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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 enterprise 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.
https://www.astellas.com/jp/en/about/governance

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

All the principles of the Corporate Governance Code stated in this document are based on the Corporate Governance Code as it existed prior to the revision of the code carried out in June 2018. The Company plans to release a Corporate Governance Code reflecting the aforesaid revisions by December 2018.

[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 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.
https://www.astellas.com/jp/en/about/philosophy
The Company has formulated the VISION, which is published on the Company's website.
https://www.astellas.com/jp/en/about/vision-and-strategy
The Company has formulated its management plan "Strategic Plan 2018" that starts from FY 2018 and is published on the Company's website.
https://www.astellas.com/jp/en/investors/ir-library/251

(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"
(https://www.astellas.com/jp/en/about/governance) of the Company.

(3) Policies and Procedures regarding Remunerations for Directors
Remunerations for Directors 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 who are not Audit & Supervisory Committee Members>
Remunerations 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 internal Directors who are Audit & Supervisory Committee Members>
Remunerations are composed of a fixed amount basic remuneration only.
Remunerations for Directors who are not Audit & Supervisory Committee Members are determined by resolutions of the Board of Directors within a total ceiling amount approved by the General Meeting of Shareholders, and remunerations for Directors who are Audit & Supervisory Committee Members are also determined by the deliberations of the Directors who are Audit & Supervisory Committee 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 (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members).

(4) Policies and Procedures for Nominating Candidates for Directors
Through the deliberations of the Nomination Committee, the Company enhances the transparency and objectivity of the nomination process for candidates for Director.
When nominating candidates for outside Directors, 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."
The terms of the Company's "Independence Standards for outside Directors" are identical to

those stated in this report. Please also refer to the Company's website.
https://www.astellas.com/jp/en/about/governance

<Policies and procedures for nominating candidates for Directors who are not Audit & Supervisory Committee Members>
Directors who are not Audit & Supervisory Committee Members are subject to election by resolution of a General Meeting of Shareholders each year.
When nominating candidates for Directors who are not Audit & Supervisory Committee Members, 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 who are not Audit & Supervisory Committee Members 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 Directors who are Audit & Supervisory Committee Members>
Directors who are Audit & Supervisory Committee Members are subject to election by resolution of a General Meeting of Shareholders once every two years.
When nominating candidates for Directors who are Audit & Supervisory Committee Members, efforts are made to ensure that the composition of the Audit & Supervisory Committee 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 Directors who are Audit & Supervisory Committee 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 Directors who are Audit & Supervisory Committee Members are subject to the agreement of the Audit & Supervisory Committee before submission to the General Meeting of Shareholders.

[Supplementary Principle 4-1-1]
The Board of Directors ensures the transparency and appropriateness of management by making decision of corporate management policies and corporate strategies, etc. and serving the oversight function of the execution of business. Furthermore, the Board of Directors ensures the agility of management by delegating a substantial part of decision-making authority of important business execution to an executive Director by resolution of the Board of Directors and establishing "Corporate Decision Authority Policy" to 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 Committee". The Board of Directors and the Audit & Supervisory Committee each have a majority of outside Directors.

[Supplementary Principle 4-8-1]
The Company holds a regular meeting which consists only of independent outside Directors. Through the meeting, an exchange of opinions is facilitated among them, and it also serves as an opportunity for cooperation between outside Directors, full-time Audit & Supervisory Committee Members and Financial Auditors.

[Principle 4-9]
When nominating candidates for outside Directors, 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."
https://www.astellas.com/jp/en/about/governance

[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 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 following analysis and evaluation of the effectiveness of the Board of Directors are as of the fiscal year ending March 31, 2018 (as of when the Company was a Company with Audit & Supervisory Board).
The Board of Directors principally serves as the oversight function of the execution of business and ensures the transparency and appropriateness of management. Furthermore, the Board of Directors ensures the agility of management by making decisions on important business execution and establishing "Corporate Decision Authority Policy" to clarify the responsibility and authority for the execution of business by Executive Officers and others. 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, 2018, the Chairman of the Board of Directors conducted a survey mainly on the oversight function of the Board of Directors based on questionnaires to Directors and 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 Board of Directors consists of a majority of outside Directors and has been engaging in free, open and constructive discussions, having fostered a climate where those outside Directors are able to actively participate in discussions.
- Looking toward optimization of the Board of Directors' function, which was recognized as an issue in the previous fiscal year, the Company has decided to transition to the organizational structure of "Company with Audit & Supervisory Committee," and has accordingly established a framework for discussing matters that should be addressed by the Board of Directors, having made clear distinctions between oversight and execution.
- To ensure that processes adequately maintain a high level of transparency and acceptability regarding selecting successors to the President and CEO, the Board of Directors has been overseeing deliberations of the Nomination Committee and appropriately making resolutions based on proposals of the Nomination Committee.

<Issues>
To better ensure its effectiveness, the Board of Directors will continue to make improvements with respect to the following issues under the new framework as well.

- To carry out the Strategic Plan 2018, the Board of Directors will monitor constantly changing internal and external environmental trends and engage in more effective discussions on strategies.
- The Board of Directors will oversee whether appropriate measures have been taken against risks identified by the frameworks for systematic risk evaluation that were strengthened in FY 2017.

[Supplementary Principle 4-14-2]
The Company supports active deliberations at the Board of Directors and Audit & Supervisory Committee by providing to Directors the information they need to fulfill their roles and responsibilities. In particular, the Company implements training programs for newly elected outside Directors, 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.

[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 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)	175,020,900	8.85
Japan Trustee Services Bank, Ltd. (trust account)	118,200,400	5.97
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	64,486,035	3.26
JP Morgan Chase Bank 385632 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	48,939,068	2.47
State Street Bank West Client - Treaty 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	43,534,026	2.20
Japan Trustee Services Bank, Ltd. (trust account 5)	39,273,900	1.98
Japan Trustee Services Bank, Ltd. (trust account 7)	38,925,700	1.96
State Street Bank and Trust Company (standing proxy: Custody Services Division, Tokyo office, The Hong kong and Shanghai Banking Corporation Limited)	37,620,535	1.90
JP Morgan Chase Bank 385147 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	32,201,400	1.62
Japan Trustee Services Bank, Ltd. (trust account 1)	29,175,700	1.47

Name of controlling shareholder	-

Name of parent company	None
Stock exchange of parent company listing	-

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, 2018 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

Mitsubishi UFJ Financial Group, Inc.
4
107,932
5.01
April 17, 2017
April 10, 2017
Statements of Large-Volume Holdings

BlackRock Japan Co., Ltd.
11
173,981
8.41
June 21, 2017
June 15, 2017
Change Report

Asset Management One Co., Ltd.
2
87,293
4.22
July 7, 2017
June 30, 2017
Change Report

Sumitomo Mitsui Trust Bank, Limited
3
117,506
5.68
April 5, 2018
March 30, 2018
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 Committee

[Matters pertaining to Directors]

Number of Directors stipulated in the Articles of Incorporation Updated	14
Terms of office of Directors stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman of the Board (Except when concurrently serving as president)
Number of Directors Updated	10
Appointment of outside Directors	Appointed
Number of outside Directors Updated	6
Number of independent Directors among outside Directors Updated	6

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company (*)									
		a	b	c	d	e	f	g	h	i	j	k
Yoshiharu Aizawa	Scholar											
Mamoru Sekiyama	From another company											
Keiko Yamagami	Attorney-at-law											
Hitoshi Kanamori	Attorney-at-law											
Noriyuki Uematsu	Certified public accountant											
Hiroo Sasaki	Scholar											

* 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
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 officers 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	Audit & Supervisory Committee Member	Independent Director	Supplementary information on applicable item(s)	Reasons for appointment
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 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.

Name	Audit & Supervisory Committee Member	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 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, Ms. Yamagami 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 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.

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary information on applicable item(s)	Reasons for appointment
Hitoshi Kanamori	○	○	-	Mr. Kanamori has been engaged in corporate legal affairs as an attorney-at-law for over the years, and has abundant specialized knowledge and experience. The Company therefore considers that Mr. Kanamori is able to leverage his abundant specialized knowledge and experience to supervise and audit the Company's management. Mr. Kanamori has satisfied the Company's independence standards for outside Directors 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.
Noriyuki Uematsu	○	○	-	With many years of experience as a certified public accountant, Mr. Uematsu has thorough knowledge of corporate consulting and auditing, and has 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 is able to leverage his abundant specialized knowledge and experience to supervise and audit the Company's management. Mr. Uematsu has satisfied the Company's independence standards for outside Directors 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.

Name	Audit & Supervisory Committee Member	Independent Director	Supplementary information on applicable item(s)	Reasons for appointment
Hiroo Sasaki	○	○	-	Mr. Sasaki has held important positions at Waseda University, including at the graduate level, in economics and other fields, and has also been involved in the Graduate School of Accountancy's management. Having researched normative economics, he is deeply knowledgeable about vocational ethics and research ethics and has experience with practical handling of these ethical issues. The Company therefore considers that Mr. Sasaki is able to leverage his abundant specialized knowledge and experience to supervise and audit the Company's management. Mr. Sasaki has satisfied the Company's independence standards for outside Directors 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.

[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson **Updated**

	All committee members	Full-time members	Internal Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	5	2	2	3	Internal Director

Appointment of Directors and/or employees to support duties of the Audit & Supervisory Committee **Updated**	Appointed

Matters Related to the Independence of Such Directors and/or Employees from Executive Directors **Updated**

Full-time staff who assists with the duties of the Audit & Supervisory Committee is independent from the Directors who are not Audit & Supervisory Committee Members, and carries out such duties under the direct control of the Audit & Supervisory Committee.
The appointment, evaluation, transfer and other matters concerning full-time staff will require the prior consent of the Audit & Supervisory Committee.

Cooperation among Audit & Supervisory Committee, Financial Auditors and Internal Audit function **Updated**

(Cooperation between the Audit & Supervisory Committee and the Internal Audit function)
The Internal Audit function must gain consent of the Audit & Supervisory Committee when formulating annual audit plans, and the Audit & Supervisory Committee may instruct the Internal Audit function as required, upon having received reports about audit results and other topics from the Internal Audit function. Furthermore, the Directors who are Audit & Supervisory Committee Members and the Head of Internal Audit hold monthly regular meetings, exchange information concerning auditing matters, and endeavor to strengthen cooperation.

(Cooperation between the Audit & Supervisory Committee and the Financial Auditor)
The Company's Audit & Supervisory Committee and its Financial Auditor, Ernst & Young ShinNihon LLC, hold meetings regularly as well as whenever needed, and maintain close cooperation by confirming their respective annual auditing plans and exchanging audit results and important audit information. The Financial Auditor reports and explains the results of auditing and reviews pursuant to the Companies Act and the Financial Instruments and Exchange Act to the Audit & Supervisory Committee at the time of quarterly and year-end financial settlements. The Audit & Supervisory Committee also reports results of the operational audits it has conducted to the Financial Auditor for exchange of opinions.

(Cooperation between the Internal Audit function and the Financial Auditor)
Through regular exchange of information and opinions concerning matters including the design and assessment of the internal control over financial reporting and internal audit reports, the Internal Audit and the Financial Auditor endeavor to collaborate to ensure proper internal control audits.

(Relationship of internal control departments with internal audits, Audit & Supervisory Committee audits, and financial audits)
The Audit & Supervisory Committee and Internal Audit communicate with other internal control departments with respect to procedures for respective audits of the Audit & Supervisory Committee and internal audits. Moreover, the Financial Auditor exchanges opinions as necessary with the Accounting & Tax Department and with other internal control departments through the Accounting & Tax Department.

[Discretionary Committee]

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 corresponding to Nomination Committee

Committee's name			Nomination Committee			
All committee members	Full-time members	Internal Directors	Outside Directors	Outside Experts	Others	Chair-person
5	0	2	3	0	0	Outside Director

Committee corresponding to Compensation Committee

Committee's name			Compensation Committee			
All committee members	Full-time members	Internal Directors	Outside Directors	Outside Experts	Others	Chair-person
5	0	2	3	0	0	Outside Director

Supplementary Explanation **Updated**

The Company has established the Nomination Committee and the Compensation Committee, a majority of whose respective members are outside Directors and which are respectively chaired by outside Directors. The committees act as advisory bodies to the Board of Directors in order to improve the transparency and objectivity of matters regarding the deliberation process with respect to personnel affairs (regarding election and dismissal of Directors and Executive Officers and others) and the remuneration system (regarding the remuneration for Directors, Executive Officers and others (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members)).

[Matters pertaining to independent officers]

Number of independent officers	6

Other Matters related to Independent Officers

The specific decision-making criteria regarding independence of outside Directors are based on the independence standards for outside Directors stipulated by the Company.

The independence standards for outside Directors stipulated by the Company are as stated below.

<Independence Standards for Outside Directors>

Below are the independence standards for outside Directors 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, 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]

(Notes)
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, 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; councilor, 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, under which the compensation is based on the level of attainment of company-wide management 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 enterprise value. The Scheme is a medium- to long- term incentive-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 management targets for net sales, core operating profit ratio, core ROE, etc. for the fiscal year ending three years later.

<Stock Option Scheme>
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.

Allotters 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, 2018 is disclosed as follows:
Basic remunerations: ¥217 million (among which ¥58 million for outside Directors)
Bonuses: ¥124 million (excluding outside Directors)
Stock compensation: ¥74 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 **Updated**	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Remunerations for Directors 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 who are not Audit & Supervisory Committee Members>
The remunerations 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 internal Directors who are Audit & Supervisory Committee Members>
Remunerations are composed of a fixed amount basic remuneration only.
Remunerations for Directors who are not Audit & Supervisory Committee Members are determined by resolutions of the Board of Directors within a total ceiling amount approved by the General Meeting of Shareholders, and remunerations for Directors who are Audit & Supervisory Committee Members are also determined by the deliberations of the Directors who are Audit & Supervisory Committee 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 (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members).

[Systems to support outside Directors] Updated

The Executive Office as a point of contact provides support to outside Directors by providing both internal and external information including press releases, and scheduling meetings, etc.
Full-time staff will be assigned to assist outside Directors who are Audit & Supervisory Committee Members to carry out their duties. Exchange of information among outside Directors who are Audit & Supervisory Committee Members and full-time (internal) Directors who are Audit & Supervisory Committee Members is carried out at the monthly meeting of the Audit & Supervisory Committee.
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.
Furthermore, the Company implements training programs for newly elected outside Directors, 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.

[Status of Persons who have retired from Representative Director and President, etc.]

Name of Consultants, Advisors, etc. who have retired from Representative Director and President, etc.

Name	Title/ Position	Description of Tasks	Form and Conditions of Services (Full-time, Part-time, Paid or Unpaid, etc.)	Date of Retirement from President, etc.	Term
-	-	-	-	-	-

Total number of Consultants, Advisors, etc. who have retired from Representative Director and President, etc.	0

Others

The Company has no such positions.

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

(Summary of the current corporate governance system)

- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." The Board of Directors and the Audit & Supervisory Committee each have a majority of outside Directors.
- The Board of Directors determines corporate management policies, corporate strategies and other matters, and serves the oversight function of the execution of business.
- Meetings of the Board of Directors are held once every month in principle, chaired by the Director and Chairman of the Board. The Company has established the Board of Directors secretariat to facilitate meetings of the Board of Directors.
- The Board of Directors comprises 10 persons (eight male and two female), among which six are highly independent outside Directors. The six outside Directors are independent Directors who pose no concerns regarding conflicts of interest with general shareholders, having satisfied the required conditions for independent Director stipulated by Tokyo Stock Exchange, Inc., and the Company's independence standards for outside Directors.
- The outside Directors exercises their abundant specialized knowledge and experiences in corporate management, legal or medical field to participate in the Board of Director's decision-making and to oversee the execution of business from an independent position. (The Company's Independence Standards for Outside Directors is published on the Company's website.)
  https://www.astellas.com/jp/en/about/governance
- 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, so as to ensure the transparency and objectivity of the deliberation process of personnel affairs (regarding election, dismissal, etc. of Directors and Executive Officers, etc.) and remuneration systems (regarding remuneration for Directors and Executive Officers). Each Committee is chaired by an outside Director.
- The Audit & Supervisory Committee is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by the Audit & Supervisory Committee, and, where necessary, provides its opinions to Directors or the Board of Directors.
- Meetings of the Audit & Supervisory Committee are held once every month in principle. The Audit & Supervisory Committee secretariat, to which full-time staff who maintain independence from executives are assigned, provides support for the general affairs and audit tasks of the Committee so as to ensure the effectiveness of audits by the Audit & Supervisory Committee.
- The Audit & Supervisory Committee comprises five persons (four male and one female), among which three are highly independent outside Directors who are Audit & Supervisory Committee Members.
- The outside Directors who are Audit & Supervisory Committee Members are independent Directors as stated above. In addition to their aforementioned responsibilities as outside Directors, they also exercise their specialized knowledge and extensive experience in finance, accounting, corporate management and laws, and audit the performance of duties by Directors from an independent perspective.
- The Company enters into agreements with Directors, excluding executive Directors, to limit their liability so that Directors who do not execute business are able to fulfill their expected roles.

(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 and CEO, for discussing important matters regarding the business of the Astellas Group, 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 organ 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.
- The Company enhances management functions globally even with respect to staffing functions. In part to such ends, in April 2017 the Company established "Legal" and "Intellectual Property" functions which globally exert control over legal affairs and intellectual property-related functions in respective regions, and in April 2018 the Company established "Finance," "Human Resources" and "Internal Audit" functions which globally exert control over finance, human resources and internal audit functions of respective regions as well as divisional and functional units.
- 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.

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 15, 2018. Date of dispatch of the convocation notice: May 28, 2018. Disclosure on the website: May 25, 2018.
Scheduling of General Meeting of Shareholders avoiding the peak day* *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 been using the Internet (a website for exercising voting rights) for exercising voting rights.
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 **Updated**

	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, 2018 (FY2017), 8 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. 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. 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: http://www.astellas.com/en/ir/ Materials published: securities reports, financial results, presentation materials, annual reports (integrated 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 2017, a briefing to individual shareholders was held in Osaka.	

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 (integrated 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

The Company has set out basic policies regarding the following systems to ensure that the Company's business is duly 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 participate in decision makings of corporate management policies and corporate strategies, etc. and oversee business execution as members of the Board of Directors, and the roles of President and CEO and Senior Executive Officers in charge of each of the departments or functions, hereafter those officers are called "Top Management", who are responsible for the execution of business.
- 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 discusses material matters concerning business strategies, product strategies, cooperate management, and personnel of the Company and the Astellas Group companies.
- The Company has established regulations concerning the committee mentioned above and the "Corporate Decision Authority Policy" to clarify the powers and positioning of the 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" has been established, based on which the Company will control and maintain, in an appropriate manner, 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 and the Executive Committee are available for inspection by the Directors 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 the 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 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 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 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 Complies with the 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 the law 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 the current situation of compliance and discusses policies and plans accordingly for the Company and the Astellas Group companies as a whole. Regional Compliance Committees have also been established to discuss matters concerning compliance in individual regions.
- Under the control of the Chief Ethics & Compliance Officer, Ethics & Compliance function will, with the 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 so that questions, consultation, reports, proposals and the like concerning compliance may be made. Such helpline includes third party hotline that can be accessed from any Astellas Group companies.
- The Company has also established a system whereby any material information will be reported, in a timely manner, to the Chief Ethics & 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, proper 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 rules concerning the handling of material information acquired in the course of the duties by the officers and employees of the Company and the Astellas Group to prevent violations of the laws and regulations and to ensure the appropriate management of information.

(5) System to Ensure the Reliability of Financial Report

- The Company will establish and operate an internal control system for consolidated financial report in accordance with standards generally accepted to be fair and reasonable in Japan, in order to ensure improved reliability of the financial report, and assess the effectiveness in an appropriate way.

- In accordance with the "Regulations for Internal Control Assessment of Financial Report" formulated by the Board of Directors, internal control assessment is implemented for consolidated financial reports, 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 create clear rules regarding the composition of executives and decision-making authority and internal oversight systems at the Astellas Group companies to ensure the efficient execution of duties by the Directors of the Group companies. The Company, as necessary, provides support for indirect operations and carries out group finance for the Astellas Group companies.
- As mentioned above, the Astellas Group will tackle risk management and compliance matters as a whole group.
- The "Global Internal Audit Policy" will apply to all the Astellas Group companies and the internal audit system over the Group will be prepared.

(7) Internal Audit System

The Company has established the Internal Audit function, 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 Audit function 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 and the Audit & Supervisory Committee. The Internal Audit will also communicate such results, if necessary, to officers and departments concerned.
- The report concerning the overall annual audit results will be made to the Board of Directors and Financial 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 audits conducted by the independent internal audit departments.
- Internal Audit function will promote improvement in the quality of the internal audits through meetings and other forms of collaboration with the relevant expert departments.
- By establishing the Internal Audit function for each region (EMEA, Americas, Japan and Asia & Oceania) controlled by the head of Internal Audit who directly reports to President and CEO, the Company will address risks getting more globalized effectively and enhance the function to provide group companies with consistent high quality assurance and

advisory services.

(8) System to Ensure Effective Audits by the Audit & Supervisory Committee

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

1) Matters concerning Employees Assisting the Audit & Supervisory Committee

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

2) Matters concerning Independence of the Employees Assisting the Audit & Supervisory Committee from the Directors Who Are Not the Committee Members, and Effectiveness of Directions Given to Such Employees

- Full-time staff who assists the Audit & Supervisory Committee is independent from the Directors who are not the Committee Members and carries out his or her duties under the direct control of the Audit & Supervisory Committee.
- The appointment, evaluation, transfer, and other matters concerning such full-time staff will require the prior consent of the Audit & Supervisory Committee.

3) System concerning Report of the Directors Who Are Not the Committee Members and Employees to the Audit & Supervisory Committee, and Other Systems concerning Report to the Audit & Supervisory Committee

- The Company has established a system to ensure that the Audit & Supervisory Committee, 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.
- Regarding each of the departments or functions, Top Management decides reporting matters, persons giving report and methods of reporting by mutual agreement with Audit & Supervisory Committee.
- The Internal Audit function, Legal function and Compliance function will each develop a system to report to the Audit & Supervisory Committee on a regular basis and will report their current statuses and provide the necessary information with respect to matters such as internal audits, risk management and compliance of the Company and the Astellas Group companies.

4) System to Ensure that Informants Do Not Risk Unfavorable Treatments due to Their Reporting to the Audit & Supervisory Committee

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

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

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

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

- The appointment, evaluation, transfer, and other matters concerning the functional head of the Internal Audit will require the prior consent of the Audit & Supervisory Committee.
- The Internal Audit will obtain endorsement from the Audit & Supervisory Committee on the annual plan of the internal audit.
- The Audit & Supervisory Committee will receive the report from the Internal Audit on the results of the internal audit, and be able to give guidance to Internal Audit as needed. In the case where a direction from President and CEO conflicts with one from the Audit & Supervisory Committee, both parties will discuss and try to coordinate.
- The Audit & Supervisory Committee Members appointed by Audit & Supervisory Committee may attend the Executive Committee meetings where execution of the Company's important business will be discussed, and also attend other meetings that the

Audit & Supervisory Committee considers as important. In case that such Audit & Supervisory Committee Members are not available to attend these meetings, full-time staff who assists the Audit & Supervisory Committee may attend as observers by order of the Audit & Supervisory Committee.

- The persons (departments) of the Company and the Astellas Group companies subject to be audited will cooperate so that the Audit & Supervisory Committee may perform the audits in an appropriate manner.

(9) System to Exclude Anti- Organized Crime

The Company and the Astellas Group companies will, as a solid organization, not only take a resolute attitude against any Anti- Organized Crime and groups that threaten the order and security of society, and never accept unjust and illegal requests, but will also ensure non-involvement with such forces and groups. Accordingly, the Company and the Astellas Group companies will:

- Clearly declare in the "Astellas Charter of Corporate Conduct" and the "Astellas Group Code of Conduct" that the Astellas Group will take a resolute attitude against Anti-Organized Crime and groups and will exclude any relation with such forces and groups.
- With close cooperation with the police and other related parties, particularly in Japan, establish a solid system that will enable the Company to actively collect necessary information as to Anti- Organized Crime and groups, as well as to take actions as the entire Astellas Group.
- Continually implement enlightenment activities, such as training relating to compliance and risk management, etc. for officers and employees, so as to exclude any influence of Anti-Organized Crime and groups.

A summary of the Company's operational status during the fiscal year ended March 31, 2018 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, 2018, 17 Board of Directors meetings were held, 19 Executive Committee meetings were held and 7 Japan Management Committee meetings were held.

* The Company abolished the Japan Management Committee, which was established as organ to discuss important matters in business management of the Company and its group companies in Japan, as of the end of March 2018, as its role had been shrinking as a result of globalization of the organization.

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, 2018, 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 Audit function (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 Audit function, holding of Overseas Group Internal Audit Meeting, and reporting to Financial 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. Particularly, monthly reports have been submitted to Audit & Supervisory Board Members from all regions, regarding summaries and results of responses to helpline reports and litigation / in-house investigation projects which is superintended by the legal function.

9. System to Exclude Anti- Organized Crime

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- Organized Crime in contracts, works to exclude any relation with such forces and groups.

2. Basic Views on System to Exclude Anti- Organized Crime and its Development Status

The Company and the Astellas Group companies will, as a solid organization, take a resolute attitude against any Anti- Organized Crime 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 "Global Code of Conduct" that the Astellas Group will take a resolute attitude against Anti- Organized Crime and groups and will exclude any relation with such forces and groups.
- With close cooperation with the police and other related parties, particularly in Japan, establish a solid system that will enable the Company to actively collect necessary information as to Anti- Organized Crime and groups, as well as to take actions as the entire Astellas Group.
- Continually implement enlightenment activities, such as training relating to compliance and risk management, etc. for officers and employees, so as to exclude any influence of Anti-Organized Crime 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
   The Astellas Group discloses information to all of its customers, shareholders, community and other stakeholders in a timely, appropriate, and fair manner. The Astellas Group also actively engages in dialogue with them, and reflects their comments in its business activities properly. Through this disclosure and dialogue, the Astellas Group 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, the Company 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.
   In principle, there is a pre-determined individual in charge of information disclosure who handles the disclosure of information to participants in capital markets such as shareholders and investors.
3. Methods of disclosure
   The Astellas Group 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
   The Company 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 Audit function 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.

Corporate Governance

