



Statement

June 11, 2019

Summary of Takeda's Modifications to the Executive Compensation Program and Future Considerations

Takeda's corporate mission continues to be a patient-focused, innovation-driven global bio-pharmaceutical company. Building on a distinguished 238-year history, Takeda aspires to bring better health and a brighter future for people worldwide. The acquisition of Shire has been a transformative step in the company's history, significantly increasing the company's global footprint and capital market presence.

As we enter this new chapter in the company's long history, we want to provide our shareholders with information regarding our evolving executive compensation framework and how it aligns with best practice while balancing global governance requirements. Further, we are committed to continuing to build on the foundation of the equity-based compensation platform approved in 2016 at the 140th General Meeting of Shareholders for all Board members.

We have outlined below the changes made to the executive compensation framework, subject to shareholder approval at the 143rd General Meeting of Shareholders, as well as key areas on which we have been focused and will provide more information in the coming months as our program integration continues.

Summary of Executive Compensation Enhancements

We have introduced or have recommended to Shareholders for consideration at the 143rd General Meeting of Shareholders, the following modifications to our executive compensation programs to further reinforce the alignment of executive pay to our business strategy, a successful integration of Shire and long-term shareholder value creation.

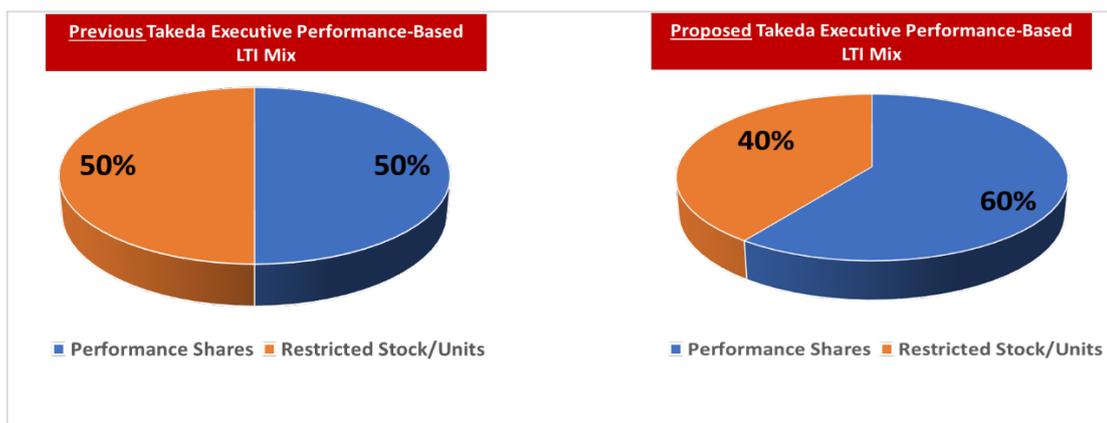
- **DIRECTORS' COMPENSATION POLICY:** A revised Directors' Compensation Policy approved by the Board of Directors for both our Internal Directors as well as other Corporate Officers and External Directors. Our compensation framework is designed to:

- Attract, retain and motivate managerial talent
- Increase corporate value through optimizing the Company's mid- and long-term performance, while reinforcing our patient-focused values
- Be closely linked with company performance, highly transparent and objective
- Support a shared sense of profit with shareholders and improve the managerial mindset focusing on shareholders
- Encourage Directors to challenge and persevere, and to be aligned with the values of the company
- Establish transparent and appropriate governance of directors' compensation to establish the credibility and support of our stakeholders

- **NEW PEER GROUP:** The establishment of a new peer group consisting of global pharmaceutical comparators approved by the Board of Directors. This peer group will be used to ensure our compensation programs and levels are competitive to attract and retain key talent in the global pharmaceutical market:

U.S Competitor	Non-US Competitor
Abbvie	Astellas (Japan)
Celgene	AstraZeneca (UK)
Amgen	GlaxoSmithKline (UK)
Bristol-Myers Squibb	MERCK (Germany)
Eli Lilly	Novartis (Switzerland)
Gilead Sciences	Roche (Switzerland)
Johnson & Johnson	Sanofi (France)
Merck & Co	
Pfizer	

- **INCREASED PERFORMANCE-BASED LTI:** A proposal to shareholders to increase the mix of performance-based long-term incentives (“LTI”) provided to Internal Directors, which will be replicated for Corporate Officers, to strengthen the link between pay and performance:



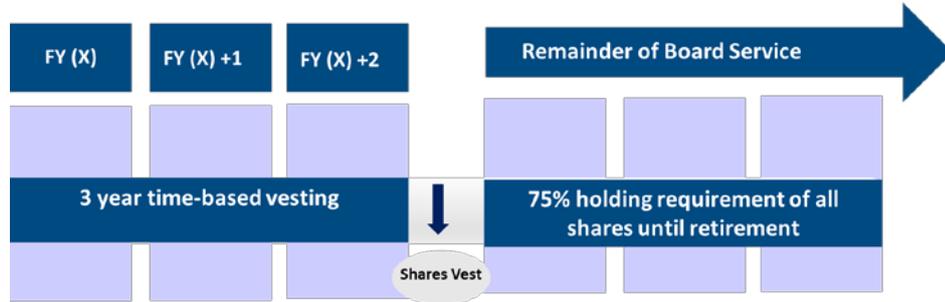
- **TWO-YEAR HOLDING PERIOD:** Implementation of two-year holding period for LTI equity shares after the three-year vesting period for Internal Directors, which will be replicated for Corporate Officers, to ensure focus on long-term value creation:

LTI vesting schedule and holding requirements for Internal Directors

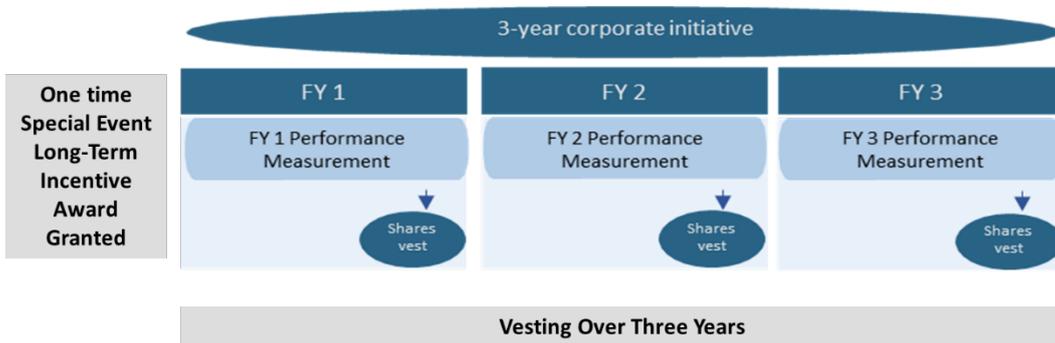
	Year 1	Year 2	Year 3	Year 4	Year 5
Performance Shares	Vesting Period			Holding Period	
Restricted Stock/Units (1 st tranche)	Vesting Period	Holding Period			
Restricted Stock/Units (2 nd tranche)	Vesting Period		Holding Period		
Restricted Stock/Units (3 rd tranche)	Vesting Period			Holding Period	

- EXTERNAL DIRECTOR LTI: A proposal to shareholders to realign the LTI vesting schedule for External Directors (consistent with Internal Directors and Corporate Officers), and also implementation of 75% share retention ratio until the end of Board Service:

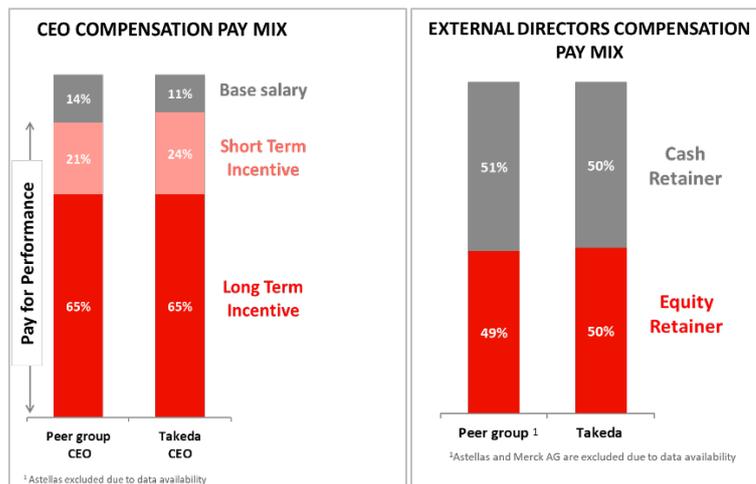
Example of LTI vesting and holding requirement for External Directors



- SPECIAL INTEGRATION INCENTIVE: A proposal to shareholders to implement a Special Integration Incentive Program for Internal Directors, which will be replicated for Corporate Officers, to be measured independently each year over a three-year period, to ensure sharp focus on integration success factors while continuing to deliver ongoing business success. This incentive is tied to highly focused and measurable KPIs approved by the Board of Directors, that when achieved delivers on shareholder commitments:



- PAY MIX: With these changes, Takeda's pay mix, provided below, is closely aligned with global pharmaceutical practice:



- **SUMMARY:** Furthermore, in accordance with our LTI policy, the board has the authority to decide on the execution of ‘clawback of LTI compensation’ for Japan based Internal Directors. We believe the adjustments to executive compensation following the acquisition is in alignment with global best practices.

Future Executive Compensation Program Considerations

Takeda takes great pride in the current corporate governance structure, and has continued to enhance its executive pay for performance programs and practices. As we look towards the future, we aspire to continue to build on the strong foundation that these new program changes provide to develop an enduring corporate governance model. The company is always grateful for its meaningful engagements with individual and institutional shareholders and will continue to consider their feedback as our executive compensation programs evolve over time.

Over the next twelve months, the board, with guidance from our Compensation Committee and management, intends to continue to set strong and stretch performance indicators in our short-term and long-term incentive plans that ensure alignment with best practices, Japan and global governance requirements and shareholders interests.

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