECO)
	Shingo Iino, Ph.D.	Vice President, Sustainability, Corporate Advocacy
	Ikuno Fujii	Vice President, Corporate Advocacy & Relations, Corporate Advocacy
[Participant Names]	Kazuaki Hashiguchi	Daiwa Securities Co. Ltd.
	Hidemaru Yamaguchi	Citigroup Global Markets Japan Inc.
	Shinichiro Hyogo	Mitsubishi UFJ Trust and Banking Corporation
	Eita Oyama	BNY Mellon Investment Management Japan Limited.
	Seiji Wakao	JPMorgan Securities Japan Co., Ltd.
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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.



Yasukawa: Good afternoon, everyone. I'm Yasukawa as the President of Astellas Pharma. Thank you for taking time out of your busy schedule to participate in our first sustainability meeting today. Slide 2 is the cautionary statement. As usual, I would like to skip the reading out.

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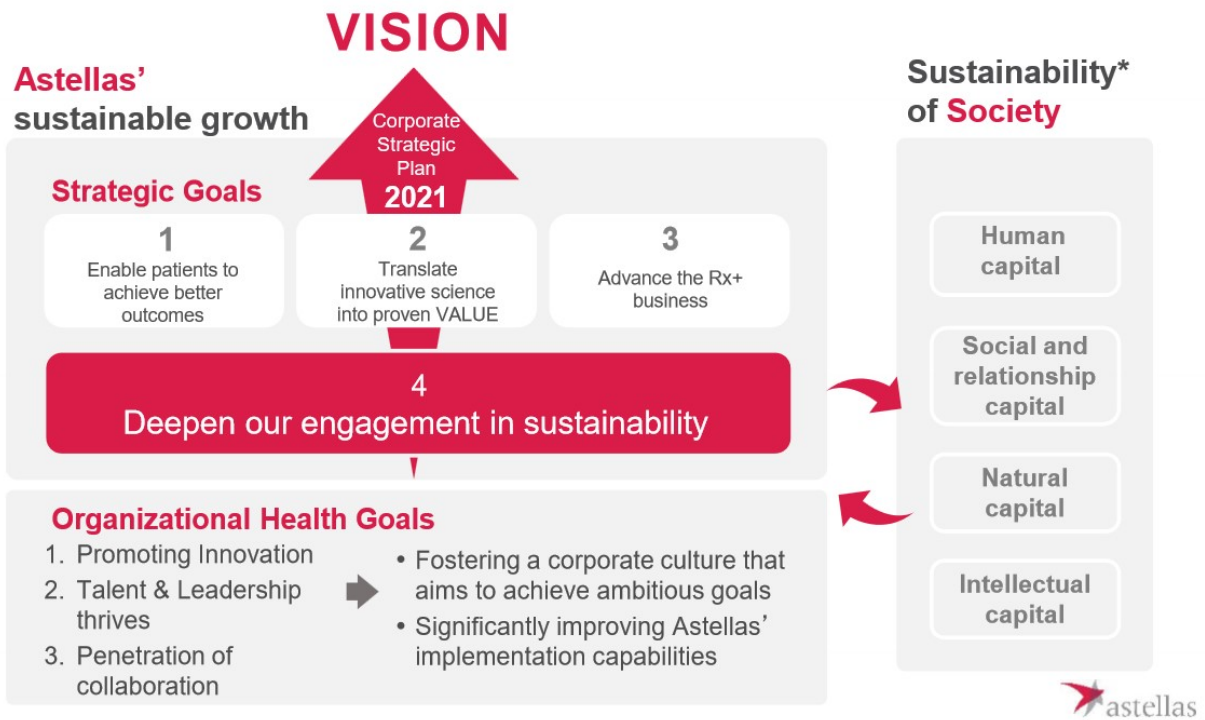
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VISION

-On the forefront of healthcare change to turn innovative science into VALUE for patients-

3



*IIRC: Integrated Reporting Framework

First, I would like to explain about our VISION.

Today, there are some participants who are usually not participating in our meetings. There are many such participants. First, I would like to talk about our VISION. That is the upper concept in our Corporate Strategic Plan or CSP.

On the forefront of the healthcare change to turn innovative science into VALUE for patients, that is our VISION.

We have evolved and developed each Strategic Goal while inheriting the basic strategies in CSP2018. We'll contribute to the sustainability of society by solving social issues through its business activities by creating innovative pharmaceutical products. In addition, the trust that Astellas has from society, through its business activities improve the sustainability of Astellas.

In CSP2021, on top of the Strategic Goals 1, 2, 3, we have set new strategic goals for deepening our engagement in sustainability. In today's meeting, I will explain Astellas' initiatives to engage in sustainability, including Strategic Goal 4 and Organizational Health Goals, which I was unable to fully explain in the meeting in May last year.

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AGENDA

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I Improving Access to Health

IV People and Organizational Development

II Climate Change Measures

V Materiality Matrix

III Corporate Governance

VI Items That We Perceive to Be Expected by The Stock Market



This is the agenda for today.

First of all, I would like to explain Astellas' activities to improve access to health, which we will refer to as improving ATH.

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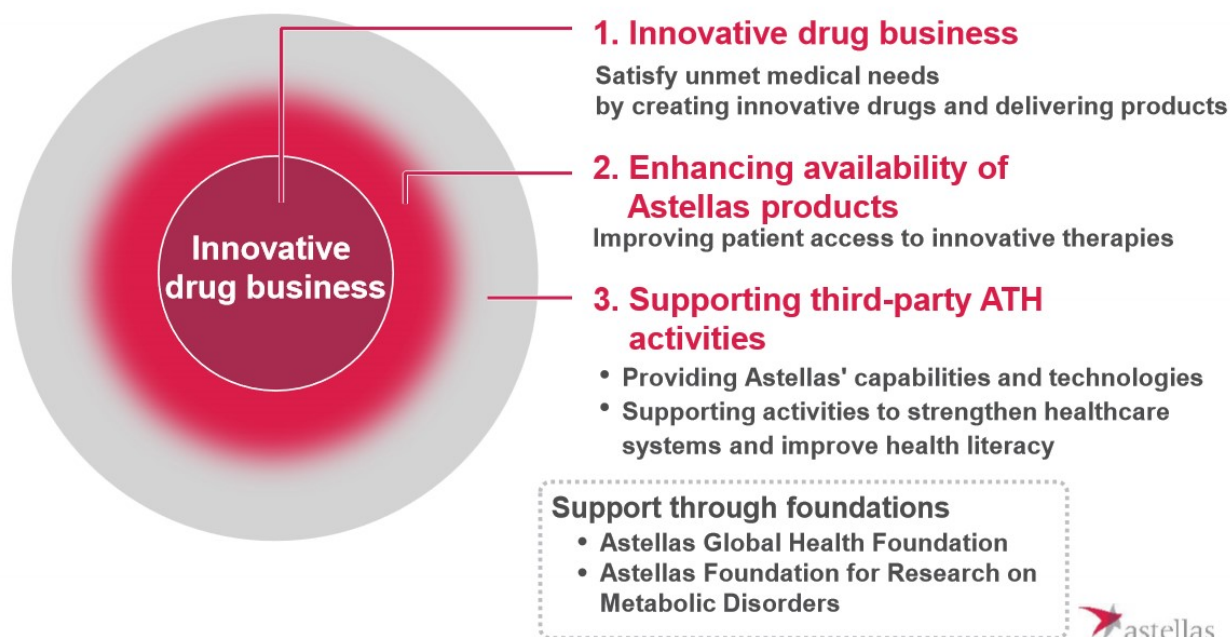
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IMPROVING ACCESS TO HEALTH (ATH)

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Activities aimed at improving ATH are classified into three categories



Our efforts, as is mentioned on page 6, can be divided into three categories. The first is the innovative drug business. In other words, Astellas is working to solve social issues through its business of creating innovative new drugs and delivering them to patients.

The second is enhancing the availability of Astellas' products, which is an initiative to improve access to Astellas' products for those who cannot receive them through business.

The third is supporting third-party Access to Health, or ATH, activities. We are working to improve ATH by supporting third parties rather than by ourselves. In addition to this, we also provide support through foundations to which Astellas contributes. Through the Astellas Global Health Foundation, we are working to improve ATH in the regions where Astellas does not have any business.

In Japan, we were the first major Japanese pharmaceutical company to abolish the scholarship donation for research support 2 years ago. This donation system has existed since the time of the Showa era, but we abolished it. Through the Astellas Foundation for Research on Metabolic Disorders, we are contributing in the form of research support for young researchers in academia and support for overseas study.

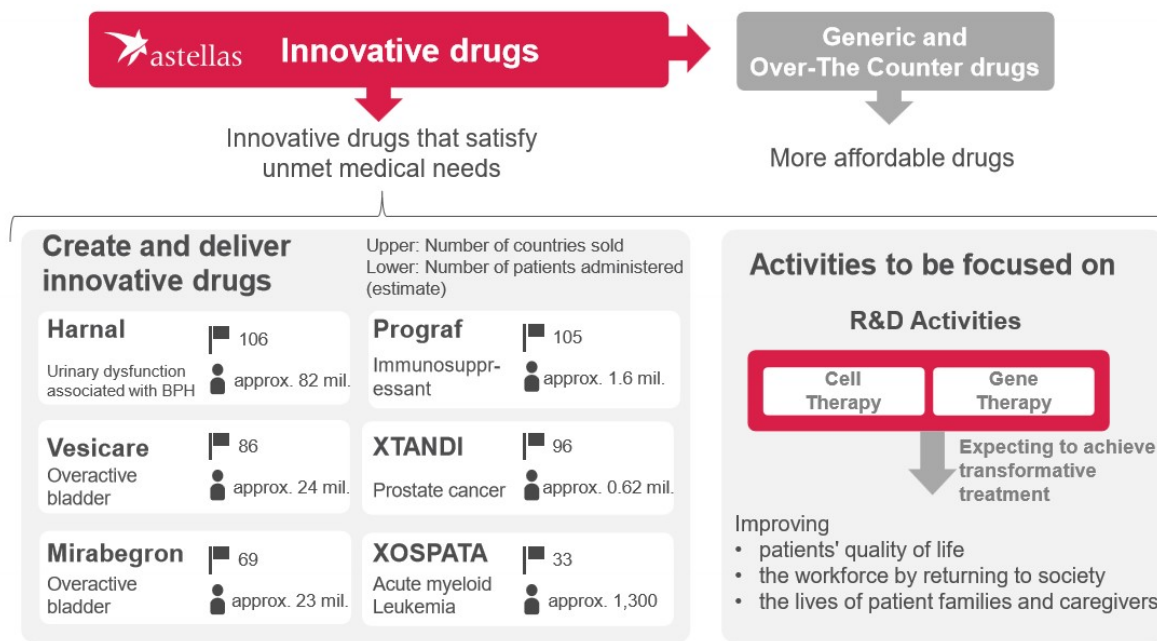
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Satisfy unmet medical needs by creating innovative drugs and delivering products



BPH: Benign prostatic hyperplasia

In the following, I will use 3 slides to explain initiatives 1, 2, 3, which are shown in red.

Astellas has specialized in the innovative drug business since its establishment. We believe that by creating innovative drugs and delivering products that satisfy unmet medical needs to patients, we can contribute to improve ATH and to solve social issues.

Let me explain some specific examples. The left-hand side of this slide shows a number of countries where our innovative launched drugs are sold and the estimated number of patients who have been administered them to date.

For example, Prograf, this is a drug that suppresses the rejection caused by the immune system at the time of organ transplantation. Although it has been on the market for nearly 30 years, it is still largely used in the field of transplantation medicine around the world and has been administered to approximately 1.6 million patients to date.

In the field of urologists, such as the benign prostate hyperplasia and overactive bladder, we have created drugs that improve the shortcomings of conventional drugs and enhanced their safety to contribute to the improvement of the QoL of many patients. Recently, we believe that we are saving the lives of many patients by creating anticancer drugs called XTANDI and XOSPATA.

In addition, Astellas is currently actively engaged in the research and the development of cutting-edge modalities or technologies, including cell therapy and gene therapy. These innovative treatment modalities have the potential to provide long-lasting effects and cure diseases with a single dose.

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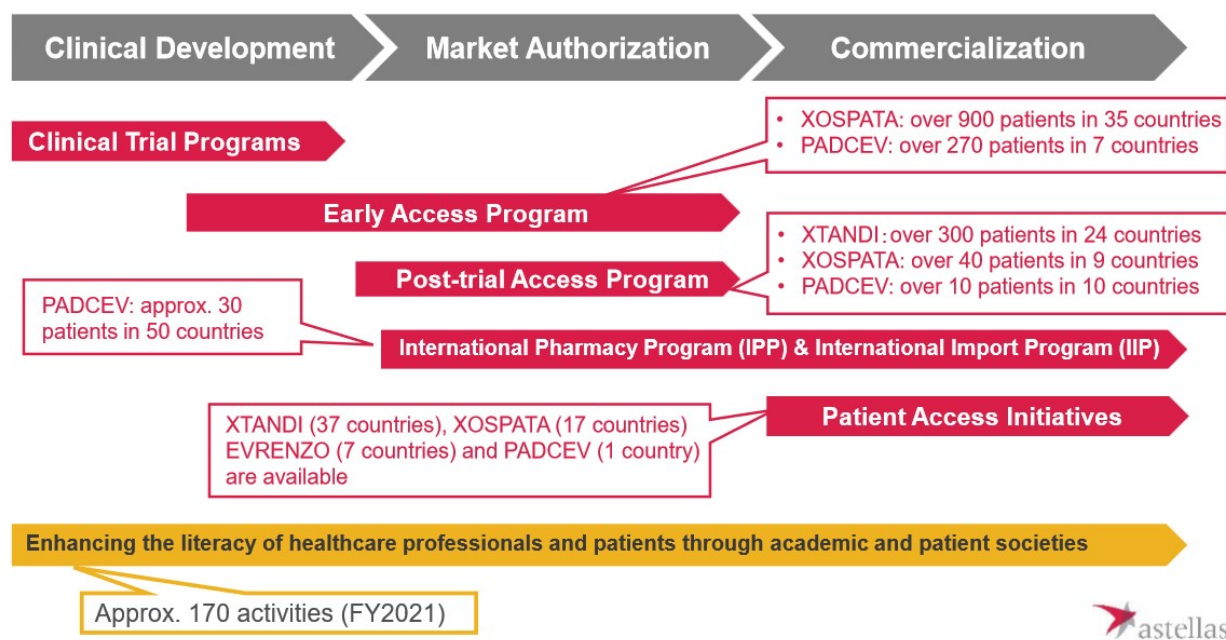
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This innovation can not only improve the QoL of patients, but also enables them to return to society and improve the workforce level. Therefore, the lives of their families and caregivers can also become better. We believe that the value of these therapies to society as a whole is extremely high.

IMPROVING ACCESS TO HEALTH 2. ENHANCING AVAILABILITY OF ASTELLAS PRODUCTS

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Aiming to improve patient access to innovative drugs



I would like to talk about enhancing availability of Astellas' products.

We are strategically considering and implementing measures from the drug development to post-launch to improve access for patients who are unable to receive prescriptions for Astellas' products for social or economic reasons. Specific programs and the execution timings are indicated by red arrows.

The leftmost are clinical trial programs. The most effective way to access treatment with Astellas' products prior to approval is to participate in clinical trials. However, clinical trials are only open to patients who meet certain criteria. In order to improve access for patients who do not meet these criteria, we have various programs in place, including early access programs and post-trial access programs because clinical trials are conducted only in the limited countries, limited sites.

For example, early access program provides an Astellas investigation of drugs to patients who do not participate in the clinical trials but meet certain limited criteria and terminates the provision of drugs once the product is launched. Through this program, XOSPATA has reached more than 900 patients in 35 countries suffering from relapsed or refractory FLT3 mutation positive acute myeloid leukemia, or AML, who have failed with other treatment options.

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In addition, there is the international pharmacy program that allows the countries where such products are not yet approved to import and use the products that have been approved and launched in major countries. Through this program, PADCEV is now available for import in 50 countries, and we have actually delivered it to more than several dozens of patients.

In addition, there is a patient access initiative, which allows patients who meet certain criteria in certain countries and regions to receive support when purchasing certain Astellas' products.

Third is the prostate cancer drugs, XTANDI and XOSPATA, and such become available in 37 countries and 17 countries, respectively.

IMPROVING ACCESS TO HEALTH

3. SUPPORTING THIRD-PARTY ATH ACTIVITIES

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Ongoing Initiatives

Providing Astellas' capabilities and technologies

1. Schistosomiasis

praziquantel*

- Over 50 million preschool schistosomiasis patients
- Developed new pediatric formulation with smaller and less bitterness taste
- Preparing to submit an application for approval to expand into Africa



2. Tuberculosis/Malaria**

- Providing our original library of tens of thousands of compounds
- Conducting joint research with TB Alliance and MMV



Continuing to contribute funds to the Global Health Innovative Technology Fund (GHIT) since its establishment in 2013, which is funding the initiatives 1 and 2 as above

Initiatives to be enhanced

Supporting activities to improve healthcare systems and health literacy

1. National Cancer Society Malaysia (Malaysia), Asia Cancer Forum (Japan)

- For over 1 million Malaysian residents
- Supporting initiatives such as developing a cancer education database and holding disease awareness sessions



2. City Cancer Challenge Foundation (Peru)

- For over 2,500 cancer patients in Arequipa, Peru
- Supporting the Strengthening the health system infrastructure and the capacities of 450 specialists through education and mentorship programs



*With funding from GHIT Fund and The European & Developing Countries Clinical Trials Partnership (EDCTP)

**With funding from GHIT

Next, I would like to talk about support for third-party ATH activities.

The first is in the upper part of the slide. That is an initiative to provide Astellas' capabilities and technologies. Schistosomiasis is a parasitic infection that is common in developing countries, particularly in Africa and South America. The incidence of the disease is high among children and if untreated, it can be fatal.

Astellas is working with the consortium of the pharmaceutical companies, research institutions, and international nonprofit organizations to develop a pediatric formulation of praziquantel tablets. Astellas provides its own formulation technology for the creation of a pediatric formulation. The pediatric formulation development is smaller than the current tablets, and disintegrates easily in the oral cavity, so it can be taken with or without water, and it is also designed to reduce bitterness.

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Phase III clinical trials have been completed. And Merck, a member of the consortium, is preparing an application for approval to expand the products to the African region.

We also are working with external partners to identify new treatments for tuberculosis and malaria. In 2019, 1.4 million lives were lost worldwide to tuberculosis and 410,000 to malaria. Breakthrough drugs for both diseases are eagerly awaited.

Astellas is providing its own library of tens of thousands of compounds free of charge and is conducting joint research with its partners, TB Alliance and MMV, to discover new therapies.

The bottom row of the slide shows the initiative that we will strengthen in the future, focusing on activities that are synergistic with Astellas' business as well as support for activities aimed at strengthening the health system and improving literacy.

Here are two examples. The first is our support to the National Cancer Society Malaysia and the Asian Cancer Forum. We are supporting National Cancer Society Malaysia and Asian Cancer Forum in their cancer counter activities targeting over 1 million Malaysians. That includes the development of a cancer education database, a cancer prevention registry portal, and community engagement sessions for cancer disease awareness. The targets are the over 1 million Malaysians.

The second is to support the City Cancer Challenge Foundation. This is for the city of Arequipa in Peru. This support includes activities to strengthen the infrastructure of the healthcare system for more than 2,500 cancer patients in the city and building the capacity of 450 cancer specialists. Also, through providing education and mentorship programs, the improvement part is access to cancer treatment and Arequipa city is supported.

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CLIMATE CHANGE MEASURES

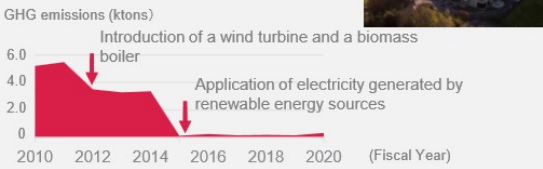
Environmental Action Plan (SBT approved in 2018)

- Reduce GHG emissions (Scope 1+2) by 30% by fiscal 2030 (Base year: fiscal 2015)
- Reduce GHG emissions (Scope 3) by 20% of revenue by fiscal 2030 (base year: fiscal 2015)

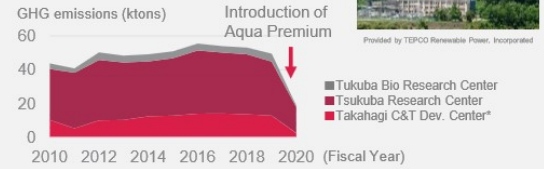
Announced support for TCFD (December 2020)

Major Initiatives

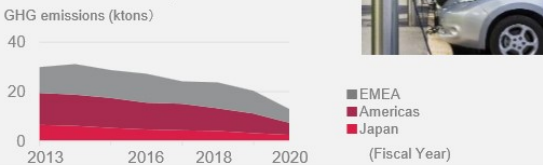
Achieved nearly zero GHG emissions at the Kelly Plant



Switch to power from renewable energy at three domestic sites



Switch to sales vehicles with less environmental impact



Adoption of Biomass-based Plastic for Blister Packages (World's first use of biomass plastic for blister packages for drugs)



SBT: Science Based Targets, GHG: Greenhouse Gas, Takahagi C&T Dev. Center: Takahagi Chemistry & Technology Development Center
 Scope 1: GHGs emitted directly from Company premises as a result of the burning of fuels, Scope 2: GHGs emitted indirectly in the use of electric power or heat supplied to the Company from outside, Scope 3: GHGs emitted indirectly at some point on the Company's value chain

Page 11, now I would like to talk about climate change measures.

Astellas recognizes that the impact of climate change on certain companies is significant and that it is an issue of common importance to the world. Regardless of its own greenhouse gas emissions and its volume, Astellas is aware of the need to address climate change as the Company's responsibility to improve sustainability.

In 2018, Astellas received approval from the SBT, or science-based targets initiative, for the greenhouse gas reduction target set in its environmental action plan and has been working to achieve these targets.

In addition, in December 2020, we announced support for the TCFD recommendations, and we intend to promote more proactive and efficient information disclosure in the future.

In CSP2021, we have positioned sustainability initiatives, including climate change as one of our key strategies.

I would like to explain here four of our major initiatives to date. First, at the Kerry Plant in Ireland, introduction of a wind turbine biomass boiler and the solar panels took place, resulting in nearly several zero greenhouse gas emissions in 2015.

In April 2020, we switched all electricity consumed by our three research and manufacturing sites in Japan to Aqua Premium, which is provided by TEPCO Energy Partner as hydropower-derived electricity that does not emit greenhouse gases. As a result, we reduced greenhouse gas emissions by approximately 29,700 tons in FY2020.

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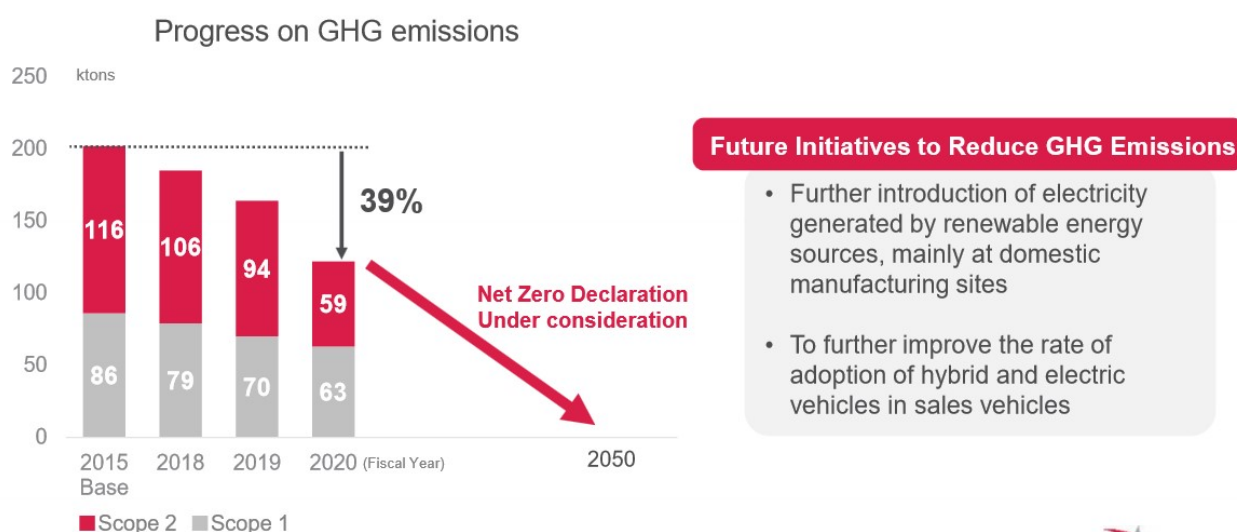
Globally, we have introduced hybrid and electric vehicles with less environmental impact as sales vehicles. As of FY2020, 59% of all sales vehicles globally have been switched to such vehicles.

As a unique initiative, Astellas became the first company in the world to adopt environmentally friendly biomass-based plastic for PTP sheets used as the primary package for pharmaceuticals in October 2021.

CLIMATE CHANGE MEASURES

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- Reduce GHG emissions as planned toward the target set in the Environmental Action Plan
- Under consideration to declare Net Zero by 2050



Page 12, through initiatives such as those described on the previous pages, we have been able to reduce greenhouse gas emissions as planned toward the target set in the environmental action plan.

In FY2020, thanks to progress and initiatives to reduce the greenhouse gas emissions, such as the use of electricity derived from renewable energy sources, as well as external factors such as COVID-19 measures, we achieved a combined 39% reduction compared to FY2015.

However, we are not satisfied with this achievement, and we are now reviewing our greenhouse gas reduction targets to declare net zero as our long-term goal for 2050.

Specific reduction targets are still under consideration, and we plan to apply for SBT in the first quarter of FY2022. We plan to disclose this information as soon as we obtain SBT approval.

In the future, by further introducing electricity derived from renewable energy sources and increasing the ratio of hybrid and electric vehicles in our sales vehicles, we will strengthen our efforts to reduce greenhouse gas emissions

From page 13 afterwards, I would like to talk about corporate governance.

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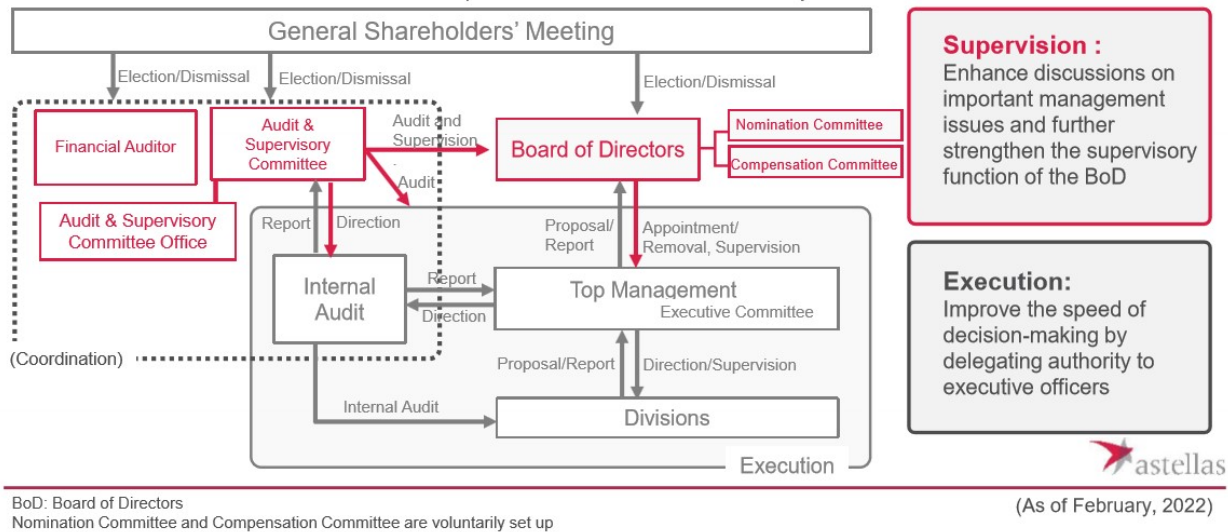
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CORPORATE GOVERNANCE SYSTEM

- Transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee in June 2018
- Delegate a substantial part of the BoD's decision-making authority of the execution of business to executive Directors, further enhance deliberation on matters such as business strategy in the BoD and further strengthen the supervisory function of the BoD
- The Corporate Governance Guidelines stipulate that majority of the directors should be outside directors in order to ensure decision-making from a broader viewpoint and objective oversight of the execution of business
- 7 out of 11 members of the BoD, 4 out of 5 members of the Nomination Committee and the Compensation Committee, respectively, and 3 out of 4 members of the Audit & Supervisory Committee are outside directors
- Both the Nomination Committee and the Compensation Committee are chaired by outside directors



Now slide 14. This explains our corporate governance system.

In June 2018, we transitioned from a company with an Audit & Supervisory Board to a company with an Audit Supervisory Committee. This delegates a substantial part of the Board of Directors' decision-making authority of the execution of business to executive directors to enable prompt decision-making and to further enhance the deliberation of matters such as business strategy in the Board of Directors. We then further strengthened the supervisory function of the Board of Directors.

In addition, the corporate governance guidelines stipulate that the majority of the Directors should be outside Directors in order to ensure decision-making from a broader viewpoint and objective of our site of the execution of business.

Important matters related to corporate governance, such as the nomination and compensation of Directors and corporate auditors are discussed by the entire Board of Directors, a majority of whom are outside Directors, before our final decision is made.

As of February 2022, 7 of the 11 members of the Board of Directors, 4 of the 5 members of the Nomination Committee and Compensation Committee, and 3 of the 4 members of the Audit and Supervisory Committee are outside Directors and both Nomination Committee and the Compensation Committee Head are chaired by outside Directors.

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- Identification of four important management themes to be discussed by the BoD
- Based on the annual evaluation of the effectiveness of the BoD, we continuously strive to improve its effectiveness

Example of the BoD meeting issues in FY2021 (partial)

Corporate Strategy <ul style="list-style-type: none"> • Quarterly business report/Planning • External disclosure of Corporate Strategic Plan 2021 • Portfolio strategy • Annual plan 	Stakeholder Engagement <ul style="list-style-type: none"> • Report on dialogue with investors • Sustainability activity reporting and planning
Risk Management <ul style="list-style-type: none"> • Report on enterprise risk management status • Compliance update 	Corporate Governance <ul style="list-style-type: none"> • Board of Directors effectiveness analysis results • Directors & Officers personnel change/compensation • Succession planning

Analysis and Evaluation of Effectiveness of the BoD in FY2020

The Chairman of the BoD conducted a survey mainly on the oversight function of the BoD based on questionnaires to the Directors, and based on the results of this survey, the BoD performed its analysis and evaluation

<Conclusion> It was determined that the overall effectiveness of the BoD is sufficiently ensured

<Reasons for evaluation (partial)>

- Free, open and constructive discussions
- Appropriate supervision of succession planning
- Create and implement the compensation system which is objective, transparent and functioning as a healthy incentive for sustainable growth
- Further strengthening activities toward sustainability by setting it as one of Strategic Goals of Corporate Strategic Plan 2021

<Initiatives of the BoD to raise the effectiveness>

The BoD continues to work on increasing its effectiveness, by trying to understand expectations and opinions of various stakeholders and then reflecting those to discussions at BoD meetings



BoD: Board of Directors

Now page 15. This is about the Board agendas and evaluation of effectiveness.

We have identified four important management themes to be discussed by Board of Directors: corporate strategy; stakeholder engagement; risk management; and corporate governance.

This page is a partial example of Board of Directors meeting issues in fiscal 2021. In particular, sustainability improvement was set as a new Strategic Goal, so discussed at the Board of Directors' meeting in fiscal 2021.

As shown in the lower half of the slide, we are continuously striving to improve the effectiveness of the Board of Directors by reflecting the result of the annual analysis and evaluation of Board effectiveness.

In FY2020, it was determined that the overall effectiveness of the Board of Directors is sufficiently ensured. Some of the reasons given for the evaluation include free, open, and constructive discussions, and appropriate supervision of succession planning. By trying to understand the expectations and opinions of various stakeholders and then reflecting them to discussions, we will continuously strive to improve the effectiveness of the Board of Directors.

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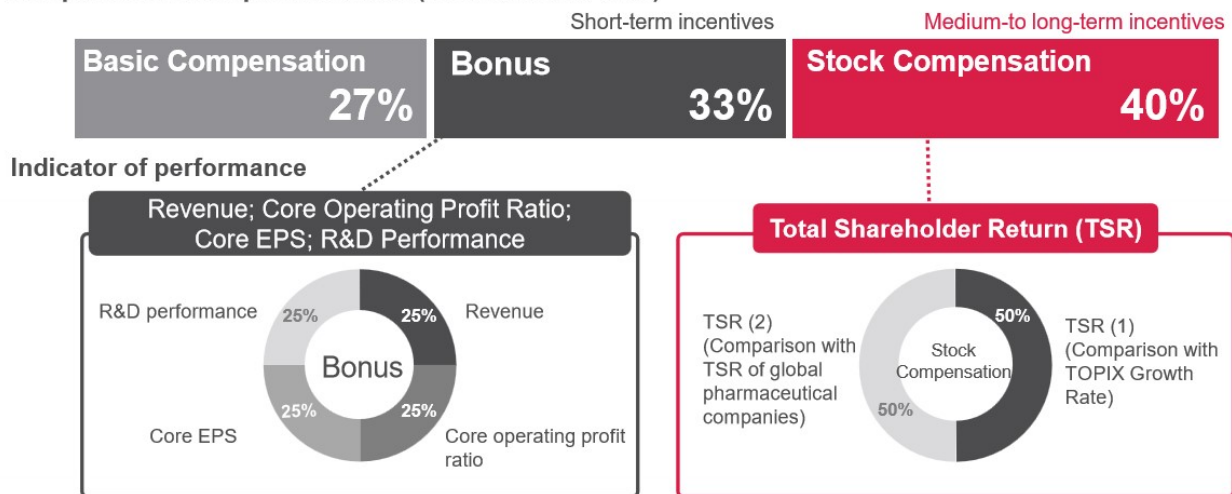


COMPENSATION SYSTEM FOR DIRECTORS

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- Compensation system and composition that are closely linked to performance with an emphasis on increasing enterprise value and shareholder value over the medium- to long-term
- Fair and impartial compensation system based on responsibility and results regardless of country and region
- Expansion of eligibility for stock compensation plans to all global VPs and above (approx. 200 members)

Compensation Composition Ratio (President and CEO)



Directors: the performance-linked compensation shown here is used for the remuneration of directors (excluding outside directors) who are not Audit and Supervisory Committee members.
 VP: Vice President, VPs and above: General manager, division head and/or sub-division head class
 For details of the compensation system, please refer to the Notification of Convocation of the 16th Term Annual Shareholders Meeting.

Now slide 16. I will explain the compensation system for Directors.

We have introduced a compensation system and a composition that are closely linked to performance with an emphasis on increasing enterprise value and shareholder value over the medium to long term.

In addition, we aim to have a fair and impartial compensation system based on job responsibilities and results, regardless of country or region, and we actively disclose information to enhance transparency. Even if a non-Japanese were to become president, we have no intention of changing our basic approach to setting compensation levels based on the nationality.

The middle of the slide shows an example of the compensation composition ratio for the president and CEO as an example. The basic compensation is 27%; 33% bonus as a short-term incentive; and a 40% stock compensation as a medium- to long-term incentive with a higher ratio of performance linked to compensation.

For mid to long-term incentives, we introduced a performance-linked stock compensation system in 2015, and we use total shareholder return, TSR, which is highly linked to shareholder value as the evaluation index.

According to the 2020 data disclosed by Willis Towers Watson, long-term incentives is 27% of compensation for CEOs of Japanese companies with sales of JPY1 trillion or more, while Astellas has set a high level of 40%.

We have introduced an incentive scheme that aims to improve corporate performance over the long term. Starting in fiscal 2021, the scope of this stock compensation plan has been expanded to include all global vice president class and above. Prior to this, eligibility for this system was limited to Directors and former executive officers in Japan. According to information from an external HR advisor, there are very few Japanese

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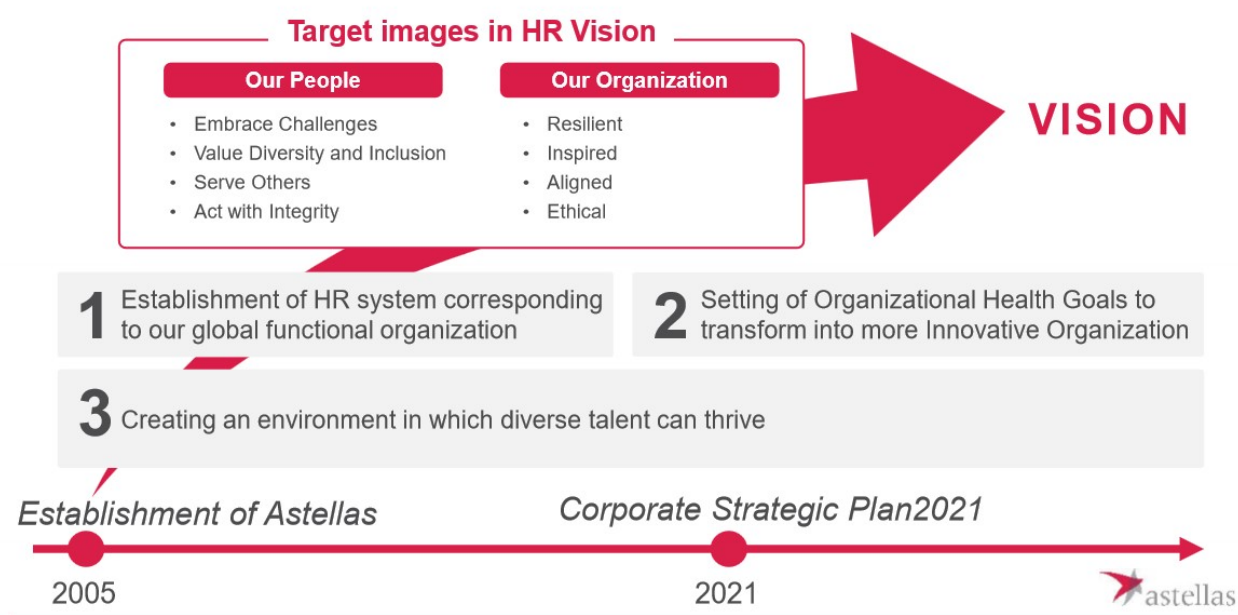
companies that offer stock-based compensation to executive leaders around the world on the same scale as our company. By providing the stock compensation, we can make executives around the world aware of the common goals of maximizing shareholder value. We are also conscious of communicating the message that we are treating them as executives.

Next, from page 17 and onwards, I'd like to explain our people and organizational development.

PEOPLE AND ORGANIZATION FOR INNOVATION

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To realize our corporate vision, the ideal image of both people and organization have been clarified and accelerate efforts to transform all Astellas organizations to be more innovative for Corporate Strategic Plan 2021



Page 18, since the establishment of Astellas, to realize our corporate vision, we have clarified the ideal image of both people and organization and have accelerated their efforts to transform all Astellas' organizations to be more innovative for CSP2021.

In this section, I'm going to explain the establishment of HR system corresponding to a global functional organization we have worked on, Organizational Health Goals, OHG in short, set to transform into more innovative organization with a full-scale focus since CSP2021, and the creation of an environment in which diverse talent can thrive.

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1. ESTABLISHMENT OF HR SYSTEM CORRESPONDING TO OUR GLOBALIZED FUNCTIONAL ORGANIZATION

Establishment of a globally harmonized HR system to promote the HR allocation as “the right people in the right place” on a global scale

Harmonization of grade structure and job evaluation

- Consistency in grades based on each position's responsibilities regardless of where they work or which division they belong to
Completed at Managers and above worldwide
- Job evaluations by globally common methodology and processes
Implemented at all VP and above worldwide (approx. 200 positions)

Succession planning

- Develop, discuss and implement Talent Review and Succession Plan
**Completed at all VP and above worldwide
Approx. 500 successor candidates identified**
- Enhancing and Developing the Talent Pipeline
Approx. 3/4 of positions at new VP and above were appointed from successor list

Harmonization of compensation structures and levels

- For all VP and above worldwide**
- Completed a globally common compensation structure
- Promote level integration between regions

Job posting system

- Implementation of job posting system (many positions around the world can be posted)
**Completed approx. 300 internal hiring
Total of more than 2,000 applications**

HR CONNECT



- Establishment of a database that serves as a foundation of talent management by visualizing all talent data worldwide
- Operation and execution of talent management including the programs above within a globally integrated HR system



Page 19, we, Astellas, have expanded our business not only in Japan but also globally as well. Along with that, we have established our HR system to promote the allocation of the right people in the right place on a global scale. These HR system transformations have supported Astellas’ business and enhanced our competitiveness in acquiring talent in the market. Here, let me share 4 representative initiatives.

First, harmonization of grade structure and job evaluation. Since the establishment of Astellas, grades have been evaluated by each region and each function, respectively. We have reevaluated the grades based on the common scale for the entire group, so that there is consistency in grades based on each position's responsibilities globally. Job evaluations by the new globally common methodology and processes have been completed for about 200 positions at all Vice President (VP)-and-above levels worldwide.

It's not so easy to completely harmonize and implement the HR system operation worldwide, but in line with the globalization of our business strategy and organization, we have been pursuing globalization also in our HR system.

As you can see on the right, our succession planning initiative at Astellas has started since the merger in 2005. After the merger between Yamanouchi and Fujisawa, particularly for executives, we needed to make transparent and appropriate HR and success decisions not based on seniority system regardless from which company they came from. It was necessary to realize the allocation of the right people in the right place, which everybody can agree to.

We have completed this work worldwide and realized information consistency, higher process efficiency, and automation. We have also implemented talent review by global organization and function. So, for all VP

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positions and above worldwide, we are using the discussion process to select the best person from the global talent as a successor.

By now, we have completed talent review and succession planning for all VPs and above worldwide and identified about 500 successful candidates. About 3/4 of the new positions for VPs and above have been appointed from the successor list.

As for the harmonization of compensation structures and levels, we have aimed for a global common compensation structure for all VPs and above, promoting level integration between regions. By now, we have introduced common stock compensation plans for all VPs and above.

Through these initiatives, we are approaching the structure where employees in eligible positions can receive fair compensation regardless of the region.

In addition, we have implemented a global job posting system. Various positions around the world can be posted. There have been many applications, and we have completed about 300 internal hiring in total so far.

Through our initiatives to realize the right people in the right place, we can be closer to the allocation of talent for innovation and ensure talent continuity. In general, at Japanese companies, individuals tend to assume the next position based on their company's decision. This general method does not fit Astellas. As the business and organization itself has globalized, we believe it's desirable to have a style where each individual develops his or her own career plan with a sense of 50:50 consideration by both the Company and the individual. We are planning to further promote talent allocation based on job posting and open internal competition.

For the operation and execution of these HR initiatives, we have globally integrated the employee database, which was different from region to region before. Through this HR system, called "HR Connect", we are implementing talent management, including succession planning.

We hear that many companies are still implementing document-based succession planning and talent management, but we are operating a substantial portion of this process within a globally integrated system, so we think we are promoting quite innovative practices in this regard.

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2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

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- To identify the factors that impede innovation, interviews were conducted to collect employees' and leaders' voices
- Analyzed the collected comments of employees and set Organizational Health Goal 1-3
- These are our commitments to foster organization that encourages desired behavior, and we aim to be an innovative organization to deliver sustainable growth

Identified Issues

- Extensive fear of failure and unwillingness to take business risks to achieve innovation
- Conservative objective setting
- Reluctance to update and develop new systems and processes to meet new challenges

Tasks to be achieved

Organizational Health Goal 1

**"Brave ideas pursue ambitious outcomes"
Aggressively take on challenges for innovation and ambitious outcomes**

- Unclear image of leadership to generate innovative ideas
- Lack of development plans to foster leadership

Organizational Health Goal 2

**"Talent and leadership thrives"
Environment in which excellent people have ownership and demonstrate leadership**

- Evaluation system that promotes departmental optimization
- Silo situation and lack of trust between divisions

Organizational Health Goal 3

**"We excel as One Astellas"
Collaborate across divisions to achieve shared goals for all Astellas**



Page 20, from here, I'd like to explain initiatives to transform into more innovative organization and accelerate CSP2021 realization.

To strongly promote the execution of our strategy in CSP2021, we thought it's necessary to first identify the factors that impede innovation. To identify issues to be improved in the current organization, interviews were conducted globally to collect employees' and leaders' actual voices. We analyzed the collected information and discussed within the top management, identified issues as shown on the left in the middle figure on this page.

In order to resolve these issues, we set Organizational Health Goals (OHG) 1 through 3, shown on the right as elements of CSP2021. These OHGs are our commitments to foster organization that encourages desired behavior. And we aim to substantially enhance our execution capability at Astellas and aim for innovative organization to deliver sustainable growth.

To resolve extensive fear of failure and unwillingness to take business risk to achieve innovation; conservative objective setting; and reluctance to update and develop new systems and processes to meet new challenges. In order to resolve these 3 issues, we set Organizational Health Goal 1, "brave ideas pursue ambitious outcomes" so that we can aggressively take on challenges for innovation and ambitious outcomes

To address unclear image of leadership to generate innovative ideas; and lack of development plans to foster leadership, we have set Organizational Health Goal 2, "talent and leadership thrives" to put into place an environment where excellent people have ownership and demonstrate their leadership.

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As for the issues of evaluation system that promotes not company-wide optimization but departmental optimization; and silo and lack of trust between divisions, we set Organizational Health Goal 3, "we excel as one Astellas." We are trying to collaborate across divisions to achieve shared goals for all Astellas.

2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

21

Implementing various interlocked initiatives to achieve Organizational Health Goals

Initiatives for Organizational Health Goal 1

Culture development with psychological safety

Promote an organizational culture of challenge without fear of failure and establish an environment of psychological safety where intelligent failures are celebrated as learning opportunities

- Develop a psychological safety playbook and use for ongoing manager trainings
- Training program which enables and encourages intelligent risk taking

Initiatives for Organizational Health Goal 2

Astellas Leadership Expectations

Clarify the leadership required in Astellas and develop leaders to execute Corporate Strategic Plan 2021

- Develop leader and manager capabilities in alignment with Leadership Expectations and OHGs
- Incorporate Leadership Expectations in peer and upward feedback frameworks
- Implement "Ignite" (leadership training) (over 2,500 employees, over 20,000 hours in total)

Initiatives for Organizational Health Goal 3

Shared Objectives

Set cross-divisional and ambitious goals toward Corporate Strategic Plan 2021

- Perform scoping / diagnosis to identify pain points with respect to cross-divisional collaboration under functional management
- Introduce a system to set Shared Objectives among divisions to promote collaboration between divisions to improve company-wide performance
- Delink Division Performance Appraisal used in short- and long-term incentives plans and replace with Company performance

*Ignite: remote training for all people managers around the world to instill and practice leadership as defined by Leadership Expectations.

Page 21, we are implementing various interlocked initiatives to achieve Organization Health Goals 1 through 3. Let me explain some of our initiatives.

First, Cultural Development with Psychological Safety. We are aiming to promote an organizational cultural challenge without fear of failure and establish an environment of psychological safety where intelligent failures are celebrated as learning opportunities. We have developed a psychological safety playbook, which is being used for manager trainings. We are developing related training programs as well.

Secondly, Astellas Leadership Expectations. This is to clarify the leadership required in Astellas and develop leaders to execute CSP2021. Specifically, we are working to develop leader and manager capabilities in alignment with leadership expectations and OHGs. Incorporate leadership expectations in peer and upward feedback frameworks and implement "Ignite". "Ignite" is a remote training for all people managers around the world to instill practice leadership as defined by leadership expectations. Over 2,500 employees have participated for over 20,000 hours in total by now.

Thirdly, Shared Objectives. This is to set cross-divisional and ambitious goals towards CSP2021. To set these common goals, we identified pain points, which include cross-divisional collaboration under functional management. To further promote, further improve company-wide performance, and promote collaboration

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among divisions, we have developed a system to set shared objectives among divisions, which will be introduced from next fiscal year's objectives setting.

There was optimization in each functional division, but there were issues from the Company-wide optimization perspective. So, in order to change our gear speedily in accordance with the priority of the Company's business strategy so that many employees would be conscious of the Company-wide performance, we have decided to introduce a system of setting shared objectives among divisions and change how to make bonus payments from FY2022 so that behavioral change will occur accordingly.

2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

22

- Promoting understanding of Corporate Strategic Plan 2021 by management directly communicating with employees in question and answer sessions
- Total dialogue time: Approx. 190 hours

Dialogue with CEO

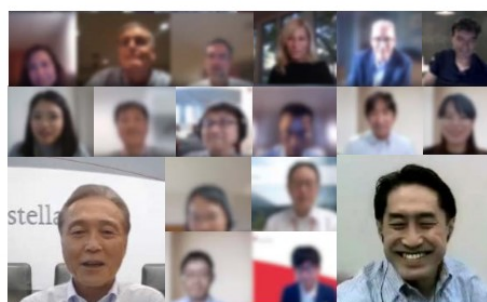
Approx. 30 or less employees × 30 times
(total of approx. 600 employees)
Approx. 400 questions

Ask Me Anything Session

Top management and Division Heads in the global HQ
Approx. 400 employees × 17 times
(total of approx. 6,800 employees)
Approx. 730 questions

OHG Leadership Conversations

Top management and Division Heads in the global HQ
Approx. 500 employees × 3 times
(total of approx. 1,500 employees)
Approx. 110 questions



OHG: Organizational Health Goals

(Numbers are as of the end of February 2022)

On page 22, I'd like to explain our measures to disseminate and penetrate CSP2021 among our employees.

We have been promoting their understanding of CSP2021 by management directly communicating with employees globally in Q&A sessions. As for me, over the past 10 months, I have spent about 190 hours in total to continue my dialogue with the employees.

“Dialogue with CEO”. We have organized about 30 remote or on-site sessions of 30 participants or less, online or at sales offices across Japan in person. Small group meetings can serve as an opportunity to express their view and ask questions directly. By now, about 600 employees in total have participated and about 400 questions have been asked.

Top management, including Executive Vice President Okamura, and division heads in the global headquarters are having dialogue with employees in larger-scale events called “ask me anything sessions”. Employees can join these Q&A sessions on a voluntary basis. The agenda is set. Participation is on a voluntary basis, and

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employees can ask questions. So far, about 6,800 employees have joined and about 730 questions have been asked.

“OHG leadership conversations” are events focusing on interaction between top management and division heads in the global headquarters. About 1,500 employees in total have joined and about 110 questions have been asked and answered.

By taking time to have dialogue with employees and continuing to communicate the management's ideas and thoughts in the background, employees can feel convinced, synthesized with the Company's strategy, and link this to execution. We receive questions and comments from our employees and consider action where necessary. The entire management are united to just work on what we are supposed to do. We will continue these initiatives according to our plan.

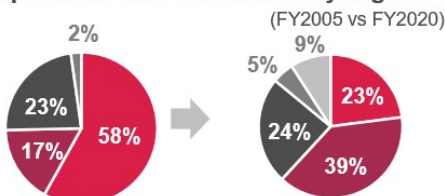
3. CREATING AN ENVIRONMENT IN WHICH DIVERSE TALENT CAN THRIVE

23

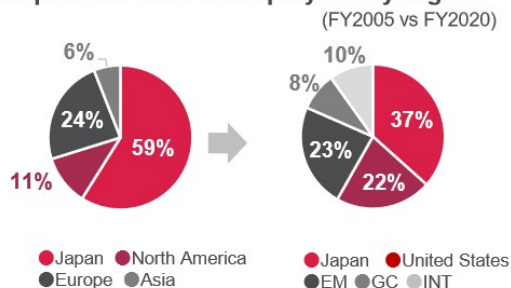
- Diverse talent work worldwide along with business globalization
- Promote organizational diversity and increase creativity for innovation

Business Transition

◆ Composition ratio of revenue by region (FY2005 vs FY2020)



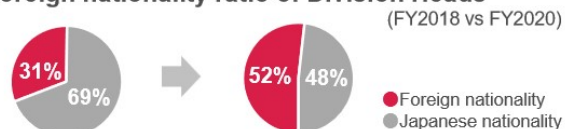
◆ Composition ratio of employees by region (FY2005 vs FY2020)



EM (Established Markets): Europe, Canada, Australia,
 GC (Greater China): China, Hong Kong, Taiwan
 INT (International Markets): Russia, Latin America, Middle East, Africa, Southeast Asia, South Asia, Korea

Development of Diversity

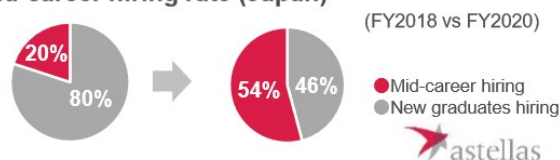
◆ Foreign nationality ratio of Division Heads (FY2018 vs FY2020)



◆ Percentage of female managers (FY2013 vs FY2020)



◆ Mid-career hiring rate (Japan) (FY2018 vs FY2020)



Next, page 23. Let me explain creating an environment in which diverse talent can thrive and our progress so far.

We, Astellas, believe that diversity can increase the organization's creativity. By promoting organizational diversity, we are trying to increase our creativity for innovation. Business transition is shown on the left, and development of diversity is shown on the right.

First, on business transition. Looking at the composition ratio of our revenue by region, when Astellas was established in 2005, Japan accounted for 60% of the revenue. But in the 15 years after that, the globalization

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of our business and portfolio has made progress. Globally, the revenue structure became better balanced based on demographics and economic indicators.

Also, regarding the composition ratio of Astellas' employees, the foreign nationality ratio was about 40% before, but it's now exceeding 60%. We are also making progress in globalization of our talent. With the globalization of our business, we have increased employee nationality and various other diversities for creating innovation. We are allocating appropriate talent as division heads regardless of their attributes such as nationality.

Over the past 3 years, the foreign nationality ratio among division heads has increased, and the majority of division heads have foreign nationality by now. We are running the organization from the perspective optimal as a company doing business globally.

In principle, English is used as an official language in many of the internal documents. Many meetings are conducted in English, including Executive Committee, our highest decision-making body for execution. I think the number of companies doing their business operation with this level of global thinking is still small in Japan, and we are one of the leading companies as such. The percentage of female managers has increased from 29% in 2013 to 41% in 2020 globally and from 6% to 12% in Japan.

The mid-career hiring rate has also increased from 20% to 54% in 3 years. Not only employees hired as new graduates, but also talents with a variety of backgrounds are playing an active role at the Company. We are hiring about 100 new graduates every year. We are always searching for ways to acquire this talent to the maximum.

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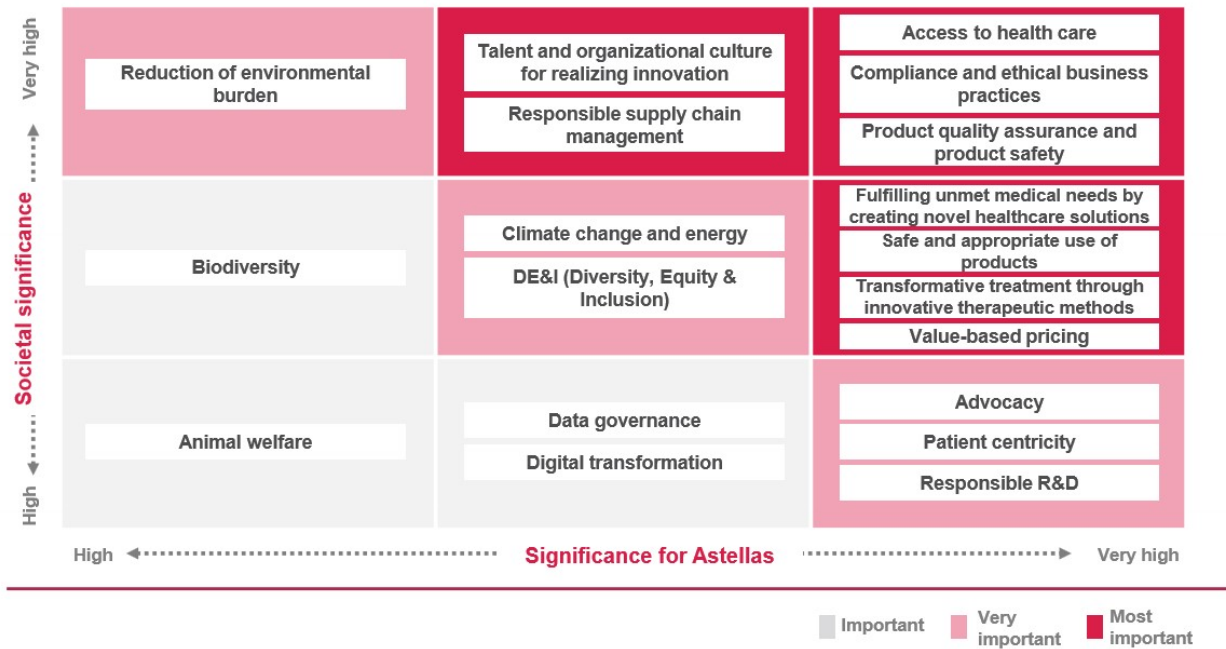
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UPDATED MATERIALITY MATRIX

- Identified key issues considering changes in trends in sustainability issues, consistency with Corporate Strategic Plan 2021, and issues that must be addressed as a pharmaceutical industry
- Prioritized 19 key issues based on the analysis of stakeholder interest, scale of social issues, affinity with Astellas' capabilities, and results of interviews with top management, from the perspective of "material to both society and Astellas"
- 9 most important issues identified out of 19 key issues



Page 25, next, I'd like to talk about our new materiality metrics.

We developed our first materiality matrix in 2014. In 2017, we made a review and 5 years have passed since. In the past 5 years, we have identified key issues considering changes in trends in sustainability issues, consistency with CSP2021, and issues that must be addressed as the pharmaceutical industry.

We prioritized 19 key issues shown on the slide based on the analysis of stakeholder interest, scale of social issues, affinity with Astellas' capabilities, and results of interviews with top management from the perspective of "material to both society and Astellas." We believe that all the 19 key issues are material to both society and Astellas. But we identified 9 most important issues out of the 19 key issues shown in red as materiality, shown on the upper-right, social issues of high significance, which Astellas would be able to resolve.

By working on the 9 material issues, Astellas would like to aim to transform into cutting-edge value-driven life science innovator, win the trust as an industry leader, and strengthen our management foundation. In addition, we will also address important issues of high social interest, such as climate change and energy, including our consideration of net zero declaration.

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ITEMS THAT WE PERCEIVE TO BE EXPECTED BY THE STOCK MARKET

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Expectations	Future Initiatives
Sustainability KPI for Initiatives	<ul style="list-style-type: none"> Specify KPIs for those that are appropriate to be formulated
More proactive disclosure of sustainability	<ul style="list-style-type: none"> Proactive dissemination of initiatives to improve sustainability through each media
Ratio of Female Managers* (Japan) and Female board members	<ul style="list-style-type: none"> Aim to improve the ratio of female managers by succession planning, mentoring, and dialogue with management Recognizing the importance of board diversity. The selection is made by considering experience, skills, etc. comprehensively, and we will continue to emphasize diversity
Dialogue with Outside board of directors	<ul style="list-style-type: none"> Deliver messages through Integrated Reports and website Consider opportunities for direct dialogue at Astellas' meeting
Net Zero declaration	<ul style="list-style-type: none"> Under consideration to declare Net Zero by 2050

*Executive position in Astellas

Page 27, last but not the least; let me explain items we perceive we are expected by the stock market.

This page shows items we perceive to be expected further from us through our dialogue with the stock market.

As for sustainability initiatives, we will specify KPIs for those that are appropriate to be formulated.

We will disclose our initiatives to improve sustainability more proactively than now through our corporate website, integrated reports, and Astellas' meetings.

We will aim to improve the ratio of female managers by succession planning, mentoring, and dialogue with management. We recognize the importance of Board diversity. The selection is made by considering experiences, skills, etc. comprehensively, and we will continue to emphasize diversity in our selection process.

As for dialogue with outside Directors, we will deliver messages through integrated reports and corporate website and consider opportunities for direct dialogue at Astellas' meetings.

I already covered our net zero declaration.

Today, I talked about our initiatives to enhance the sustainability of society and Astellas' corporate value. Astellas contributes to social sustainability by solving social issues through business activities to create innovative drugs. To create innovative pharmaceuticals, we will strengthen our initiatives for innovative transformation of all the Astellas organizations.

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We are hoping to organize a sustainability meeting like this one today on a periodic basis for the future so that we can leverage our dialogue with you for future initiatives.

That's all from me. Thank you for your attention.

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Question & Answer

Fujii [M]: We would like to now accept your questions. Now, please start. An operator is going to guide you, so please wait for a moment.

Operator [M]: From the Japanese line, Daiwa Securities, Mr. Hashiguchi, please start.

Hashiguchi [Q]: Hashiguchi from Daiwa Securities. Thank you for this opportunity. It's about page 19, talent management process, global integration. For the drug discovery research and when you gain the competitive edge, and also the location of a research institute. From these perspectives, how can we think about this approach?

Management that is not impacted by the location and the same is applied for the product management. In that case, I think this approach will be quite viable. But when it comes to drug discovery, the lab location, that might be sometimes a restriction to move around. Depending on the regions, the easiness of hiring people will be different. So, if you have the one simple consistent system, then there might be the situation that you pay too much at a certain area.

In that perspective, depending on the positions, allocation optimization is necessary to be considered. The talented scientists who can bring the innovation, how you can keep hiring them to improve your development? With that perspective, I would like to hear your opinions about things written in page 19.

Yasukawa [A]: Thank you very much for your question. As you know, recently, around Boston or California, depending on the types of biology that we are aiming at, we sometimes acquire the research institute or start the research institute by ourselves.

Regarding the researchers as well, if this and that is possible to be done, then the grade will be this and that. So, we would like to have a consistent system for this as well. But still, there are some things that can be done only by this person or this particular person's knowledge or the human relationship in the world or field of academia. If there's something unique, we are going to prepare new position to pay that was paying for that function. As for now, special positioning our grades are now considered to be introduced.

Sakurai is going to make a bit of the supplemental comment here.

Sakurai [A]: Thank you for the question. I'm Sakurai. I'm in charge of Chief Administrative Officer (CAO) and Chief Ethics & Compliance Officer (CECO). Establishment of HR system corresponding to our globalized functional organization, it's not something we are going to harmonize everything. Of course, the functionally reasonable global harmonization is what we have in our mind. Especially for research, for innovation generation, the motivation improvement of the researchers, that is going to be quite important. The motivation improvement for the researchers, we have the internal venture unit. And within a project, a certain size of the HR resource and budget management are lifted up so that the milestone can be achieved.

Also, in order to hire the potential people, in the case of Japan, other than the new graduates hiring, we are introducing the system to selectively hire the talented people.

Regarding the researcher engagement, the globally common engagement survey is conducted for the quantitative measurement so that it can be reflected into the necessary countermeasures to be introduced.

That's all. Thank you very much.

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Hashiguchi [M]: Thank you so much. That's all from me.

Fujii [M]: Thank you very much. Next person, please.

Operator [M]: Citigroup Securities, Mr. Yamaguchi, please.

Yamaguchi [Q]: Yamaguchi from Citigroup. First, this is about an individual topic. Regarding the access, in Malaysia and Peru, you mentioned such cases. The world is broad. Malaysia and Peru were mentioned in particular. What's any typical reason why relatively speaking? Or it was mentioned just by chance?

Yasukawa [A]: Regarding the third-party programs, there was a bidding process. We explained our objectives and from those who support our objective, we solicited their proposals. We selected through several schemes.

In the selection process, lino is going to explain.

lino [A]: Thank you. I'm in charge of sustainability. My name is lino. Thank you for your question. There are certain criteria and stages to select. As Yasukawa mentioned, we wanted to support certain areas. We developed the criteria, and we had a request for proposal. Related NGOs and NPOs received such information as we sent.

We, Astellas, are aiming for certain disease area as a business. And NGOs and NPOs we have been associating with before, we checked their information and proposals. The best ones who can address social issues were selected. This time, we selected two. As you can see here, these are oncology-related NGOs and NPOs supporting oncology.

As for Malaysia, there are various ethnic groups and various languages are being used in that country. Access to health knowledge is scarce among the general population. To detect cancer as soon as possible, there are challenges in that country as we heard, that's why it was selected.

As for Peru, in South America, working on oncology, there is an organization called C/Can working on oncology. Among their activities, this was a country where administrative body can also work together. That's why we decided to choose them to support.

Yamaguchi [Q]: For the future, there may be a budgetary issue, but you would solicit proposals, request for proposals to choose what meets your criteria? Rather than based on your strategy, you would find something that fits your strategy to support? Correct?

Yasukawa [A]: Yes. That was how we selected in FY2021. Our employees globally would look at these examples, and they would be stimulated. In their own region or in their own country, they may want to resolve issues. In their country and region, there would be more ideas from our employees. I'm hoping for that increase into the future.

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SKILLS (KNOWLEDGE, EXPERIENCE, ABILITIES, etc.) EXPECTED OF DIRECTORS

29

- BoD specifies the knowledge, experience, abilities, etc. that should be possessed as a whole in order to properly perform its function in light of the Company's corporate strategies
- Equipped with the skills to make decisions as a BoD and to supervise management appropriately

	Name	Outside director	Company Management	Global Business	Science & Technology	Legal · Risk Management	Finance · Accounting	Academia
Director	Yoshihiko Hatanaka		●	●		●	●	
	Kenji Yasukawa		●	●	●	●		
	Naoki Okamura		●	●	●		●	
	Mamoru Sekiyama	○	● (Trading)	●				
	Hiroshi Kawabe	○			●			● (Medicine)
	Tatsuro Ishizuka	○	● (Manufacturing)	●	●			
	Takashi Tanaka	○	● (Telecommunication)	●	●	●		
Director Audit and Supervisory Committee Member	Toru Yoshimitsu			●	●		●	
	Hiroo Sasaki	○						● (Economics)
	Haruko Shibumura	○				● (Lawyer)		
	Raita Takahashi	○					● (Accountant)	

Yamaguchi [Q]: The second question, the way of asking the question might not be really good, but that is about page 29, the skills of the directors. There are many ways to look at this, but especially in your company, the science perspective evaluation, that is going to be always important as a start, I believe, especially to evaluate the assets from outside and bring it in in your company. That process is going to be important.

In that perspective, the medical or scientific knowledge, especially genetic therapy or cellular therapy, I just wonder how many out of this list can appropriately evaluate such kind of modalities. So, the latest science is needed to convert into the corporate value. But for that foundation, you need to think about the skills of those who evaluate such technologies. How would you manage that? Because you cannot just simply take what the specialists take. It's difficult as a question. I believe you are doing a certain sort of judgment on this regard, so what kind of approach you are taking?

Yasukawa [A]: Thank you for the question. Yes, it is quite difficult, so it cannot be solved just with overnight. The western venture companies, it doesn't have to be venture companies, a scale company, or large companies. The alumnus in this industry are going to be served as the director in other companies, so there are many such cases going on. And if such people with a science background, then they can get involved in the judgment of the level of the technologies that we are thinking about.

Yamaguchi [Q]: And in Japan, the outside Directors, that is considered?

Yasukawa [A]: We actually do not have many such kind of candidates in the Japanese market. Therefore, historically speaking, yes, we have one medical professional within our Director member. But so far, therefore,

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in the case of us, there is no such person within a member of the outside Director. That is currently left up into the specialist in the research.

When it comes to the price or the management of the expenses, from that perspective, we will receive the opinions from Directors. The research is now left up to development of people. If the market in Japan changed and if the recruiting outside Directors from overseas might be possible, then situation might be changed.

Yamaguchi [Q]: In that perspective, ideally speaking, you have multiple people here and there with a scientific background and you can consult with them depending on the necessity, so if there's a market or because you're a global company. If there's opportunity, you would like to do something like that?

Yasukawa [A]: Well, if there is the appropriate person we identified, that is also something we would like to consider. Board of Directors would make a decision and for the execution side, if they give us the instruction, I think that will be different as opposed to the executed functions. I think it's depending on the situation.

Yamaguchi [M]: Thank you very much. That's all.

Hyogo[Q] Reading from Fujii on behalf of Hyogo: Today, some people cannot access the teleconference system. So, we received their questions by email, so I'd like to read. Hyogo from Mitsubishi UFJ Trust and Banking.

“This is the first ESG meeting by Astellas. I was able to understand your initiatives very well. Thank you very much. I think it's meaningful to continue holding these meetings. So, I hope you will organize a meeting like this in the next fiscal year. Based on this, I'd like to ask you questions. Regarding talent, people, and organization, I understand your initiatives, clearly. The corporate culture with fear of failure, and unwillingness to take business risk to achieve innovation is being improved. How do you analyze the reasons why you have such an organizational culture? And how are you going to examine the effectiveness of the initiatives?”

This is the question received.

Yasukawa [A]: I'd like to briefly explain the historical background. Since the establishment of Astellas, every year in March, we have divisional objectives we discuss for each division. We have set the system. In principle, initial proposal is from the bottom up from each division. For management, there are orders, and it's going to be refined. But basically, it's a bottom-up process.

After a year, the goals set for that year, what was achieved and what was not achieved would be evaluated. Then it would determine the bonus payments and also the promotion for each person. If we do this, if you continue this process, if you say something very challenging and if you cannot achieve, you may wonder what to do if you cannot achieve something like that, you may not be highly evaluated. It may affect your promotion. There can be such a silent pressure.

There was such a strong tendency after we continued this process in various rounds. Challenging goal settings can be given the motivation. If that's achieved, we can give a lot of score, higher score. We think that's more appropriate. That's how we started the initiative. Therefore, we have just started. Where we will see visible effects, it's too early to say.

Sakurai would like to make additional comments.

Sakurai [A]: Yes. Thank you very much for the question. Yes, what was the history behind to set these goals? That was explained by Yasukawa right now.

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Going forward, the goals being set would be used to look at the progress. We will follow up on the progress. Setting KPIs and turning into an indicator, that was one of the options we could take. But then unintended incentives may come into force. So, we would like to consider carefully here.

Having said so, global engagement survey, since 3 or 4 years ago (2017), we started this survey. Once every 2 years, we have been conducting this survey. But starting from this fiscal year, we are doing this on an annual basis. For this year, survey was conducted in February and we are analyzing the results right now. The Organizational Health Goal progress is included in the questions in the survey to follow-up on the progress, but on appropriate timing.

In addition, as Yasukawa explained earlier, management going to the field to communicate with employees, we have substantially higher number of such opportunities. Communication directly with the employees is happening and employees are making their comments and asking questions. By listening to their voice, we're making steady progress. In the Organizational Health Goals, we can feel about the progress on such occasions, so these are great opportunities for us. We think this is going to be a very important process. We'd like to continue to proceed with.

That's all from me.

Hyogo[Q] Reading from Fujii on behalf of Hyogo: One more question.

“That's about the environment. The countermeasures for the climate change are your focus. What's the reason for that? What about the other environmental issues, for example, biodiversity, water, chemical substances? It's how they are positioned.”

Yasukawa [A]: Thank you for the question. The lab and also the plant, the genetic modified biology materials are about to be handled. Viruses or microorganisms, they are going to be used more and more. They are not going to go out of the field of the lab or the plant emitting, those are taboo. So, we have already introduced the countermeasure for that. It's not something we are going to introduce new measures so that we can prevent all conceivable issues. We are going to continue to work on the countermeasures. That's our current position.

And the organic compounds, those are treated in an appropriate way to be emitted outside or there are specialized companies utilized for the treatment. So that's been a long-standing practice for us. It's not something we are treating light. We have introduced the sufficient measures for that.

Because of that, that is not included as a word in these materiality metrics. Please do understand it in that way.

Fujii [M]: Thank you. Going back to the teleconferencing system, we'd like to entertain questions from the next person.

Operator [M]: BNY Mellon Investment Bank Japan, Mr. Oyama, please.

Oyama [Q]: Thank you very much. BNY Mellon Japan Investment Management, Oyama speaking. I have 3 questions about the environmental measures. First, mentioned in Sustainability Meeting documents, Scope 1, 2, 3 information has been disclosed and you have the approval from SBT. You have a high level of activities in sustainability and there's a high assessment. I believe you are considering your goal for 2030 and net zero in 2050, setting the goals in the medium term and the longer term, what is going to be the timing of disclosure of such goals? What's the current status of your consideration right now as far as you can share today?

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Iino [A]: Thank you for your question. The timing of disclosure already is in line with TCFD. We are doing the analysis already and the timing of disclosure is now under consideration. By the end of March, the analysis results will be posted on our website according to our plan. That's the first thing you mentioned.

And what was your other question? Sorry.

Oyama [Q]: Secondly, biodiversity. I'm interested in biodiversity initiatives. Biodiversity in general, to conserve the species, the endangered species are handled. You're incorporating these into your indicators to minimize the environmental burden and also to conserve the biodiversity. I think that's your philosophy. Having said so, when we say biodiversity, direct conservation of the species is important. But, if possible, you may have your specific ideas and you don't have any particular indicators for the biodiversity in terms of the species conservation. What's the background?

Yasukawa [A]: As we answered to the previous questions, something which does not exist in the environment, the microorganisms or viruses, which are not dominant, if that's released into the environment, it's going to be different from the natural environment. Creating such an environment is going to be unacceptable. So that's my focus. And also, that's the area the Company should focus on and pay attention to into the future as well.

Iino [A]: As for biodiversity indicators, yes, you're right. It's our own indicator to set goals. You might have read the website. Regarding the biodiversity indicator, climate change measures, and also the environmental contamination measures, and also circular environment areas, what kind of initiatives were made to make progress to come up with an indicator regarding biodiversity? If we do something in particular, it's not going to improve just based on that, according to understanding. Various factors among the 3 classifications must be addressed. That's how we are discussing right now. That's all from me.

Oyama [Q]: Thank you so much. Next, diversity. Looking at the action plan for female managers, I know you have the targets and the percentage of the female manager, around 20% for 2025, that is the target that you have set. In this plan, the percentage of the female manager is 11% currently. Also, as you mentioned globally, your ratio of the female manager is higher, but in Japan, it's relatively lower. The current target, making it as a rate of 20% for 2025 and 30% for 2030, is that going to be your ultimate target for the percentage of the female managers?

Fujii [M]: Regarding the questions, there is a bit of the breaking up of your voice. Therefore, can we confirm your question?

Yasukawa [A]: Toward the end, your voice was broken up, so would you please come closer to the microphone or telephone?

Oyama [Q]: Sorry about this convenience. Based upon your role of utilization of the female labor force, I believe you can have the target that is 20% of the female manager ratio; and toward 2030, you set that target as 30%. Also, you disclosed the current ratio of the female manager is 11% as of March of 2021. This female percentage, 20% and 30% toward 2030, that is your target for the diversity with regards to the female manager ratio?

Sakurai [A]: Your understanding is right. In Japan, 12% is the ratio of female managers. This previous target was achieved one year earlier. So, 20% in 2025 and 30% for 2030, for these targets, well, actually, we are going to introduce necessary measures to achieve these targets.

Having said that, this target setting for female managers, the discussion that we always have is that introducing the female managers is not the purpose of increasing this percentage, but we would like to see that the female managers are working quite actively and lively. That's what we want to realize. And based

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upon that, we are thinking and disclosing this target percentage. That's our basic policy or philosophy. We are really aiming at the females that are actively lively working in the Company continuously. We would like to continue our effort for that.

Operator [M]: JPMorgan Securities, Mr. Wakao, please.

Wakao [Q]: Wakao from JPMorgan Securities. Thank you for your explanation. First, innovation was explained. And also, R&D, you talked about the research organization. You have internal bio-ventures. I think that's very important. I'd like to ask those questions on 2 points.

First, you talked about the research organization structure. There are no financial incentives for them. But today, you gave us the presentation for employees and researchers. What would be an incentive for them to take a challenge? It was not clear to me. To promote innovation and internal bio-ventures, I wonder whether they would be successful. For employees and researchers, what would be the incentives for them? Could you explain, please?

And also on page 22, CSP2021, you have communication with the employees on this point. Regarding CSP2021, it could be management or employees. What are their questions about CSP2021? And after communication, they felt convinced? Did they accept the responses from the management and felt convinced?

Yasukawa [A]: Regarding your first point, no financial incentives, I think that's an overstatement. Venture units, if you serve as the head of a venture unit, they would receive a very high grade. For such a grade or grade closer to that, they can serve as the head of the venture unit. It's not really the case where only those people can volunteer to serve as the head. If they want to be the head, even young people can apply for this; they can jump grades to serve as the head. For people who are selected such heads at a younger age, there's going to be additional compensation for them, so I think that's serving as an incentive for them.

As for researchers, they would like to be open to work on their areas of interest, and they want the scope of their discussion to be expanded. That's one motivation behind.

In the past, typical pharmacology or chemistry or metabolism research institutes were by function vertically. And then our team members were formed and we had project members, and there was no delegation of authority to the team members. And if you bring the decision to the team, the boss may say something to the team members. The decision-making process was slow, and it was not a sufficient delegation of authority to the team members.

Because of this phenomenon, functional, classical vertical siloed organization, something we decided to leave, those who aim for certain biology form their teams on a voluntary basis. As much as possible, they make a decision within themselves to proceed with the project quickly. If there is an achievement or track record, that is going to be reflected on to the compensation. Compared to the previous system, there are higher incentives for them.

As to your second question, as for myself, I go to Sales & Marketing, PTEC and DDR, so there are different questions being asked from different sessions. Organizational Health Goals are the topics of interest to our employees. What do they mean? And for each activity, for each goal, they would like to know more. And how their bosses are going to change, they would like to know. I often receive such questions.

Wakao [Q]: Understood clear. Thank you. Last question, not explained, but there is explanation within the Annual Report for the sustainability. R&D system, especially the life ethics, how do you handle that? You are trying to do the innovation or something new? And actually, that is your strength, an important point for you. With that perspective, the gene therapy and also the stem cells, I think those are what you are trying to work

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hard. And so based upon that, you also would include cell therapy and also gene therapy. And that is where that life science ethics are related. So how do you handle that? How are you trying to deal with that?

Yasukawa [A]: Well, we acquired Ocata and we started the cell therapy. At that time, the cells from the fetus are to be utilized as a source; we declared that. And it's not iPS, but such kind of cells are to be used as material. So how we can procure the fetal cells as the materials? Such discussions have been started in our company.

Recently, on top of that, we are going to do some modification of the genes and the gene therapy has been what we are working on. So, the gene defects and how abnormality is modified, those are what we are trying to do. Gene therapy, if we acquire the genes, what should we do at the time of the differentiation of the genes? With that perspective, we have a committee. At each experimental timing, we do some evaluation.

Wakao [M]: I understand. Thank you very much.

Fujii [M]: Thank you very much. We're approaching the end of this meeting. So, the next question is going to be the last question. Next person, please.

Operator [M]: Credit Suisse Securities, Mr. Sakai, please.

Sakai [Q]: Thank you very much. Sakai from Credit Suisse. Page 25, there is a table on materiality. I don't want to offend you, but ESG and sustainability strategies by pharma companies in the end but linked to the creation of innovative drugs is going to be a key. Do you agree to this? That's my first question.

And also, by achieving this materiality, what is going to be the impact? In terms of the ESG investments, I'm not an expert in ESG. I may be wrong. But in the end, I think it's going to be reflected on your stock price. I'm sure you have your scorecards in the meantime internally. So, unless you show that as KPIs, there can be a risk for ESG from a layperson's perspective.

Sakurai-san talked about KPI disclosure. You mentioned the Company's a bit careful about the disclosure. What is your disclosure plan for the future?

Iino [A]: I'd like to respond. As Yasukawa explained, in 2017, the materiality metrics on our website was developed. Since the development, we had dialogues with various investors. They often told us that it's too general. What is important for Astellas was not clear to them. That's the comment received from multiple investors.

This time, we wanted to address their comments. As you can see on the slide on page 25, this has been updated newly. It's reduced to about half. It was too general, but we narrowed down the important items to focus on.

Important items of the pharmaceutical companies, innovative drugs must be delivered. That's the most important contribution to society, as you said. These are the most important issues for us. What's special about Astellas Pharma is the transformative treatment, leaping forward to transformative treatment, we'd like to reduce the burden for health care professionals through gene therapy and cell therapy by one or a few treatments. We'd like to cure and improve the patients' diseases. We are making progress. We are moving in that direction. And that is one of the most important initiatives or issues.

On top of that, innovative solutions and drugs would be delivered. What's important here, that the talent and organizational culture for realizing innovation within OHGs, psychological safety would be ensured to create innovative drugs. We are creating such a talent organizational culture. So by dealing with this sustained materiality metrics, we can create next innovative drugs as we specified.

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Yasukawa [A]: Sakai-san said it's going to be reflected on to the share price in the end. Yes, I can agree. What's in red in the materiality matrix, continue to create innovative drugs is included. Whatever the circumstances are, we have to maintain the supply chain system so that we can prevent out of stock or shortage of a product, something which should not happen would be well managed. So, in a positive sense and also in terms of the conservative fashion, it's going to be linked to the stock price in the end.

As for KPIs, as you can tell, qualitative or quantitative things which can be measured, and others which cannot be measured, I always tell the team, what cannot be measured easily may exist. Selecting 1 or 2 KPIs, which do not represent such cases, just needing them to be satisfied may lead to side effects, and you may go into a wrong direction. If it's going to be difficult to set, we shouldn't set such KPIs, but rather, we should look at the situation more broadly; that's how I tell the team. This is linked to the earlier comment by Sakurai. If we can measure, we'd like to disclose KPIs to you.

Sakai [M]: Understood. Thank you very much.

Fujii [M]: Thank you so much. As it's time, with this, I would like to close today's meeting. Once again, thank you very much for your participation.

[END]

Document Notes

1. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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