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Astellas Pharma, Inc.
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https://www.astellas.com/en

The status of corporate governance of Astellas Pharma, Inc. ("Astellas" or the "Company") is as follows:

# I Basic Views on Corporate Governance, and Basic Information on Capital Structure, Corporate Attributes, and Other Matters

## 1. Basic Views

The Company's raison d'être is to contribute to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. The Company aims to sustainably enhance corporate value by being chosen and trusted by all stakeholders. With this business philosophy, we work to ensure and strengthen the effectiveness of corporate governance from the following perspectives:

1) Ensuring transparency, appropriateness and agility of management; and
2) Fulfillment of our fiduciary duties and accountability to shareholders and appropriate collaboration with all stakeholders.

The Company has established the "Corporate Governance Guidelines" which identifies the fundamental concept and guidelines of the Company's corporate governance. Please refer to the Company's website. http://www.astellas.com/en/corporate/pdf/governance_guideline_en.pdf

**[Reasons for not implementing the following principles of the Corporate Governance Code]**

The Company implements all the principles of the Corporate Governance Code.

**[Disclosure based on each principle of the Corporate Governance Code]** **Updated**

[Principle 1-4]
The Company does not hold shares of other companies except in cases where such shareholdings are deemed to contribute to medium- to long-term increase of the Company's enterprise value. The rationale of each shareholding is examined annually by the Board of Directors from the viewpoint of the Company's medium- to long-term business strategies. The Company sells the shares for which there is insufficient rationale of shareholding.
With regard to the exercise of voting rights of strategic shareholdings, the Company appropriately exercises them judging from the viewpoint of increasing shareholders values of the issuing company, on the condition that such exercise of the voting rights contributes to increasing the Company's enterprise value.
[Principle 1-7]
The Company endeavors to prevent Directors, officers and other personnel concerned from using their positions in order to enter into transactions that conflict with the interests of the Company or the common interests of its shareholders.

Directors intending to engage in transactions with the Company for themselves or for a third-party must receive the approval of the Board of Directors for the said transaction in accordance with the Board of Directors Policy.
[Principle 3-1]

(1) Business Philosophy, Business Strategies, Management Plan
The Company's business philosophy is composed of three basic principles - "raison d'être," "mission," and "beliefs," which is published on the Company's website.
http://www.astellas.com/en/corporate/philosophy/
The Company has formulated the VISION, which is published on the Company's website.
http://www.astellas.com/en/corporate/vision/index.html
The Company has formulated and published the business plan spanning the three-year planning period from FY2015 to FY2017 on the Company's website.
http://www.astellas.com/en/ir/library/pdf/StrategicPlan2017_en.pdf

(2) The Basic Views and Guidelines of the Corporate Governance
The basic views and guidelines are identical to those listed under "I.1 Basic Views" of this report or in "Corporate Governance Guidelines" (http://www.astellas.com/en/corporate/pdf/governance_guideline_en.pdf) of the Company.

(3) Policies and Procedures regarding Remunerations for Directors and Audit & Supervisory Board Members
Remunerations for Directors and Audit & Supervisory Board Members are so designed as to enable the Company to recruit and retain talents, and to make the remuneration levels and structures fully commensurate with the responsibilities of the position. The Company endeavors to improve the objectivity of decisions on remuneration levels through measures such as the use of survey data from specialist third-party companies.

<Remunerations for internal Directors>
Remunerations are fundamentally based upon contributions to sustainable improvements in business performance and enhancements in enterprise value, and are composed of a fixed amount basic remuneration, bonuses, and stock compensation. The Company appropriately links Remunerations with business performance.

<Remunerations for outside Directors and Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members)>
Remunerations are composed of a fixed amount basic remuneration only.
Remunerations for each Director are determined by resolutions of the Board of Directors within a total ceiling amount approved by the General Meeting of Shareholders, and Remunerations for each Audit & Supervisory Board Member are also determined by the deliberations of the Audit & Supervisory Board Members within a total ceiling amount approved by the General Meeting of Shareholders. Through the deliberations of the Compensation Committee, the Company enhances the transparency and objectivity of the deliberation process for Remunerations for Directors.

(4) Policies and Procedures for Nominating Candidates for Directors and Audit & Supervisory Board Members
Through the deliberations of the Nomination Committee, the Company enhances the transparency and objectivity of the nomination process for candidates for Director and Audit & Supervisory Board Member.
When nominating candidates for outside Directors or outside Audit & Supervisory Board Members, the Company, as a general rule, nominates the candidates who are considered to be independent from the Company and without risk of conflict of interest with general shareholders, based on the Company's "Independence Standards for outside Directors and outside Audit & Supervisory Board Members."
The terms of the Company's "Independence Standards for outside Directors and outside Audit & Supervisory Board Members" are identical to those stated in this report. Please also refer to the Company's website.
http://www.astellas.com/en/ir/library/pdf/independencestandards.pdf

<Policies and procedures for nominating candidates for Directors>
All of the Company's Directors are subject to election by resolution of a General Meeting of Shareholders each year. When nominating candidates for Directors, efforts are made to ensure that the composition of the Board of Directors is diverse and well-balanced from the perspectives of expertise and experience and so forth.
Candidates for Directors are nominated by resolution of the Board of Directors with due respect to the opinions of the Nomination Committee.

<Policies and procedures for nominating candidates for Audit & Supervisory Board Members >
When nominating candidates for Audit & Supervisory Board Members, efforts are made to ensure that the composition of the Audit & Supervisory Board is diverse and well-balanced from the perspectives of expertise and experience and so forth, including a person with appropriate knowledge of finance and accounting.
Candidates for Audit & Supervisory Board Members are nominated by resolution of the Board of Directors with due respect to the opinions of the Nomination Committee. Proposals regarding the election of Audit & Supervisory Board Members are subject to the agreement of the Audit & Supervisory Board before submission to the General Meeting of Shareholders.
[Supplementary Principle 4-1-1]
The Board of Directors principally serves the oversight function of the execution of business and ensures the transparency and appropriateness of management. Furthermore, the Board of Directors makes decisions on important business execution in addition to establishing "Corporate Decision Authority Policy" to ensure the agility of management and clarify the responsibility and authority for the execution of business by Executive Officers and others.
[Principle 4-8]
The Company adopts the organizational structure of “Company with Audit & Supervisory Board” (or Company with Kansayaku Board). Outside Directors and outside Audit & Supervisory Board Members (Kansayaku) constitute the majority of the Board of Directors and the Audit & Supervisory Board, respectively.
[Supplementary Principle 4-8-1]
The Company holds a regular meeting which consists only of independent outside Directors and independent outside Audit & Supervisory Board Members. Through the meeting, an exchange of opinions is facilitated among them, and it also serves as an opportunity for cooperation between outside Directors, outside Audit & Supervisory Board Members, and full-time Audit & Supervisory Board Members and outside Accounting Auditors.
[Principle 4-9]
When nominating candidates for outside Directors and outside Audit & Supervisory Board Members, the Company, as a general rule, nominates the candidates who are considered to be independent from the Company and without risk of conflict of interest with general shareholders, based on the Company's “Independence Standards for outside Directors and outside Audit & Supervisory Board Members.” (http://www.astellas.com/en/ir/library/pdf/independencestandards.pdf)
[Principle 4-11-1]
The Board of Directors, in consideration of diversity and balance from the perspectives of expertise and experience and so forth, is composed of a number of Directors appropriate to facilitate agility. Board of Directors meetings are chaired by the Director and Chairman of the Board (when the Director and Chairman of the Board is unable to fulfill his/her duties due to accident or vacancy of the post, another Director, in the order prescribed in the Board of Directors Policy, shall assume the role). In order to ensure decision-making from a broader viewpoint and objective oversight of the execution of business, the Board of Directors is composed of a majority of outside Directors.
[Principle 4-11-2]
With regard to the status of significant concurrent positions at other organizations of Directors, Audit & Supervisory Board Members, or the candidates thereof, the Company discloses the information in the “Notice of Convocation of the Ordinary General Meeting of Shareholders” each year.

[Principle 4-11-3]
The Board of Directors principally serves the oversight function of the execution of business and ensures the transparency and appropriateness of management. Furthermore, the Board of Directors makes decisions on important business execution in addition to establishing the "Corporate Decision Authority Policy" to ensure the agility of management and clarify the responsibility and authority for the execution of business by Executive Officers, etc. As a means of considering issues and making improvements to further enhance such role of the Board of Directors, the Company has conducted an analysis and evaluation of the effectiveness of the Board of Directors, and a summary of the result of the analysis and evaluation is disclosed below.
As for the analysis and evaluation of the effectiveness of the Board of Directors for the fiscal year ending March 31, 2017, the Chairman of the Board of Directors conducted a survey mainly on the oversight function of the Board of Directors based on questionnaires to all Directors and all Audit & Supervisory Board Members, and based on the results of this survey, the Board of Directors performed its analysis and evaluation.
<Conclusion>
It was determined that the Board of Directors is functioning appropriately with Directors, including independent outside Directors, having lively and highly transparent discussions, and that the overall effectiveness of the Board of Directors is sufficiently ensured.
<Reasons for the evaluation>
The Company has accelerated business execution by focusing the Board of Directors' function solely on the appropriate oversight of the executive organs and decision-making on matters legally required to be resolved and matters of primary importance, as well as delegating authority to the executive organs. To enhance the oversight function, measures such as an increase in the number of outside Directors, establishment of Nomination Committee and Compensation Committee, and shortening of Directors' terms of office have been implemented.
The Board of Directors has regularly been receiving from the executive organs the requisite information such as environmental changes, and has determined business strategies of the Company based on such information. Additionally, it has been receiving reports on the establishment and operation of the risk management system of executive organs on a timely basis, and has ensured that necessary information and time for discussion are secured for the oversight.
<Issues>
To enhance the effectiveness of discussions, the Board of Directors will continue to make improvements to the following issues that have been identified:

- In view of discussions regarding optimization of the Board of Directors' function held during FY2016, the Board of Directors will review what should be deliberated and reported in the Board of Directors meetings while reaffirming and reviewing as required the roles and authorities of other committees.
- In determining business strategies, the Board of Directors will further enrich shared understandings on preconditions such as changes in the internal and external environments, while conducting multifaceted deliberations that give additional consideration to various stakeholders.
- While further strengthening frameworks for systematic risk evaluation, the Board of Directors will further promote comprehensive identification of group-wide risk.

[Supplementary Principle 4-14-2]
The Company supports active deliberations at the Board of Directors and Audit & Supervisory Board by providing to Directors and Audit & Supervisory Board Members the information they need to fulfill their roles and responsibilities. In particular, the Company implements training programs for newly elected outside Directors and newly elected outside Audit & Supervisory Board Members, through which they are provided with industry information pertaining to the Company, the Company's business strategies, and other information necessary for them to fulfill their roles and responsibilities.
With respect to particularly important matters, among matters to be submitted to the Board of Directors, the Company works to ensure active deliberations at the Board by providing a forum in advance for sharing information about such matters with Directors and Audit & Supervisory Board Members, including outside Directors and outside Audit & Supervisory Board Members.

[Principle 5-1]
The Company implements the following to promote constructive dialogue with its shareholders.
The Company:

1) works, to a reasonable extent, to promote dialog further with shareholders through opportunities such as individual interviews and briefing meetings in addition to the General Meeting of Shareholders;
2) endeavors to feedback opinions received through such dialogues to Directors, Audit & Supervisory Board Members and personnel concerned, and endeavors to appropriately reflect such opinions in the Company's activities;
3) appoints an Executive Officer responsible for investor relations and overseeing dialogue with shareholders overall and establishes an investor relations department as well as the Corporate Disclosure Committee composed of members from various departments, in order to promotes the timely and appropriate disclosure of corporate information as well as dialogue with shareholders; and
4) ensures that personnel concerned with material non-public information manage said information in precise accordance with the Company's internal policies in order to avoid the selective disclosure of such information to a limited group of capital market participants.

## 2. Capital Structure

| | |
|---|---|
| Percentage of shares owned by foreign shareholders | 30% or more |

**[Major shareholders]** Updated

| Name | Number of shares held (shares) | Ratio to total (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (trust account) | 152,044,800 | 7.05 |
| Japan Trustee Services Bank, Ltd. (trust account) | 113,642,700 | 5.27 |
| State Street Bank and Trust Company (standing proxy: Custody Services Division, Tokyo office, The Hongkong and Shanghai Banking Corporation Limited) | 80,827,856 | 3.75 |
| Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.) | 64,486,035 | 2.99 |
| JP Morgan Chase Bank 385632 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 53,215,899 | 2.47 |
| Japan Trustee Services Bank, Ltd. (trust account 5) | 39,311,600 | 1.82 |
| State Street Bank West Client - Treaty 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 37,239,225 | 1.72 |
| JP Morgan Chase Bank 385147 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 34,367,700 | 1.59 |
| Japan Trustee Services Bank, Ltd. (trust account 7) | 30,101,600 | 1.39 |
| Japan Trustee Services Bank, Ltd. (trust account 1) | 29,209,500 | 1.35 |

| | |
|---|---|
| Existence of controlling shareholders (excluding parent company) | |
| Existence of parent company | None |

Supplementary Explanation Updated

Although the Company has received the Statements of Large-Volume Holdings (including the Change Report), since the actual number of shares as of March 31, 2017 cannot be confirmed, such figures have not been listed in the above list of major shareholders.

Name
Total number of persons who submit the report and joint holders (persons)
Number of shares held (thousand shares)
Ratio of number of shares held to total number of issued shares (%)
Date of submission
Effective date of duty to report
Remarks

Sumitomo Mitsui Trust Bank, Limited
3
111,291
5.01

February 4, 2016
January 29, 2016
Statements of Large-Volume Holdings

Asset Management One Co., Ltd.
1
111,948
5.20
October 21, 2016
October 14, 2016
Statements of Large-Volume Holdings

Mitsubishi UFJ Financial Group, Inc.
4
99,287
4.61
January 30, 2017
January 23, 2017
Change Report

BlackRock Japan Co., Ltd.
9
152,088
7.06
April 6, 2017
March 31, 2017
Change Report

## 3. Corporate Attributes

| | |
|---|---|
| Stock exchange listings and market segment | Tokyo, First section |
| Fiscal year-end | March |
| Category of business | Pharmaceutical |
| Number of employees at the end of the previous fiscal year (consolidated) | 1,000 or more |
| Net sales of the previous fiscal year (consolidated) | ¥1 trillion or more |
| Number of consolidated subsidiaries at the end of the previous fiscal year | 50 or more and less than 100 |

## 4. Guidelines for Measures to Protect Minority Shareholders in the Event of Transactions with Controlling Shareholders

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## 5. Other Special Conditions that May Have Material Impact on Corporate Governance

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# II Organization of Management for Operational Decision-making, Execution and Supervision, and Other Corporate Governance Structures

## 1. Matters Pertaining to the Structure, Operation, etc. of the Organization

| | |
|---|---|
| Form of the organization | The Company with Audit & Supervisory Board |

**[Matters pertaining to Directors]**

| | |
|---|---|
| Number of Directors stipulated in the Articles of Incorporation | No limit for the number of members |
| Terms of office of Directors stipulated in the Articles of Incorporation | 1 year |
| Chairman of the Board of Directors | President and CEO |
| Number of Directors | 6 |
| Appointment of outside Directors | Appointed |
| Number of outside Directors | 4 |
| Number of independent Directors among outside Directors | 4 |

Relationship with the Company (1) **Updated**

| Name | Attribute | Relationship with the Company (*) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Etsuko Okajima | From another company | | | | | | | | | | | |
| Yoshiharu Aizawa | Scholar | | | | | | | | | | | |
| Mamoru Sekiyama | From another company | | | | | | | | | | | |
| Keiko Yamagami | Attorney-at-law | | | | | | | | | | | |

* Selection criteria regarding relationship with the Company

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which the Company's outside Directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Relationship with the Company (2) **Updated**

| Name | Independent Director | Supplementary information on applicable item(s) | Reasons for appointment |
|---|---|---|---|
| Etsuko Okajima | ○ | - | Ms. Okajima has been engaged in corporate management as a business manager of a human resources consulting company, and has abundant management experience and extensive insight. The Company therefore considers that Ms. Okajima is able to leverage her abundant experience in corporate management to the management of the Company. Ms. Okajima has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that she would not cause conflicts of interest with general shareholders, and therefore has designated her as independent Director. |
| Yoshiharu Aizawa | ○ | - | Dr. Aizawa has been engaged in medical treatment for over the years while successively holding important posts at Kitasato University as a medical scientist, and has abundant specialized knowledge and experience. The Company therefore considers that Dr. Aizawa is able to leverage his abundant specialized knowledge and experience to the management of the Company. Dr. Aizawa has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the |

| Name | Independent Director | Supplementary information on applicable item(s) | Reasons for appointment |
|---|---|---|---|
| | | | required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that he would not cause conflicts of interest with general shareholders, and therefore has designated him as independent Director. |

| Name | Independent Director | Supplementary information on applicable item(s) | Reasons for appointment |
|---|---|---|---|
| Mamoru Sekiyama | ○ | - | Mr. Sekiyama has been engaged in corporate management as a business manager of a general trading company for over the years, and has abundant global experience and extensive insight. The Company therefore considers that Mr. Sekiyama is able to leverage his abundant specialized knowledge and experience to the management of the Company. Mr. Sekiyama has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that he would not cause conflicts of interest with general shareholders, and therefore has designated him as independent Director. |
| Keiko Yamagami | ○ | - | After successively holding important posts such as Public Prosecutor at the Supreme Public Prosecutors Office, she has been engaged in corporate legal affairs as an attorney-at-law, and has abundant expertise and experience. The Company therefore considers that Ms. Yamagami is able to leverage her abundant specialized knowledge and experience to the management of the Company. Ms. Yamagami has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that she would not cause conflicts of interest with general shareholders, and therefore has designated her as independent Director. |

| | |
|---|---|
| Establishment of a discretionary committee equivalent to a Nomination Committee or Compensation Committee | Established |

## Status of the Establishment of a Discretionary Committee, Composition and Attributes of Chairperson

Updated

| | Committee's name | All committee members | Full-time members | Internal Directors | Outside Directors | Outside Experts | Others | Chair-person |
|---|---|---|---|---|---|---|---|---|
| Committee corresponding to Nomination Committee | Nomination Committee | 6 | 0 | 2 | 4 | 0 | 0 | Outside Director |
| Committee corresponding to Compensation Committee | Compensation Committee | 6 | 0 | 2 | 4 | 0 | 0 | Outside Director |

## Supplementary Explanation

The Company has established the Nomination Committee and the Compensation Committee, a majority of which are outside Directors and which are chaired by outside Directors respectively as advisory bodies to the Board of Directors in order to improve the transparency and objectivity of the deliberation process of human resources (regarding election and dismissal of Directors, Audit & Supervisory Board Members and Executive Officers, etc.) and the remuneration system (regarding the remuneration for Directors and Executive Officers, etc.).

**[Matters pertaining to Audit & Supervisory Board Members]** Updated

| | |
|---|---|
| Establishment of Audit & Supervisory Board | Established |
| Maximum number of Audit & Supervisory Board Members stipulated in the Articles of Incorporation | No limit for the number of Audit & Supervisory Board Members |
| Number of Audit & Supervisory Board Members | 5 |

## Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Independent Internal Auditing Departments

(Cooperation among Audit & Supervisory Board Members and Independent Internal Auditing Departments)
Audit & Supervisory Board Members and the Internal Auditing exchange information regarding the auditing plan at the beginning of each fiscal year. The audit results of the internal audits are reported by the Vice President of the Internal Auditing to Audit & Supervisory Board Members in Audit & Supervisory Board.
With the aim of strengthening the cooperation, Audit & Supervisory Board Members and Vice President of the Internal Auditing exchange information concerning auditing matters at a monthly regular meeting.

(Cooperation among Audit & Supervisory Board Members and Accounting Auditors)
Audit & Supervisory Board Members and Ernst & Young ShinNihon LLC as Accounting Auditors of the Company hold meetings regularly as well as whenever needed, and maintain close cooperation by confirming their respective annual auditing plans, and exchanging the audit results and important audit information.
Accounting Auditors shall report and explain the results of auditing and reviews pursuant to the Corporate Law and the Financial Instruments and Exchange Act to Audit & Supervisory Board Members at the time of quarterly and year-end financial settlements. Audit & Supervisory Board Members shall also report the results of auditing on operation conducted by them to Accounting Auditors as necessary for exchange of information.

(Cooperation among the Internal Auditing and Accounting Auditors)
Through regular exchange of information and opinions concerning matters including the proper execution and assessment of the internal system related to financial reporting, the Internal Auditing and Accounting Auditors

endeavor to collaborate with each other to ensure proper internal control audits.

| | |
|---|---|
| Appointment of outside Audit & Supervisory Board members | Appointed |
| Number of outside Audit & Supervisory Board members | 3 |
| Number of independent Audit & Supervisory Board Members among outside Audit & Supervisory Board members | 3 |

Relationship with the Company (1)

| Name | Attribute | Relationship with the Company (*) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Toshiko Oka | From another company | | | | | | | | | | | | | |
| Hitoshi Kanamori | Attorney-at-law | | | | | | | | | | | | | |
| Noriyuki Uematsu | Certified public accountant | | | | | | | | | | | | | |

* Selection criteria regarding relationship with the Company

* "○" when the Director presently falls or has recently fallen under the category;
"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;
"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive Director or accounting advisor of the Company or its subsidiaries
c. Non-executive Director or executive of a parent company of the Company
d. Audit & Supervisory Board Member of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
k. Executive of a company, between which the Company's outside Directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
m. Others

Relationship with the Company (2)

| Name | Independent Audit & Supervisory Board Member | Supplementary information on applicable item(s) | Reasons for appointment |
|---|---|---|---|
| Toshiko Oka | ○ | - | Ms. Oka has been engaged in corporate management as a business manager of a management consulting firm, and has abundant management experience and extensive insight. The Company therefore considers that Ms. Oka will exercise her abundant experience in corporate management to the auditing of the Company. Ms. Oka has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Audit & Supervisory Board Members stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that she may not cause conflicts of interest with general shareholders, and therefore has designated her as independent Audit & Supervisory Board Member. |
| Hitoshi Kanamori | ○ | - | After successively holding important posts such as Public Prosecutor at the Tokyo District Public Prosecutors Office, Mr. Kanamori has been engaged in corporate legal affairs as an attorney-at-law, and has abundant expertise and experience. The Company therefore considers that Mr. Kanamori will exercise his abundant specialized knowledge and experience to the auditing of the Company. Mr. Kanamori has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Audit & Supervisory Board Members stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that he may not cause conflicts of interest with general shareholders, and therefore has |

| Name | Independent Audit & Supervisory Board Member | Supplementary information on applicable item(s) | Reasons for appointment |
|---|---|---|---|
| | | | designated him as independent Audit & Supervisory Board Member. |
| Noriyuki Uematsu | ○ | - | With many years of experience as a certified public accountant, Mr. Uematsu has thorough knowledge of corporate consulting and auditing, and is also engaged in corporate management as a business manager of a consulting company relating to business accounting and tax accounting services. The Company therefore considers that Mr. Uematsu will exercise his abundant specialized knowledge and experience to the auditing of the Company. Mr. Uematsu has satisfied the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members and the required conditions for independent Audit & Supervisory Board Members stipulated by Tokyo Stock Exchange, Inc. Based on these facts, the Company has judged that he may not cause conflicts of interest with general shareholders, and therefore has designated him as independent Audit & Supervisory Board Member. |

**[Matters pertaining to independent Directors and Audit & Supervisory Board Members]**

| | |
|---|---|
| Number of independent Directors and Audit & Supervisory Board Members | 7 |

| | |
|---|---|
| | Other Matters related to Independent Directors and Audit & Supervisory Board Members |

Regarding the relationship between the Company and independent Directors and Audit & Supervisory Board Members, matters that do not come into conflict with the independence standards of outside Directors and outside Audit & Supervisory Board Members of the Company described below are not stated in this report.

Independence Standards for outside Directors and outside Audit & Supervisory Board Members

Below are the independence standards for outside Directors and outside Audit & Supervisory Board Members of Astellas Pharma Inc. (“the Company”). They are deemed to have independence from the Company and no potential conflict of interest with ordinary shareholders if none of the following is found to apply as a result of a survey conducted by the Company to a reasonably possible extent.

(1) Person engaged in business execution[1] of the Company or the Company's subsidiaries (collectively, "the Group"), or person who has been engaged in business execution of the Group at any time in the past 10 years (or for a period of 10 years before appointment to that post if the person has, at any time within the past 10 years, served as a non-executive Director, Audit & Supervisory Board Member or Accounting Advisor of the Group;
(2) Party for whom the Group is a major business partner[2] or a person engaged in business execution of such party;
(3) Major business partner of the Group[3] or a person engaged in business execution of such business partner;
(4) Consultant, accounting professional, or legal professional obtaining large amounts of money or other financial benefits[4], other than as remuneration of Director or Audit &Supervisory Board Member, from the Group (if such financial benefits are obtained by an incorporated entity, partnership or other organization, this item refers to a person belonging to such organization);
(5) Person belonging to an auditing firm performing statutory audits of the Group;
(6) Person receiving donations or grants above a certain threshold[5] from the Group (if the donations or grants are received by an incorporated entity, partnership or other organization, this item refers to a person engaged in business execution of such organization);
(7) Person engaged in business execution of a major financial institution[6] from which the Group has borrowings, or a person engaged in business execution of the parent company or subsidiary of such financial institution;
(8) Major shareholder[7] of the Group, or a person engaged in business execution of an incorporated entity that is a major shareholder of the Group;
(9) Person engaged in business execution of a company in which the Group is a major shareholder;
(10) Person engaged in business execution of a company accepting directors (whether full or part time) from the Group, or a person engaged in business execution of the parent company or subsidiary of such company;
(11) Person to whom any of Items (2) through (10) apply during the most recent 3 years; and
(12) Relative of a person to whom any of Items (1) through (11) apply (limited to a person in an important position[8]).[9]

1 "Person engaged in business execution" refers to a "person engaged in business execution" as defined in Section 2.3.6 of the Ordinance for Enforcement of the Companies Act, and includes both executive directors and employees. It does not include audit & supervisory board members.
2 "Party for whom the Group is a major business partner" refers to a business partner group (namely, a corporate group comprising a direct business partner, its parent company or subsidiary, or subsidiaries of the parent company; the same shall apply hereinafter.) that provides the Group with products or services for which the transaction value in the most recent business year exceeds 2% of such business partner group's annual consolidated sales.
3 "Major business partner of the Group" refers to a business partner group to which the Group provides products or services for which the transaction value in the most recent business year exceeds 2% of the Group's annual consolidated sales.
4 "Large amounts of money or other financial benefits" refers to money or other financial benefits in excess of ¥10 million, excluding remuneration of Director or Audit & Supervisory Board Member, for the most recent business year (if such financial benefits are obtained by an incorporated entity, partnership or other organization, it refers to money or other financial benefits in excess of 2% of such organization's total income for the most recent business year).
5 "Donations or grants above a certain threshold" refers to donations or grants in excess of the higher of ¥10 million on average for the most recent 3 business years or 2% of total income of such person/organization for the most recent business year.
6 "Major financial institution" refers to a financial institution from which total borrowings at the end of the most recent business year exceeds 2% of the Company's consolidated gross assets.
7 "Major shareholder" refers to a shareholder holding 10% or more of voting rights (including direct and indirect holdings).
8 "Person in an important position" refers to a director (excluding outside directors); executive officer; corporate executive; employee in a management position at the level of department head or higher; certified public

accountant in an auditing firm or accounting office; attorney in a law firm; councillor, director, auditor or other officer in an incorporated foundation, incorporated association, educational institution or other incorporated entity; or other person objectively and reasonably deemed to be in a position of similar importance.

9 "Relative" refers to a spouse or person within the second degree of consanguinity.

**[Matters pertaining to incentives]**

| | |
|---|---|
| Implementation of measures to grant incentives to Directors | Introduction of a performance-linked compensation scheme and a stock option system |

| | |
|---|---|
| | Supplementary Explanation |

<Performance-linked compensation scheme (bonuses)>
The Company has introduced a short-term incentive compensation scheme, of which the compensation is based on the level of attainment of company-wide operating targets including the performance of net sales, operating profit ratio, and EVA in a single fiscal year.

<Performance-linked compensation scheme (stock compensation)>
Since the fiscal year ended March 31, 2016, the Company has introduced a performance-linked stock compensation scheme (hereinafter "the Scheme"), for the purpose of increasing the awareness of contribution to the sustainable growth of the business results and corporate value. The Scheme is a medium- to long- term intensive-based compensation plan that is highly transparent and objective and closely linked with the Company's business results. The Scheme has employed a framework referred to as the executive compensation BIP (Board Incentive Plan) trust "hereinafter "BIP Trust"). The BIP Trust is an executive incentive plan modeled on Performance Share and Restricted Stock systems in the U.S. The BIP Trust acquires the Company's shares and conduct a delivery of the Company's shares to the Directors who have satisfied the beneficiary conditions as beneficiaries based on the performance-linked coefficient regarding the level of attainment of the medium-term management targets. The performance-linked coefficient shall be determined within a range of 0 to 200% based on the level of attainment of the predetermined consolidated operating targets for net sales, core operating profit ratio, core ROE, etc. for the fiscal year ending three years later.

<Stock Option Scheme> **Updated**
Below is the status of stock options issued to current Directors of the Company (as of May 31, 2017). With the introduction of a performance-linked stock compensation scheme from the fiscal year ended March 31, 2016, no additional stock-compensation type stock options has been issued since the fiscal year ended March 31, 2016.
(1) Issued on August 31, 2005
Number of subscription rights to shares: 20 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 1
Issue price of subscription rights to shares: Without contribution
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share
(2) Issued on February 13, 2007
Number of subscription rights to shares: 17 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 1
Issue price of subscription rights to shares: ¥1,001.8 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share
(3) Issued on August 10, 2007
Number of subscription rights to shares: 17 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 1
Issue price of subscription rights to shares: ¥927.8 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share
(4) Issued on September 16, 2008
Number of subscription rights to shares: 27 (500 shares of the Company's common stock per subscription right to shares)

Number of allottees: 1
Issue price of subscription rights to shares: ¥796 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(5) Issued on July 8, 2009
Number of subscription rights to shares: 47 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 1
Issue price of subscription rights to shares: ¥588.4 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(6) Issued on July 8, 2010
Number of subscription rights to shares: 88 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 2
Issue price of subscription rights to shares: ¥488 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(7) Issued on July 5, 2011
Number of subscription rights to shares: 190 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 2
Issue price of subscription rights to shares: ¥535.4 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(8) Issued on July 5, 2012
Number of subscription rights to shares: 208 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 2
Issue price of subscription rights to shares: ¥609.6 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(9) Issued on July 4, 2013
Number of subscription rights to shares: 125 (500 shares of the Company's common stock per subscription right to shares)
Number of allottees: 2
Issue price of subscription rights to shares: ¥1,010.6 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

(10) Issued on July 3, 2014
Number of subscription rights to shares: 453 (100 shares of the Company's common stock per subscription right to shares)
Number of allottees: 2
Issue price of subscription rights to shares: ¥1,279 per share
Amount to be paid in upon exercise of subscription rights to shares: ¥1 per share

| | |
|---|---|
| Allottees who are eligible for stock options | Internal Directors, employees |

| | Supplementary Explanation |
|---|---|

With the introduction of a performance-linked stock compensation scheme from the fiscal year ended March 31, 2016, no additional stock-compensation type stock options has been issued since the fiscal year ended March 31, 2016.

[Matters pertaining to remunerations for Directors]

| | |
|---|---|
| Disclosure of individual Director's remuneration | Disclosure of those of certain Directors on an individual basis |

| | Supplementary Explanation **Updated** |
|---|---|

The annual remuneration of Directors for the fiscal year ended March 31, 2017 is disclosed as follows:
Basic remunerations: ¥233 million (among which ¥55 million for outside Directors)
Bonuses: ¥118 million (excluding outside Directors)
Stock compensation: ¥108 million (excluding outside Directors)
The remuneration of certain Directors is disclosed in the Securities Report in accordance with laws and regulations.

| | |
|---|---|
| Policy on determining remuneration amounts and calculation methods | Established |

| | Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods |
|---|---|

Remunerations for Directors and Audit & Supervisory Board Members are so designed as to enable the Company to recruit and retain talents, and to make the remuneration levels and structures fully commensurate with the responsibilities of the position. The Company endeavors to improve the objectivity of decisions on remuneration levels through measures such as the use of survey data from specialist external companies.

<Remunerations for internal Directors>
With the basic policy of contributing to continued growth of business results and improved enterprise value of the Company, the remunerations consist of a fixed amount basic remuneration, bonuses, and stock compensation. The Company appropriately links Remunerations with business performance.

<Remunerations for outside Directors and Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members)>
Remunerations are composed solely of a fixed amount basic remuneration.
Remunerations for each Director are determined by resolutions of the Board of Directors within a total ceiling amount approved by the General Meeting of Shareholders, and Remunerations for each Audit & Supervisory Board Member are determined by the deliberations of the Audit & Supervisory Board Members within a total ceiling amount approved by the General Meeting of Shareholders. Through the deliberations of the Compensation Committee, the Company enhances the transparency and objectivity of the deliberation process for Remunerations for Directors.

**[Systems to support outside Directors (outside Audit & Supervisory Board Members)]**

The Executive Office as a point of contact provides support to outside Directors and outside Audit & Supervisory Board Members by providing both internal and external information including press releases, and scheduling meetings, etc.
A dedicated staff will be assigned to assist the Audit & Supervisory Board Members to carry out their duties.
Exchange of information among outside Audit & Supervisory Board Members and full-time (internal) Audit & Supervisory Board Members is carried out at the monthly meeting of the Audit & Supervisory Board.
In addition, with respect to particularly important matters among matters to be submitted to the Board of Directors, the Company works to ensure active deliberations at the Board by providing a forum in advance for sharing information about such matters with Directors and Audit & Supervisory Board Members, including outside Directors and outside Audit & Supervisory Board Members.

Furthermore, the Company implements training programs for newly elected outside Directors and newly elected outside Audit & Supervisory Board Members, through which they are provided with industry information pertaining to the Company, the Company's business strategies, and other information necessary for them to fulfill their roles and responsibilities.

## 2. Matters on functions of Business Execution, Audit, Oversight, Nomination, and Determination of Remuneration, etc. (Summary of the Current Corporate Governance System) Updated

The current status of the Company's corporate governance systems is as follows:
(Summary of the current corporate governance system)

- The Company adopts the organizational structure of "Company with Audit & Supervisory Board." Outside Directors and outside Audit & Supervisory Board Members constitute the majority of the Board of Directors and the Audit & Supervisory Board, respectively.
- The Board of Directors comprises six persons (four males and two female) among which four of them are highly independent outside Directors. It principally serves the oversight function of the execution of business, and also makes decisions on important business execution.
- The four outside Directors have satisfied the required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members. In addition, the four outside Directors are independent Directors who may not cause conflicts of interest with general shareholders. The outside Directors will exercise their abundant specialized knowledge and experiences in corporate management, legal or medical field to supervise the execution of business from an independent position. (The Company's independence standards for independence of outside Directors and outside Audit & Supervisory Board Members are published on the Company's website.
  http://www.astellas.com/en/ir/library/pdf/independencestandards.pdf.
- As advisory bodies to the Board of Directors, the Company establishes the Nomination Committee and the Compensation Committee, a majority of which are composed of outside Directors, respectively, so as to ensure the transparency and objectivity of the deliberation process of human resources (regarding election, dismissal, etc. of Directors, Audit & Supervisor Board Members and Executive Officers, etc.) and remuneration systems (regarding remuneration for Directors and Executive Officers). Each Committee is chaired by an outside Director.

(Efforts to establish a system that enhances effective business execution)

- As organs for handling execution of business, the Company establishes the Executive Committee, chaired by the Representative Director, President & CEO, for discussing important matters regarding the business of the Astellas Group, and the Japan Management Committee, chaired by the Representative Director, Executive Vice President, for discussing important matters regarding the business management of the Company and Group Companies in Japan, and also appoints Executive Officers who are responsible for their respective assigned departments or functions. The responsibility and authority for the execution of business of the organs described above, the President and CEO and the Executive Officers are clearly stipulated in "Corporate Decision Authority Policy."
- In order to build an optimal management system capable of speedy and precise decision-making, we have been promoting a system called "Matrix Management," under which we manage divisions/functions of Drug Discovery Research, Medical/Development, and Pharmaceutical Technology on a global basis based on their respective functions, while the Sales & Marketing Division is managed on a local basis.
- To further enhance global compliance initiatives, a global function "Ethics & Compliance" which integrates and manages the regional Ethics & Compliance functions in Japan, Americas, EMEA and Asia/Oceania regions was established in April 2016.
- To better address the global business environment and assure high-quality legal function across organization, a new global function, "Legal" that manages the regional legal functions was established under the direct control of the President and CEO in April 2017.
- In order to protect our intellectual property and strengthen functional support to internal stakeholders, a new global function, "Intellectual Property" that manages the regional intellectual property functions was established under the direct control of the President and CEO in April 2017.

- In order to develop a system for more appropriate execution of business, the Company has established various committees comprising cross-functional members. These committees include the Corporate Disclosure Committee where matters including disclosure of corporate information are discussed, the CSR Committee that discusses policies and plans of important activities for the purpose of fulfilling the Company's social responsibilities (such as issues on environment, health and safety, and social contribution activities), the Global Benefit Risk Committee to discuss benefit and risk information of products as well as measures to deal with such benefit and risk, the Global Compliance Committee where matters including global compliance policies and plans are discussed, and the Global Risk Management Office to promote identifying global risks and implementing optimum risk management.

(Efforts to establish a system that enhances effective auditing by Audit & Supervisory Board Members)

- The Audit & Supervisory Board comprises five persons (three males and two females) among which three of them are highly independent outside Audit & Supervisory Board Members. Each Audit & Supervisory Board Member audits the performance of duties by Directors.
- The three outside Audit & Supervisory Board Members have satisfied the required conditions for independent Auditors stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors and outside Audit & Supervisory Board Members. In addition, the three outside Audit & Supervisory Board Members are independent Audit & Supervisory Board Members who may not cause conflicts of interest with general shareholders. The outside Audit & Supervisory Board Members will exercise their abundant specialized knowledge and experiences in finance, accounting and corporate management to audit the performance of duties by Directors from an independent position.
- The Audit & Supervisory Board Meeting is held once a month in principle. The auditing is carried out effectively by both full-time internal Audit & Supervisory Board Members who are familiar with the Company's issues and outside Audit & Supervisory Board Members who are highly independent and experienced in different fields with abundance of operational experience.
- In addition, the assignment of dedicated staff to assist Audit & Supervisory Board Members to carry out their duties, together with the cooperation between Accounting Auditors and the Internal Auditing, strengthens the functionality of Audit & Supervisory Board Members.

### 3. Reason for Adopting the Current Corporate Governance System

(Reason for the selection of the current system)

The Company is working to develop and strengthen corporate governance systems (Refer to 2. above) to ensure transparency, appropriateness, and agility of management.

## III Implementation Status of Measures for Shareholders and Other Stakeholders

### 1. Efforts to Vitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights Updated

| | Supplementary explanation |
|---|---|
| Early dispatch of the Convocation Notice of General Meeting of Shareholders | The General Meeting of Shareholders was held on June 19, 2017.<br>Date of dispatch of the convocation notice: May 30, 2017.<br>Disclosure on the website: May 29, 2017. |
| Scheduling of General Meeting of Shareholders avoiding the peak day*<br>*the days on which many listed companies hold their general meetings of shareholders | The General Meetings of Shareholders have been scheduled on non-peak days since the Ordinary General Meeting of Shareholders held in June 2004. |
| Allowing electronic exercise of voting rights | Since the Ordinary General Meeting of Shareholders held in June 2006, the Company has adopted the electromagnetic means for exercising voting rights by participating in the electronic voting platform operated by ICJ, Inc., which is a company owned by the Tokyo Stock Exchange, Inc. and other companies. |
| Participation in the electronic voting platform and other measures to improve environment for exercise of voting rights by institutional investors | Since the Ordinary General Meeting of Shareholders held in June 2006, the Company has adopted the electromagnetic means for exercising voting rights by participating in the electronic voting platform operated by ICJ, Inc., which is a company owned by the Tokyo Stock Exchange, Inc. and other companies. |
| Provision of the convocation notice (a summary) in English | The Company prepares the convocation notice in English, and publishes it on the Company's website. |
| Others | The General Meeting of Shareholders is vitalized through providing business reports on videos with narration. In addition, the exercise of voting rights is facilitated by publishing the convocation notice on the Company's website. |

## 2. IR Activities

| | Supplementary explanation | Explanation by Representative |
|---|---|---|
| Preparation and publication of the Disclosure Policy | The Company establishes and publishes the Disclosure Policy in accordance with the basic guidelines of further improving transparency while also working to build and maintain relationships of trust with stakeholders, through the disclosure of information in a timely, appropriate, and fair manner to all stakeholders, as well as the initiation of dialogue with stakeholders. | |
| Regular investor briefings for individual investors | For the fiscal year ended March 31, 2017 (FY2016), 17 investor briefings to individual investors were held. | Available |
| Regular investor briefings for analysts and institutional investors | Financial results presentations are held when year-end and Q2 financial results are announced, and conference call presentations are made when Q1 and Q3 financial results are announced. At financial results presentations (conference calls), reports such as business performance are made, in addition to providing direct replies from the Company's management in response to questions from attendees.<br>The Company also meets with domestic institutional investors as appropriate. | Available |
| Regular investor briefings for overseas investors | At the year-end and quarterly financial results announcement, an interpreter is available for overseas investors, and direct replies are provided from the Company's management in response to questions from attendees.<br>The Company also meets with overseas institutional investors as appropriate. | Available |
| Posting of IR materials on the website | The URL of the Company's IR:<br>http://www.astellas.com/en/ir/<br>Materials published: securities reports, financial results, presentation materials, annual reports, notice of convocation and resolution of the General Meeting of Shareholders, business reports, etc. | |
| Establishment of a section (post) for investor relations | The IR Group is established under the Corporate Communications Department. In addition, the Corporate Disclosure Committee is established for the promotion and management of information disclosure activities. | |
| Other | In October 2016, a briefing to individual shareholders was held in Nagoya. | |

### 3. Measures to ensure due respect for stakeholders

| | Supplementary explanation |
|---|---|
| Stipulation of internal rules, etc. for respecting the position of stakeholders | In accordance with the Company's philosophy, the Astellas Group aims to be an enterprise worthy of being selected and trusted by all the stakeholders including customers, shareholders, employees and community. |
| Implementation of Environmental Activities, CSR Activities etc. | The CSR Committee is established to carry out cross-sectional discussions concerning matters including policies and plans for important social contribution activities that are essential to fulfill social responsibilities. In addition, a CSR Group is assigned under the Healthcare Policy & CSR Department to strengthen plans, proposals, and function of promotion regarding overall global CSR activities which are linked to business strategies. |
| Development of policies on information provision to stakeholders | The Disclosure Policy about timely and appropriate disclosure of corporate information and dialogue with stakeholders is established and published. |
| Other | The Company reports the status of engagement in CSR activities in the annual report, issued once a year, and on the Company's website. |

## IV Matters Pertaining to Internal Control System, etc.

### 1. Basic Views on the Internal Control System and its Development Status Updated

Systems to Ensure the Appropriate Execution of Business

The Company has set out basic policies regarding the following systems to ensure that the Company's business is appropriately executed.

1. System concerning the Performance of Duties

1) System to Ensure the Efficient Performance of the Duties of Directors

- The Company clearly separates the roles of the Directors, who serves the oversight function of the execution of business and makes decisions on important business execution matters, and the role of the President and CEO who is responsible for business execution, and the role of Executive Officers who are responsible for their respective assigned departments or functions (hereinafter "top management").
- Meetings of the Board of Directors will be held once every month as a general rule, and extraordinary meetings of the Board of Directors will be held when necessary.
- The Company has established the Executive Committee and the Japan Management Committee, and discusses significant matters concerning business strategies, product strategies, business management, and personnel matters of the Company and the Astellas Group companies.
- The Company has established policies concerning each of the committees mentioned above and the "Corporate Decision Authority Policy" to clarify the powers and positioning of each committee and the top management as well as the decision-making process.
- The Company has developed the personnel and organization systems to enable the efficient execution of business.

2) System for Maintaining and Controlling Information regarding the Performance of Duties by Directors

- The "Global Policy for Records and Information Management" and the "Record Management Control Regulations" have been established, based on which the Company will control and maintain, in an appropriate manner, the information regarding the performance of duties by the Directors.
- The Company has established systems to ensure that all documents and materials concerning important management matters, such as minutes of the meetings of the Board of Directors, the Executive Committee and the Japan Management Committee, are available for inspection by the Directors and the Audit & Supervisory Board Members when necessary.

2. Regulations and other Systems regarding Risk (Risk of Loss) Management

In order to conduct risk management properly as a whole group, the Company has categorized risks into "risks relating to strategic management decision-making (risks relating to business opportunities)" and "risks relating to appropriate and efficient business conduct (risks relating to the performance of business activities)." Each department and unit of the Company and the Astellas Group companies will proactively put the Company's risk management initiatives into practice and promote risk mitigation within the Group and the proper response to such risks through the following activities:

- With respect to the measures dealing with risks relating to business opportunities, each department and unit will implement such measures within the scope of its powers and roles, upon clarification of the rules and standards for decision-making. Among these risks, matters concerning material risks will be decided upon deliberation by the Executive Committee and the Board of Directors.
- With respect to the measures dealing with risks relating to the performance of business activities, the Company has established 1) the "Global Risk Management Office" for responding to global risks to identify global risks, and devise and implement optimum methods of risk management in cooperation with each regional risk management office, and 2) the "Risk Management Committee" for responding to the risks within the domestic Group companies to identify risks, and device and implement optimum methods of risk management. Matters relating to the important risk management measures, for both global and domestic Group companies described above, will be decided upon deliberation by the Executive Committee and the Board of Directors.
- In order to enhance the effectiveness of risk management operations, the Company will formulate separate policies and manuals for matters such as disaster control, crisis management, business continuity plan, information security, and personal information protection according to the characteristics and details of the risks involved.

3. Compliance System (System to Ensure that the Performance of Duties by Directors and Employees Comply with Laws, Regulations, and the Articles of Incorporation)

The Company has established the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" as core standards of compliance for officers and employees of the Company and the Astellas Group companies.

The Company sees compliance not only as observing laws and regulations but also acting in accordance with prescribed social norms in a highly ethical manner. We are taking the following steps to create a system for promoting and spreading compliance in a broad sense as a whole group.

- The Company has established the "Global Compliance Committee" that grasps current situations of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. The regional Compliance Committees have also been established to discuss matters concerning compliance in individual regions.
- Under the control of the Chief Compliance Officer, Compliance Functions will, with concerned departments of the Company and the Astellas Group companies, carry out the devising, promotion, and increasing awareness of the specifics of the plans for global compliance. In addition, through continuous training and other measures, we will create a structure in which each officer and employee of the Company and the Astellas

Group companies can practice compliance when acting on their own initiative.

- The Company has established a "helpline" in each region, and established a contact point independent of the Company to receive anonymous inquiries concerning compliance including questions, consultation, reports, proposals and like. The Company has also established a system that any material information will be reported, in a timely manner, to the Chief Compliance Officer. In dealing with such actions, confidentiality will be strictly maintained and unfair treatment of any person who has accessed the helpline or other contacts is strictly prohibited.

4. System for Disclosure and Management of Information

- The Company discloses corporate information to all of its customers, shareholders, community and other stakeholders in a timely, appropriate and fair manner. The Company also actively engages in dialogue with them and reflects their comments in its business activities properly. Through disclosure and dialogue, the Company is committed to further enhancing its transparency and strive to build and maintain a trust relationship with its stakeholders.
- Based on the basic stance above, the Company has established the "Disclosure Policy" and the "Corporate Disclosure Committee" that promotes and manages disclosure activities.
- The Company has established policies concerning the handling of material information acquired in the course of the duties by the officers and employees of the Company and the Group to prevent violations of laws and regulations and to ensure the appropriate management of information.

5. System to Ensure the Reliability of Financial Reporting

- The Company will establish and operate the internal control system for consolidated financial reporting in accordance with standards generally accepted to be fair and reasonable in Japan, in order to ensure improved reliability of the financial reporting, and assess the effectiveness in an appropriate way.
- In accordance with the "Regulations for Internal Control Assessment of Financial Reporting" formulated by the Board of Directors, internal control assessment is implemented for consolidated financial reporting, under the direction of the President and CEO, who is responsible for the global internal control system.

6. Group Management System (System to Ensure the Appropriate Execution of Business by the Corporate Group Composed of the Company and its Subsidiaries)

The Company engages in appropriate control and operation of the Astellas Group companies. With this in mind, the Company has taken the following actions in order to maintain and build a sound relationship between it and the Astellas Group companies:

- The Company will apply the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" to all of the Astellas Group companies, and it will ensure that all persons concerned are fully aware of these policies and the code of the conduct of each Astellas Group company that are based on these policies.
- The Company has established a system in which matters concerning performance of the duties by the Directors of the Astellas Group companies will be reported to the Company through functional line managers.
- The Company will establish clear rules regarding the composition of executives, decision-making authority at the Astellas Group companies, and the internal oversight system in the Group to ensure the efficient execution of duties by the Directors of the Group companies.
- As mentioned above, the Astellas Group will tackle risk management and compliance matters as a whole group.
- The "Internal Auditing Policy" will be applied to all the Astellas Group companies and the internal audit system over the Group will be developed.

7. Internal Audit System

The Company has established the Internal Auditing, which is independent from the ordinary business execution departments and is under the direct control of the President and CEO, to develop the internal audit system of the Company and the Astellas Group companies, and takes the following actions:

- The Internal Auditing will review and evaluate the effectiveness and efficiency of the systems and structures in the various management activities of the Company and the Astellas Group companies, put together an audit report, and submit the results of such review and evaluation to the President and CEO, officers and departments concerned, and the Audit & Supervisory Board. The report concerning the overall annual audit results will be made to the Board of Directors and Accounting Auditor.
- The Company will comply with the "Act on Securing Quality, Efficacy and Safety of Pharmaceuticals, Medical Devices, Regenerative and Cellular Therapy Products, Gene Therapy Products, and Cosmetics" and other regulations as a pharmaceutical company, and conduct its business with a mission to provide effective and safe products with a high level of expertise through a fair organization structure. To this end, the Company has built a tiered-control structure separated by different functions in all the Astellas Group companies; namely, the tiers consist of self-control on site, expert control by departments related to RA and QA, and the internal audit by the independent internal auditing departments. The Internal Auditing will promote improvement in the quality of the internal audits through collaboration with the relevant expert departments, such as holding regular general meetings.
- With respect to the Astellas Group companies in Europe and the United States and other regions, which are noted by the companies as having a significant effect on the consolidated business results, the companies have established independent internal auditing departments for each company, and hold an Overseas Group Internal Audit Meeting among the internal auditing departments.

8. System to Ensure Effective Audits by the Audit & Supervisory Board Members

The Company takes the following actions as a "company with Audit & Supervisory Board" to enable the Audit & Supervisory Board Members to carry out their audit effectively.

1) Matters concerning Assisting Employees where the Audit & Supervisory Board Members Require Employees Assisting their Duties to be Assigned

- Full-time staff will be assigned to assist the Audit & Supervisory Board Members to carry out their duties, so that the audit by the Audit & Supervisory Board Members will be properly executed

2) Matters concerning Independence from the Directors of the Employees Assisting the Audit & Supervisory Board Members and Effectiveness of Directions Given to Such Employees

- Full-time staff who assists the Audit & Supervisory Board Members is independent from the Directors and carries out his or her duties under the direct control of the Audit & Supervisory Board Members.
- The appointment, evaluation, transfer, and other matters concerning full-time staff will require the prior consent of the Audit & Supervisory Board Members.

3) System concerning Report of the Directors and Employees to the Audit & Supervisory Board Members and Other Systems concerning Report to the Audit & Supervisory Board Members

- The Company has established a system to ensure that the Audit & Supervisory Board Members, at any time, can access monthly reports and quarterly reports regarding the execution of duties by the Directors of the Company and the Astellas Group companies.
- Top management, regarding the departments or functions (including the Astellas Group companies) they are responsible for, will discuss and determine with Audit & Supervisory Board Members the items, persons responsible for reporting, and methods of reporting for reports made regularly and when necessary to Audit & Supervisory Board Members or the Audit & Supervisory Board.

4) System to Ensure that Informants do not Risk Unfavorable Treatments due to their Reporting to the Audit & Supervisory Board Members

- The Company prohibits any unfavorable treatments to the officers or employees of the Company and the Astellas Group companies who reported to the Audit & Supervisory Board Members of the Company or the Astellas Group companies, because of their reporting.

5) Matters concerning Policies to Treat Costs Incurred by the Audit & Supervisory Board Members for the Execution of Duties

- The Company has established a system that the responsible department prepares budgets and performs payment of costs incurred by the Audit & Supervisory Board Members for the execution of their duties.

6) Other Systems to Ensure Effective Audits by the Audit & Supervisory Board Members

- Pursuant to the Audit & Supervisory Board Policy, material matters pointed out by each Audit & Supervisory Board Member at the regular meetings of the Audit & Supervisory Board held each month or the extraordinary meetings held when necessary will be reported at the meetings of the Board of Directors.
- The Audit & Supervisory Board Members will attend the Executive Committee meetings and the Japan Management Committee meetings, where execution of the Company's important business will be discussed, and also attend other meetings that the Audit & Supervisory Board Members consider as important. In case that the Audit & Supervisory Board Members are not available to attend these meetings, full-time staff who assists the Audit & Supervisory Board Members will attend as observer in accordance with the instruction from the Audit & Supervisory Board Members.
- The persons (departments) of the Company and the Astellas Group companies subject to be audited will cooperate so that the Audit & Supervisory Board Members may perform the audits in an appropriate manner in accordance with the "Auditing Standards of Audit & Supervisory Board Members" established by the Audit & Supervisory Board.

9. System to Exclude Anti-social Forces

The Company and the Astellas Group companies will, as a solid organization, take a resolute attitude against any antisocial forces and groups that threaten the order and security of society, and never accept unjust and illegal requests. Also, the Company and the Astellas Group companies will eliminate any relations with such forces and groups.

- Clearly declaring in the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" that the Astellas Group will take a resolute attitude against antisocial forces and groups, based upon which to exclude any relation with such forces and groups.
- Especially in Japan, with close cooperation with the police and other related parties, establishing the solid system that will enable the Company to actively collect necessary information as to anti-social forces and groups, as well as to take actions as the entire Astellas Group.
- Furthermore, continually implementing the enlightenment activities, such as trainings relating to compliance and risk management, etc. to officers and employees, so as to exclude any influence of anti-social forces and groups.

Systems to Ensure the Appropriate Execution of Business

A summary of the Company's operational status during the fiscal year ended March 31, 2017 is as follows.

1. System concerning the Performance of Duties

Following the basic policy, the Company in principle holds Board of Directors meetings once each month. Additionally, based on policies such as the Corporate Decision Authority Policy, important matters are discussed within the Executive Committee and the Japan Management Committee, ensuring that Directors perform their duties efficiently by top management fulfilling their roles. Furthermore, during the fiscal year ended March 31, 2017, 14 Board of Directors meetings were held, 19 Executive Committee meetings were held and 9 Japan Management Committee meetings were held.

2. Regulations and other Systems regarding Risk (Risk of Loss) Management

Following the basic policy, the Company has categorized risks into risks relating to business opportunities and risks relating to the performance of business activities, and each department of the Company and the Astellas Group companies proactively put the Company's risk management initiatives into practice. In particular, for matters specified as global risks, risk mitigation measures are formulated under the direction of risk owners, and subsequently implemented.

3. Compliance System (System to Ensure that the Performance of Duties by Directors and Employees Comply with Laws, Regulations, and the Articles of Incorporation)

Following the basic policy, the Company holds meetings of the Global Compliance Committee and the regional Compliance Committee that grasps current situations of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. Additionally, through measures such as implementation of compliance-related training for all employees, the Company aims to improve attitudes toward compliance, and works to discover and remedy issues at an early stage via operation of initiatives such as the helpline. Furthermore, from the fiscal year ending March 31, 2017, the Company will establish a global compliance structure wherein Compliance Functions in each region and country report to the Functional Head of Ethics & Compliance.

4. System for Disclosure and Management of Information

Following the basic policy, the Company discloses information to all stakeholders in a timely, appropriate and fair manner, and also actively engages in dialogue with them. During the fiscal year ended March 31, 2017, with the intent of adding further transparency to business activities, the Company has made continuous efforts for timely, accurate and fair disclosure, such as cross-divisional deliberations about policies, contents, etc. regarding material information disclosure, under the leadership of the Corporate Disclosure Committee established in April 2015.

5. System to Ensure the Reliability of Financial Reporting

Following the basic policy, the Company has formulated an internal control evaluation plan for consolidated financial reporting, and the Company works to ensure the reliability of financial reporting through measures such as internal control and development of operational systems by appointing process owners and control owners, revision and approval by process owners of business process descriptions, and development of internal control and evaluation of its operational status by the internal auditing department (including external contractors) for business bases subject to evaluation.

6. Group Management System (System to Ensure the Appropriate Execution of Business by the Corporate Group Composed of the Company and its Subsidiaries)

Following the basic policy, the Company promotes appropriate control and operation of Astellas Group companies by having matters concerning the duties of the Directors of the Astellas Group companies to be reported to the Company through functional line managers, and clearly defining the composition of executives and decision-

making authority at the Astellas Group companies. Financial status and others of the Astellas Group companies are reported monthly or pre-quarterly and then reported to the Board of Directors of the Company as necessary.

7. Internal Audit System

Following the basic policy, the Company proposes plans regarding internal audits and secures opportunities to review audit results through measures such as reports to the Board of Directors, general meetings with the internal auditing department, holding of Overseas Group Internal Audit Meeting, and reporting to Accounting Auditors. In addition, the Company secures opportunities for Audit & Supervisory Board Members to receive information including through regular reporting.

8. System to Ensure Effective Audits by the Audit & Supervisory Board Members

Following the basic policy, the Company secures a system to allow effective audits by the Audit & Supervisory Board Members through measures such as reporting on execution status of business by Directors and employees to Audit & Supervisory Board Members and continued attendance at important meetings such as the Executive Committee. Furthermore, since the fiscal year ended March 31, 2017, monthly reports have been submitted to Audit & Supervisory Board Members regarding summaries and results of responses to helpline reports in each region, under a restructured global compliance structure.
Committee. During the fiscal year ended March 31, 2016, one dedicated staff was added to assist the Audit & Supervisory Board Members, creating a system with two staffs.

9. System to Exclude Anti-social Forces

Following the basic policy, the Company confirms the attributes of business partners of the Company and Astellas Group Companies, and through the introduction of articles to eliminate anti-social forces in contracts, works to exclude any relation with such forces and groups.

## 2. Basic Views on System to Exclude Anti-social Forces and its Development Status

The Company and the Astellas Group companies will, as a solid organization, take a resolute attitude against any antisocial forces and groups that threaten the order and security of society, and never accept unjust and illegal requests. Also, the Company and the Astellas Group companies will eliminate any relations with such forces and groups.

- Clearly declaring in the “Astellas Charter of Corporate Conduct” and the “Astellas Group Code of Conduct” that the Astellas Group will take a resolute attitude against antisocial forces and groups, based upon which to exclude any relation with such forces and groups.
- Especially in Japan, with close cooperation with the police and other related parties, establishing the solid system that will enable the Company to actively collect necessary information as to anti-social forces and groups, as well as to take actions as the entire Astellas Group.
- Furthermore, continually implementing the enlightenment activities, such as trainings relating to compliance and risk management, etc. to officers and employees, so as to exclude any influence of anti-social forces and groups.

# V Other Matters

## 1. Adoption of Anti-takeover Measures

| | |
|---|---|
| Adoption of anti-takeover measures | Not adopted |

| Supplementary Explanation |
|---|

The Company has not adopted any anti-takeover measures.

## 2. Other Matters Concerning Corporate Governance System, etc.

Overview of the timely disclosure system

1. Guidelines of timely disclosure
   Astellas discloses information to all of its customers, shareholders, community and other stakeholders in a timely, appropriate, and fair manner. Astellas also actively engages in dialogue with them, and reflects their comments in its business activities properly. Through this disclosure and dialogue, Astellas is committed to further enhancing its transparency and strive to build and maintain a trust relationship with its stakeholders.
2. Internal system related to timely disclosure
   In order to ensure the transparency of business activities and to gain greater confidence from all of its stakeholders, Astellas set up the Corporate Disclosure Committee that promotes and manages disclosure activities. The Corporate Disclosure Committee is tasked with discussion on matters such as establishing, revising and operating the Disclosure Policy, disclosure strategy related to corporate information, and the appropriateness of disclosure activities. The Committee consists of a chairperson and cross-sectional members who are appointed by the President and CEO.
3. Methods of disclosure
   Astellas discloses information in accordance with related laws and regulations including the Financial Instruments and Exchange Act and other regulations set forth by the stock exchanges where the shares of the Company are listed. Material Information will be made public through the Timely Disclosure Network (TDnet) provided by the Tokyo Stock Exchange and, promptly after such public disclosure, made available via press releases and the Company's website. Information other than above will also be disclosed in a manner appropriate for the content.
4. Effective monitoring on the timely disclosure system
   Astellas ensures the effectiveness of the monitoring system which evaluates the operation and maintenance of the system related to the timely disclosure of information.
   With regard to the evaluation of internal control related to financial reporting, the independent internal auditing departments evaluate the Disclosure Policy related to the timely disclosure system as well as development and operation status of the Corporate Disclosure Committee as a company-wide internal control measure.
   When making timely disclosure information available to the public, the disclosure is to be reported in advance to all Directors and Audit & Supervisory Board Members.

## Corporate Governance Structure

