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Astellas Pharma Inc.
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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]

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 acquire or hold the shares of other companies except in cases where such acquisition or shareholding is considered reasonable from a business strategic perspective, such as business partnership.
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. The Company confirms the appropriateness of continuing to hold shares on the basis of the policies below.

- As a general rule, the Company holds shares it has acquired in connection with a business partnership for as long as the purpose of that acquisition prevails, and sells such holdings when that purpose ceases to exist.
- The Company sells other shares based on the appropriate timing and method.
- The Company continues to hold shares when it is difficult to carry out the sale of the shares according to the Company's plans because of reasons such as poor liquidity.

With regard to the exercise of voting rights of shareholdings, the Company appropriately exercises them judging from the viewpoint of increasing shareholder value of the issuing company, on the condition that such exercise of the voting rights contributes to increasing the Company's enterprise value.
The Company has been reducing its shareholdings since 2005. The Company has sold 89 of the 106 stocks it had held in April 2005 (total proceeds from sales: ¥88.6 billion), one of which was sold during the business year ended March 31, 2019. As of March 31, 2019, the Company maintains equity holdings amounting to 29 stocks, at a recorded value of ¥37.5 billion on the balance sheet. The Company will continue to reduce its shareholdings going forward.

[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 2-6]
The Company manages its corporate pension through Astellas Pension Fund, with the aim of ensuring that its employees lead secure lives into the future. In managing the pension fund, Astellas Pension Fund has established the "Basic Policies on Pension Asset Management," and makes relevant decisions by resolution of the Board of Trustees and Board of Representatives, after deliberation by the Asset Management Committee on the basis of the basic policy. The Company appropriately assigns qualified personnel such as heads of the Company's personnel and finance departments as members of the Asset Management Committee, Board of Trustees, and Board of Representatives, and also assigns personnel from labor unions to the same positions from the standpoint of providing representation for the beneficiaries. In addition, the Company appropriately assigns personnel to the Fund secretariat, while the Asset Management Committee monitors the management of the pension fund to ensure that management is carried out on the basis of the basic policy on asset management, and that there are no conflicts of interest.

[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/strategic-plan

(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.

<Remunerations for internal Directors who are not Audit & Supervisory Committee Members>
Remunerations for internal Directors who are not Audit & Supervisory Committee Members are determined based on the following factors.

i) Competitive remuneration system
• A remuneration structure and levels that enable the Company to recruit and retain talents
ii) Remuneration system that emphasizes increasing enterprise value and shareholder value
• A remuneration system and composition that are closely linked to performance with an emphasis on increasing enterprise value and shareholder value over the medium- to long-term
iii) Fair and impartial remuneration system
• A fair and impartial remuneration system based on responsibility and results regardless of country and region

Based on the factors above, remunerations for internal Directors who are not Audit & Supervisory Committee Members are to consist of basic remuneration (fixed remuneration), bonus (short-term incentive remuneration) and stock compensation (medium- to long-term incentive remuneration). Levels of remunerations are determined based on the factors such as professional responsibilities, by utilizing objective remuneration survey data of an external expert organization. The remuneration levels and individual remuneration for internal Directors who are not Audit & Supervisory Committee Members are determined by a resolution of the Board of Directors, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for outside Directors who are not Audit & Supervisory Committee Members>
Remunerations for outside Directors who are not Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for outside Directors who are not Audit & Supervisory Committee Members are determined by a resolution of the Board of Directors, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for internal Directors who are Audit & Supervisory Committee Members>
Remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the management. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) are determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for outside Directors who are Audit & Supervisory Committee Members>
Remunerations for outside Directors who are Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for outside Directors who are Audit & Supervisory Committee Members are determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the remuneration limit resolved in the Annual Shareholders Meeting.

Further details on the remuneration system for Directors are stated in the "Annual Securities Report for the Business Year Ended March 31, 2019 (14th Term)" (in Japanese).

https://www.astellas.com/jp/ja/investors/ir-library/securities-report

(4) Policies and Procedures in Appointment/Removal of Senior Management and Nomination of 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, those who satisfy the election/re-election standards separately established by the Board of Directors are nominated, and 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 every other year.
When nominating candidates for Directors who are Audit & Supervisory Committee Members, those who satisfy the election/re-election standards separately established by the Board of Directors are nominated, and 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 sufficient expertise on 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.

<Dismissal of Directors>
Should a Director fall under one of disciplinary categories defined in the Disciplinary Policy for Directors, the Board of Directors may, by its resolution after discussions at the Nomination Committee, make a proposal to dismiss such Director at the General Meeting of Shareholders and/or remove such Director from the executive position.

<Policies and procedures in appointment/removal of CEO>
Through the deliberations of the Nomination Committee, the Company enhances the transparency and objectivity of the deliberation process for appointment of CEO.
CEO is appointed by resolution of the Board of Directors with due respect to the opinions of the Nomination Committee. CEO must satisfy the following standards, and the current business environment and business strategy are also considered in the appointment process:

i) Person who has superior insight for the future and is flexible with a rapidly changing internal and external environment.
ii) Person who is brilliant at planning, decision and execution in times of uncertainty, and is able to fulfill accountability about the decisions.
iii) Person who has such a strong personal magnetism that the person is relied on by employees of Astellas Group of Companies and is trusted by stakeholders.

CEO is subject to appointment by resolution of the Board of Directors each year. In the case of re-appointment, in addition to the standards above set forth being satisfied, performance and contribution during the tenure as CEO are also considered.

(5) Explanation Regarding Nomination of Individual Candidates for Director

The "Notice of Convocation of the Ordinary General Meeting of Shareholders" contains reasons the Company nominates individual candidates for Director.
https://www.astellas.com/jp/en/investors/shareholders-meeting

[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.
https://www.astellas.com/jp/en/investors/shareholders-meeting

[Principle 4-11-3]
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. As a means of considering issues and making improvements to further enhance such role of the Board of Directors, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors every year, 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 business year ended March 31, 2019, 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 based on the results of this survey, the Board of Directors performed its analysis and evaluation.
<Conclusion>
It was determined 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.
- Progress achieved with respect to the Strategic Plan 2018 has entailed overseeing and discussing challenges through regular reporting on a monthly and quarterly basis.

<Initiatives to raise the effectiveness of the Board of Directors>
The Board of Directors endeavors to heighten its effectiveness by continuously seeking improvement toward further enhancing discussions among the Board of Directors, taking into consideration opinions it has gained through the self-assessment survey.
Moreover, the Board of Directors further strengthens risk management systems with the aim of making it possible optimally perform oversight on a continual basis in addressing the changing internal and external environment.

[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)	193,207,200	10.23
Japan Trustee Services Bank, Ltd. (trust account)	109,577,600	5.80
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	64,486,035	3.41
SSBTC CLIENT OMNIBUS ACCOUNT (standing proxy: Custody Services Division, Tokyo office, The Hong Kong and Shanghai Banking Corporation Limited)	44,632,195	2.36
Japan Trustee Services Bank, Ltd. (trust account 7)	37,993,300	2.01
State Street Bank and Trust Company 505001 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	37,037,473	1.96
State Street Bank West Client - Treaty 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	36,923,103	1.95
Japan Trustee Services Bank, Ltd. (trust account 5)	36,197,200	1.91
JP Morgan Chase Bank 385151 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	29,838,561	1.58
State Street Bank and Trust Company 505103 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	28,950,139	1.53

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, 2019 cannot be confirmed, such figures have not been listed in the above list of major shareholders.

Name
Number of shares held (thousand shares)
Ratio of number of shares held to total number of issued shares (%)

Mitsubishi UFJ Financial Group, Inc.
107,932
5.01

BlackRock Japan Co., Ltd.
173,981
8.41

Sumitomo Mitsui Trust Bank, Limited
112,466
5.68

Nomura Asset Management Co., Ltd.
99,097
5.01

Sumitomo Mitsui Trust Asset Management Co., Ltd.
111,413
5.63

3. Corporate Attributes

Stock exchange listings and market segment	Tokyo, First section
Business year-end	March
Category of business	Pharmaceutical
Number of employees at the end of the previous business year (consolidated)	1,000 or more
Net sales of the previous business year (consolidated)	¥1 trillion or more
Number of consolidated subsidiaries at the end of the previous business 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	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	12
Appointment of outside Directors	Appointed
Number of outside Directors Updated	7
Number of independent Directors among outside Directors Updated	7

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Mamoru Sekiyama	From another company											
Keiko Yamagami	Attorney-at-law											
Hiroshi Kawabe	Scholar											
Tatsuro Ishizuka	From another company											
Noriyuki Uematsu	Certified public accountant											
Hiroo Sasaki	Scholar											
Haruko Shibumura	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
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
Mamoru Sekiyama		○	-	Mr. Sekiyama has been engaged in corporate management as a business manager of a general trading company for many years, and has abundant global experience and extensive insight. Since June 2017, Mr. Sekiyama has been playing a key role as outside Director in the management of the Company from an independent standpoint. The Company considers that Mr. Sekiyama is able to leverage his abundant specialized knowledge and experience to the management of the Company in the future as well. 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 Mr. Sekiyama 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
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. Since June 2017, Ms. Yamagami has been playing a key role as outside Director in the management of the Company from an independent standpoint. The Company considers that Ms. Yamagami is able to leverage her abundant specialized knowledge and experience to the management of the Company in the future as well. 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 Ms. Yamagami 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
Hiroshi Kawabe		○	-	Dr. Kawabe has been engaged in medical treatment for many years while successively holding important posts at Keio University as a medical scientist, and has abundant specialized knowledge and experience. The Company considers that Dr. Kawabe is able to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint. Dr. Kawabe 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 Dr. Kawabe would not cause conflicts of interest with general shareholders, and therefore has designated him as independent Director.
Tatsuro Ishizuka		○	-	Mr. Ishizuka has been engaged in corporate management as a business manager of a general electric manufacturer for many years, and has abundant global experience and extensive insight. The Company considers that Mr. Ishizuka is able to leverage his abundant specialized knowledge and experience to the management of the Company from an independent standpoint. Mr. Ishizuka 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 Mr. Ishizuka 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
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. Since June 2016, Mr. Uematsu had been fulfilling his duties as outside Audit and Supervisory Board Member in the auditing of the Company from an independent standpoint and since June 2018, he has been playing a key role as outside Director who is an Audit and Supervisory Committee Member in overseeing and auditing the management of the Company from an independent standpoint. 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 Mr. Uematsu 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	○	○	-	Dr. 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, Dr. Sasaki is deeply knowledgeable about vocational ethics and research ethics and has experience with practical handling of these ethical issues. Since June 2018, Dr. Sasaki has been playing a key role as outside Director who is an Audit & Supervisory Committee Member in overseeing and auditing the management of the Company from an independent standpoint. The Company therefore considers that Dr. Sasaki is able to leverage his abundant specialized knowledge and experience to supervise and audit the Company's management. Dr. 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 Dr. Sasaki 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
Haruko Shibumura	○	○	-	Ms. Shibumura has been engaged in corporate legal affairs as an attorney-at-law, and has abundant specialized knowledge and experience gained while serving in positions such as professor at the Legal Training and Research Institute. The Company considers that Ms. Shibumura is able to leverage her abundant specialized knowledge and experience to supervise and audit the Company's management from the standpoint of Director who is an Audit & Supervisory Committee Member in order to enhance the Company's enterprise value. Ms. Shibumura 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 Ms. Shibumura 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

	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	Appointed

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

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, operation 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	1	4	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	1	4	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)).

As of June 18, 2019, membership of the Nomination Committee and the Compensation Committee is as follows.

- Nomination Committee
  (Chair)
  Mamoru Sekiyama (Outside Director)
  (Member of the Committee)
  Yoshihiko Hatanaka (Representative Director, Chairman of the Board)
  Keiko Yamagami (Outside Director)
  Hiroshi Kawabe (Outside Director)
  Tatsuro Ishizuka (Outside Director)
- Compensation Committee
  (Chair)
  Mamoru Sekiyama (Outside Director)
  (Member of the Committee)
  Yoshihiko Hatanaka (Representative Director, Chairman of the Board)
  Keiko Yamagami (Outside Director)
  Hiroshi Kawabe (Outside Director)
  Tatsuro Ishizuka (Outside Director)

[Matters pertaining to independent officers]

Number of independent officers Updated	7

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 apply.

(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 yen, 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 yen 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 **Updated**	Introduction of incentive remuneration (variable remuneration) and a stock option system

	Supplementary Explanation **Updated**

<Bonus (short-term incentive remuneration)>
Bonuses (short-term incentive remuneration) will act as performance-linked remuneration for steadily building results towards achieving targets for each business year. As such, the Company sets appropriate consolidated performance evaluation indicators and a system that is linked closely with performance.
Details regarding the system are stated in the "Annual Securities Report for the Business Year Ended March 31, 2019 (14th Term)" (in Japanese).
https://www.astellas.com/jp/ja/investors/ir-library/securities-report

<Stock compensation (medium- to long-term incentive remuneration)>
Stock compensation (medium- to long-term incentive remuneration) is performance-linked remuneration for promoting management that emphasizes increase in enterprise value and shareholder value over the medium- to long-term. As such, the Company's shares will be delivered based on the level of growth of enterprise value and shareholder value over three consecutive business years, and an appropriate stock price evaluation indicator will be set to form a system that is closely linked to performance.

Details regarding the system are stated in the "Annual Securities Report for the Business Year Ended March 31, 2019 (14th Term)" (in Japanese).
https://www.astellas.com/jp/ja/investors/ir-library/securities-report

<Stock Option Scheme>
With the introduction of a performance-linked stock compensation scheme from the business year ended March 31, 2016, no additional stock-compensation type stock options has been issued since the business 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 business year ended March 31, 2016, no additional stock-compensation type stock options has been issued since the business 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, Audit & Supervisory Committee Members, and Audit & Supervisory Board Members for the business year ended March 31, 2019 is disclosed as follows:
• Basic remuneration
Directors who are not Audit & Supervisory Committee Members: ¥242 million (among which ¥52 million for outside Directors)
Directors who are Audit & Supervisory Committee Members: ¥127 million (among which ¥38 million for outside Directors)
Audit & Supervisory Board Members*: ¥33 million (among which ¥11 million for outside Audit & Supervisory Board Members)
* Remunerations of Audit & Supervisory Board Members relate to the period before the transition to a Company with Audit & Supervisory Committee.
• Bonus
Directors who are not Audit & Supervisory Committee Members: ¥219 million (excluding outside Directors)
• Stock compensation
Directors who are not Audit & Supervisory Committee Members: ¥149 million (excluding outside Directors)
The stock compensation stated above refers to the amount recorded as expenses under J-GAAP for the business year ended March 31, 2019.

<Directors whose total amount of remunerations is ¥100 million or more>
Yoshihiko Hatanaka (Representative Director, Chairman of the Board)
Total amount of remunerations: ¥268 million (Basic remuneration: ¥87 million, bonus: ¥101 million, stock compensation: ¥80 million)
Kenji Yasukawa (Representative Director, President and CEO)
Total amount of remunerations: ¥290 million (Basic remuneration: ¥102 million, bonus: ¥118 million, stock compensation: ¥69 million)

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.

<Remunerations for internal Directors who are not Audit & Supervisory Committee Members>
Remunerations for internal Directors who are not Audit & Supervisory Committee Members are determined based on the following factors.
i) Competitive remuneration system
• A remuneration structure and levels that enable the Company to recruit and retain talents
ii) Remuneration system that emphasizes increasing enterprise value and shareholder value
• A remuneration system and composition that are closely linked to performance with an emphasis on increasing enterprise value and shareholder value over the medium- to long-term

iii) Fair and impartial remuneration system

• A fair and impartial remuneration system based on responsibility and results regardless of country and region

Based on the factors above, remunerations for internal Directors who are not Audit & Supervisory Committee Members are to consist of basic remuneration (fixed remuneration), bonus (short-term incentive remuneration) and stock compensation (medium- to long-term incentive remuneration). Levels of remunerations are determined based on the factors such as professional responsibilities, by utilizing objective remuneration survey data of an external expert organization. The remuneration levels and individual remuneration for internal Directors who are not Audit & Supervisory Committee Members are determined by a resolution of the Board of Directors, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for outside Directors who are not Audit & Supervisory Committee Members>
Remunerations for outside Directors who are not Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for outside Directors who are not Audit & Supervisory Committee Members is determined by a resolution of the Board of Directors, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for internal Directors who are Audit & Supervisory Committee Members>
Remunerations for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the management. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for Directors who are Audit & Supervisory Committee Members (excluding outside Directors) is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the remuneration limit resolved in the Annual Shareholders Meeting.

<Remunerations for outside Directors who are Audit & Supervisory Committee Members>
Remunerations for outside Directors who are Audit & Supervisory Committee Members are to consist solely of basic remuneration (fixed remuneration), given that their roles involve supervising and auditing the Company's management from an objective and independent standpoint. Levels of basic remuneration are determined based on the factors such as professional responsibilities, in reference particularly to objective remuneration survey data of an external expert organization. The level of basic remuneration and individual remuneration for outside Directors who are Audit & Supervisory Committee Members is determined by deliberation of Directors who are Audit & Supervisory Committee Members, within the remuneration limit resolved in the Annual Shareholders Meeting.

Further details on the remuneration system for Directors are stated in the "Annual Securities Report for the Business Year Ended March 31, 2019 (14th Term)" (in Japanese).
https://www.astellas.com/jp/ja/investors/ir-library/securities-report

[Systems to support outside Directors]

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 corporate governance system)
The summary of the corporate governance systems is as follows:

- The Company adopts the organizational structure of "Company with Audit & Supervisory Committee." Outside Directors constitute the majority of the Board of Directors and the Audit & Supervisory Committee, respectively.
- The Board of Directors determines basic policies of management, business strategies and other matters, and serves the oversight function of business execution.
- As an organ for handling execution of business, the Company establishes the Executive Committee for discussing important matters, and also appoints Executive Officers who are responsible for their respective assigned divisions. 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 the Corporate Decision Authority Policy.
- As advisory bodies to the Board of Directors, the Company establishes the Nomination Committee and the Compensation Committee, each of which are composed of a majority of outside Directors.

(Directors/Board of Directors)
Directors shall be elected by resolution of Shareholders Meeting and the terms of office of Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members shall be one year and two years, respectively. Board of Directors meetings are held once every month in principle, chaired by the Director and Chairman of the Board.
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.
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. 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. As of June 18, 2019, the Board of Directors comprises 12 Directors (nine male and three female), among whom a majority of seven are highly independent outside Directors.
To further enhance the effectiveness of the Board of Directors as a whole, the Company conducts an analysis and evaluation of the effectiveness of the Board of Directors as a whole every year, through means such as each Director's self-assessment, and discloses a summary of the results thereof.

(Audit & Supervisory Committee)
The Audit & Supervisory Committee meetings are held once a month in principle.
The Audit & Supervisory Committee is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by Audit & Supervisory Committee Members, and, where necessary, provides its opinions to Directors or the Board of Directors.
The Audit & Supervisory Committee is composed of all the Directors who are Audit & Supervisory Committee Members, and its chairman is determined by resolution of the Audit & Supervisory Committee. In order to further enhance the independence and neutrality of the Company's audit system, the Audit & Supervisory Committee is composed of a majority of outside Directors. In addition, the Company appoints as Audit & Supervisory Committee Members individuals who

have appropriate experience and skills, as well as necessary knowledge of finance, accounting and legal affairs. At least one person who has sufficient expertise in finance and accounting serves on the committee. As of June 18, 2019, the Audit & Supervisory Committee comprises five members (three male and two female), among whom a majority of three are highly independent outside Directors.

(Nomination Committee and Compensation Committee)
In order to improve the transparency and objectivity of the deliberation process of regarding election and dismissal of Directors, etc. and remuneration system, the Company establishes the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors. The Nomination Committee and the Compensation Committee are composed of members appointed by the Board of Directors, and the majority of each Committee are outside Directors. Each Committee is chaired by an outside Director.
<Role of the Nomination Committee>
The Nomination Committee deliberates matters relating to the election and dismissal of Directors and appointment and removal of Executive Officers, etc., and reports the results of their deliberations to the Board of Directors.
<Role of the Compensation Committee>
The Compensation Committee deliberates matters regarding remuneration, bonuses and other financial benefits paid as consideration for the performance of duties for Directors and Executive Officers, etc. (excluding remuneration for individual Directors who are Audit & Supervisory Committee Members), and reports the results of their deliberations to the Board of Directors.

(Agreement to limit Director's liability)
The Company has stipulated in the Articles of Incorporation that it may enter into an agreement with each Director (excluding executive Director, etc.) to limit his or her liability for damages under Article 423 (1) of the Companies Act, to the minimum liability amount provided by laws and regulations, if the requirements to limit liability provided by the laws and regulations are satisfied (Agreement to limit Director's liability), enabling Directors (excluding executive Directors, etc.) to sufficiently fulfill expected roles. The Company has entered into the agreement with all of the Directors (excluding executive Directors, etc.).

(Efforts to establish a system that enhances effective business execution)
As an organ 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 divisions. 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 the Corporate Decision Authority Policy.
In order to build an optimal management system capable of agile and appropriate decision-making, the Company maintains a global organizational structure across nearly all of its divisions including those of Drug Discovery Research, Medical & Development, Pharmaceutical Technology, and Administrative (excluding commercial function). In April 2019, the Company has restructured its marketing and commercial functions to maximize product VALUE by promoting optimal marketing strategies that respond to changes in its product mix and the market environment.
In order to aim for 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 Updated

(Reason for the selection of the system)
To realize this, the Company has decided to transition to a company with an Audit & Supervisory Committee, which will enable the delegation of a substantial part of the Board of Directors' decision-making authority of the execution of business to executive Directors. This further enhances deliberation on matters such as business strategy in the Board of Directors and further strengthens the oversight function of the Board of Directors. In addition, the Company deems it appropriate for the Board of Directors, a majority of whose members are outside Directors, to discuss and make decisions on important matters relating to corporate governance, including those involving election of Directors and remuneration, etc.

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 18, 2019. Date of dispatch of the convocation notice: May 27, 2019. Disclosure on the website: May 24, 2019.
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 business year ended March 31, 2019 (FY2018), 5 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: https://www.astellas.com/jp/en/investors 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.	

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

Basic Policies 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 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 responsible department and unit will implement appropriate measures to mitigate risks within their respective scope of responsibility and roles according to internal processes and policies 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 based on the nature of these risks.
- In order to manage the risks more effectively as a group, the Company will establish a comprehensive management system of risks, crises and business continuity.

(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.

Through the systems and activities mentioned above, the Company promotes a robust speak up culture and has a policy that strictly prohibits retaliation.

(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 appropriately takes into consideration comments with respect to its business activities 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 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 "Global JSOX Policy" 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.
- As mentioned above, the Astellas Group will tackle risk management and compliance matters as from an enterprise and global perspective.
- 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 safe and effective 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-social Forces

The Company and the Astellas Group companies will, as a solid organization, not only take a resolute attitude against any anti-social forces 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-social forces 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-social forces and groups, as well as to take actions as the entire Astellas Group.
  Continually implement educational activities, such as training relating to compliance and risk management, etc. for officers and employees, so as to exclude any influence of anti-social forces and groups.

A summary of the Company's operational status during the business year ended March 31, 2019 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 have been discussed at the Executive Committee, and top management have fulfilled their roles, thereby ensuring that Directors perform their duties efficiently by top management fulfilling their roles. Furthermore, during the business year ended March 31, 2019, 14 Board of Directors meetings were held, 20 Executive 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, the Company has established a global compliance structure wherein Ethics & 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 business year ended March 31, 2019, 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.

(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 development of internal control and its operational systems by appointing control owners and process owners, revision of internal control-related documentation, and Internal Audit function's evaluation of development of internal control and its operational status in 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 and executes internal auditing plans and reports to the Audit & Supervisory Committee, the Board of Directors, and the Financial Auditor, and ensures opportunities to review audit results. Moreover, the Internal Audit and related expert departments conduct information sharing activities in an effort to strengthen the internal auditing system. Since April 2018, the Company has constructed a global auditing system wherein the internal audit department of each region report to the Head of Internal Audit, who is directly supervised by the President and CEO.

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

Following the basic policy, the Company secures a system to allow effective audits by the Audit & Supervisory Committee through measures such as reporting on execution status of business by Directors who are not the Audit & Supervisory Committee Members and employees to the Audit & Supervisory Committee and continued attendance at important meetings such as the Executive Committee by the Audit & Supervisory Committee Members. Particularly, monthly reports have been submitted to the Audit & Supervisory Committee 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-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, not only take a resolute attitude against any anti-social forces 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-social forces 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-social forces and groups, as well as to take actions as the entire Astellas Group.
  Continually implement educational activities, such as training relating to compliance and risk management, etc. for 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
   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

