

Compensation Committee Charter

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Takeda Pharmaceutical Company Limited

Compensation Committee Charter

Article 1 (Objectives)

- 1 To establish the Compensation Committee (hereinafter referred to as the Committee) as a voluntarily established body with the aim of further strengthening the Company's corporate governance.
- 2 To ensure suitable compensation for directors, including monthly base pay, annual bonus and long-term incentives (stock compensation) as compensation for directorship, via deliberations of the Committee.
- 3 To ensure the objectivity and transparency of compensation for internal directors, via the delegation of the authority to decide them from the Board of Directors to the Committee.

Article 2 (Position of the Committee)

It shall be an advisory body for the Board of Directors and it shall be a body that has the authority to determine the compensation for internal directors.

Article 3 (Terms of Reference and Resolution Matters)

- 1 The Board of Directors shall consult with the Committee on the following matters every financial year. No individual resolutions of the Board of Directors are required to consult about the matters listed in 1) to 3) below in each financial year.
 - 1) Appropriateness of Director's Compensation Policy ((1) compensation philosophy, (2) compensation levels, (3) composition and mix of compensation, (4) performance index policy for performance-linked compensation, (5) policy for the content of non-monetary compensation, (6) policy for delegation of compensation decisions, (7) policy on compensation decision processes, (8) other important policies regarding compensation (including clawback policy and stock holding guidelines))
 - 2) Appropriateness of contents of directors compensation (including (1) compensation levels, (2) performance indicators related to performance-linked compensation, targets for each indicator and specific calculation methods, (3) specific contents of stock compensation, and (4) other important matters related to compensation)
 - 3) Appropriateness of bonus amounts for each director based on the performance results and its evaluation
 - 4) Other matters that the Board of Directors decided to consult by its resolution
- 2 The Board of Directors delegates the decisions on the following matters to the Committee every financial year.
 - Decisions on the amount of compensation for individual internal directors

Article 4 (Composition)

- 1 The Committee shall be comprised of three or more directors designated by a resolution of the Board of Directors.
- 2 The Committee must meet following criteria:
 - a. All of the Committee members must be external directors;
 - b. At least one of the Committee members must be an Audit & Supervisory Committee member.
- 3 The term of office for Committee members shall be from the appointment to the end of Ordinary General Shareholders Meeting to be held immediately after the appointment. Reappointment is allowed.
- 4 An internal director, etc. may be appointed as an observer by the Committee Chairperson.

Article 5 (Meetings)

Committee meetings shall be held at least twice every financial year.

Article 6 (Convocation of Meetings)

- 1 The Committee Chairperson shall convene Committee meetings
- 2 Committee members other than the Committee Chairperson may make a request to the Committee Chairperson for the convocation of a Committee meeting.

Article 7 (Convocation Notices)

The Committee Chairperson must give notice of Committee convocation to each Committee member prior to the date of the Committee meeting.

Article 8 (Chair)

The Chair of the Committee shall be the Committee Chairperson. In the event that the Committee Chairperson is unable to perform the Chair, another Committee member shall take his/her place, in accordance with the order of priority pre-determined by the Committee.

Article 9 (Deliberations)

- 1 In order for the Committee meeting to be held, a majority of the Committee members shall be present.
- 2 Where necessary, the Committee may have non-Committee member advisors attend the Committee meeting, to consult their advice and opinions and have an opportunity to acquire knowledge from them.
- 3 When the Committee requests a director or an employee to attend a Committee meeting, such director or employee cannot decline the request without an appropriate reason.
- 4 The individual attending the Committee meeting as set out in the previous two clauses must provide explanations to the Committee as requested.
- 5 Any Committee member with a conflict of interest on a specific deliberation shall not participate in that deliberation.
- 6 Committee members must treat the information gained in the Committee meetings as confidential, and they must not divulge or disclose this information to any third party.

Article 10 (Resolutions and Decision of Delegated Matters)

Decision-making by the Committee, in principle, shall be made by the Chair with comprehensive and thorough deliberations on the advisory matters and resolution matters.

Article 11 (Minutes)

Details of Committee decisions shall be recorded in minutes, and they shall be archived in the Global Headquarters for 10 years.

Article 12 (Secretariat of the Committee)

The following matters relating to the Committee shall be dealt with by the Secretariat of the Committee.

- (1) Development of a draft of resolution proposals and other matters relating to Committee affairs
- (2) Confirmation of individual compensation payments deliberated on and verified, or discussed and decided at the Committee meetings.
- (3) Compilation and archiving of Committee meeting minutes.
- (4) Matters relating to operating assistance for the Committee, other than those in the clauses above.

Article 13 (Reporting)

- 1 The Committee Chairperson shall immediately report the resolutions relating to the advisory matters in Article 3 to the Board of Directors.
- 2 The Committee Chairperson shall summarize the progress of Committee proceedings on the advisory matters in Article 3 to the Board of Directors as necessary.
- 3 The Board of Directors shall respect the Committee report regarding reference matters stated in Article 3.

Article 14 (Information exchange with other organizations, etc.)

- 1 The Committee shall exchange information with the Nomination Committee as necessary to properly judge the appropriateness of the performance evaluation of directors.

- 2 The Committee shall evaluate the Committee's effectiveness by itself every year and the Committee shall receive an evaluation by a third party on the Committee's effectiveness at least once every three years and report each result to the Board of Directors.

Article 15 (Revisions or Abolishment of Charter)

Revisions to or abolishment of this Charter shall be examined by the Committee and made via a Board of Directors resolution.