

# **Audit and Supervisory Committee Charter**

Last update: November 1, 2021

Takeda Pharmaceutical Company Limited

## Audit and Supervisory Committee Charter

### **Article 1: (Purpose)**

This Charter states the matters regarding the Audit and Supervisory Committee (the “Committee”) in accordance with Japanese laws and regulations and the Articles of Incorporation.

### **Article 2: (Role)**

The Committee shall play a part in the supervisory function of Takeda Pharmaceutical Company Limited (“Company”), and conduct a monitor and verify a performance of duties by directors and the status of business execution by the Company and subsidiaries (“Group”) as an independent statutory organization entrusted by the shareholders. The Committee shall give necessary advice and recommendations from the perspective of achieving the healthy and sustainable growth of the Company, realization of creating mid- and long-term corporate value. In addition, the Committee supervises the integrity of the Company's financial reporting, internal control over financial reporting, risk management system and compliance promotion system of the Company, audit work with keeping a independence by external auditors and internal auditors, and provides advice and recommendations if necessary.

### **Article 3: (Organization)**

1. The Committee shall consist of all of the non-executive directors who shall be appointed as members of the Committee (Hereinafter referred to as “Committee Members” in this charter) and shall have three or more members.
2. The majority of the Committee Members shall be external directors.
3. At least one Committee Member shall have high level of expert knowledge of finance and accounting.
4. The head of the Committee shall be appointed from the external directors who are the Committee Members.
5. The Committee may have a full-time Committee Member.

### **Article 4: (Authorities)**

1. In carrying out its duties, the Committee may request business reports from the Takeda Group, and is empowered to investigate the business and property of the Group by seeking any information and explanation from directors, employees, and external auditors in accordance with laws and regulations.
2. The Committee has the authority to appoint by resolution “Appointed Committee Members” who perform duties listed in the Attachment.
3. The Committee has the authority to appoint an external expert such as a lawyer if it deems necessary to carry out its duties.
4. The Committee and the Members thereof has the authority to charge the company any expenses necessary for performing their duties, including those for retaining outside experts as provided in Previous paragraph. The Committee shall budget in advance for the expenses incurred in the execution of duties and has the right to charge the Company for any emergency or extraordinary expenses.
5. The Committee and the Committee Members shall have the other authorities stipulated in laws and regulations and the Articles of Incorporation.

## **Article 5: (Duties of the Committee)**

1. The Committee shall perform the duties described in the following items.
  - 1) Business Execution of Directors
    - The Committee shall formulate audit policies and plans for each fiscal year . Based on these policies and plans, the Committee shall audit the execution of duties by directors, etc. and prepare an audit report. The audit policies and plans shall be shared with the Board of Directors as appropriate.
  - 2) Financial Reporting
    - The Committee shall discuss with the external auditor and management, and examine matters relating to financial reporting in accordance with laws and regulations and the matters relating to the Group's critical accounting policies, processes and disclosures contents.
    - The Committee shall examine the financial information included in the Company's earnings releases (Quick Report), press releases, and other information that are published in connection with financial reporting prior to their publication.
    - The Committee shall obtain reports from the external auditor and management with respect to any important communications relating to the Group's financial and accounting matters between them. The Committee shall discuss and examine disagreements with the external auditor and management between them regarding such matters to resolve such disagreements.
    - The Committee shall prepare a report based on the result of its examination of the Company's non-consolidated and consolidated financial statements and accompanying schedules prepared.
  - 3) Risk Management and Internal Controls
    - The Committee shall obtain reports from management, the internal audit division and the external auditor on, examine and evaluate any significant risks in business and governance and the status of establishing and operating the risk management framework.
    - The Committee shall obtain reports from management, the internal audit division and the external auditor on, discuss and examine the framework and operation of the Group's internal control over financial reporting and disclosure.
  - 4) Compliance
    - The Committee shall oversee the construction and operation status of framework including the Code of Conduct and internal rules for the Group's compliance.
    - The Committee shall obtain reports from management on the status of dealing with any material failure of the Group to comply with applicable laws and regulations, and any legal proceedings or regulatory matters, and examine the validity for it.
    - The Committee shall monitor and verify the appropriate establishment and operation of, and the effective functioning of the internal reporting system, including receipt, retention and treatment of provided information for the entire Group. Moreover, the Committee shall take its own measures it deems necessary to carry out its duties, including the making of proposals or requests to the Board of Directors.
    - The Committee shall oversee the systems to ensure that any person who report allegations to the Committee and the Company's internal audit departments, etc. directly and indirectly through the internal reporting system, are not treated disadvantageously on the grounds of reporting, and that the anonymity and confidentiality of reporters is maintained. The Committee shall make proposals or state opinions to the Board of Directors as necessary.

#### 5) Internal Audits

- The Committee shall discuss and approve the audit plan proposed by the Group Internal Audit (GIA) after receiving an explanation from them.
- The Committee shall obtain reports from GIA on any significant matters in an implementation, findings and results of internal audit, and communications with management regarding them, and shall verify validity, and shall provide instructions, as necessary, to the GIA.
- The Committee shall obtain reports from the GIA on the performance of its duties and responsibilities, and evaluate them, and give specific instructions on the execution of GIA's duties if necessary.

#### 6) External Audits

- The Committee shall evaluate and examine the audit report that any of Committee Members are notified of the contents by the external auditor
  - The Committee shall set a policy for the appointment, termination or non-appointment of the external auditor, and determine the contents of proposals for them to be submitted to shareholder vote.
  - The Committee shall receive the external auditor's explanations on the proposed annual audit plan, audit quality control assessment results and the system for ensuring audit quality, independence of the external auditor required by applicable laws and regulations and the associated compliance system, and other significant changes, and shall discuss and evaluate s the appropriateness of the audit plan, the independence of the external auditor and the quality of service.
  - The Committee deliberates the method of and appropriateness of the audit by the external auditor and forms the audit opinion based on the results of the investigation of the accounting audit report and related documents.
  - The Committee shall receive management's explanation on the proposed audit fee based on the contents of the audit plan of the external auditor, discuss with them, and give their consent in determining the audit fee.
  - The Committee shall pre-approve any services (including non-audit services) to be provided to the Group by the external auditor and any of its domestic and overseas member firms by ensuring such services are not to applicable to prohibited activities under applicable laws and regulations before providing services.
  - The Committee shall examine and evaluate whether the communications from the external auditor are appropriately conducted in accordance with applicable laws and regulations.
2. The Committee shall perform the duties listed in Attachment and other duties stipulated by laws and regulations and the Articles of Incorporation.

#### **Article 6: (Meetings)**

1. The Committee will meet at least once every three months and at least six times a year. However, the Committee may be held whenever necessary and the frequency of such meetings may be changed.
2. The Committee shall be convened and presided over by the head of the Committee. However, other Committee Member may also convene the Committee as needed. If the head of the Committee cannot take an action due to some impedance, another Committee Members nominated by the Committee shall serve as the Chair of the Committee.
3. A convocation notice of the Committee shall be sent to each Committee Member no later than three days prior to the date of the meeting.
4. When the unanimous consent of the Committee Members is obtained, an Committee may be held without convocation procedures.

**Article 7: (Resolution procedures)**

1. A resolution of the Committee shall require a majority vote of the attending Committee Members in the attendance of the majority of the Committee Members who are eligible to participate in the voting.
2. The Committee Members who have special interests in the resolution set forth in the preceding paragraph are prohibited from participating in resolutions.
3. The matters to be resolved by the Committee are as described in Attachment.

**Article 8: (Consent of the Committee)**

The consent of the Committee required for the matters listed in Attachment shall be determined by the Committee's resolution unless otherwise prescribed by the applicable laws and regulations, or the Articles of Incorporation.

**Article 9: (Consent of all members of the Committee)**

1. The consent of all the Committee Members required for the matters listed in Attachment may be obtained through deliberation of the Committee.
2. The consent mentioned in the preceding paragraph may be made in writing or by electronic means in case of urgent necessity.

**Article 10: (Remuneration)**

The Committee shall determine the amount of remuneration to be received by each Committee Member through discussion among the Committee Members within the amount of remuneration prescribed in the Article of Incorporation or resolution of the General Meeting of Shareholders, taking into consideration the distinction between full-time and part-time positions, the status of duties assignment among the Committee Members, the content and level of the remuneration, etc. of directors, and other relevant factors.

**Article 11: (Minutes)**

1. The Committee Members shall prepare minutes containing the matters to be described pursuant to applicable laws and regulations or the Articles of Incorporation, and all Committee Members attending the meeting shall sign or affix their respective names and seals (including electronic signature) to the minutes.
2. The company shall keep the minutes mentioned in the preceding paragraphs for ten years at the head office.

**Article 12: (Secretariat of the Committee)**

The employees who support the duties of the committee, the Committee staff, shall perform the office work related to convening the Committee, the preparation of the minutes, and other administrative work of the Committee management.

**Article 13: (Standards of Audit, etc.)**

Matters related to audits and supervisions by the Committee and the Committee Members shall comply with the matters provided in internal guideline established by the Committee in addition to the laws and regulations, the Articles of Incorporation and this Audit and Supervisory Committee Charter.

**Article 14: (Revision or Abolition of the Charter)**

The revision or abolition of this Charter shall be made by resolution of the Committee and reported to the Board of Directors

## **Attachment**

### < Matters to be resolved by the Committee >

1. The appointment, removal of the head of the Committee
2. The appointment, removal of a full-time Committee Member
3. The appointment of Appointed Committee Members
4. Establishment, revision or abolishment of the Committee Charter and the Guidelines on audit and supervision of Committee.
5. Matters related to the audit policy, audit plan, method of audit, and assignment of duties among Committee Members.
6. Matters deemed necessary for the Committee Members to perform their duties, such as budget for audit expenses or other related matters
7. Preparation of audit reports
8. The policy about dismissal or non-reappointment of the external auditor
9. The determination of suitability concerning reappointment of the external auditor
10. The determination of the content of proposal concerning dismissal or non-reappointment of the external auditor to be submitted to the General Meeting of Shareholders
11. The determination of the content of proposal concerning the election of the external auditor to be submitted to the General Meeting of Shareholders
12. The election of tentative external auditor for the case of absence of external auditor
13. Approval concerning transaction by directors with conflict of interests
14. The determination of the Committee's opinion concerning election, dismissal or resignation of directors (excluding directors who are Committee Members)
15. The determination of the Committee's opinion concerning remuneration, etc. of directors (excluding directors who are Committee Members)
16. The determination of requests to include the election of Committee Members in the agenda of the General Meeting of Shareholders
17. The determination of requests to submit a proposal concerning the election of the Committee Members to the General Meeting of Shareholders
18. The expression of opinions concerning the issuance of new shares with transforming controlling right, which be addressed to the General Meeting of Shareholders
19. Other things concerning matters the Committee deems necessary for the Committee Members to perform their duties

### < Consent of the Committee >

1. The consent to what the Board members submit a proposal concerning the election of the Committee Members to the General Meeting of Shareholders
2. The remuneration of the external auditors or a person to temporarily perform the duties of the external auditor

### < Consent of all members of the Committee >

1. The consent to dismiss the external auditor pursuant to a statutory reason for dismissal
2. The consent to submit a proposal concerning the partial exemption of a director from liability to the General Meeting of Shareholders
3. The consent to submit a proposal concerning the modification of the Articles of Incorporation to provide that directors may be partially exempt from liability by resolution of the Board of Directors to the General meeting of Shareholders
4. The consent to submit a proposal concerning the partial exemption of a director from liability based on the provisions of the Articles of Incorporation to the Board of Directors

5. The consent to submit to a shareholders' meeting a proposal concerning the modification of the Articles of Incorporation to provide that the company may enter into an agreement with a non-executive director for his/her partial exemption from liability to the General Meeting of Shareholders.
6. The consent to the company's participation in a derivative lawsuit of shareholders to assist the defendant director(s).

< Duties and Authorities of Appointed Audit & Supervisory Committee member >

1. Requesting directors, managers, and employees to report on matters related to the execution of their duties, or investigating the status of the Company's operations and assets
2. Requesting a subsidiary to report on its business or investigating the status of the operations and assets of the subsidiary
3. Requesting a report on the audit from the external auditor
4. Explaining the dismissal of the external auditor and the reason therefor at the first General Meeting of Shareholders held after the dismissal
5. Convocation of the Board of Directors Meeting
6. Stating the Committee's opinion concerning election, dismissal, or resignation of directors (excluding directors who are Committee Members; hereinafter the same shall apply in this Attachment) at the General Meeting of Shareholders
7. Stating the Committee's opinion concerning remuneration, etc. of directors at the General Meeting of Shareholders
8. Representing the Company in litigation between the Company and directors
9. Representing the Company with respect to the filing of suit, etc.
10. Other duties specified by the Committee as the division of duties in accordance with laws and regulations or in order to properly perform the duties of the Committee.

An appointed Committee Member shall comply with resolutions of the Committee, if any, on matters related to requests for reports or investigations of items 1 or 2 above.