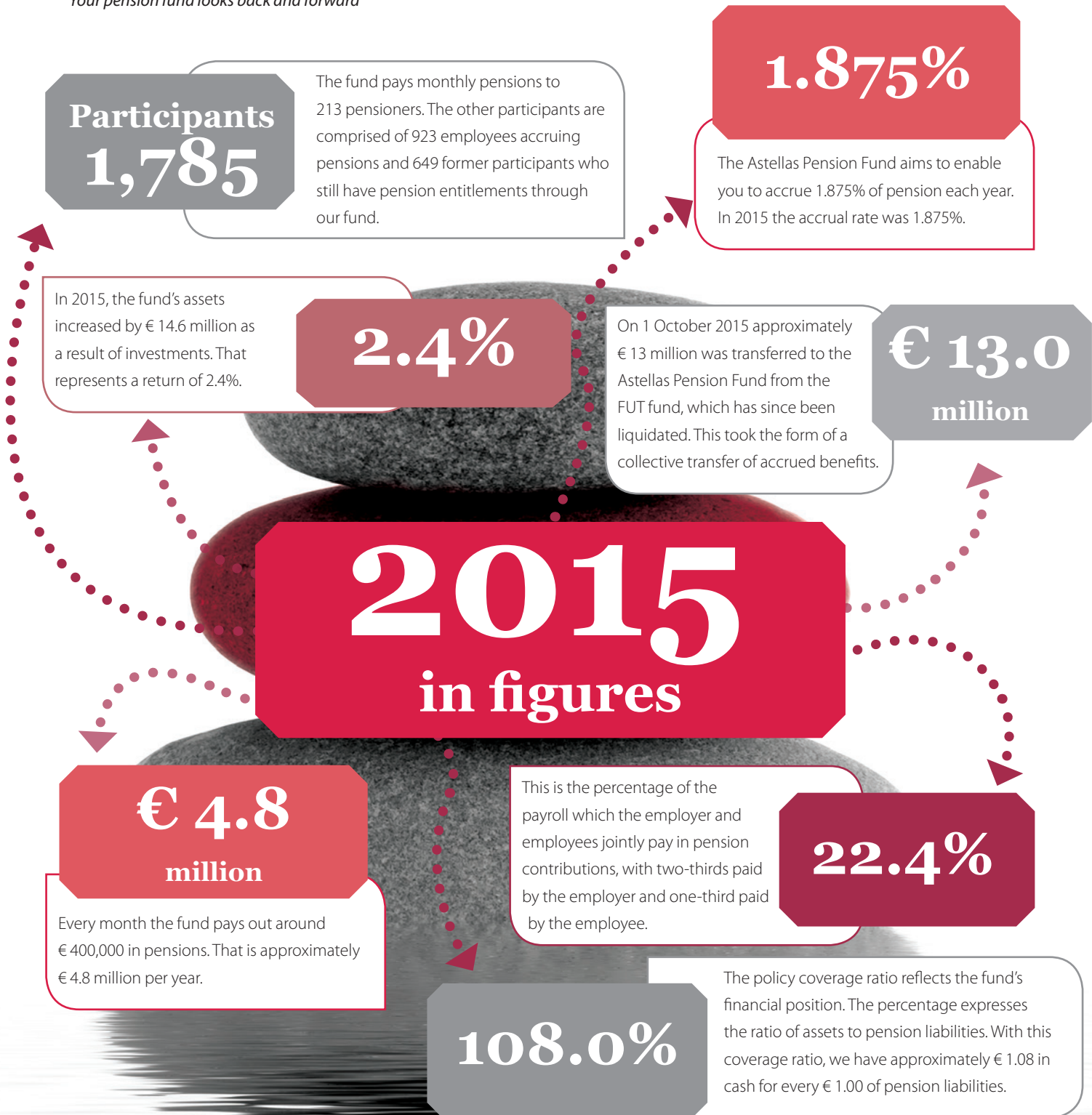


# Summary of the 2015 annual report

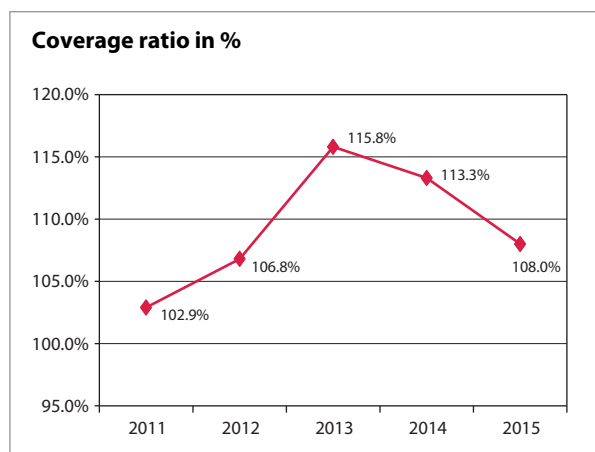
Your pension fund looks back and forward



The Astellas Pension Fund aims to keep you informed. We are therefore sending you this summary of our annual report for 2015. More information, all figures, and an explanation of the terms used can be found in the full annual report, which is available on our website at [www.pensioenfondsstellas.nl](http://www.pensioenfondsstellas.nl).

### The fund's financial position has deteriorated

The fund's financial position deteriorated in 2015. The policy coverage ratio decreased from 113.3% at the end of 2014 to 108.0% at the end of 2015. The coverage ratio is a percentage that indicates how the fund is performing financially. The higher the percentage, the better it is for the participants.



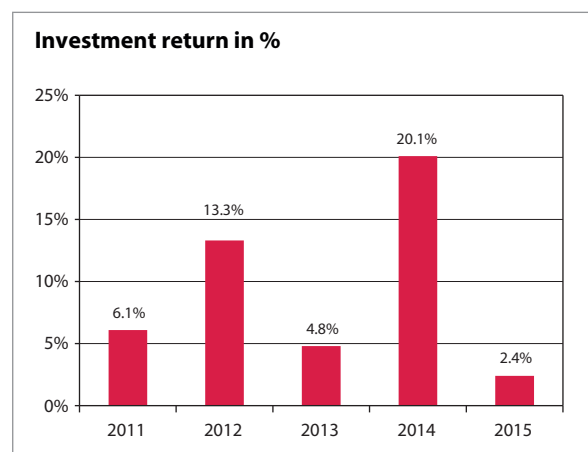
De Nederlandsche Bank (DNB) requires pension funds to use the policy coverage ratio with effect from 1 January 2015 in decisions on increases and decreases in pensions and pension entitlements. It is an average of the coverage ratios of the last 12 months.

Numerous factors affect the coverage ratio. Low interest rates play a major role, as the fund has to set aside more money to pay out pensions in the future. The fact that people are on average living longer than in the past also has consequences for the fund's financial position. The increased life expectancy means the fund will have to pay out pensions for longer. When assessing life expectancy, the Astellas Pension Fund looks at the specific education level and wage level of its participants. As these are higher than the average for the Netherlands, the increase in life expectancy is also above average.

### Fund earns investment return of 2.4% of assets

The fund's invested assets increased by € 27.4 million (including the value of the FUT fund) in 2015 to approximately € 315 million. The return on investments amounted to 2.4% (2014: 20.1%).

The Astellas Pension Fund invests over 32% of the assets in shares worldwide. With regard to the distribution of the shares, Europe accounts for half, while the United States accounts for 30%. The fund has invested the remaining 20% elsewhere in the world. The return on the fund's share portfolio slightly outperformed the benchmark.



The fund has two types of bonds. The first is government bonds, which make up 85% of the bond portfolio, and the second is corporate bonds, which make up 15% of the portfolio. The return on the portfolio as a whole was 2.4%. That is slightly better than the benchmark.

Real estate investments constitute 10% of the portfolio. The bulk of the real estate investments are made through listed funds. These funds invest in European real estate. The return on the real estate investments was positive and slightly higher than the benchmark.

### Socially responsible investing

When making investments, the Astellas Pension Fund board also considers ethics and the environment. The fund therefore does not invest in companies that demonstrate insufficient respect for human rights, that use child labour or forced labour or cause environmental pollution. It

also refrains from investing in companies that produce controversial weapons, are suspected of corruption, or restrict trade union freedom. Sustainability and socially responsible investing are becoming increasingly important in the activities of the pension fund, particularly in asset management.

### Your pension: key developments in 2015

Since 2015, the Astellas Pension Fund has operated an average pay scheme with maximum pension accrual of 1.875% per year. A new feature is that the scheme is now funded on a 'collective defined contribution' basis. That means it is not the pension accrual that is set but the contributions payable by the employer and employees (breakdown approximately two-thirds/one-third). In 2015, the actual accrual was at the maximum level, i.e. 1.875%.

The standard retirement age has been set at 67. You can opt to stop work early or continue working longer, between the ages of 57 and 72. Your pension payment will then be correspondingly lower or higher.

The accrual of pension takes into account the AOW (state old-age pension). You do not accrue pension on a certain portion of your salary because you already receive state old-age pension for this portion. This is known as the AOW deductible (the threshold above which pension accrual takes place). In 2015, the AOW deductible was € 13,546 (2014: € 16,677). Partner's pension benefits are also accrued, based on the same system as the old-age pension. The target accrual rate is 1.3125%. You no longer accrue pension on amounts exceeding the € 100,000 salary limit (2015 level).

### Pension savings scheme

The pension savings scheme is a defined contribution scheme. No further payments are being made into this scheme with effect from 1 January 2015. All contributions are invested collectively and at the end of the year the participants share the return with the other participants in the pension fund. The contributions plus the return make up the capital.

The rules of the defined contribution scheme were amended in 2015 after the current and former participants in the FUT scheme joined it. If you use your capital during the year, a return is allocated to you for the months up to the

month in which you use it. This is in addition to the annual return allocation. In poor investment years, this additional return may be negative. The change in the rules enables you to purchase an additional lifelong old-age pension on your retirement date from the Astellas Pension Fund rather than from an external insurer.

### Liquidation of Stichting FUT-fonds Astellas

With effect from 1 October 2015 the capital sums accrued in Stichting FUT-fonds Astellas were purchased and switched into the defined contribution scheme, following approval by DNB. Stichting FUT-fonds Astellas was liquidated on 31 December 2015. This has limited the operating and other costs. It also provides clarity for you, since all your pension accrual is now brought together in the same place.

### Increase in pensions on 1 January 2015

On the basis of the fund's financial position the board decided to increase the accrued pension entitlements of active participants by 0.82% with effect from 1 January 2015. The pensions in payment (pensioners) and the pension entitlements of the inactive participants were increased by 0.31% from 1 January 2015.

Increasing pensions to maintain purchasing power is known as pension supplementation or indexation. There is no right to supplementation. Pensions and pension entitlements can only be increased if the policy coverage ratio is higher than 110%. Any increase must also be future-proof.

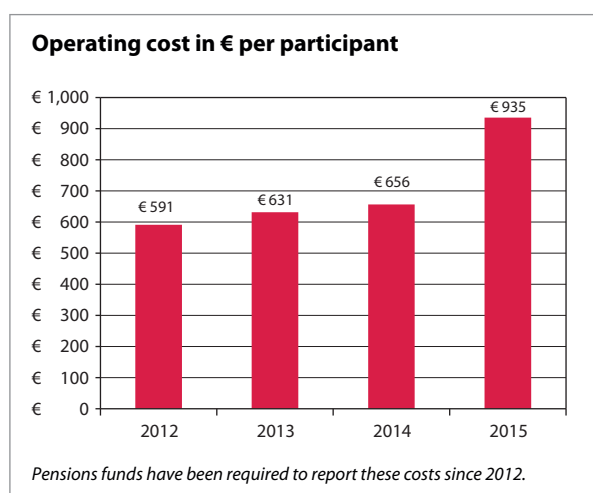
### Communication with participants

The communication on the new pension scheme was handled with the utmost care, jointly with the employer, both in the run-up to the new scheme and after its inception.

The fund's website ([www.pensioenfondsastellas.nl](http://www.pensioenfondsastellas.nl)) again played a central role in the communication in 2015. It was completely redesigned to ensure that the information served the needs of participants, pensioners, and former participants even more effectively. It can now also be accessed on any device. The new website ensures that the fund meets the requirements of the Pension Communication Act. In addition, the employer organised pension question sessions for participants. The sessions were introduced in 2012 and are scheduled to take place again in 2016 due to high demand.

### Clarity on operating costs

Since 2012, the board of the Astellas Pension Fund has published the costs involved in the operation of the pension scheme in its annual report. In 2015, the operation of the pension scheme cost € 935 per annum per participant (2014: € 656). The cost was higher in 2015 due to the introduction of the new pension scheme.



### Identifying and controlling risks

The pension fund is exposed to numerous risks that could jeopardise the stability of the participants' pensions. The board systematically analyses all those risks and takes measures to minimise them or limit their consequences.

The board uses a risk management system that helps in monitoring the risks and assessing whether the measures are sufficient. Examples of risks are the interest rate risk and the risk that investments in foreign currency will decline in value. It is important to control the latter risk, as some of the assets are invested abroad, whereas the pension liabilities are denominated in euros. Approximately 50% of the risk of declining exchange rates is hedged for the US dollar, the Japanese yen and the British pound sterling. This led to a loss in 2015, as the euro rose in value against these foreign currencies.

In the case of investments, the risk is reduced by spreading them across different asset classes (equities, bonds, and real estate), sectors, and countries. The interest rate risk refers to the risk that interest rates will fall. This would adversely

affect the fund's financial position. It was therefore decided to hedge half of the interest rate risk. For this purpose a fluctuation margin is applied between a minimum of 45% and a maximum of 55% hedging of the interest rate risk. The full annual report provides details of all risks and the measures taken by the fund.

### The board's activities in 2015

The board of the Astellas Pension Fund comprises five members. Two were nominated by the employer and two by the works council, with one board member being elected by and from among the pensioners. The board members are appointed for a term of four years following a personal assessment by the current board and a 'statement of no objection' from De Nederlandsche Bank (DNB).

A key event in 2015 was the transition to the new pension scheme. A great deal of attention was also devoted to measures resulting from new legislation, such as the Pension Fund Governance Reinforcement Act, the new Financial Assessment Framework, and the Dutch Pension Fund Code. The board also commissioned research into the participants' risk appetite with regard to their pension.

Under the new legislation and regulations the Astellas Pension Fund is required to submit a new recovery plan to DNB. In the plan the fund shows how over a period of up to 10 years the policy coverage ratio will improve to such an extent that it is comfortably above the critical minimum level.

The board evaluates its own performance annually on the basis of the guidelines set by the sector. In addition, an evaluation is now being conducted every two years with an independent external party, starting in 2015. The conclusion of these evaluations is that the board is performing correctly.

### How does the Accountability Body view 2015?

The Accountability Body consists of one representative each of the employer, the participants, and the pensioners. The three members assess the board's policy and advise on a number of areas, including the fund's communication policy. In 2015 the board held an election for the first time among participants, in order to recruit a new member from this target group. 42% of the participants voted, leading to the election of Mr Atsma. An election was also held among

the pensioners, with a voter turnout of 38.5%. Mr Schotel was re-elected as a member of the Accountability Body on behalf of the pensioners.

The Accountability Body has a positive view of 2015. The body was expressly included in the pension fund's reflection process. As a result, it was able to approve the board's practices and the choices made.

#### **How does the Visitation Committee view 2015?**

The Visitation Committee considers that the board monitors its own performance closely. Even better use could be made of the role of the Accountability Body as a counterpart for the board. The Visitation Committee also sees room for improvement in transparency surrounding control. Integrated risk management must be implemented even more fully in the fund's procedures. The general performance is of a high standard and the fund is managed in a transparent way. The board can normally be described as 'in control'. The various interests are defended in a balanced, sufficient manner.

#### **Outlook for 2016**

In 2015 the board devoted a great deal of attention to the transition to the new pension commitment with effect from 1 January 2015 and the purchase of the capital of the Astellas FUT fund.

Now that these major items have been dealt with, the board wishes to set out a new future vision for the medium and long term in 2016, in cooperation with the Accountability Body and the social partners.

The board notes that the fund is recovering well on the basis of the recovery plan and will not have to make any cuts. The social partners have also set the pension contribution for the next five years. The participants have an average pay scheme with an intended accrual rate of 1.875%. The board determines the actual accrual rate on the basis of the cost coverage of the contribution. In 2016 this accrual rate is 1.61%.

#### **Specialists assisting the board**

In order to discharge its duties effectively, the board relies on assistance from external experts. The administrative work is performed by AZL in Heerlen, with NN Investment

Partners managing the assets. The board is also assisted by AZL Bestuursadvisering, AZL Marketing en Communicatie, Towers Watson, and NCI. KPMG audits the administration and financial statements.

#### **Finally**

The board trusts that this abridged annual report will provide you with a clear picture of the activities of your pension fund in 2015. Your questions or suggestions are welcome. Visit [www.pensioenfondsastellas.nl](http://www.pensioenfondsastellas.nl), send an e-mail to [pf-astellas@azl.eu](mailto:pf-astellas@azl.eu) or call us on +31(0)88 - 116 30 41 (on weekdays from 8:30 AM to 5:00 PM).

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