

VALUES-BASED

GOVERNANCE

Our governance structures and principles set the foundation for and guide Takeda employees in living our corporate philosophy, which puts into action the values we live by at every level, in every country in which we operate.





Christophe Weber
President & CEO

Masami Iijima
External Director,
Chair of the
Board Meeting

Our Leadership

Our leadership, comprised of our Board of Directors (Board) and Takeda Executive Team (TET), is accountable to the communities that rely on us for responsible delivery of our commitments to patients.

As a global, values-based, R&D-driven biopharmaceutical company, we are built to operate on a worldwide scale with risk management that's sound and transparent. Our people put patients first, build trust with society, improve our reputation, and develop the business — always in this order — to create value for shareholders and society.

Board of Directors

The primary function of the Board is to provide oversight to ensure we execute a sound strategy, monitor and address risks, and instill effective governance in order for Takeda to create long-term value for its stakeholders. It discusses and makes decisions on strategic matters regarding company management, such as the establishment of and amendments to the company's corporate philosophy, mid- to long-term strategies and management policies. The Board will also review our sustainability agenda, and is responsible for the oversight of business executed by directors.

Takeda disclosed the [Board of Directors Charter](#), which specifies the matters to be resolved by and reported to the Board.

Composition of the Board

As of June 29, 2022, the Board has 15 directors with diverse global experiences; 11 are independent external directors including Chair of the Board Meeting. In June 2022, Masahiro Sakane retired as Chair of the Board Meeting. On June 29, 2022, Masami Iijima, an independent external director, became the new Board Chair. We also welcomed our newest Board members, Kimberly A. Reed and John Maraganore.

The Board is comprised of directors who contribute to the balance of knowledge, experience and capability needed for governance of the company's global management at a global scale. When considering new members, the Board considers candidate diversity, including gender, age, work history, race, ethnicity and

11 of our 15

directors are independent external directors including our Chair of the Board Meeting.

cultural background. Current Board directors represent a broad array of skills in areas such as global business and strategy; science and medicine; legal, regulation, and public policy; corporate governance and sustainability; finance and accounting; healthcare industry, data and digital; and management, leadership and human capital management. See our [Board skills matrix](#).

Committees

Takeda is a 'Company with an Audit and Supervisory Committee' as stipulated in the Japanese Company Act. Takeda voluntarily establishes Nomination and Compensation Committees as advisory committees of the Board. Each committee consists entirely of external directors, which ensures the independence of the committee.

- **Audit and Supervisory Committee:** Audit and Supervisory Committee ensures its independence and effectiveness in line with the [Audit and Supervisory Committee Charter](#). This committee conducts audits of directors' performance of duties and performs any other duties stipulated in applicable laws and regulations in Takeda's [Articles of Incorporation](#).
- **Nomination Committee:** The Nomination Committee examines the policy on the Board of Directors' diversity and the skills of directors, the criteria and procedures for Board members' appointment/reappointment, succession plans and administration of such plans, and confirms the appropriateness of the candidates of Board members.
- **Compensation Committee:** The Compensation Committee examines the compensation policies for directors other than Audit and Supervisory Committee members and the appropriateness of compensation including its specific distribution to each director other than members of the Audit and Supervisory Committee. In addition, to ensure the objectivity and transparency of compensation determinations,

In FY2021,

we disclosed our Board Committee Charters – a significant step in increasing transparency.

Compensation Committee decides the amount of compensation for individual internal directors with a resolution of delegation by the Board of Directors.

The company aims for increased transparency and independence of the Board, and continuously works to further enhance corporate governance. In FY2021, we disclosed the [Board of Directors Charter](#) and Committee charters for our Board Committees on our [corporate governance website](#). Takeda is one of the few biopharmaceutical companies to make its committee charters publicly available.

[Audit and Supervisory Committee Charter](#)

[Nomination Committee Charter](#)

[Compensation Committee Charter](#)

Takeda Executive Team

Under Takeda's [Articles of Incorporation](#), the Board delegates several responsibilities for decision-making to the company management, carried out through three committees:

- **Business and Sustainability Committee (BSC):** Is responsible for corporate, business development and sustainability-related matters; chaired by the President and CEO. Previously titled the Business Review Committee (BRC), as of April 2022, the committee's title was updated to BSC, and remit expanded to include decisions on non-financial business matters. It will provide regular updates to the Board on

progress made against the company's new non-financial corporate philosophy metrics.

- **Portfolio Review Committee (PRC):** Is responsible for R&D and product-related matters; chaired by the President of R&D for early development decisions, and co-chaired by the President of R&D and the President of our Global Portfolio Division or president of the related business unit for late-stage pipeline assets. The committee will work closely with the BSC to ensure alignment of efforts in support of the company's financial and non-financial goals.
- **Risk, Ethics and Compliance Committee (RECC):** Is responsible for risk management, business ethics and compliance matters throughout the organization chaired by the Chief Ethics & Compliance Officer.

The Board supervises management's execution of these matters through regular committee reports.

In FY2021, Takeda announced leadership changes to the TET to increase the company's focus on key strategic areas moving forward. This included establishing the new TET roles of Chief Data and Technology Officer and President of the Global Portfolio Division. In addition, the role of our Chief Global Corporate Affairs Officer was expanded to include Sustainability Officer responsibilities and remains represented on the TET.

As of April 1, 2022, the TET includes 18 members diverse in nationality (nine countries), age and gender.

See more in Takeda's [Corporate Governance Report](#).

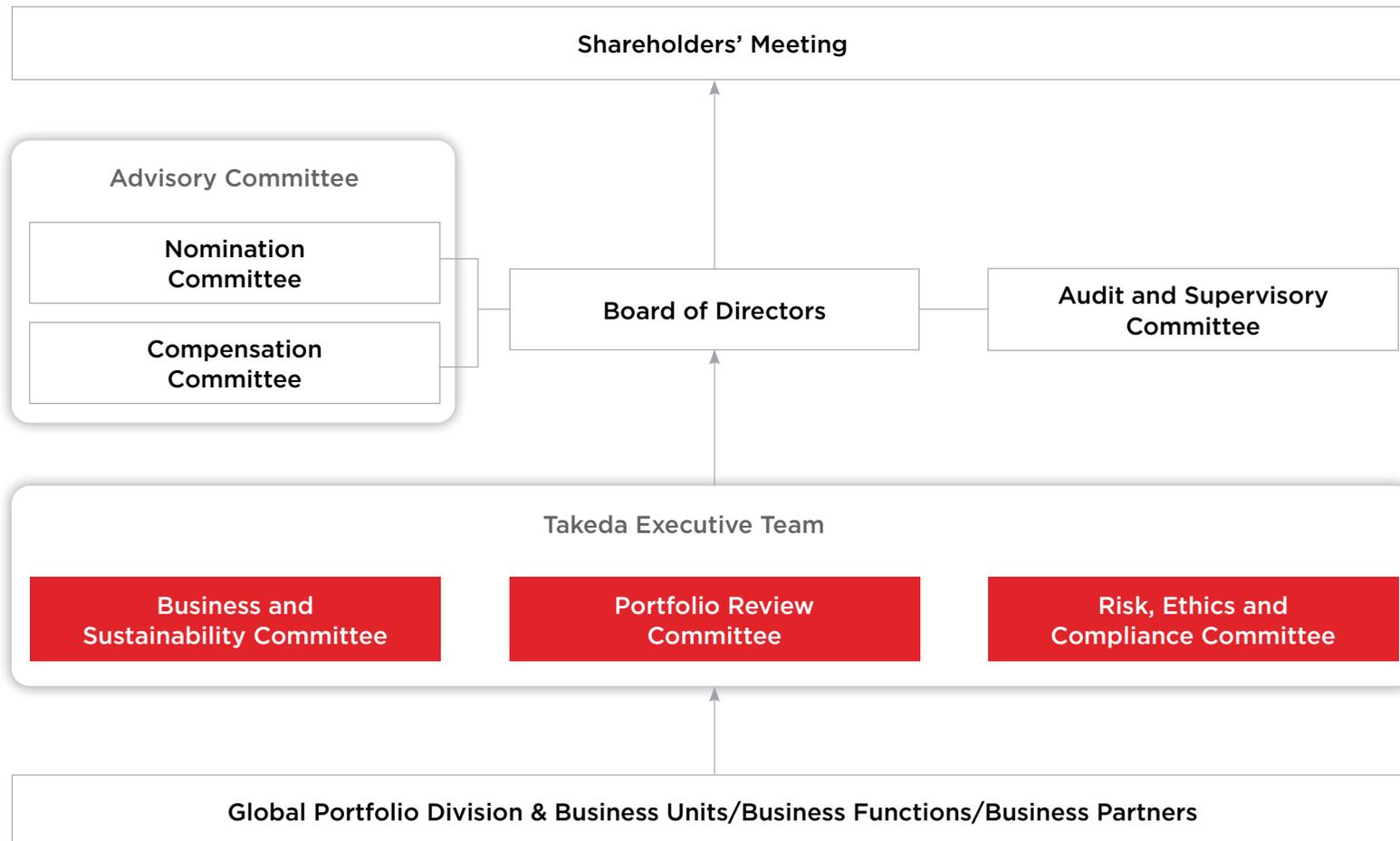
Women make up

33%

of Takeda's Executive Team

Corporate Governance Structure

Our advanced and robust corporate governance model has been, and will continue to be, critical to our success.



SEE MORE IN TAKEDA'S
[Corporate Governance Report](#)

Board of Directors

Takeda highly values best-in-class governance. Takeda's Board comprises 15 experienced global leaders from diverse backgrounds. Eleven of them are independent external directors.¹

4 INTERNAL DIRECTORS



CHRISTOPHE WEBER
Representative Director
President & CEO



MASATO IWASAKI
Representative Director
Japan General Affairs



ANDREW PLUMP
Director
President, Research &
Development



COSTA SAROUKOS
Director
Chief Financial Officer

- CB** Chair of the Board Meeting
- ASC** Audit & Supervisory Committee
- NC** Nomination Committee²
- CC** Compensation Committee

¹ As of June 29, 2022.

² Christophe Weber participates in the committee as an observer.

11 INDEPENDENT EXTERNAL DIRECTORS



MASAMI IIJIMA
External Director,
Chair of the Board Meeting
Chair of Nomination
Committee



OLIVIER BOHUON
External Director



JEAN-LUC BUTEL
External Director



IAN CLARK
External Director



STEVEN GILLIS
External Director



JOHN MARAGANORE
External Director



MICHEL ORSINGER
External Director

AUDIT & SUPERVISORY COMMITTEE (ASC)



KOJI HATSUKAWA
External Director,
Chair of ASC



YOSHIAKI FUJIMORI
External Director



EMIKO HIGASHI
External Director
Chair of Compensation
Committee



KIMBERLY A. REED
External Director

Takeda Executive Team



CHRISTOPHE WEBER
Representative Director
President & CEO



ANDREW PLUMP
Director,
President, Research &
Development



COSTA SAROUKOS
Director,
Chief Financial Officer



GABRIELE RICCI
Chief Data & Technology
Officer



KOKI SATO
Corporate Strategy
Officer & CEO Office



GILES PLATFORD
President,
Plasma-Derived Therapies
Business Unit



JULIE KIM
President,
U.S. Business Unit

NATIONALITIES

9

AGES

30-60s

WOMEN

33%



JERRY GRECO
Global Quality Officer



LAUREN DUPREY
Chief Human
Resources Officer



MARCELLO AGOSTI
Global Business
Development Officer



MASATO IWASAKI
Representative Director
Japan General Affairs



MILANO FURUTA
President,
Japan Pharma Business Unit



RAMONA SEQUEIRA
President,
Global Portfolio Division



THOMAS WOZNIOWSKI
Global Manufacturing
& Supply Officer



MWANA LUGOGO
Chief Ethics &
Compliance Officer



TAKAKO OHYABU
Chief Global Corporate
Affairs & Sustainability
Officer



YOSHIHIRO NAKAGAWA
Global General Council



TERESA BITETTI
President,
Global Oncology
Business Unit

Shareholder Engagement

Takeda is committed to regular, ongoing engagement with shareholders to ensure that we continue to understand shareholder feedback and deepen shareholders' understanding about topics including the company's strategies, current business status, management policy, corporate governance, compensation and measures addressing environmental and social issues. In FY2021 Takeda had multiple meetings and conference calls with shareholders, investors and analysts, and their feedback helped inform our decisions to increase transparency including, for example, by voluntarily disclosing the Articles of Incorporation, Board of Directors charter and Committee charters on our [corporate governance website](#).

Director Compensation

Takeda's Director compensation is designed to attract, retain and motivate managerial talent to realize our vision, to increase corporate value through optimizing the company's mid- and long-term performance, and to support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders.

We aim to be competitive in the global marketplace to attract and retain talent who will continue to transform Takeda into a global, values-based, R&D-driven biopharmaceutical leader. Directors' compensation should be competitive in the global market.

The compensation for directors who are not Audit & Supervisory Committee (ASC) members (excluding external directors) consists of Basic Compensation and Performance-based Compensation. Performance-based Compensation further consists of Bonus (Short-Term Incentive) and Long-term Incentive (LTI) Plan. The LTI Plan is allocated as 60% for Performance Share Unit awards and 40% for Restricted Stock Unit awards to strengthen the link between compensation

and company performance and share price, and to reinforce the commitment to increasing corporate value in the mid and long term.

The compensation for external directors and directors who are ASC members consists of Basic Compensation and LTI, which is Restricted Stock Unit awards linked only to share price and not linked to company performance results.

Guiding principles, level of Compensation and Compensation mix of Director Compensation Policy at Takeda are disclosed in "[Directors' Compensation Policy](#)."

Executive Compensation

Takeda's executive compensation structure reflects our position as a patient-focused, values-based, R&D-driven global biopharmaceutical company. Our executive compensation programs are designed to be globally competitive and performance-oriented, while also considering local market factors.

Our executive compensation strategy is designed to closely link pay with performance and long-term shareholder value creation while minimizing excessive risk-taking. We achieve these objectives through a balanced combination of the three primary components: Base Salary, Short-Term Incentives (STI) and LTI of our executive compensation structure.

The mix of compensation reflects Takeda's desire to link executive compensation with individual, executive group and company performance. A substantial portion of the target pay for executives is performance-based.

The annual STI and LTI Performance Share Unit awards (PSU awards) payouts are contingent upon company performance, with the STI factoring in performance over a one-year period, and LTI PSU

awards compensation factoring in performance over a three-year period.

Please refer to "[TAKEDA'S EXECUTIVE COMPENSATION OVERVIEW](#)" for further details of Takeda's executive compensation.



Enterprise Risk Management (ERM)

Risk management helps protect the company's people, assets and reputation while supporting Takeda's long-term strategy for growth and success.

The overall ERM process is the responsibility of the Chief Ethics & Compliance Officer, with oversight from the Board of Directors. Principal enterprise risks and their mitigation effectiveness are approved by the RECC and Board of Directors on an annual basis.

We embed risk management within all levels of the company through our enterprise risk assessment process designed to generate a holistic view of risks for the company and drive a culture of risk-based decision making. Each relevant functional area within the business is responsible for managing its key risks and responses to them.

In FY2021, we completed our first Task Force on Climate-Related Financial Disclosure (TCFD) report. This report outlines the potential risks to our business from climate change under three climate scenarios over two time horizons, 2030 and 2050. It also summarizes our associated risk management and mitigation strategies. [Our report is available on our website.](#) To read more about our efforts to decarbonize our value chain, see page 47.

In FY2021, based on engagement with internal senior stakeholders as part of a continuous cycle of improvement of our ERM program, we integrated Patient, Trust, Reputation, Business (PTRB) — which bring our values of Takeda-ism to life (see page 12) —

into our risk management methodology. Our methodology identifies and assesses the company's risks, mapped against the PTRB impact scale and five-year likelihood scale to create an enterprise risk heatmap. We think this is an important development that will more fully align our process with our patient-focused corporate philosophy and values.

We also implemented a simple and user-friendly enterprise risk assessment tool, which facilitates a single view of risk across the company. By leveraging the new technology-based solution, we expect to realize efficiency gains and improve our ability to analyze data and trends resulting in a more data-driven and business-relevant approach. We have also developed dashboards for consistent reporting and tracking of key risk indicators to enable ongoing discussions with senior leadership.



Taxation

Takeda is committed to responsible corporate citizenship; we comply with the tax laws in the jurisdictions in which we do business, and we engage in open and transparent dialogue with relevant tax authorities. As stated in our [Position on Taxation](#) document, Takeda supports the Organization for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") initiative concerning international tax reform and opposes the use of artificial tax arrangements that do not have sufficient business or economic substance.

Our values of Takeda-ism are expressed within our corporate philosophy and our [Global Code of Conduct](#). They provide a foundation for policies and governance, which support our compliance with tax laws and regulations where we operate and require us to identify and mitigate material tax risks.

Ethics & Compliance

Takeda is committed to achieving the highest standards of ethical behavior beyond compliance with laws and regulations. This is at the heart of Takeda-ism and is a defining feature of our corporate culture (see page 12).

Promoting ethics and compliance across Takeda's operations is the responsibility of our Chief Ethics & Compliance Officer and our RECC. Takeda executes and reinforces its ethics and compliance programs in conformity with our [Global Code of Conduct](#) (the Code) and applicable global policies, as well as local regulations. These policies are approved by the BSC.

Available in 21 languages, the Code of Conduct promotes ethical behavior through a core set of principles for conducting business at Takeda. In FY2021, we refreshed our Code to reflect our corporate philosophy and incorporate our values-based decision-making [framework](#). The framework guides employee decision making to help ensure it is in line with our values of Takeda-ism. We also strengthened the Code on topics such as human rights, diversity, equity and inclusion, and sustainability. In addition, we launched an updated conflicts of interest standard to help employees recognize and manage conflicts of interest situations transparently and efficiently.

For information on our approach to responsible sourcing and management of ethical behavior in our supply chain, see our [ESG Portal](#).

Takeda's Ethics Line and Speak Up Culture

Takeda aims to create a safe place for employees to raise concerns about potential misconduct, while also offering protection against retaliation. Concerns can be raised internally through functions such as Human Resources, Legal, Ethics and Compliance, or directly

to senior management. All concerns are addressed promptly, confidentially and respectfully.

The [Takeda Ethics Line](#) provides an alternative channel where employees and the public can raise concerns if they feel Takeda employees are not living up to our values. It is available online and by phone, 24 hours a day, in 20 languages. If desired, concerns may be raised anonymously. Timely and appropriate action is taken against any misconduct.

We are committed to analyzing and understanding the root causes of misconduct to help prevent similar issues arising again. In FY2021, we hosted activities throughout the organization to encourage our employees to speak-up, including an external speaker series and workshops on psychological safety. We also revised our global policy on raising and handling concerns to align with industry best practices.



Human Rights

We are committed to respecting and promoting internationally recognized human rights within every aspect of our business, across our supply chains and in the communities where we operate. We expect the same from suppliers and third parties operating on our behalf. We do this in accordance with the International Bill of Human Rights, comprised of the Universal Declaration of Human Rights, the International Covenants on Civil and Political Rights, and Economic, Social and Cultural Rights, and the International Labour Organization Core Labor Conventions. In addition, we're implementing the UN Guiding Principles on Business and Human Rights.

In FY2021, we developed a human rights commitment and conducted a comprehensive human rights impact assessment through which we have identified our most relevant (salient) human rights impacts. These include:

PATIENT	PEOPLE	PLANET
Sustainable access to our medicines	Health and safety	Greenhouse gas emissions
Product quality and product safety	Diversity, equity and inclusion	Water
Clinical trials	Labor rights in the workplace	Waste generation
	Privacy and data protection	
	Third-party labor rights	



By focusing on these most relevant human rights impacts, we believe we have the greatest ability to respect and promote the following individual articles of human rights:

- Right to Health
- Right to Equality and Freedom from Discrimination
- Right to Life, Liberty and Security
- Right to Adequate Living Standard