

Corporate Governance Guidelines

This document clarifies the basic views and guidelines that must be followed in order for the Company to ensure and strengthen the effectiveness of corporate governance. The publishing of these guidelines is also intended to promote dialogue with shareholders and other stakeholders, leading to enhanced corporate governance.

Chapter 1 General Rules

Article 1: The Company's Basic Views on Corporate Governance

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:

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

Chapter 2 Corporate Governance Systems

Article 2: Summary of Corporate Governance Systems

The Company is working to develop and strengthen corporate governance systems to ensure transparency, appropriateness, and agility of management.

- i) The Company adopts the organizational structure of “Company with Audit & Supervisory Board” (or Company with Kansayaku Board). Outside Directors and outside Audit & Supervisory Board Members (Kansayaku) constitute the majority of the Board of Directors and the Audit & Supervisory Board, respectively.
- ii) The Board of Directors principally serves the oversight function of the execution of business, and also makes decisions on important business execution.
- iii) As organs for handling execution of business, the Company establishes the Executive Committee and the Japan Management Committee for discussing important matters, and also appoints Executive Officers who are responsible for their respective assigned departments or functions. The responsibility and authority for the execution of business by the organs described above, the President and CEO and the Executive Officers are clearly stipulated in "Corporate Decision Authority Policy".
- iv) 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.

Article 3: Role of the Board of Directors

The Board of Directors principally serves the oversight function of the execution of business and ensures the transparency and appropriateness of management. Furthermore, the Board of Directors makes decisions on important business execution in addition to establishing "Corporate Decision Authority Policy" to ensure the agility of management and clarify the responsibility and authority for the execution of business by Executive Officers and others.

Article 4: Composition of the Board of Directors

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. 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.

Article 5: Operation of the Board of Directors Meeting

The Board of Directors meeting is held once a month as a general rule, with extraordinary meetings held as necessary. The Company also establishes the Board of Directors secretariat for the purpose of ensuring the smooth operation of Board of Directors meetings.

Article 6: Responsibilities of Directors

Directors, as members of the Board of Directors, participate in the business management decision-making process through resolutions of the Board of Directors, while also overseeing the performance of duties of the other Directors. In addition, Directors are required to contribute to the sustainable enhancement of the Company's enterprise value by actively engaging in discussions at Board meetings as well as collecting information as needed for the performance of their duties, in order to fully demonstrate their abilities.

Outside Directors are required to improve the appropriateness of the Company's business management by overseeing the Company's execution of business from an independent standpoint while also harnessing their own knowledge and experience to provide advice from a standpoint that differs from that of internal Directors.

Article 7: Role of the Audit & Supervisory Board

The Audit & Supervisory Board is the only deliberation body and decision-making body for the purpose of forming opinions with regard to audits by Audit & Supervisory Board Members, and the Audit & Supervisory Board, where necessary, provides its opinions to Directors or the Board of Directors. However, no resolution of the Audit & Supervisory Board may obstruct the execution by each Audit & Supervisory Board Member of their authority.

Article 8: Composition of the Audit & Supervisory Board

The Audit & Supervisory Board is composed of all the Audit & Supervisory Board Members, and the chairman of the Audit & Supervisory Board is determined by mutual vote. The Audit & Supervisory Board, in order to further enhance the independence and neutrality of the Company's audit systems, is also composed of a majority of outside Audit & Supervisory Board Members. At least one of the Audit & Supervisory Board Members is to have appropriate knowledge of finance and accounting.

Article 9: Operation of the Audit & Supervisory Board Meeting

The Audit & Supervisory Board Meeting is held once a month as a general rule, with extraordinary meetings held as necessary. The Audit & Supervisory Board secretariat is composed of staff working solely for the Audit & Supervisory Board Members and independent from persons engaged in execution of business, and ensures the effectiveness of the audit by Audit & Supervisory Board Members by performing the work required of an Audit & Supervisory Board secretariat and by supporting the audit work.

Article 10: Responsibilities of Audit & Supervisory Board Members

Audit & Supervisory Board Members contribute to the establishment of effective corporate governance systems by auditing the performance of duties by Directors, as an independent organization entrusted by shareholders. In order to fulfill their duties, Audit & Supervisory Board Members attend Board of Directors meetings and other important meetings, review the content of reports received from Directors, employees, Accounting Auditors and others, investigate the status of the Company's business and financial assets, and take any necessary measures in a timely manner, including expressing suggestions, recommendations or opinions to Directors or employees, as well as seeking injunctions against acts of Directors.

Article 11: The Role of the Nomination Committee and the Compensation Committee

The Company establishes the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors in order to improve the transparency and objectivity of the deliberation process regarding election and dismissal of Directors, etc. and remuneration systems. The Board of Directors respects the opinions offered by the Nomination Committee and the Compensation Committee.

- **Role of the Nomination Committee**

The Nomination Committee deliberates matters relating to the election and dismissal of Directors and Audit & Supervisory Board Members, and the appointment and removal of Executive Officers and others, and reports the results of their deliberations to the Board of Directors.

- **Role of the Compensation Committee**

The Compensation Committee deliberates matters relating to the financial benefits to be received by Directors, Executive Officers and others as a consideration for the performance of the duties, such as remunerations and bonuses (hereinafter referred to as “Remunerations”), and reports the results of their deliberations to the Board of Directors.

Article 12: Composition of the Nomination Committee and the Compensation Committee

The Nomination Committee and the Compensation Committee are composed of members elected by the Board of Directors, and the majority of each committee’s members are outside Directors. In addition, the chair of each committee is an outside Director elected by the respective committee members.

Article 13: Policies and Procedures regarding Remunerations for Directors and Audit & Supervisory Board Members

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

– Remunerations for internal Directors

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

- **Remunerations for outside Directors and Audit & Supervisory Board Members (including outside Audit & Supervisory Board Members)**

Remunerations are composed of a fixed amount basic remuneration only.

Remunerations for each Director are determined by resolutions of the Board of Directors within a total ceiling amount approved by the General Meeting of Shareholders, and Remunerations for each Audit & Supervisory Board Member are also determined by the deliberations of the Audit & Supervisory Board Members within a total ceiling amount approved by the General Meeting of Shareholders. Through the deliberations of the Compensation Committee, the Company enhances the transparency and objectivity of the deliberation process for Remunerations for Directors.

Article 14: Policies and Procedures for Nominating Candidates for Directors and Audit & Supervisory Board Members

Through the deliberations of the Nomination Committee, the Company enhances the transparency and objectivity of the nomination process for candidates for Director and Audit & Supervisory Board Member. When nominating candidates for outside Directors or outside Audit & Supervisory Board Members, the Company, as a general rule, nominates the candidates who are considered to be independent from the Company and without risk of conflict of interest with general shareholders, based on the Company's "Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members".

- **Policies and procedures for nominating candidates for Directors**

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

– **Policies and procedures for nominating candidates for Audit & Supervisory Board Members**

When nominating candidates for Audit & Supervisory Board Members, efforts are made to ensure that the composition of the Audit & Supervisory Board is diverse and well-balanced from the perspectives of expertise and experience and so forth, including a person with appropriate knowledge of finance and accounting. Candidates for Audit & Supervisory Board Members are nominated by resolution of the Board of Directors with due respect to the opinions of the Nomination Committee. Proposals regarding the election of Audit & Supervisory Board Members are subject to the agreement of the Audit & Supervisory Board before submission to the General Meeting of Shareholders.

Article 15: CEO Succession Planning

Planning for CEO succession is discussed transparently at the Nomination Committee from various perspectives including methods of selecting successors and training potential successors, and is appropriately reported to the Board of Directors.

Article 16: Support Structures for Directors and Audit & Supervisory Board Members

The Company supports active deliberations at the Board of Directors and Audit & Supervisory Board by providing to Directors and Audit & Supervisory Board Members the information they need to fulfill their roles and responsibilities. In particular, the Company implements training programs for newly elected outside Directors and newly elected outside Audit & Supervisory Board Members, through which they are provided with industry information pertaining to the Company, the Company's business strategies, and other information necessary for them to fulfill their roles and responsibilities.

With respect to particularly important matters, among matters to be submitted to the Board of Directors, the Company works to ensure active deliberations at the Board by providing a forum in advance for sharing information about such matters with Directors and Audit & Supervisory Board Members, including outside Directors and outside Audit & Supervisory Board Members.

Article 17: Access for Outside Directors to Internal Information

Outside Directors and outside Audit & Supervisory Board Members may, whenever it is deemed necessary or appropriate, request the submission of internal documents or the explanations/reports of internal company information from internal Directors or internal departments concerned.

Article 18: Coordinating Systems for Outside Directors and Outside Audit & Supervisory Board Members

Outside Directors and outside Audit & Supervisory Board Members hold regular meetings attended only by themselves, by way of which they facilitate a frank and constructive exchange of opinions, and have an opportunity to regularly receive information from internal Audit & Supervisory Board Members, Accounting Auditors and others, thereby contributing to active deliberations at the Board of Directors and Audit & Supervisory Board meetings.

Article 19: Maintenance of Fair and Proper Audits by Accounting Auditors

The Company recognizes that Accounting Auditors assume an important responsibility for securing the reliability of financial reports and establishes organizational structures that ensure fair and proper audits by the Accounting Auditors.

Article 20: Evaluation of the Effectiveness of the Board of Directors

The Company, through a process of self-assessment and other means, regularly reviews whether the Board of Directors is fulfilling its roles and responsibilities. The Board of Directors, based on these reviews, analyzes and evaluates the effectiveness of the Board of Directors as a whole, and publishes a summary of the results.

Chapter 3 Relationships with Shareholders and Other Stakeholders

Article 21: Ensuring Shareholders' Rights and Equality

The Company endeavors to substantially ensure shareholder rights, including voting rights at the General Meeting of Shareholders. All shareholders are treated equally in accordance with their shareholding ratio.

Article 22: General Meeting of Shareholders

The Company recognizes the importance of the General Meeting of Shareholders as a forum for constructive dialogue with shareholders, and works to develop an environment that provides sufficient time for shareholders to consider proposals for the General Meeting of Shareholders for the purposes of revitalizing the General Meeting of Shareholders and facilitating the exercise of shareholders voting rights.

Article 23: Guidelines for Dialogue with Shareholders

The Company implements the following to promote constructive dialogue with its shareholders.

The Company:

- i) 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;
- ii) endeavors to feedback opinions received through such dialogues to Directors, Audit & Supervisory Board Members and personnel concerned, and endeavors to appropriately reflect such opinions in the Company's activities;
- iii) 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
- iv) 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.

Article 24: Capital Policy and Policy of Returns to Shareholders

The Company works aggressively towards increasing enterprise value on a continual basis and, as a consequence, improves its return to shareholders. While putting priority on business investment to assure future growth, the Company strives to increase dividend payments stably and continuously, taking into consideration the dividend on equity

attributable to owners of parent (DOE) and other factors based on medium- to long-term profit growth on a consolidated basis. Further, the Company flexibly acquires its own shares whenever necessary to further increase capital efficiency and shareholder return.

Article 25: Strategic Shareholdings Policy

The Company does not hold the shares of other companies except in cases where such shareholdings are deemed to contribute to medium- to long-term increase of the Company's enterprise value. The rationale of each shareholdings are examined annually by the Board of Directors from the viewpoint of the Company's medium- to long-term business strategies. The Company sells the shares for which there is insufficient rationale of shareholding.

With regard to the exercise of voting rights of strategic shareholdings, the Company appropriately exercises them judging from the viewpoint of increasing shareholders values of the issuing company, on the condition that such exercise of the voting rights contributes to increasing the Company's enterprise value.

Article 26: Prevention of Transactions Resulting in Conflicts of Interest

The Company endeavors to prevent Directors, officers and other personnel concerned from using their positions in order to enter into transactions that conflict with the interests of the Company or the common interests of its shareholders. Directors intending to engage in transactions with the Company for themselves or for a third-party must receive the approval of the Board of Directors for the said transaction in accordance with the Board of Directors Policy.

Article 27: Disclosure Policy

The Company discloses information in a timely, appropriate, and fair manner to all stakeholders including customers, shareholders, community and other stakeholders. In addition, the Company actively engages in dialogue with stakeholders and works to appropriately reflect the results of that dialogue into the Company's activities. Through such information disclosure and dialogue, the Company further improves transparency while also working to build and maintain relationships of trust with stakeholders.

Based on the principal stance described above, the Company separately establishes "Disclosure Policy," and establishes the Corporate Disclosure Committee, which promotes and manages information disclosure activities.

The Company also separately establishes a policy to cover the handling of important information acquired by the Company's Directors, officers and employees in the course of their duties, thereby preventing legal violations and achieving appropriate information management.

Article 28: Responding to Sustainability-Related Issues

The Company recognizes that the sustainable development of society is a prerequisite for the growth of the Company. The Company contributes to the sustainable development of society through its business activities and by addressing each social issue in which the Company should be involved.

Article 29: Diversity and Inclusion

The Company believes that respecting the human rights, individuality, and differences of employees and providing a motivating workplace environment enable the Company to lead to the maintenance and enhancements of the Company's competitive strength, and the Company aims to be an organization where a diverse range of personnel can be actively engaged in their work irrespective of factors such as their race, nationality, gender, or age.

Article 30: Compliance

The Company believes that compliance is not a matter of simply adhering to laws and regulations but that compliance means conduct in line with social norms grounded in a high level of ethics. The Company establishes the “Astellas Charter of Corporate Conduct”, which states “business philosophy” in concrete terms of specific business conduct, and the “Astellas Global Code of Conduct”, as the overarching codes of conduct shared by and applied to all Directors, officers and employees. The Company is committed to establish systems for the promotion of compliance across the entire Group.

Chapter4 Miscellaneous

Article31: Amending or Abolishing the Guidelines

The amendment or abolishment of these guidelines shall require a resolution of the Board of Directors. However, changes such as formulaic amendments resulting from changes to the names of organizations or the names of posts may be made following authorization by the President.