

SUSTAINABILITY MEETING

**Aiming to Enhance the Sustainability of Society and
Astellas' Corporate Value**



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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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.

VISION

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



*IIRC: Integrated Reporting Framework

AGENDA

I

Improving Access to Health

IV

People and Organizational
Development

II

Climate Change Measures

V

Materiality Matrix

III

Corporate Governance

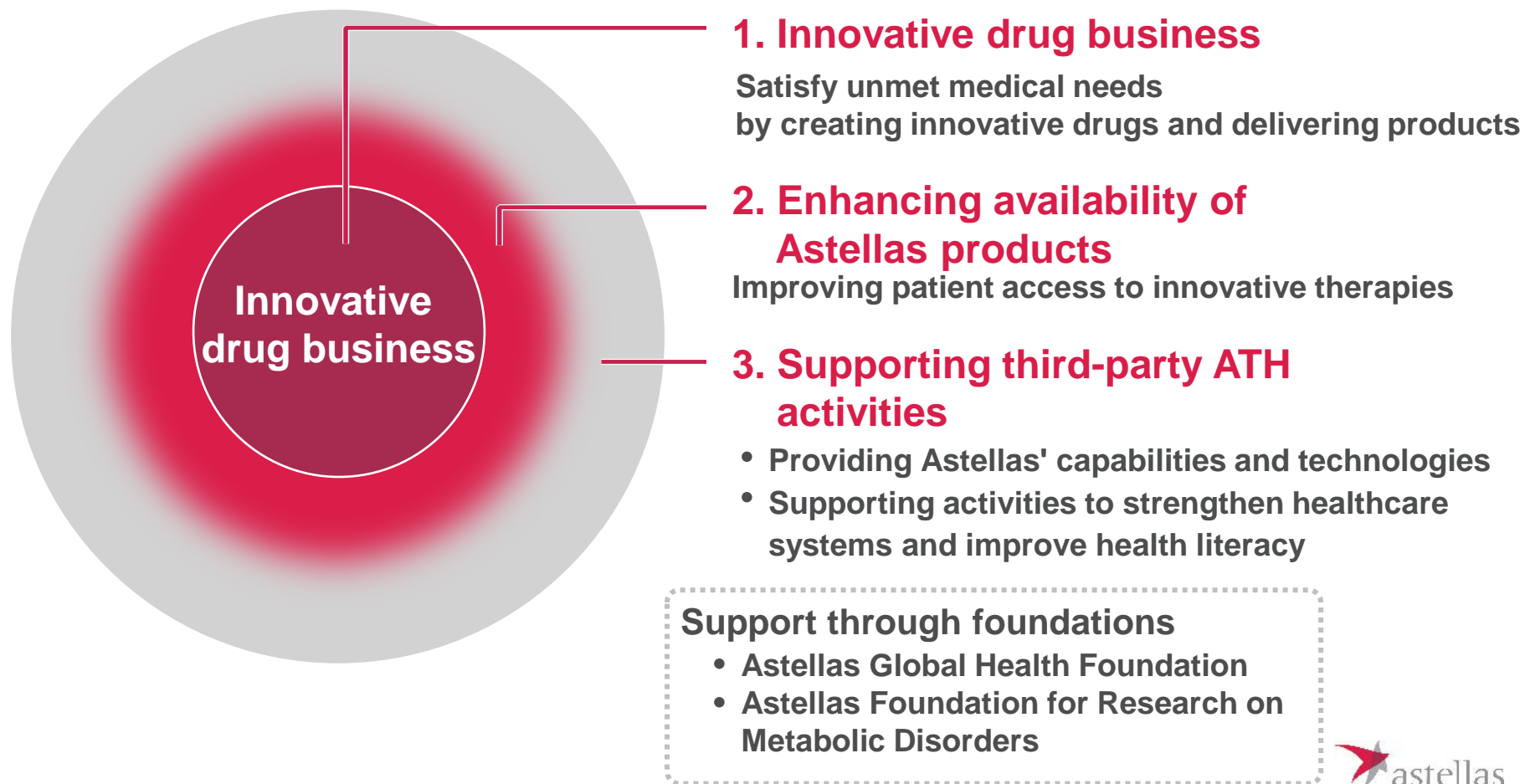
VI

Items That We Perceive to Be
Expected by The Stock Market

IMPROVING ACCESS TO HEALTH

IMPROVING ACCESS TO HEALTH (ATH)

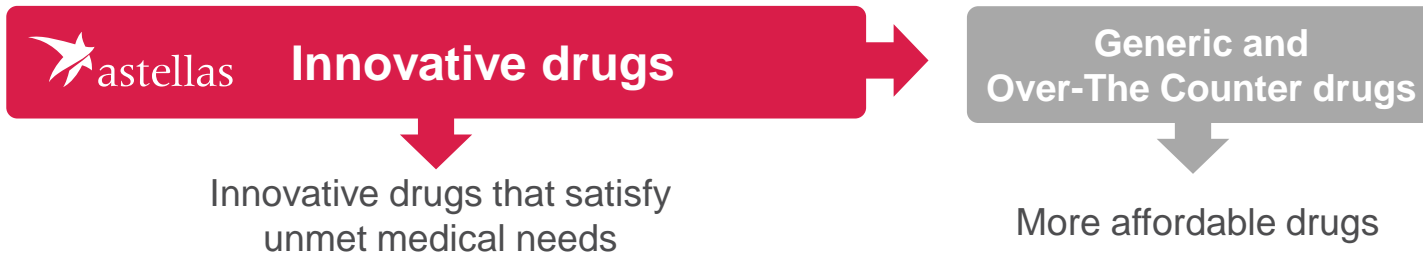
Activities aimed at improving ATH are classified into three categories



IMPROVING ACCESS TO HEALTH

1. INNOVATIVE DRUG BUSINESS

Satisfy unmet medical needs by creating innovative drugs and delivering products



Create and deliver innovative drugs

Upper: Number of countries sold
Lower: Number of patients administered (estimate)

Harnal

Urinary dysfunction associated with BPH
106 countries
approx. 82 mil. patients

Prograf

Immunosuppressant
105 countries
approx. 1.6 mil. patients

Vesicare

Overactive bladder
86 countries
approx. 24 mil. patients

XTANDI

Prostate cancer
96 countries
approx. 0.62 mil. patients

Mirabegron

Overactive bladder
69 countries
approx. 23 mil. patients

XOSPATA

Acute myeloid Leukemia
33 countries
approx. 1,300 patients

Activities to be focused on

R&D Activities

Cell Therapy

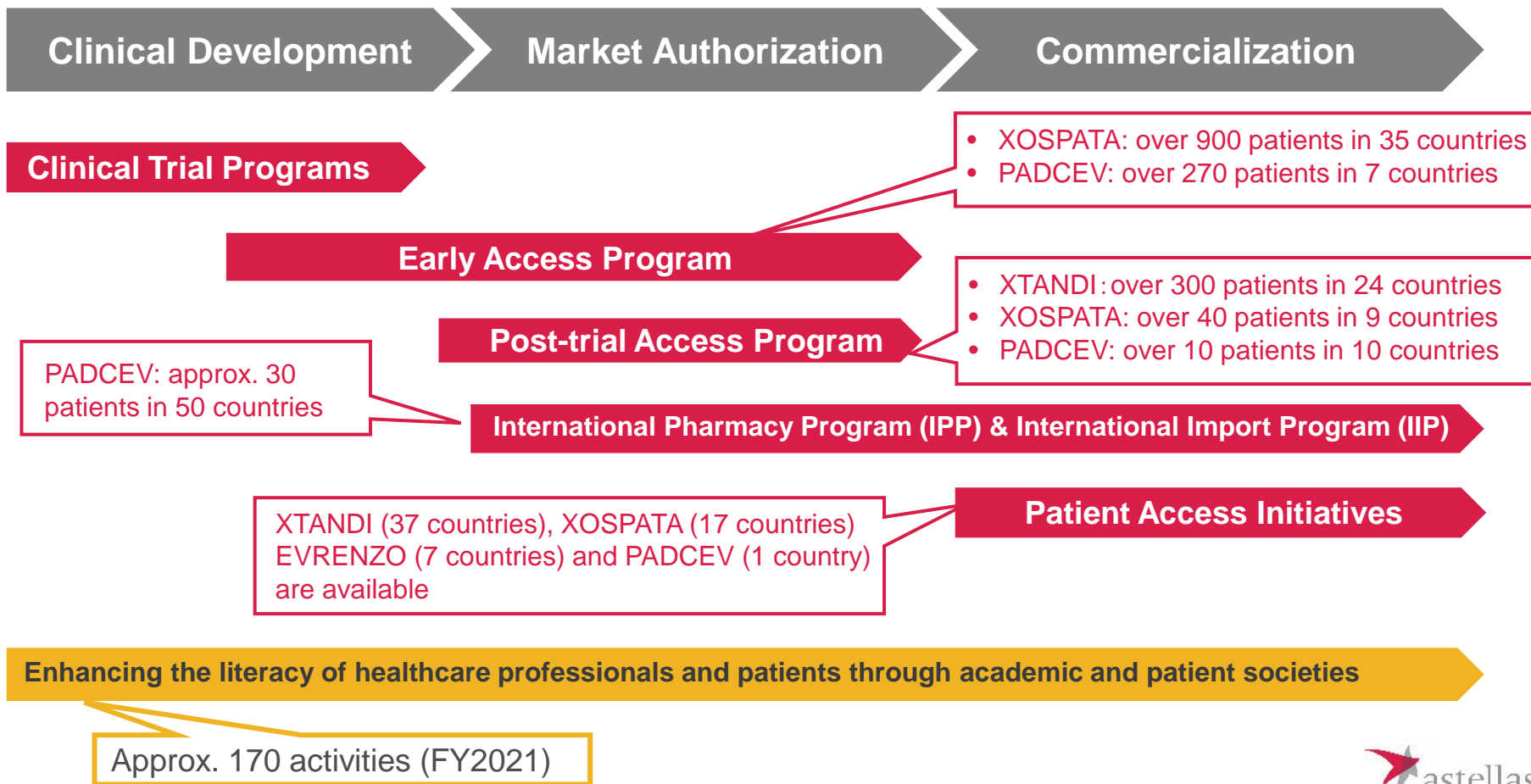
Gene Therapy

Expecting to achieve transformative treatment

Improving

- patients' quality of life
- the workforce by returning to society
- the lives of patient families and caregivers

Aiming to improve patient access to innovative drugs



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

CLIMATE CHANGE MEASURES

CLIMATE CHANGE MEASURES

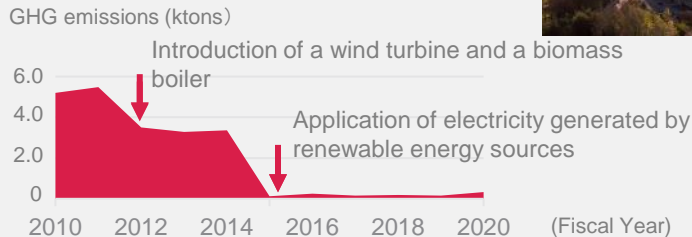
Environmental Action Plan (SBT approved in 2018)

- 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)

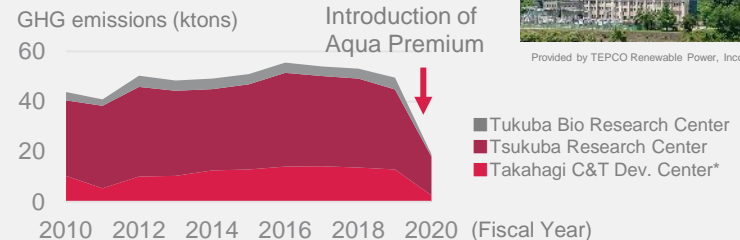
Announced support for TCFD (December 2020)

Major Initiatives

Achieved nearly zero GHG emissions at the Kelly Plant

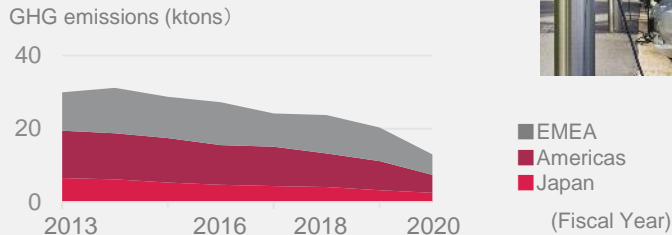


Switch to power from renewable energy at three domestic sites



Provided by TEPCO Renewable Power, Incorporated

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)

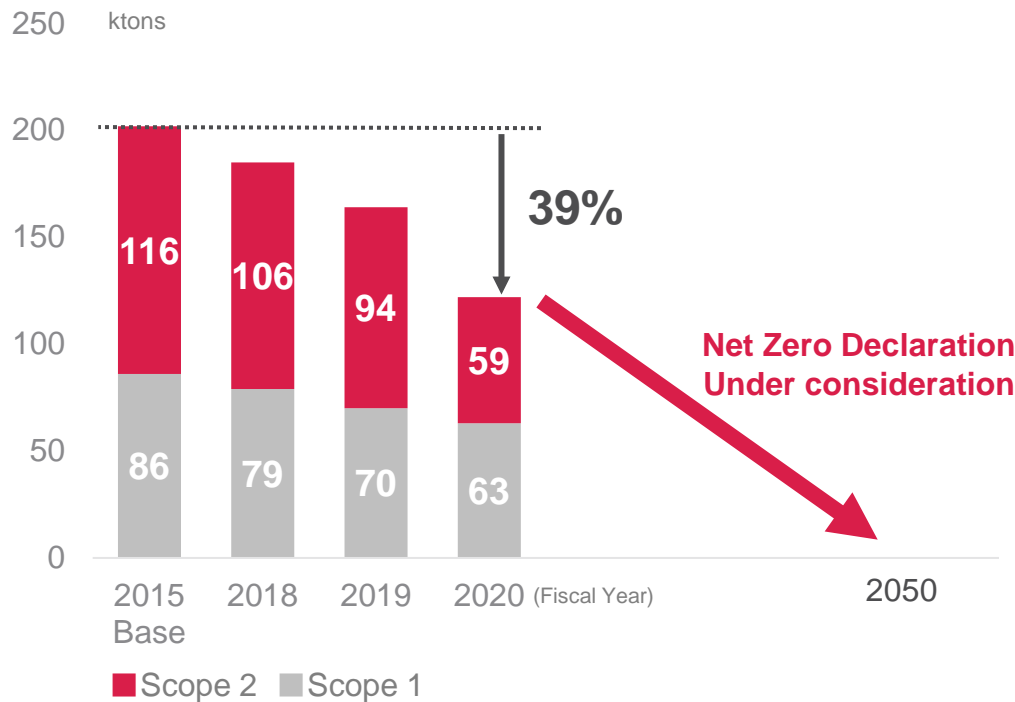


SBT: Science Based Targets, GHG: Greenhouse Gas, Takahagi C&T Dev. Center: Takahagi Chemistry & Technology Development Center
 Scope 1: GHGs emitted directly from Company premises as a result of the burning of fuels, Scope 2: GHGs emitted indirectly in the use of electric power or heat supplied to the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

CLIMATE CHANGE MEASURES

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

Progress on GHG emissions



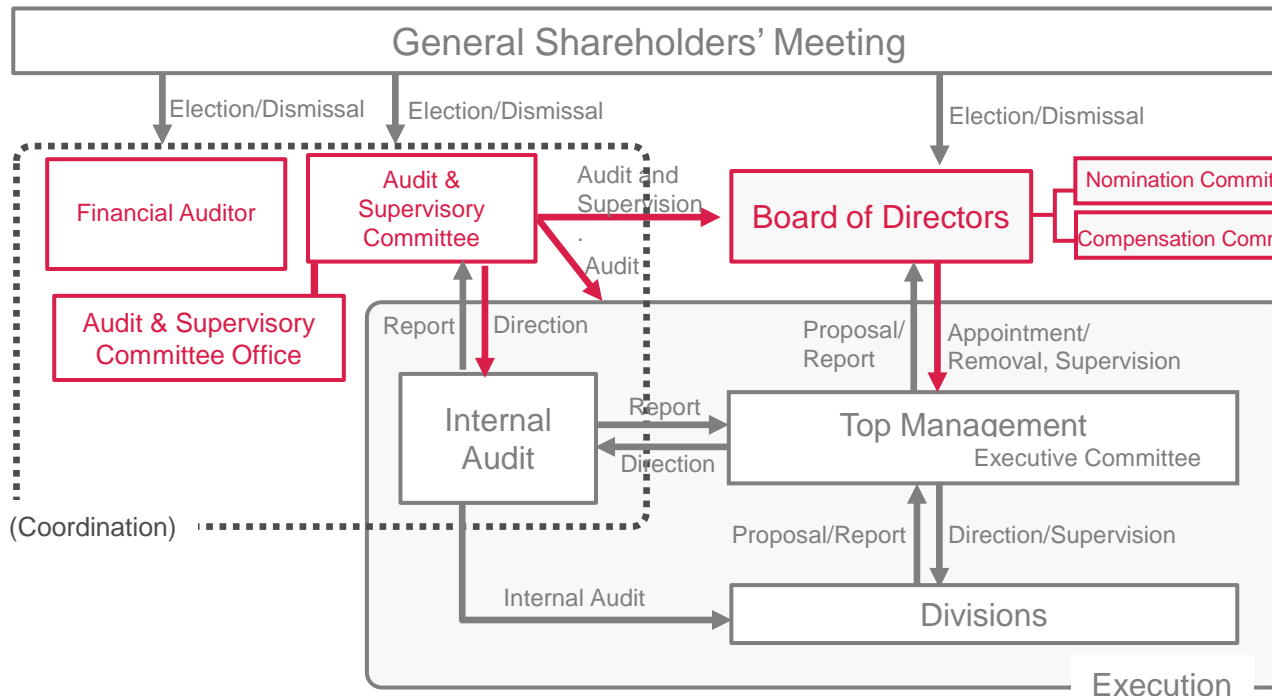
Future Initiatives to Reduce GHG Emissions

- Further introduction of electricity generated by renewable energy sources, mainly at domestic manufacturing sites
- To further improve the rate of adoption of hybrid and electric vehicles in sales vehicles

CORPORATE GOVERNANCE

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



Supervision :

Enhance discussions on important management issues and further strengthen the supervisory function of the BoD

Execution:

Improve the speed of decision-making by delegating authority to executive officers



BOARD AGENDAS AND EVALUATION OF EFFECTIVENESS

- 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

- Quarterly business report/Planning
- External disclosure of Corporate Strategic Plan 2021
- Portfolio strategy
- Annual plan

Stakeholder Engagement

- Report on dialogue with investors
- Sustainability activity reporting and planning

Risk Management

- Report on enterprise risk management status
- Compliance update

Corporate Governance

- 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

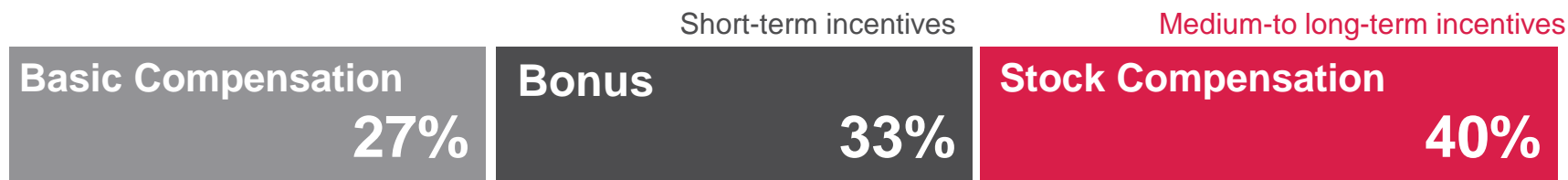
< Initiatives of the BoD to raise the effectiveness>

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

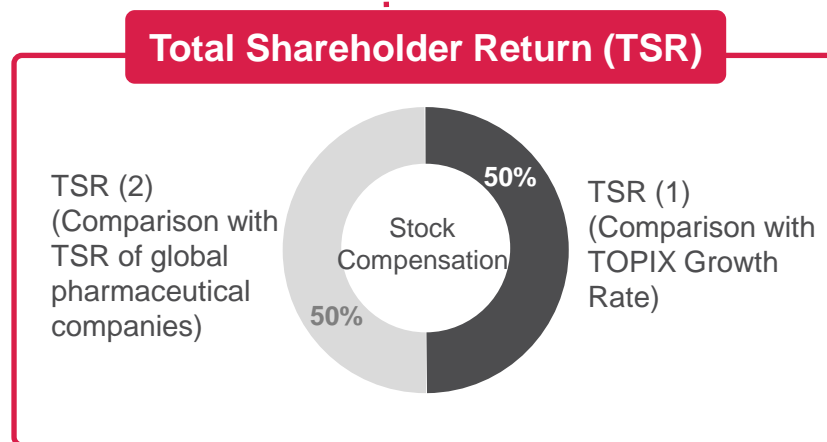
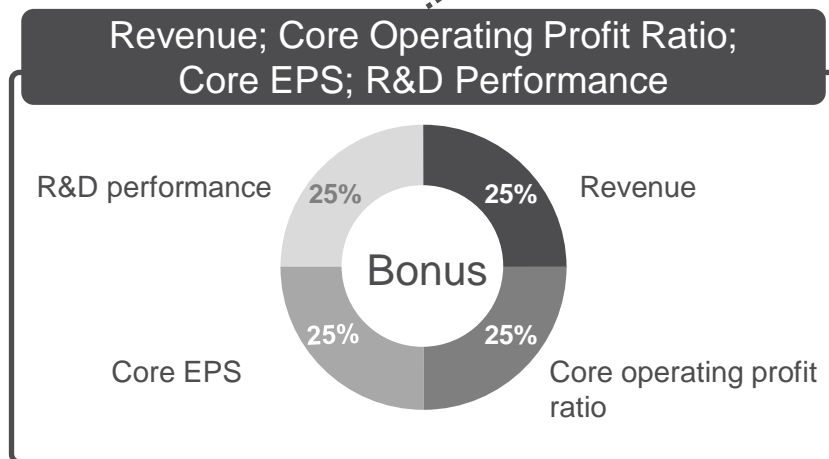
COMPENSATION SYSTEM FOR DIRECTORS

- 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)



Indicator of performance



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](#).



PEOPLE AND ORGANIZATIONAL DEVELOPMENT

PEOPLE AND ORGANIZATION FOR INNOVATION

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

Target images in HR Vision

Our People

- Embrace Challenges
- Value Diversity and Inclusion
- Serve Others
- Act with Integrity

Our Organization

- Resilient
- Inspired
- Aligned
- Ethical

VISION

1 Establishment of HR system corresponding to our global functional organization

2 Setting of Organizational Health Goals to transform into more Innovative Organization

3 Creating an environment in which diverse talent can thrive

Establishment of Astellas

Corporate Strategic Plan 2021

2005

2021

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



2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

- 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

2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

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.

2. TRANSFORMING INTO MORE INNOVATIVE ORGANIZATION

- 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

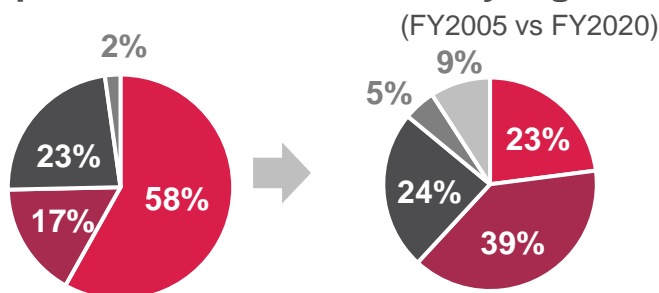


3. CREATING AN ENVIRONMENT IN WHICH DIVERSE TALENT CAN THRIVE

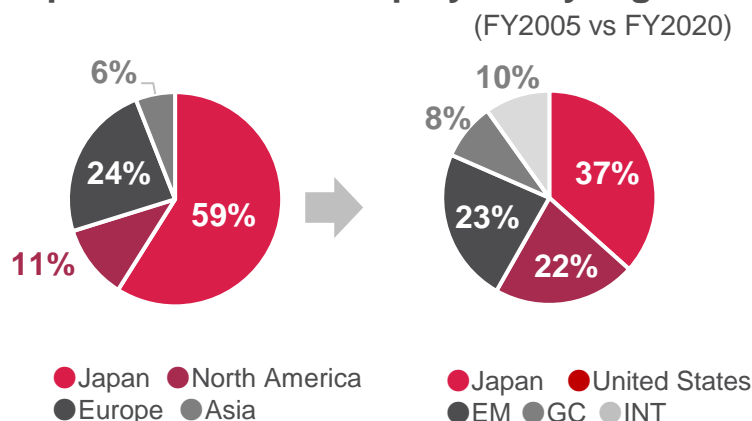
- Diverse talent work worldwide along with business globalization
- Promote organizational diversity and increase creativity for innovation

Business Transition

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

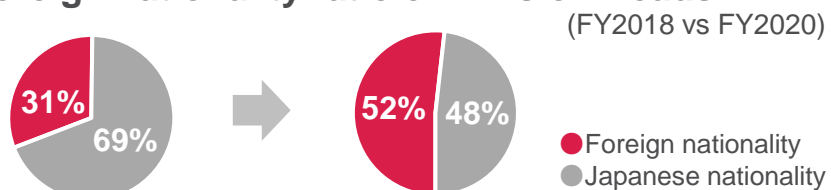


◆ Composition ratio of employees by region (FY2005 vs FY2020)

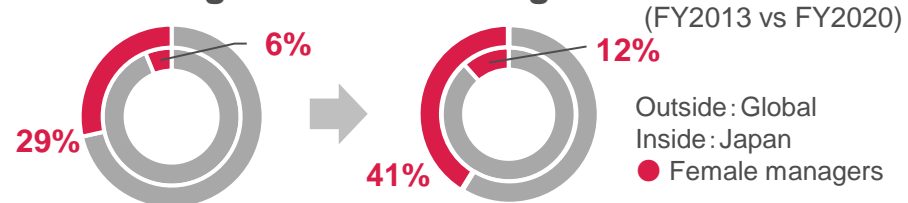


Development of Diversity

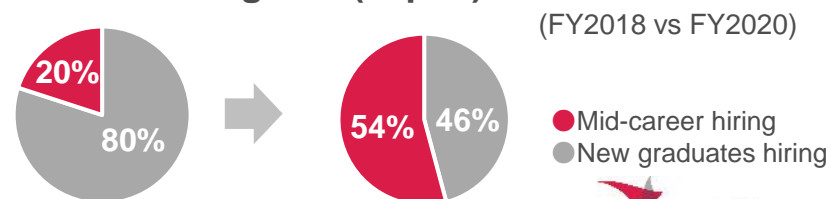
◆ Foreign nationality ratio of Division Heads (FY2018 vs FY2020)



◆ Percentage of female managers (FY2013 vs FY2020)



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

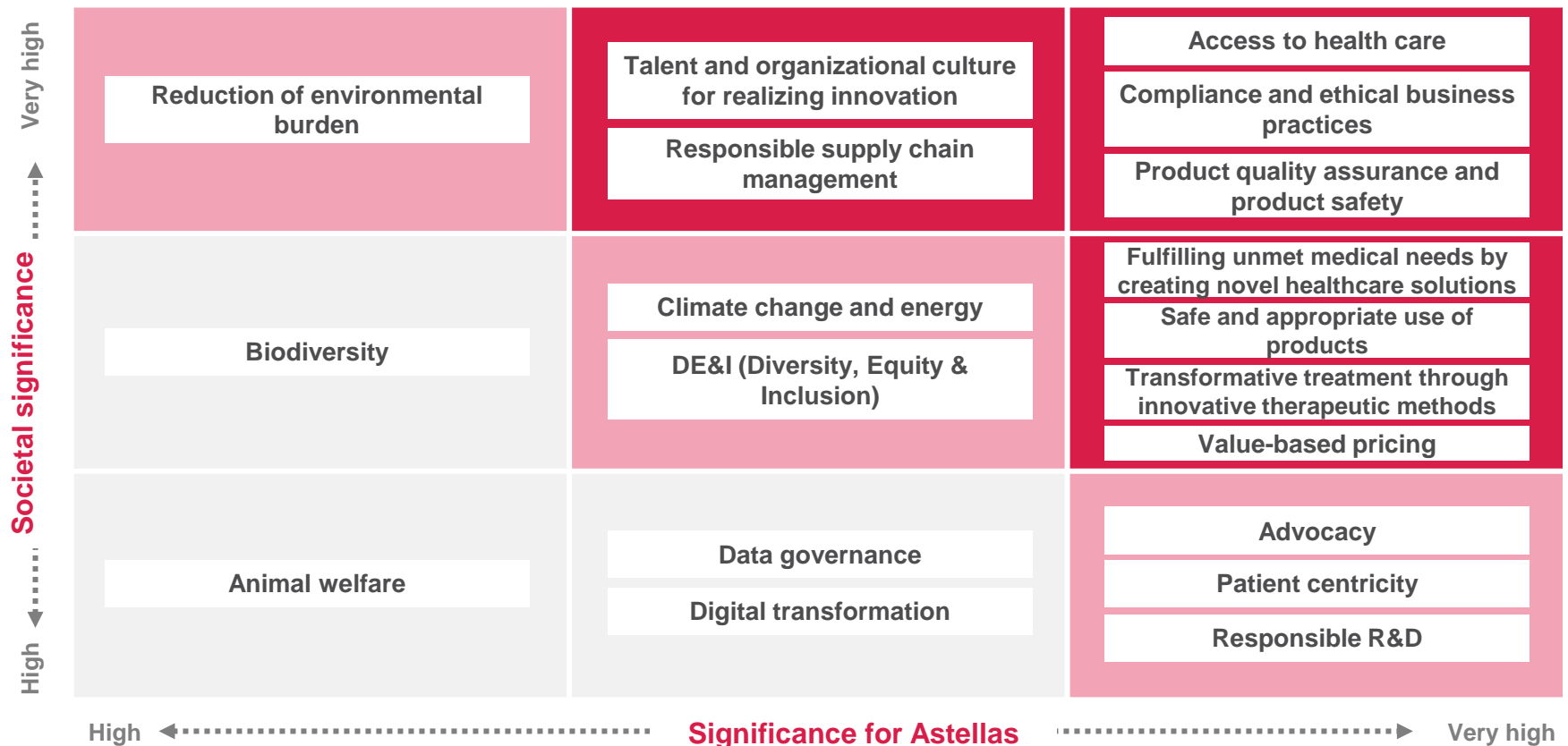




MATERIALITY MATRIX

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



ITEMS THAT WE PERCEIVE TO BE
EXPECTED BY THE STOCK MARKET

ITEMS THAT WE PERCEIVE TO BE EXPECTED BY THE STOCK MARKET

Expectations

**Sustainability
KPI for Initiatives**

- ▶ • Specify KPIs for those that are appropriate to be formulated

**More proactive disclosure of
sustainability**

- ▶ • Proactive dissemination of initiatives to improve sustainability through each media

**Ratio of Female Managers*
(Japan) and Female board
members**

- ▶ • 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**

- ▶ • Deliver messages through Integrated Reports and website
- ▶ • Consider opportunities for direct dialogue at Astellas' meeting

Net Zero declaration

- ▶ • Under consideration to declare Net Zero by 2050

APPENDIX

A water droplet is captured in mid-fall, just above a pool of water. The droplet is clear and spherical, with a slight reflection on its surface. Below it, the water surface is disturbed, creating concentric ripples that spread outwards. The background is a composition of geometric shapes: a large white area at the top, a grey area on the right, and a red area at the bottom right. The overall aesthetic is clean and modern.










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

- 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)	

EXTERNAL EVALUATION OF ESG

Improving the quality of Astellas' initiatives by monitoring assessments on an ongoing basis

Inclusion in ESG Investment Index, ESG Assessment		2018	2019	2020	2021	
 	FTSE 4Good Index Series FTSE Blossom Japan Index	✓ ✓	✓ ✓	✓ ✓	✓ ✓	
	FTSE ESG Ratings (0 to 5, higher scores are better)	3.3	3.9	3.6	4.0	
	2018 Constituent MSCI Japan ESG Select Leaders Index	✓	✓	✓	✓	
	2018 Constituent MSCI Japan Empowering Women Index (WIN)	MSCI Japan Empowering Women Index (WIN) (Gender Diversity Scores, 0 to 10, Higher is better)	✓	✓	✓	8.35
	MSCI ESG Ratings (Scale from CCC to AAA)	AA	AA	AA	AA	
	S&P/JPX Carbon Effescent Index (S&P Global Carbon Standard, 0 to10, Lower is better)	✓ 2	✓ 2	✓ 2	✓ 2	
	CDP Climate Change (A to F, A is the highest)	B	B	A-	B	
	Access to Medicine Index	19 th /20	-	-	14 th /20	

LINKS TO RELEVANT SITES

- Annual Report 2021 : [Link](#)
- EHS Report 2021 : [Link](#)
- Corporate Governance Report : [Link](#)
- Corporate Governance Guidelines : [Link](#)

ON THE FOREFRONT OF HEALTHCARE CHANGE

