



Better Health, Brighter Future

Annual Report 2013

CSR Data Book

Sustaining Corporate Value through CSR

Takeda Pharmaceutical Company Limited

Contents

Takeda's CSR Activities

- 2 | Holistic Approach
- 3 | Identifying Materiality
- 4 | Procedures for Disclosure, Dialogue, and Gathering Feedback
- 6 | CSR Activity Targets and Results

Organizational Governance

- 8 | CSR Management
 - Due Diligence
 - Stakeholder Engagement
- 10 | Corporate Philosophy
- 11 | Corporate Governance
- 13 | Compliance
- 14 | Crisis Management
 - Disclosure of Information to Stakeholders

Human Rights

- 16 | Human Rights Management

Labor Practices

- 20 | Global Governance
 - Global Talent Management
 - Promotion of Diversity
- 23 | Cultivating Employees
- 24 | Work-Life Balance
 - Employment of People with Disabilities
- 25 | Health and Safety of Employees
 - Union Relationship

The Environment

- 26 | Environmental Management
- 32 | Reducing Environmental Risks
- 34 | Water Resources Conservation Initiatives
- 36 | Initiatives to Deal with Climate Change
- 38 | Biodiversity Conservation Initiatives
 - Promoting In-House Cultivation of Medicinal Plants
- 40 | Waste Reduction
- 41 | Reduction in Releases of Chemical Substances
- 42 | Air, Water, and Soil Quality Conservation
- 43 | Environmental Communication
- 44 | Environmental Monitors
 - Raising Environmental Awareness
- 45 | Environmental Impacts Associated with Takeda Group Business Activities
- 46 | Site Data
- 48 | Progress on the Takeda Group Environmental Action Plan

Fair Operating Practices

- 50 | Toward Fair Operating Practices
 - Initiatives in the Industry
- 51 | Anti-Corruption
 - Transparency Guideline
- 52 | Fair Promotion Activities
 - Global CSR Purchasing/Guidelines for Socially Responsible Purchasing
 - Green Procurement
- 54 | Global Purchasing Policy
- 55 | Employee Compliance Program
- 56 | Intellectual Property

Consumer Issues

- 58 | Supply Chain Management for Quality Assurance
 - Risk Management for Counterfeit Products
- 59 | Supplying Information
- 60 | Quality Assurance System
- 65 | Production and Supply Chain

Community Involvement and Development

- 66 | Corporate Citizenship Activities Management
- 68 | Partnership with NGOs and NPOs
 - Initiatives to Improve Access to Healthcare
- 70 | Global Community Involvement
- 72 | Support for Disaster-Affected Areas
 - Corporate Foundations
- 74 | Takeda's History
- 76 | Corporate Information
 - Key Social Responsibility Data
 - GRI Guidelines Version 4.0 (G4) Reference Table
 - Reference Table for United Nations Global Compact Advanced Level COP (March 2013 Version)
- 86 | Third-Party Comment
- 88 | Independent Assurance of Social Performance Indicators

Reporting Boundary

Consolidated subsidiaries of the Takeda Group

*In some places the data covers only Takeda Pharmaceutical Company Limited but we intend to use consolidated data in future.

Period of Reporting

Fiscal 2012 (April 1, 2012 to March 31, 2013)

*Some fiscal 2013 activities are included.

Issue Date

October 2013 (Previous issue: October 2012)

Reference Guidelines

Sustainability Reporting Guidelines

Guidelines issued by the Global Reporting Initiative that specify a globally applicable framework for sustainability reports.

AA1000

Guidelines issued by British firm AccountAbility aimed at elevating accounting, auditing and reporting systems through a systematic stakeholder engagement process.

ISO 26000

Guidance standards for social responsibility published by the International Organization for Standardization. The standards were designed to be used by all organizations in both advanced and developing countries.

Key Association Memberships

- Nippon Keidanren (Japan Business Federation)
- Keizai Doyukai (Japan Association of Corporate Executives)
- Japan Pharmaceutical Manufacturers Association (JPMA)
- Osaka Pharmaceutical Manufacturers Association

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CSR Data Book Editorial Policy

The CSR Data Book is a supplementary report (secondary report) to the integrated Annual Report (primary report). It provides more detailed disclosure of non-financial information.

Integrated Thinking

Takeda has been supplying pharmaceuticals since its foundation in 1781, during which time we have developed a strong commitment to the highest ethical standards and a strong sense of mission. As our operations have become global in scale, demands concerning corporate social responsibility (CSR) have increased. We believe that the essence of CSR for Takeda lies in developing outstanding pharmaceutical products in accordance with the principles of our corporate philosophy of “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance). From another perspective, we are very aware that our sustainability can exist only when a sustainable and healthy society is assured. As a corporate citizen, we aim to take the initiative to address social issues in fields where we can leverage our strengths. In this way, Takeda’s relationships with society are an integral part of its business development.

IIRC

The International Integrated Reporting Council (IIRC) was established in 2010 by private-sector companies, investors, accounting associations, government agencies, and others, as an organization for developing an international corporate reporting framework.



program of the International Integrated Reporting Council (IIRC) since 2011, which is proposing an international framework for integrated reporting. In this report, we have referred to the following six guiding principles proposed by IIRC and the Sustainability Reporting Guidelines (Version 4.0) published by GRI to create a comprehensive report targeting a broad range of stakeholders, mainly shareholders and other investors.

Guiding Principles (Proposal)

1. Strategic Focus and Future Orientation
2. Connectivity of Information
3. Stakeholder Responsiveness
4. Materiality and Conciseness
5. Reliability and Completeness
6. Consistency and Comparability

See → P. 4 Procedures for Disclosure, Dialogue, and Gathering Feedback
P.10 Corporate Philosophy

Integrated Reporting/Integrated Report

Since fiscal 2006, Takeda has conducted integrated reporting, incorporating non-financial information about our initiatives on human rights, the environment, and communities, in addition to financial information. Based on this, we have been publishing integrated annual reports. Since fiscal 2009, we have published the CSR Data Book making reference to the Global Reporting Initiative (GRI) Guidelines. For our Annual Report, we have been participating in a pilot

Creating and Sustaining Corporate Value

Takeda is committed to creating corporate value by developing outstanding pharmaceutical products and conducting corporate citizenship activities. At the same time, we also work to sustain corporate value through business processes that are grounded in integrity. In this report we have focused primarily on our efforts to sustain corporate value, and disclosed specific activities and detailed relevant data for each of the seven core subjects under ISO 26000.

See → P. 4 Value Chain Management

Relationship between CSR and Sustainability at Takeda



Recognizing companies are part of society, Takeda conducts activities with a holistic approach to not only create but also sustain corporate value.

Holistic Approach

Basic Policy on CSR

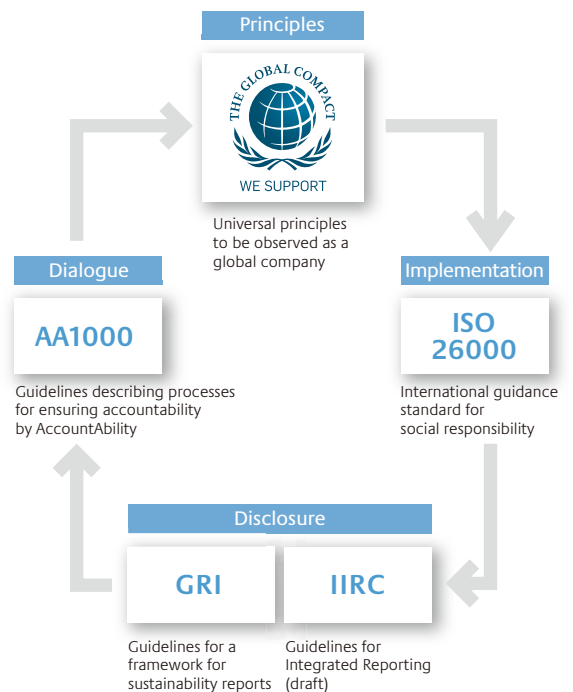
The core rationale for corporate social responsibility (CSR) at Takeda is in the corporate mission of "striving towards better health for people worldwide through leading innovation in medicine." We believe it is important to recognize the various effects of the pharmaceutical business value chain on society. We therefore strive to maintain and improve sound business processes throughout our operations, and to engage in activities to promote a sustainable society as a good corporate citizen. We engage in CSR activities taking this holistic approach.

Holistic Approach to CSR



CSR Guidelines for Reference

We refer to the five internationally recognized guidelines shown below in promoting CSR activities that respond to the demands of society.



Promotion of CSR Activities

In working with stakeholders to promote CSR activities, we believe that it is important to take a holistic approach including cases conducted by Takeda alone, with other companies, and in what we

call "producer-type" activities. Based on this approach, we take into consideration various opportunities to create and sustain value for society and enterprises by promoting CSR activities.

Promotion of CSR Activities



*3 Leadership activities that initiate new trends
 *2 Participation in rule-making processes
 *1 Making proposals for solving issues

United Nations Global Compact

The United Nations Global Compact is a worldwide framework for promoting voluntary actions by corporations as responsible corporate citizens. Participating businesses and organizations are asked to support and implement 10 principles (GC 10 principles) relating to "Human Rights," "Labour," "Environment" and "Anti-Corruption." Takeda joined the Global Compact in 2009 and became a member of the LEAD program in 2011.



BSR

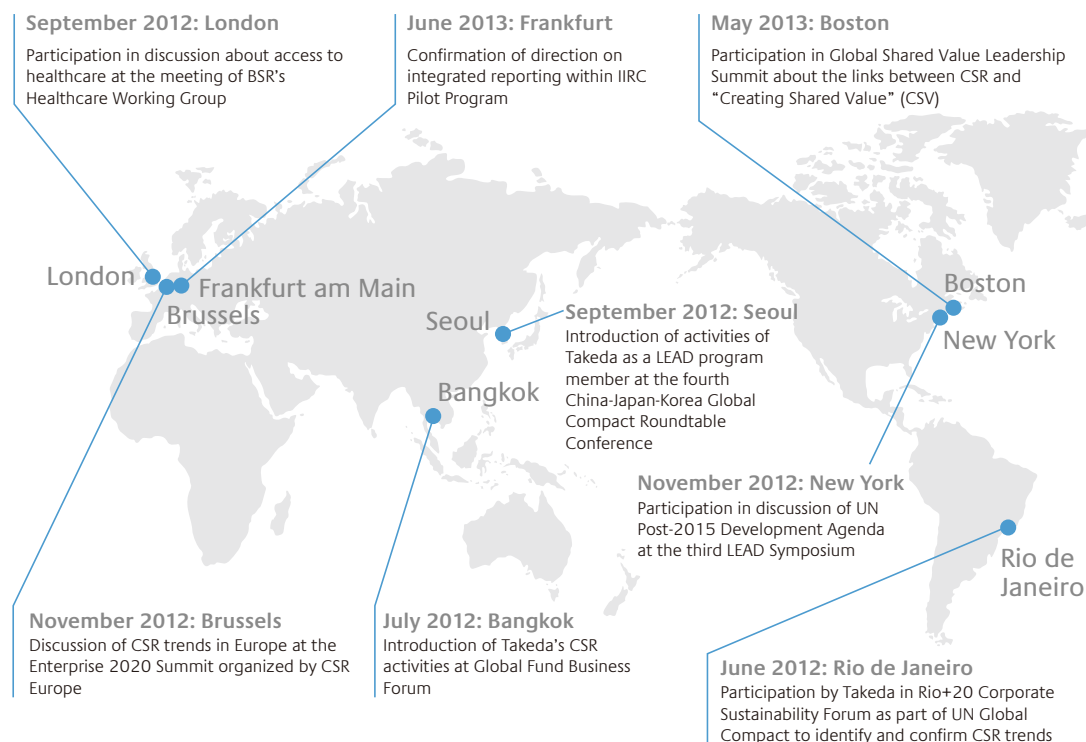
BSR (Business for Social Responsibility): BSR is a global association of member companies for CSR, formed in the U.S. in 1992.

Identifying Materiality

Identification Process

Takeda identifies CSR-related material issues through discussion with the communities formed by global enterprises, international NGOs and institutions involved in healthcare worldwide, including other

global pharmaceutical companies, while referring to internal management strategy and management resources.

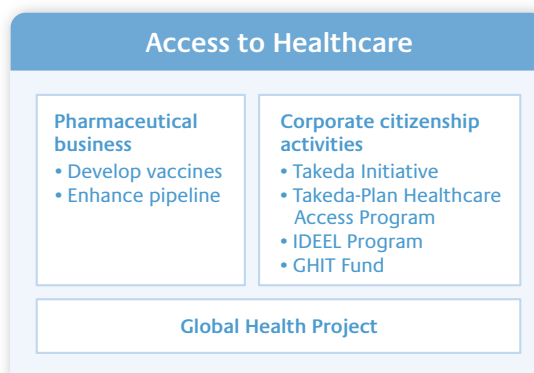


Material Issue Areas

[1] Access to Healthcare

Takeda takes a holistic approach to improving access to healthcare for people around the world through the pharmaceutical business alongside corporate citizenship activities.

In our pharmaceutical business, we are developing our vaccine operations to help prevent communicable diseases in emerging and developing countries as part of Takeda's efforts to improve access to healthcare. In our corporate citizenship activities, our actions include working with international bodies to launch endowment and other programs. We plan to participate in this area more broadly across several fronts going forward. We have set up the "Global Health Project" as an internal initiative and are currently considering a range of specific activities.



See → P.68 Initiatives to Improve Access to Healthcare

ISO 26000

Issued by the International Organization for Standardization (ISO), ISO 26000 is an international standard that provides guidance on social responsibility.

Value Chain

A concept in which the entirety of a company's activities, from the procurement of raw materials to the delivery of products and services to customers, is viewed as a "chain of value creation."

[2] Value Chain Management

Striving to be socially responsible at every stage in the value chain, Takeda is advancing with CSR activities by applying the framework of the seven core subjects in the ISO 26000 standard.

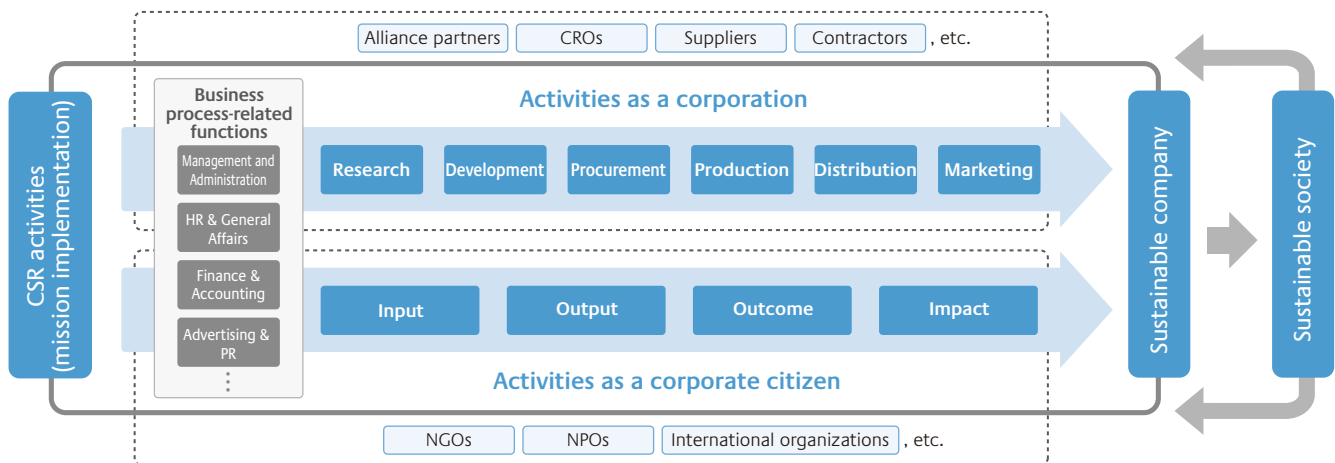
Takeda strives to be socially responsible at every stage of the value chain from research and development to purchasing, production, distribution, and marketing.

To identify issues and measures to be taken in each value chain, Takeda applies the framework of the core subjects in the ISO 26000 standard. A team specialized in promoting CSR activities set up inside the Corporate Communications Department coordinates with each of the sections handling the

identified issues and measures to promote concrete activities. Furthermore, Takeda is trying to step up activities for sustaining corporate value by taking into account the CSR activities of business partners including contract research organizations (CROs), suppliers and others.

See → P.8 Due Diligence

Promotion of CSR Activities across the Entire Value Chain



Procedures for Disclosure, Dialogue, and Gathering Feedback

Information Disclosure

In our Annual Report, we strive to upgrade our disclosure of information with reference to the six basic principles proposed by the IIRC and the fourth Edition of the Global Reporting Initiative (GRI) Guidelines (hereafter, "the G4").

1. Strategic Focus and Future Orientation

We explain both how we create corporate value and sustain it (based on the avoidance of value impairment), including disclosure of our Mid-Range Growth Strategy with business targets, specific strategies and implementation plans, together with our strategies for dealing with risks associated with global business expansion such as management of diversity, access to healthcare and tackling corruption. We also include "Future Outlook" columns based on the ISO 26000 framework of seven core subjects.

2. Connectivity of Information

Aspects of both business strategy and CSR activities

are discussed in terms of the value chain from research to marketing, and the links between these two aspects are duly considered. We provide tags linking to related information to try to give readers an in-depth story behind the strategy.

3. Stakeholder Responsiveness

We identify stakeholders and create varied opportunities for stakeholder communications, such as direct dialogue and questionnaire surveys, to support the creation and sustaining of corporate value. In line with the G4 principles, we also publish contact details for relevant departments in the company that receive stakeholder feedback.

GRI's Fourth Generation of Sustainability Reporting Guidelines (G4)

In May 2013, the Global Reporting Initiative published the fourth generation of its Sustainability Reporting Guidelines (GRI Guidelines), known as G4. A comparison table of Takeda's non-financial data and the G4 can be found in the CSR Data Book.

Independent Assurance

As a pharmaceutical manufacturer committed to providing products that improve people's lives, we have engaged an independent third party to provide assurance on some of the information relating to the Group's labor practices and community involvement and development.

Specific data assured by a third party are marked with this tick mark in this report.

4. Materiality and Conciseness

We aim to balance materiality and conciseness by preparing an integrated Annual Report containing material disclosures specifically for shareholders and investors, as well as the CSR Data Book and various disclosures using other media. In line with the G4 Guidelines we disclose the process for identifying materiality and organize the key identified issues into separate sections based on the seven core subjects of ISO 26000.

5. Reliability and Completeness

From the perspective of reliability, we provide messages from senior management in video format on our website. From fiscal 2013, we have added an

independent assurance of certain non-financial information such as that relating to employees or overseas corporate citizenship activities. We also use the ISO 26000 framework of seven core subjects to ensure we cover all key issues without any omissions from the perspective of completeness.

6. Consistency and Comparability

Takeda is committed to consistency and comparability. In line with the G4 Guidelines, we actively disclose quantitative data such as environmental impacts assessed under LIME,* a national project in Japan.

* Life-cycle Impact assessment Method based on Endpoint modeling

See → P.26 Environmental Management

Takeda's Annual Report and CSR Data Book can be viewed on the corporate website (PDF/E-book).

<http://www.takeda.com/>

Transition in Disclosure Media		'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13 FY
Paper-based media		AR	AR	AR	IAR	IAR	IAR	IAR	IAR	IAR	IAR	IAR
			EVR → CSR									
Web-based media	PDF	AR	AR	AR	IAR	IAR	IAR	IAR	IAR	IAR	IAR	IAR
			EVR → CSR						CDB	CDB	CDB	CDB
	E-book	e-book versions of Takeda's Annual Report (Integrated) and CSR Data Book.									EB	EB
	Video									MM	MM	

AR: Annual Report EVR: Environmental Report CSR: CSR Report IAR: Integrated Annual Report CDB: CSR Data Book EB: E-book MM: Management Message

Dialogue with Stakeholders and Gathering Feedback

Takeda enhances the quality of dialogue with stakeholders using an AA1000 framework, based on appropriate information disclosures and dissemination.

We have also established a contact point for consultations and complaints, which we respond to appropriately in our drive to improve our corporate activities.

AA1000

Issued by British firm AccountAbility, these are guidelines relating to accountability.








Stakeholders	Method of Dialogue	Responsible Organizational Body
Patients and Medical Professionals	<ul style="list-style-type: none"> Pharmaceutical information providing activities Provide information through customer relations and through our website, etc. Hold seminars on healthcare, etc. Provide information through advertising 	Customer Relations Contact Center, etc.
Shareholders and Investors	<ul style="list-style-type: none"> Provide information through our Annual Report, website, and other media Shareholders' meetings and investors' briefings IR activities Respond to CSR surveys by socially responsible investors 	Corporate Communications Department, etc.
Society	<ul style="list-style-type: none"> Implement programs in cooperation with NGOs and NPOs Activities through involvement in economic and industry groups Hold CSR lectures for adults and students Exchange of views (dialogue) Volunteer activities 	Corporate Communications Department, etc.
The Environment	<ul style="list-style-type: none"> Dialogue with local residents living near manufacturing and research facilities Disclosure of information through Annual Report and website, etc. 	Organizational bodies of each manufacturing and research facility
Business Partners	<ul style="list-style-type: none"> Honest purchasing activities based on the Takeda Global Code of Conduct and the Guidelines for Socially Responsible Purchasing Surveys of business partners Exchange of views, explanations, study sessions Inquiries desk 	Organizational bodies handling procurement, etc.
Employees	<ul style="list-style-type: none"> Global Employee Survey Company intranets Voice of Takeda System (VTS) Labor-management dialogue Counseling In-house magazines Hold "Worldwide Takeda-ism Months" A range of capability development training 	Human resources-related departments, etc.

Stakeholders comprise all parties that are influenced by, and/or have an influence on, corporate activities.

See → P.9 Stakeholder Engagement P.53 Supplier Survey P.59 Providing Pharmaceutical Information of a High Standard

Takeda discloses its CSR activities in terms of the core subjects of the ISO 26000 international standard for social responsibility.

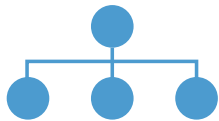
CSR Activity Targets and Results

ISO 26000 Core Subjects	Targets for Fiscal 2012	Results for Fiscal 2012	Evaluation
Organizational Governance 	Increase knowledge and awareness of CSR among employees	Held meetings to explain CSR activities at divisions and departments, mainly those in marketing functions	○
	Continue to hold stakeholder dialogues (stakeholder engagement)	Held stakeholder dialogues involving groups receiving support through the Takeda Well-Being Program	○
Human Rights  GC Principles 1-6	Consider creating a global human rights policy	Signatory to Guiding Principles on Access to Healthcare (GPAH) created by BSR, including items relating to human rights	○
	Continue to strengthen diversity promotion	Signatory to WEPs; published newsletters on diversity-related issues	○
Labor Practices  GC Principles 3-6	Conduct the Global Challengers program	Four Takeda Group employees selected for program after applying	○
	Continue to hold the Takeda Global Awards	Awards bestowed on 102 employees from 20 different countries	○
	Continue to run the Takeda Leadership Institute	Held sixth Takeda Leadership Institute for 36 participants from 13 countries	○
	Continue to promote work-life balance	Introduced twice-weekly "no overtime days" in Japan	○
The Environment  GC Principles 7-9	Continue to promote the Takeda Group Environmental Action Plan	Each Group company and division set targets based on the plan and worked to achieve them	○
	Formulate the Global EHS Policy	Formulated the Global EHS Policy and conducted activities worldwide to raise internal awareness	○
	Continue to strengthen and improve environmental protection and accident prevention management systems	Undertook improvement of environmental management system, including the ISO 14001 program; promoted improvement of environmental rules	○
	Continue to promote full employee participation in energy conservation	Continued the in-house eco-point system; took steps to raise energy conservation awareness by using energy conservation diagnosis and visualization technology	○
	Continue to improve awareness raising, education, and training for environmental protection and accident prevention	Held environmental protection and accident prevention training according to plan and engaged in educational activities via the intranet	○
Fair Operating Practices  GC Principles 3-10	Instill the Takeda Global Code of Conduct and the Takeda Anti-Corruption Global Policy in employees	Conducted global-level dissemination activities in cooperation with overseas subsidiaries	○
	Continue to conduct Supplier Surveys based on Guidelines for Socially Responsible Purchasing	Provided evaluation and feedback for 208 firms that completed Takeda's CSR survey	○
	Continue to promote green procurement	Promoted green procurement based on the basic policy of the Global Purchasing Policy	○
Consumer Issues 	Steadily implement the Three-Year Plan for Anti-Counterfeit Measures	Made steady progress in responding both at a global level and within each organization	○
	Strengthen IT strategy to increase opportunities to disseminate information, and conduct pharmaceutical information providing activities to meet wide-ranging needs	Used tablet PCs in product detailing activities and provided tools to support better patient adherence	○
	Continue to provide information spanning treatments and preventative measures	Continued to hold health lectures and seminars, and enhanced information provision through websites	○
Community Involvement and Development 	Provide ongoing support for areas affected by the Great East Japan Earthquake	Conducted long-term and ongoing support programs including "Support for Japan's Vitality and Recovery"	○
	Continue to promote corporate citizenship activities in the healthcare field	Promoted ongoing endowment programs to help improve access to healthcare	○
	Continue to provide research grants in a wide range of fields that contribute to healthcare progress	Supported research through charitable corporate foundations	○
	Continue partnerships with NGOs and NPOs	Increased cooperation with groups working to improve global health such as Project HOPE	○
	Raise awareness throughout the company about the Basic Policies on Corporate Citizenship Activities	Conducted internal awareness activities through dedicated website on the intranet	△
	Implement activities to publicize the Global Donation Guidelines throughout the company	Conducted internal awareness activities through dedicated website on the intranet	○
	Continue to provide opportunities for volunteer activities to employees in Japan	Developed a section on the intranet to provide employees with information on volunteer activities and promote related opportunities	○

GC : United Nations Global Compact

Evaluations: ○:Target achieved △:Progress made, but target not yet achieved ×:Target not achieved

Targets for Fiscal 2013	Page in CSR Data Book	
Continue to increase knowledge and awareness of CSR among employees	→ P.8 CSR Management Due Diligence Stakeholder Engagement	Corporate Governance
Continue to hold stakeholder dialogues (stakeholder engagement)		
Ensure strict adherence to company rules on human rights in all operational processes, including research, development, procurement and marketing	→ P.16 Human Rights Management	→ P.13 Compliance → P.20 Labor Practices
Continue to strengthen the promotion of diversity		
Promote accelerated development of global leaders	→ P.20 Global Governance Global Talent Management Promotion of Diversity Cultivating Employees Work-Life Balance Employment of People with Disabilities Health and Safety of Employees	Union Relationship
Continue to promote work-life balance		
Continue to promote the Takeda Group Environmental Action Plan		
Formulate the Global EHS Guideline	→ P.26 Environmental Management Reducing Environmental Risks Water Resources Conservation Initiatives Initiatives to Deal with Climate Change Biodiversity Conservation Initiatives Waste Reduction Reduction in Releases of Chemical Substances Air, Water, and Soil Quality Conservation	Environmental Communication Environmental Monitors Raising Environmental Awareness Environmental Impacts Associated with Takeda Group Business Activities Site Data Progress on the Takeda Group Environmental Action Plan
Continue to strengthen and improve environmental protection and accident prevention management systems		
Continue to promote full employee participation in energy conservation		
Continue to improve awareness raising, education, and training for environmental protection and accident prevention		
Continue to promote initiatives for biodiversity conservation		
Continue to instill the Takeda Global Code of Conduct and the Takeda Anti-Corruption Global Policy in employees		
Continue to follow up with suppliers on improvement items identified through fiscal 2012 survey; initiate use of survey with more suppliers		
Continue to promote green procurement		
Conduct interim review of Three-Year Plan for Anti-Counterfeit Measures in light of environmental changes; continue steady implementation of plan	→ P.58 Supply Chain Management for Quality Assurance Risk Management for Counterfeit Products Supplying Information Quality Assurance System Production and Supply Chain	
Raise disease awareness through Takeda website and advertising		
Continue to provide information spanning treatments and preventative measures		
Continue to provide ongoing support for areas affected by the Great East Japan Earthquake	→ P.66 Corporate Citizenship Activities Management Partnership with NGOs and NPOs Initiatives to Improve Access to Healthcare Global Community Involvement Support for Areas Affected by the Great East Japan Earthquake Corporate Foundations	→ P.3 Access to Healthcare
Continue to promote corporate citizenship activities in the healthcare field		
Continue to provide research grants in a wide range of fields that contribute to healthcare progress		
Continue partnerships with NGOs and NPOs		
Continue to raise awareness throughout the company about the Basic Policies on Corporate Citizenship Activities		
Continue to implement activities to publicize the Global Donation Guidelines throughout the company		
Continue to provide opportunities for volunteer activities to employees in Japan		



194

Number of people who took CSR training courses (fiscal 2012)

CSR Management

CSR Promotion Framework

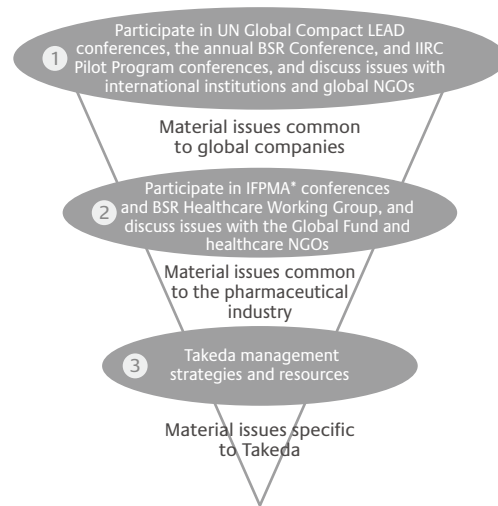
We have a dedicated team within the Corporate Communications Department for promoting CSR activities. The role of the organization is to raise the level of CSR activities throughout the entire company. The team aims to achieve this by communicating closely with the departments responsible for global governance of social, environmental, human rights, and procurement aspects of Takeda's business, in addition to communicating with those departments

responsible for product quality and safety, which are directly involved in the core pharmaceuticals business. In each case, the CSR team provides lateral support for each department's CSR activities. The framework treats important CSR-related matters in the same way as business matters: responsible departments must make reports and proposals as necessary to the Global Leadership Committee and the Board of Directors.

[See →](#) P.11 Corporate Governance

Identifying Materiality and Setting Key Performance Indicators

Takeda works through the following three-step process to identify material issues that need to be addressed. Once identified, the issues are examined by the responsible in-house departments and restated as items that need to be addressed. These contribute to the process of setting KPIs and implementation targets.



* IFPMA: International Federation of Pharmaceutical Manufacturers & Associations

[See →](#) P.3 Identifying Materiality

Measures to Sustain Corporate Value

Inclusion in Global SRI Indices*

Takeda is conducting its pharmaceutical business with the highest level of integrity, by providing outstanding medicines to patients through combined business processes of research, development, manufacturing, and sales and marketing. We also conduct corporate citizenship activities, improving the sustainability of society. We recognize that all these activities, when promoted in an integrated manner, constitute the essential element of CSR activities for our company. Based on the above perception, we have adopted "continued inclusion in SRI indices" as a key performance indicator for management from fiscal 2012, since it is an important external measure of our overall business activities. This serves to clarify our specific focus on social responsibility within management strategy.

* SRI Index: A stock index that evaluates companies using a standard that puts weight on both the non-financial and the financial aspects of a company's activities.

Number of major SRI indices in which Takeda is included

5

Due Diligence

Initiatives Relating to the Impacts of Business Activities

As a pharmaceutical company committed to improving people's lives, Takeda is engaged in identifying any impacts its business activities have on society and the environment, including potential impacts, and to take appropriate measures to handle them, with the aim of sustaining corporate value. As shown in the diagram on the right, Takeda sees this process as a series of

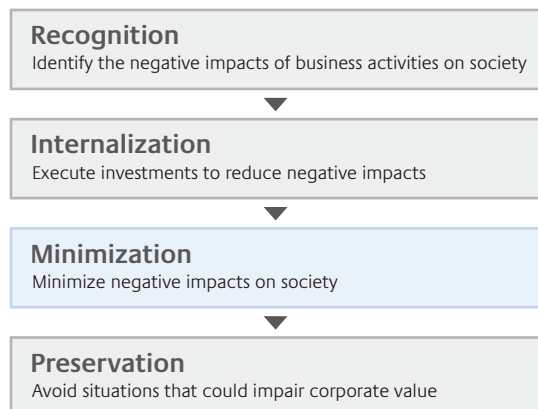
Due Diligence

In the context of social responsibility, due diligence is the process of identifying and avoiding or reducing the negative impacts of an organization's decisions and activities.

activities ranging from "Recognition," which refers to identifying negative impacts on society, to "Preservation," which refers to avoiding situations that could decrease corporate value.

With regard to human rights, this report gives an overview of various aspects throughout the entire value chain, including issues and initiatives. With respect to the environment, in our research and technology development, we evaluate the impact on the environment in advance, considering the entire business cycle from R&D to the use of the product and the final disposal of waste, and implement measures to reduce the negative impact on the global environment.

Process for Sustaining Corporate Value



See → P.16 Human Rights
P.26 Environmental Management

Stakeholder Engagement

Stakeholder Engagement Based on the AA1000 Scheme

Under ISO 26000, the basic practices underpinning social responsibility are identifying stakeholders and focusing on stakeholder engagement. Takeda refers to the international AA1000 scheme for accountability to enhance its stakeholder engagement efforts.

Fourth Stakeholder Dialogue

Takeda hosted its fourth stakeholder dialogue in March 2013. The theme of the dialogue was the Takeda Well-Being Program, and several new organizations receiving support under the program attended the event. The discussion focused on initiatives and results to date, and activities for the future.

Stakeholder Engagement

For Takeda, stakeholder engagement means understanding the position and concerns of stakeholders and then reflecting these in corporate activities and decision making.

4

Number of stakeholder dialogues (fiscal 2009-12)



Fourth Stakeholder Dialogue

Issues Raised at the Fourth Stakeholder Dialogue

1. Raise awareness of the social issue of children in long-term treatment and their families
2. Conduct commemorative projects marking the fifth anniversary of the Takeda Well-Being Program
3. Promote greater involvement by Takeda employees

See → P.4 Procedures for Disclosure, Dialogue, and Gathering Feedback
P.66 Community Involvement and Development

Future Outlook

Issues and Initiatives Going Forward

Takeda recognizes that the evaluation measures of SRI indices reflect society's demands at the global level. To transmit these demands to our in-house divisions practicing CSR and raise their awareness, a dedicated CSR unit holds meetings at each division.

We will also continue to hold stakeholder dialogue sessions every year, inviting NGOs to participate, in an effort to grasp the first-hand social trends and issues.

Mindful of the corporate value sustaining process, Takeda will continue to promote further cooperation with business partners, and to strengthen activities across the entire value chain.

Corporate Philosophy

Mission

We strive towards better health for people worldwide through leading innovation in medicine.

Vision 2020

Better Health, Brighter Future

For more than 230 years, we have been serving society with innovative medicines and helping patients reclaim valuable moments of life from illness. Now, with new healthcare solutions from prevention to care and cure, we are determined to help even more people enjoy their lives to the fullest.

We continue to transform the future of healthcare by unifying our strengths as “Global One Takeda.” We are

a diverse organization committed to working with local communities to fully understand their needs and deliver industry-leading solutions with a sense of urgency, dedication and unparalleled efficiency.

Our passion for healthcare and commitment to improving lives will enable us to make the next 230 years healthier and brighter for people around the world.



Takeda-ism and Values

Takeda-ism is the unchanging set of **core values** that guides all our activities. We pledge to act with **Integrity**—comprising **Fairness, Honesty** and **Perseverance**—at all times, especially when facing difficulties or challenges.

In our day-to-day work, we focus on the following **values** while upholding the highest ethical standards:

- Diversity
- Commitment
- Passion
- Teamwork
- Transparency
- Innovation



Fundamental Policy and Structure

Policy toward Corporate Governance

Takeda's management mission is to "strive towards better health for people worldwide through leading innovation in medicine." In line with this mission, Takeda is working to establish a management framework befitting a world-class pharmaceutical company that operates on a global scale. We are strengthening internal controls, including rigorous compliance and risk management, and establishing a structure to facilitate rapid decision-making that is sound and transparent. Through these initiatives, we will further enhance our corporate governance, thereby maximizing corporate value.

Management Structure

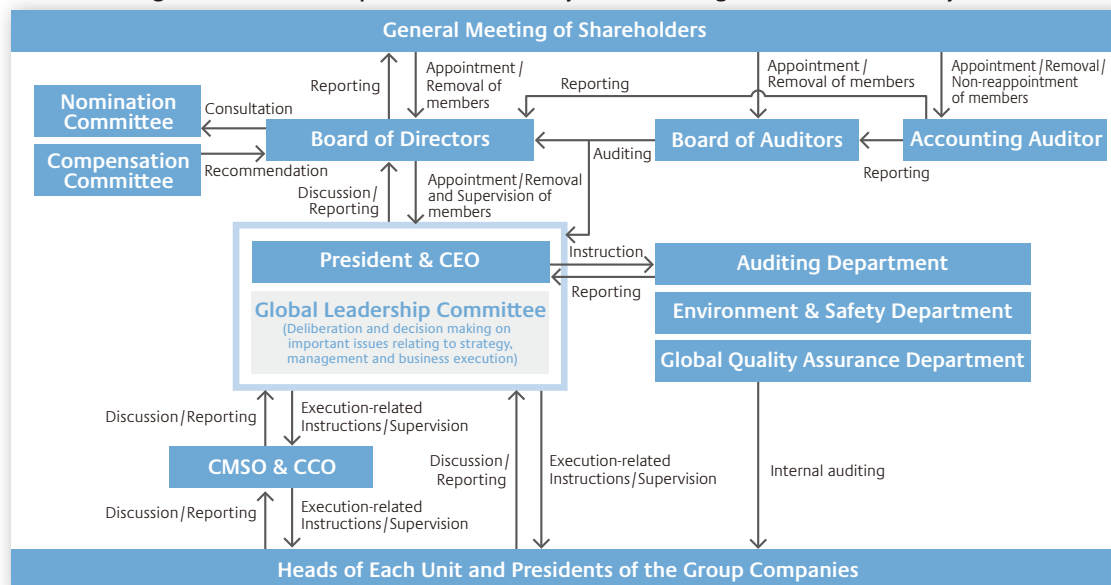
At Takeda, the Board of Directors determines the fundamental policies for the Group, and management and business operations are then conducted in accordance with their decisions. Transparency of the Board of Directors is achieved through audits conducted by outside corporate auditors. At the same time, the company also has outside directors who bring perspectives from other industries to help ensure the appropriate execution of business operations. Moreover, as management tasks continue to diversify, the Group has appointed special officers to ensure a flexible and swift response: the Chief Medical & Scientific Officer (CMSO), who is responsible for promoting innovation and increasing the productivity of R&D activities; and the Chief Commercial Officer (CCO), who manages all overseas sales and

marketing functions, except in the area of oncology. Takeda has also established a Global Leadership Committee, composed mainly of internal directors, which responds to the global business risks that have accompanied the expansion of the scope of our business. The Global Leadership Committee assembles to deliberate and make decisions on the important issues facing the Group, from an optimal company-wide perspective.

Takeda has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for company management. The Board of Directors consists of eight directors (all male), six Japanese and two non-Japanese, including two outside directors, and meets in principle once per month to make resolutions and receive reports on important matters regarding management.

Furthermore, a Nomination Committee and a Compensation Committee have been established as advisory bodies to the Board of Directors. These committees are each chaired by an outside director. Together, the committees serve to ensure transparency and objectivity in decision-making processes and results relating to personnel matters for internal directors (appropriate standards and procedures for appointment and reappointment, and having and administering appropriate succession plans) and to the compensation system (appropriate levels of compensation for the directors, appropriate performance targets within the director bonus system, and appropriate bonuses based on business results).

Schematic Diagram of Takeda's Corporate Governance System, Including the Internal Control System



Any risks we may face in the course of global business operations are managed by the personnel responsible for risk management in each organization within the relevant domain. We therefore have set a system in place to prevent or mitigate risks, according to their degree and nature.

Furthermore, based on the “Takeda Group’s Management Policy” and the “Management Policy for Affiliated Companies,” we work to clarify the roles and responsibilities of all Group companies. We ensure compliance and appropriate business operations through implementation of periodic internal audits and the Control Self Assessment (CSA) program.*

* Under the CSA program, personnel responsible for internal control assess the status of internal control in their particular company or division and pledge to implement a program of improvement. They then take an oath to confirm that the proposed program of improvement is appropriate. The CSA program forms the basis for evaluation and confirmation of financial reporting by management.

Auditing System

Takeda is a “Company with Auditors” as defined in Japan’s Companies Act. Takeda has established a system to ensure the effective implementation of audits, under the “Audit Rules by Corporate Auditors” which prescribe the activities of auditors, including attendance at important meetings and authority to review important documents. To ensure greater transparency of management, Takeda has appointed two outside corporate auditors (out of four auditors in total; all male), who conduct effective audits from an external perspective. We therefore consider that we have ensured objective and impartial management oversight. In addition, KPMG AZSA & Co. serves as the accounting auditor.

Attendance of Outside Directors at Board of Directors Meetings

Fumio Sudo	14 out of 14 Board of Directors meetings
Yorihiko Kojima	12 out of 14 Board of Directors meetings

Attendance of Outside Corporate Auditors at Board of Directors Meetings, Board of Auditors Meetings, and Committee of Corporate Auditors

Tadashi Ishikawa	12 out of 14 Board of Directors meetings 18 out of 20 Board of Auditors meetings 7 out of 7 Committee of Corporate Auditors
Tsuguoki Fujinuma	13 out of 14 Board of Directors meetings 20 out of 20 Board of Auditors meetings 7 out of 7 Committee of Corporate Auditors

* Tadashi Ishikawa retired as of June 26, 2013 and Shiro Kuniya was appointed as an outside corporate auditor.

Internal Criteria for Independence of Outside Directors/Corporate Auditors of the Company

The Company will judge whether an outside director/outside corporate auditor has sufficient independence from the Company with the emphasis on his/her meeting the following quality requirement, in addition to meeting the criteria for independence established by the financial instruments exchanges. Specifically, the Company considers that in order for persons to truly meet shareholders’ expectations as the outside directors/outside corporate auditors of the Company, they should be persons who can exert a strong presence among diverse directors and corporate auditors of the Company, which is operating its pharmaceutical business globally, by proactively continuing to inquire about the nature of important matters for the Company, encouraging improvements and making suggestions, for the purpose of facilitating impartial and fair judgment about the Company’s business and ensuring sound management of the Company. The Company requires that persons to be outside directors/corporate auditors meet two or more of the following four quality requirements:

- (1) He/She has advanced insight based on experience of corporate management
- (2) He/She has a high level of knowledge in an area requiring high expertise such as accounting or law
- (3) He/She is well versed in the pharmaceutical and/or global business
- (4) He/She has advanced linguistic skills and/or broad experience that enable him/her to understand diverse values and to actively participate in discussion with others

Compensation of Directors and Corporate Auditors Amount and Type of Compensation for Each Class of Director and Corporate Auditor, and Number of Recipients

Class of director/auditor	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			No. of recipients
		Basic compensation	Bonuses	Stock options	
Directors (excl. outside directors)	619	252	176	191	8
Corporate auditors (excl. outside corporate auditors)	104	104	—	—	2
Outside directors and outside corporate auditors	65	65	—	—	4

Note: These figures include compensation paid to one director who retired effective the end of the 136th General Meeting of Shareholders held on June 26, 2012 and two directors and one corporate auditor who retired effective the end of the 137th General Meeting of Shareholders held on June 26, 2013.

Takeda’s Corporate Governance Report can be viewed on the corporate website. (Available in Japanese only)

<http://www.takeda.co.jp/investor-information/governance/>

Compliance

The Takeda Global Code of Conduct and Promotion of the Global Compliance Program



In order to fulfill social expectations, gain trust and achieve recognition for its value to society, Takeda believes that, in addition to complying with laws and regulations, it is essential for Group employees and executives to conduct business from a high

ethical and moral standard through the practical implementation of the corporate philosophy, "Takeda-ism." In line with this perspective, Takeda has instituted the Takeda Global Code of Conduct as a baseline standard of compliance commonly applicable to Group companies to help promote an integrated approach to compliance issues across Takeda operations worldwide. In fiscal 2011, Takeda formulated the Takeda Anti-Corruption Global Policy to deal with tightening regulations of anti-bribery globally.

To promote compliance throughout the entire Group, Takeda has appointed a Global Compliance Officer and established the Global Compliance Committee. The Global Compliance Office, which is in the Legal Department of Takeda Pharmaceutical Company Limited, supports these efforts to promote compliance.

Promotion of Compliance at Group Companies

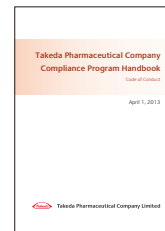
Under the global compliance organizational structure, each Group company continues to reinforce their compliance programs in line with the Takeda Global Code of Conduct.

Global Compliance Office works with Regional Compliance Officers when a coordinated global approach is required to manage certain compliance issues.

Promoting Compliance at Takeda Pharmaceutical Company Limited

Takeda Pharmaceutical Company Limited instituted the Takeda Compliance Program in April 1999, appointing its Compliance Officer and establishing the Compliance Promotion Committee. To implement the Takeda Global Code of Conduct in Japan, Takeda Pharmaceutical Company Limited has created the Takeda Global Code of Conduct (Japan edition) that all of its employees and executives are expected to follow.

Takeda Pharmaceutical Company Limited raises compliance awareness among its employees and executives through various training courses, including e-learning programs, discussion seminars at each business unit, and other programs.



In addition, an in-house hotline system called the Voice of Takeda System (VTS) and an external hotline system called the External VTS (for which outside counsel acts as a VTS contact) have been established to provide employees with a means of reporting compliance-related issues, while ensuring that employees who report the issues are protected.

Promotion of Compliance in Research

In pursuing its research activities, Takeda complies with relevant laws, such as the Pharmaceutical Affairs Law, as well as in-house regulations in order to develop outstanding pharmaceutical products.

When conducting experiments with animals, which are essential to the research and development of new drugs, we establish committees within our research facilities (such as the Laboratory Animal Ethics Committee, etc.), and we observe laws and regulations, including the Act on Welfare and Management of Animals. We make every effort to practice the 3Rs,*¹ the fundamental ethical and scientific principles for respecting life and caring for animals.

Shonan Research Center, Millennium Pharmaceuticals, Inc. and Takeda California, Inc. received Full Accreditation by the Association for Assessment and Accreditation of Laboratory Animal Care International (AAALAC International).^{*2}

In addition, when dealing with biohazards and chemical hazards we take all possible measures to protect people and the environment.

*1 The 3Rs are Reduction (of the number of animals in experiments), Replacement (of animal-based experiments with non-animal-based ones) and Refinement (of methods to reduce animal suffering).

*2 AAALAC International is a private, non-profit organization that promotes the humane treatment of animals in science through voluntary accreditation and assessment programs.

See → P.16 Human Rights
P.26 The Environment
P.50 Fair Operating Practices
P.60 Quality Assurance System

The Takeda Global Code of Conduct and the Takeda Global Code of Conduct (Japan edition) can be viewed on Takeda's corporate website.
<http://www.takeda.com/company/compliance/>

Crisis Management

Takeda's Approach to Crisis Management

The prevention of emergency situations that could result in a considerable impact on our management, or responding immediately when such a situation occurs, is an important aspect of the Group's corporate governance. Takeda has therefore been working to strengthen its crisis management function even further, in addition to ensuring adequate audits and other internal controls and promoting compliance on a Group-wide basis.

When implementing crisis management initiatives, it is important to act with fairness and integrity to ensure the Group's employees and finances are safeguarded. This is also a responsibility that Takeda must fulfill toward its stakeholders, who include shareholders, customers, suppliers, employees, communities and society at large. Takeda has therefore formulated the "Takeda Group Global Business Continuity Plan (BCP) Policy," as part of its response, to prevent the interruption of business activities in the event of any accident or disaster, or, where interruption is unavoidable, to resume business at the earliest opportunity, in addition to the existing "Takeda Group Global Crisis Management Policy" and "Policy on Crisis Management."

Through these initiatives, Takeda will continue to fulfill its mission of maintaining a reliable supply of products.

Takeda Group Global Crisis Management Policy

Takeda strives to ensure that all possible preventive measures are taken to avoid potential crises in accordance with the "Takeda Group Global Crisis Management Policy," which comprises basic policies, rules and

standards for crisis management. The policy also underpins systems and operations we have put in place to respond to each type of crisis swiftly and appropriately. In this way, we aim to minimize any potential harm to employees, any impact on the Group's finances, and any effect on society at large in the event of a crisis.

Scope of Crises as Defined in the Policy

Crises denote situations in which:

- The life, personal safety, or human rights of management or employees is endangered by an incident or accident.
- Serious damage is caused to company assets, business management, or business activities.
- The reputation of the Group or public confidence in the Takeda brand is seriously damaged.
- Shareholders, customers, business partners, or the public are seriously affected.

Takeda's Crisis Management Structure

Takeda Pharmaceutical Company Limited and its Group companies are responsible for establishing their own crisis management systems, implementing preventive measures, and taking appropriate action if a crisis occurs. In the case of a crisis that has a major impact on the Group and requires Group-wide action, a "Global Crisis Management Committee" chaired by the President & CEO of Takeda coordinates a common understanding of the situation and any relevant information. The Committee directs each Group company to take countermeasures, later following up on the implementation of the countermeasures.

Disclosure of Information to Stakeholders

Actions Aimed at Enhancing the Dynamism of the General Meeting of Shareholders and Facilitating Smooth Exercising of Voting Rights

Early dispatch of notice of convocation of General Meeting of Shareholders	The notice is dispatched three weeks prior to the day of the meeting.
Meeting date set to avoid coinciding with the meetings held by other companies	Takeda has convened its General Meeting of Shareholders on a date other than that set by many Japanese companies since the meeting held in June 2008.
Electronic voting	Takeda shareholders have been able to exercise voting rights by electronic means since the General Meeting of Shareholders held in June 2007.
Initiatives to upgrade the voting environment for institutional investors, including utilizing an electronic voting platform	Takeda has been utilizing the electronic voting platform operated by Investors Communications Japan, Inc. (ICJ) since the General Meeting of Shareholders held in June 2007.
Provision of English translation of notice of convocation	To encourage shareholders to vote, Takeda publishes the Japanese and English versions of the notice of convocation on the date of dispatch on its website and other websites, including that of the administrator of the shareholder's register, Mitsubishi UFJ Trust and Banking Corporation.
Other	Takeda organizes the General Meeting of Shareholders to try to present material to shareholders in a format that is easy to understand, including the use of slide and video presentations by the President & CEO to explain performance and business policies.

Status of Investor Relations (IR) Activities

	Supplementary explanation	Presentation made directly by senior management
Formulation and publication of disclosure policies	Takeda formulates disclosure guidelines that specify disclosure policies, the functions within Takeda with responsibility for information disclosure, and the related communication channels and procedures.	
Presentations to retail investors	During fiscal 2012, Takeda's department responsible for IR organized company presentations aimed at retail investors in eight locations in seven cities around Japan.	No
Presentations to analysts and institutional investors	Takeda holds earnings release conferences twice a year on the same days as the full-year and second quarter results are released. These events include results presentations and a Q&A session in which participants can ask senior management questions directly. Conference calls are held when the quarterly results for the first and third quarters are released. These also include presentations of results and the opportunity to question senior management directly.	Yes
Presentations to overseas investors	Conference calls are held in English on the release of the full-year results and the results for the first, second and third quarters. Conference call participants have the opportunity to question senior management directly.	Yes
IR materials available on corporate website	URL: http://www.takeda.com/ Material available: Quarterly financial statements, data books, presentation materials used in earnings release conferences, annual reports, notices of convocation of ordinary general meetings of shareholders, presentations given at conferences held by securities companies, notices of resolutions, and others.	
Establishment of a department (or person) responsible for IR	Department responsible for IR: Corporate Communications Department	

Status of Initiatives to Respect the Positions of Stakeholders

Internal regulations relating to respect for stakeholder positions	Takeda's mission of "striving towards better health for people worldwide through leading innovation in medicine" expresses a commitment to make a positive contribution to patients and healthcare professionals through pharmaceuticals. The Takeda values emphasize relationships with stakeholders, explicitly citing the values of commitment (Takeda works to meet its responsibilities to stakeholders) and transparency (Takeda appropriately shares information and promotes dialogue with stakeholders thereby building trust). Moreover, the Takeda Global Code of Conduct (Japan edition) provides ethical guidelines for employees based on respect for the perspectives of stakeholders.
Environmental protection and CSR activities	Environmental protection activities: Takeda engages in these activities from a medium to long-term perspective, based on its "Global EHS Policy" and "Basic Principles on the Environment." As well as setting specific performance targets for global warming countermeasures and waste reduction centered on the production and research facilities of Group companies worldwide, Takeda also engages in a voluntary "Responsible Care" program to ensure environmental protection, safety, and health as part of its responsibilities as a company that manages chemical substances. CSR activities: A dedicated CSR unit within the Corporate Communications Department oversees CSR activities that emphasize the importance of global corporate citizenship, based on international CSR-related principles and standards such as the United Nations Global Compact and the ISO 26000 standard.
Formulation of policies relating to disclosure of information to stakeholders	Takeda formulates disclosure guidelines that specify disclosure policies, those parts of Takeda with responsibility for information disclosure, and the related communication channels and procedures.
Other	We will continue to actively appoint diverse members to the company's Board of Directors, with the aim of strengthening systems further so that we can reflect viewpoints from multiple perspectives in management decisions. Furthermore, female business division heads take part in discussions and decision-making on management strategies and other important management and operational matters. Takeda is working to provide opportunities in the workplace for female employees to balance their responsibilities at work while also caring for their children. This is part of our efforts to support the development of women's careers, with the view to promoting the success of female employees. To date, Takeda has implemented measures such as providing support for the return to work of employees on maternity or child care leave; offering human resource development training to support women's career development; holding seminars for all employees aimed at promoting work-life balance in workplaces; and re-employment of women who resigned due to childbirth, child-raising, and other such reasons. In other measures, Takeda has introduced flextime systems and reduced working hour systems, which are designed to support a wider range of work styles, and these systems are available to all employees who have the same needs, not just women. Recently, with a growing number of men seeking to participate in child-raising, the number of male employees taking child care leave is increasing each year. Furthermore, in regard to promotion and career advancement for women, Takeda evaluates all personnel according to ability and performance irrespective of gender, in all stages of recruitment, assignment, career advancement, and so forth. Takeda has established a numerical target of achieving a 5% ratio of women in managerial positions by fiscal 2015. To reach this target, we are conducting a women's career advancement program called WILL for female employees who aspire to become future leaders. Through WILL, Takeda is systematically nurturing human resources by providing female leaders various opportunities including mentoring, group and individual training, and discussions with female senior management.



Human Rights Management

[1] Human Rights Issues

Research

When performing research to create new drugs, we need to use human-derived specimens (blood, tissue, cells and other substances) and so forth, in order to predict safety and efficacy prior to the start of clinical trials. Advances in research and analysis of the human genome and genes are enabling us to make greater use of knowledge gained from tests using human

tissues and samples. Takeda obtains the voluntary agreement (informed consent) of all individuals prior to collecting specimens from them. We also rigorously protect personal information, including genetic data. Actions like these demonstrate our awareness of the importance of human rights.

Other important issues to be considered include disclosing information about potential effects, if any, of research activities on the safety and health of people living near our research facilities, allowing access to genetic resources, and sharing of associated future benefits when we collect genetic resources from the soil or other sources as part of our discovery research activities.

Measures to Sustain Corporate Value

Clinical Trial Process Management Emphasizing the Human Rights of Trial Participants

Takeda conducts clinical trials globally while giving the utmost consideration to the human rights of trial participants. Numerous clinical trials are performed by contract research organizations (CROs), which conduct a variety of operations on behalf of pharmaceutical companies and provide support for those operations. Takeda recognizes that consideration for the human rights of individuals participating in clinical studies in developing and emerging countries is an important social issue. Accordingly, when selecting CROs for our global clinical trials, we take particular care to conduct rigorous pre-contractual quality assurance audits covering quality control, service execution capabilities, compliance, and other aspects. After contracting with CROs, we take responsibility for oversight of all CRO activities and evaluate CROs on an ongoing basis in line with our policies and standards.

Number of global CROs contracted after conducting pre-contractual quality assurance audits

4

Development (Clinical Trials)

Drug development is to confirm the efficacy and safety through the clinical trials with human beings for the compounds which have demonstrated the potential as the medicine in the research stage, and the purpose of the development activities is to accumulate data enough for application for marketing and its approval. Takeda recognizes important human rights issues to be addressed when performing clinical trials. For example, we need to provide thorough explanations of expected benefits, potential side effects, issues that must be observed and other aspects to the participants. We also ensure that participants in these trials provide their informed consent based on a thorough understanding of these explanations.

Moreover, we respect the fact that participants in clinical trials are voluntary participants and we exercise care to ensure their safety. We are also committed to protecting personal information, including genetic information.

See → P.13 Compliance

Procurement, Production and Logistics

As a global pharmaceutical company, Takeda procures materials from around the world, including in emerging markets, needed to manufacture and distribute its products. We realize that respecting human rights, including the rights of workers, is one of our greatest responsibilities with regard to procurement activities. To meet this obligation, we require our suppliers to pay sufficient attention to human rights.



4

Number of committee meetings concerning human rights-related rules (fiscal 2012)



Brazil Plant

In our production activities, we are also committed to fulfilling our responsibility regarding the safety and health of people who live near our facilities. In logistics, meanwhile, we view counterfeit drugs as one of our most pressing issues throughout the entire flow from procurement to production and distribution.

See → P.32 Reducing Environmental Risks
 P.52 Global CSR Purchasing
 P.58 Risk Management for Counterfeit Products

Sales and Marketing

Since pharmaceutical products are vital to maintaining health, improper administration methods can cause problems for patients as well as society as a whole. Takeda considers that its fundamental mission is to provide, collect and convey medical information in an accurate and speedy manner through appropriate measures while supplying high-quality products. At Takeda, all medical representatives (MRs) are duly aware of their role in conducting activities for providing drug information as representatives of the entire company. Above all, our MRs are dedicated to performing sincere promotional activities that show respect for the human rights of patients.

In overseas markets, we strictly comply with laws and regulations of all countries and supply consistent drug information on a global scale.

Value Chain

We also recognize that one of our key priorities as a pharmaceutical company is to support the needs of people who do not have adequate access to pharmaceuticals for various reasons, including poverty.

[2] Initiatives for Human Rights Issues

Research

Takeda conducts research activities based on a framework of policies and rules that respect the dignity of life and human rights.

Takeda has a Research Ethics Investigation Committee chaired by the Pharmaceutical Research Division general manager to handle issues associated with human-derived specimens (blood, tissue, cells and other substances) and so forth. Committee members confirm whether or not specimens are used for research in line with the Declaration of Helsinki. Another ethics committee is responsible for research that uses human genome and gene analysis. Six staff consisting of both genders make up this committee and more than half of the permanent members must come from outside the Group.

To reduce our environmental risk profile, we conduct our research activities in adherence with the Takeda Group's Standard for Environmental Protection and Accident Prevention Work. We also take steps to deal with human rights-related issues, such as taking particular care when using the genetic sample library.

Development (Clinical Trials)

When performing clinical trials, Takeda follows International Conference on Harmonisation—Good Clinical Practice (ICH-GCP) guidelines, which are international standards consistent with the spirit of the Declaration of Helsinki. We always receive the informed consent of patients, follow government regulations and our internal standards, and adhere to protocols.

In addition, we take care to protect the human rights of individuals participating in clinical studies in developing and emerging countries, trial participants who are socially underprivileged and other cases requiring special attention.

Major Human Rights-Related Rules for Research and Development Activities

Rules for the Research Ethics Investigation Committee
Rules for the Bioethics Committee concerning human genome and gene analysis research
Rules for the Committee for Safety of Gene Recombination Experiments
Rules for the Clinical Specimen Experiment Committee
Rules for performing human genome and gene analysis research
Rules for performing gene recombination experiments

Taking a global perspective, Takeda is doing its utmost to protect human rights through every link of the value chain.



Brazil Plant

Procurement, Production and Logistics

Takeda is strengthening its initiatives to respond to issues across the entire value chain through the establishment of the “Global Purchasing Policy” and “Guidelines for Socially Responsible Purchasing” and the formulation of its own standards for conduct. In addition, we are communicating with our suppliers, clearly sharing with them what we expect of them

and providing them with a code of conduct.

To reduce exposure to environmental risks, we established the “Global EHS Policy” and “Global EHS Guideline” and are making steady progress with associated activities. Based on the Three-Year Plan for Anti-Counterfeit Measures, we are also conducting programs on a global scale to prevent the spread of counterfeit drugs.

Human Rights Considerations in Guidelines for Socially Responsible Purchasing

■ CSR Code of Responsible Purchasing Standards

Human Rights, Discrimination

We shall respect human rights, and not be complicit in human rights abuses.

We shall respect the personalities of employees, temporary employees and all persons including business partners who are involved in the purchasing activities, and shall not discriminate or harass other employees for reasons such as nationality, race, creed, religion, sex, age, disability, disease, or social status.

■ Expectations for Suppliers

Compliance with laws and social norms; respect for interests of stakeholders and human rights

We request suppliers to build appropriate internal control systems to comply with laws and social norms, and correct violations. We also expect them to make efforts to respect the interests of stakeholders and human rights. For this purpose, suppliers are expected to conduct fair and sincere business activities without unfair practices such as bribery, and conform to the international labor standards to respect dignity of each employee, such as prohibiting child labor, forced labor, and discrimination based on race, gender, and other factors. In addition, safety and health of employees and local community should be ensured.

Human Rights Issues throughout the Value Chain/Tackling the Core Subjects of ISO 26000



11

Number of companies that jointly drafted the BSR “Guiding Principles on Access to Healthcare”

Along with 10 other global pharmaceutical companies, Takeda participated in drafting the “Guiding Principles on Access to Healthcare” of Business for Social Responsibility (BSR), which is an international body of corporate members concerned with CSR. Takeda played a leading role in formulating these principles.

Sales and Marketing

Takeda works hard to ensure that its promotion activities are fair. We comply with two relevant guidelines established within the Japanese pharmaceutical industry: the Promotion Code for Prescription Drugs and the Fair Competition Code for Ethical Drug Production and Sales. We have also established our own Transparency Guideline for the Relation between Corporate Activities and Medical Institutions. At the same time, Takeda has its own promotion code and rules that provide a framework for high-quality activities providing information on medicines based on high ethical standards along with respect for the human rights of patients.

Value Chain

Takeda has announced its basic stance on tackling the issue of ensuring access to pharmaceuticals by signing the “Guiding Principles on Access to Healthcare” drafted by BSR.

See → P.3 Access to Healthcare

Treatment of Employees

Takeda Respects the Human Rights and Diversity of its Employees in Line with the Takeda Global Code of Conduct

Takeda takes a global perspective on respecting human rights and observes the employment laws and regulations in each country. Furthermore, every Group company is committed to operating in line with the

Takeda Global Code of Conduct, which provides compliance standards including the treatment of employees.

The Code mandates respect for the diversity and dignity of the employees. It also prohibits discrimination and harassment based on nationality, race, skin color, beliefs, religion, gender, age, disabilities and any other legally protected status. The Code clearly provides that Takeda takes appropriate measures to prevent such discrimination and harassment.

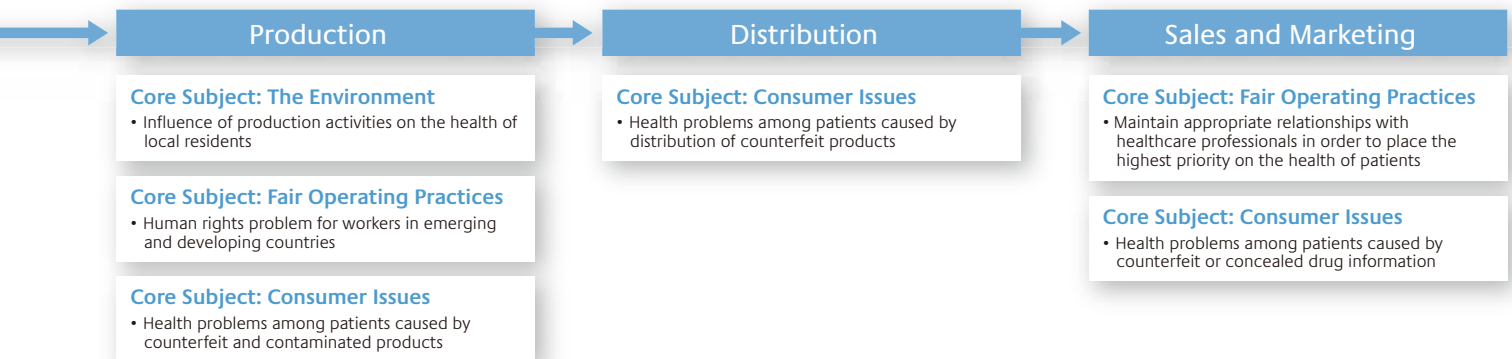
See → P.13 Compliance
P.21 Promotion of Diversity

Future Outlook

Issues and Initiatives Going Forward

Global pharmaceutical companies that conduct business in emerging markets and developing countries must take considerate care to human rights issues in various processes in the course of providing medicines. As a pharmaceutical company involved in improving people’s lives, in all processes from R&D to production and sales and marketing, Takeda conducts activities based on international standards such as the Ruggie Report* on human rights to the United Nations General Assembly. Regarding the issue of ensuring access to healthcare, Takeda will continue to fulfill its responsibilities as a global pharmaceutical company by drawing on a variety of insights gained through proactive participation in international community forums, such as BSR’s Healthcare Working Group.

* Ruggie Report: A report by Special Representative of the United Nations Secretary-General John Ruggie about human rights and multinational corporations, and other corporate issues.





Global Governance

Establishment of Global HR Functions

In May 2013, Takeda established the new position of Global Human Resources Officer to oversee HR divisions at all Group companies. The integration of Nycomed has accelerated the globalization of Takeda's operations, and the Global HR Officer is responsible for the optimization of Takeda's HR management to respond quickly to a variety of issues on a global scale. The Global HR Officer also looks at ways of strengthening local and regional functions to maximize the

potential of Takeda's talent and organizational capabilities.

Global Talent Management

Attraction and Development of Diverse Talent

For our Mid-Range Growth Strategy, we believe that the attraction and the development of global talent will play a crucial role. Not only will we continue active recruitment of diverse employees, we are also focused on developing professionals capable of leading Takeda's global business. Furthermore, to create an environment where all of our over 30,000 employees are given the opportunities to fulfill their individual potential, our HR initiatives are tailored to national and regional needs, and we actively exchange personnel among regions to achieve optimal global deployment. Through these initiatives, we seek to develop an international talent base that is capable of driving sustainable growth for Takeda's future global business.

We will also prioritize the globalization of talent and organizational frameworks in Japan. This enables us to play a central role in driving business innovation throughout the Group as well as continue serving as a base for sharing and communicating the core values of Takeda-ism which has been cultivated for many years.

Takeda has been participating in the Boston Career Forum, one of the world's largest job fairs for candidates bilingual in Japanese and English, since 2007. Because the forum has been running for 26 years, attracting around 10,000 candidates each year, it has allowed Takeda to recruit an array of diverse talent. Takeda has also been active in hiring employees from all around Asia, conducting recruitment activities in South Korea and visiting universities in Singapore and China.

Development of Global Leaders

Takeda is focused on the development of global leaders through initiatives such as the Takeda Leadership Institute (TLI) program, which is conducted in collaboration with the globally renowned business school INSEAD. Drawing from our expansive pool of talents spanning over 70 countries, we will develop and enhance our programs for the ongoing development of professionals who can exercise true leadership to drive innovation on a global scale.

Measures to Sustain Corporate Value

Development of Female Leaders

Takeda believes that career development for women plays a key role in promoting greater diversity in Japan. We develop women leaders strategically through initiatives such as the "WILL Female Development Acceleration Program" managed by the Human Resources Department. Through such initiatives, Takeda aims to increase the percentage of women in managerial positions from 2.5% (fiscal 2012) to 5% (fiscal 2015). Spurred by our recent commitment to support Women's Empowerment Principles, we are determined to promote further initiatives going forward.

Target percentage of women
in managerial positions in
Japan by fiscal 2015

5%



36

Number of participants in the 2012 Takeda Leadership Institute program



Takeda Leadership Institute program in 2012

Center for Learning and Innovation “CLI”

The Center for Learning and Innovation (CLI)* serves as Takeda’s global talent development center, offering a range of training programs to nurture everyone from global leaders to new recruits. The center was established in Suita, Osaka Prefecture, in March 2010. The multi-purpose facility is fully equipped to promote diversity, with a hall that can seat 408 people, conference rooms with video conferencing equipment and simultaneous interpreting facilities, optimally-stepped lecture theaters designed to facilitate two-way communication, and on-site accommodation for up to 294 guests, including two barrier-free rooms.

The facility is also designed to be in harmony with its surroundings and to preserve the environment. Situated unobtrusively amid a green forest, the building has an amorphous integrated rooftop solar panel system and uses special technologies to reduce its air-conditioning load.

CLI

The name Center for Learning and Innovation reflects Takeda’s hope for the facility to become a source of innovation for Takeda’s sustained growth.



Training center (CLI)

Promotion of Diversity

Leveraging Employee Diversity for Our Growth

Diversity is one of the values in Takeda’s corporate philosophy. By mutually understanding and respecting people of diverse age, gender, nationality, race, disability, and other backgrounds, we will foster a corporate culture that generates innovative ideas, and reflect new values in our management.

Employee Statistics (Number of people)

		FY 2010	FY 2011	FY 2012
Takeda Group Consolidated		18,498	30,305	30,481
Takeda Pharmaceutical Company Limited	Full-time employees	6,471	6,565	6,544
	Contract employees	269	292	691
	Of which, part-time employees	169	211	39
	Temporary employees	466	513	516
Consolidated subsidiaries		12,027	23,740	23,937
Japan		2,996	2,965	2,981
Overseas		9,031	20,775	20,956

Note: Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries. From fiscal 2010, the number is calculated on a full time equivalent basis.

Performance Indicators for Labor Practices

			FY 2010	FY 2011	FY 2012
Takeda Pharmaceutical Company Limited	Average age of employees	Male	39.6	39.4	38.9
		Female	36.7	36.9	37.0
		Total	38.8	38.7	38.4
	Average years of service	Male	15.2	14.8	13.8
		Female	14.3	14.1	13.5
		Total	15.0	14.6	13.7
	New graduates employed	Male	155	125	142
		Female	106	78	61
		Total	261	203	203
Average yearly salary (thousand yen)			9,249	9,435	9,555

Data assured by a third party

Takeda Global Awards

Since 2006 we have held the Takeda Global Awards for our global employees. This award program was established with the aim of creating an empowered corporate culture by furthering the spread of our corporate philosophy, Takeda-ism, and fostering a strong sense of unity as a corporate group. 2012 marked the sixth year of the ceremony, and the first opportunity for candidates from legacy Nycomed to be recognized. There were 102 awardees.

Takeda is committed to fostering a corporate culture based on Takeda-ism, where all employees strive to respect and understand each other as diverse individuals.

Women's Empowerment

Empowerment refers to the ability of women to participate in decision-making processes and to exert power autonomously, both as individuals and within the context of social groups.



Women's Empowerment Principles (WEPs) logo mark

Women's Empowerment Principles

The Women's Empowerment Principles (WEPs) are a set of principles for businesses offering guidance on how to empower women in the workplace. These principles are the result of a collaboration between the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the United Nations Global Compact. Takeda signed the CEO Statement of Support for the WEPs in December 2012 and plans to follow the seven principles to enhance its initiatives for promoting the active participation of women in corporate activities. In Japan especially, where women's empowerment still has a long way to improve compared to other developed countries, we will encourage women to excel in our company, vigorously taking appropriate actions to prepare work environments and human resource development schemes for that purpose.

Seven Women's Empowerment Principles (WEPs)

1. Leadership Promotes Gender Equality
2. Equal Opportunity, Inclusion and Nondiscrimination
3. Health, Safety and Freedom from Violence
4. Education and Training
5. Enterprise Development, Supply Chain and Marketing Practices
6. Community Leadership and Engagement
7. Transparency, Measuring and Reporting

Status of Women's Empowerment Initiatives (Japan)

		FY 2011	FY 2012
Employee composition	Female	1,778	1,806
	Male	4,787	4,738
Number of participants in leadership development programs*	Female	—	36
	Male	—	38
Ratio of women in managerial positions		2.1%	2.5%
Child care leave users	Female	109	74
	Male	49	61
Ratio of women receiving health examination for gender-related health issues		—	56%
Number of users of on-site child care facilities		49	55

* Includes overseas employees (28 male; 8 female)

Data assured by a third party

2.5%

Percentage of women in managerial positions in Japan (fiscal 2012)

Initiatives in Japan

Diversity Vision

In Japan, we are working to “attract and develop global talent,” “support career development for female employees,” “expand the work horizons of people with disabilities,” “promote understanding and acceptance of diversity at each workplace and among individuals,” and “support work-life balance.” We continue to address these issues throughout the company.

In 2011, we set out the Diversity Vision in Japan, and we continue to strengthen our initiatives going forward.

“WILL” Female Leadership Acceleration Program

The Human Resources Department provides a program called WILL, which promotes greater involvement of women in the workplace in Japan. The program offers female leaders various opportunities including mentoring, group and individual training, and networking with female senior management. Takeda has set specific numerical targets for nurturing and producing female managers, and in fiscal 2012 the percentage of women in managerial positions was 2.5%.

Participation in the World Economic Forum's Japan Gender Parity Task Force

Takeda is a Community Partner in the World Economic Forum's Women Leaders and Gender Parity Program. In this role, we are engaged in various activities, and in November 2012 we participated in the Japan Gender Parity Task Force that has been set up by the forum.

In the forum's Global Gender Gap Report 2012, Japan was ranked 101st out of 135 countries in terms of initiatives to remove the gender gap. The task force has been set up to reduce the economic gender gap in Japan by 10% by 2015 in order to bolster Japan's long-term economic competitive strength. 72 leaders are participating in the task force, including representatives from Japan's government, business world, and civic society.



Diversity Promotion Symbol

The symbol represents Takeda continuing to grow in the future by promoting diversity.

Cultivating Employees

Training Programs

At Takeda, we put a lot of effort into cultivating a self-reliant professional workforce. In addition to task-specific training programs aimed at developing specialist knowledge or building specific technical skills needed for each division, we hold various courses within a “stratified training program” to train and develop new employees, mid-level employees, and newly promoted managers. There is a six-month training program for new employees who will become Takeda medical representatives (MRs) in Japan. After completing this program, prospective MRs are assigned to sales offices nationwide, where

they refine their MR skills through a combination of e-learning courses, on-the-job training and stratified training.

We offer many other opportunities to learn. For example, employees can participate in external training or study on their own. By providing a diverse array of training programs, Takeda powerfully supports each employee’s skills development while working to improve organizational teamwork.

The Training Program System

Training Program on Corporate Philosophy and Strategy ◎Takeda-ism session (also part of stratified training and leadership development programs)
Stratified Training Program ◎Training for new employees ◎I2 training ◎Training for new managers
Task-Specific Programs ◎Business skills development ◎English proficiency training ◎Cross-cultural awareness training
Leadership Development Program ◎Selective-intake management training program ◎HR development programs provided at educational institutions in Japan and overseas
Departmental Programs ◎Department-funded professional education
Support for Self-Development ◎In-house TOEIC and e-learning, etc.
Others ◎Training programs relating to workplace harassment (sexual/managerial), mental health, etc. ◎Career development and life-planning support

Number of Participants in Training Programs

		FY 2010	FY 2011	FY 2012
Stratified Training Program	Male	—	—	389
	Female	—	—	105
	Total	923	595	494
(Of which, training for new employees)	Male	—	—	(142)
	Female	—	—	(61)
	Total	(194)	(193)	(203)
Task-Specific Programs (Business skills, English)	Male	—	—	1,013
	Female	—	—	455
	Total	1,360	1,440	1,468
Leadership Development Program	Male	—	—	38
	Female	—	—	36
	Total	119	72	74
Career Development and Life-Planning Support	Male	—	—	56
	Female	—	—	36
	Total	77	60	92

Data collection sites: Takeda Pharmaceutical Company Limited (task-specific programs only, including Takeda Bio Development Center Limited)

Takeda's Voice

For the past three years I have been working as an area team leader to expand our sales and develop my team members. As a leader, I formulate area strategies that incorporate the individual traits of various team members, from new recruits through to seasoned veterans. It is very interesting work, and I find it fulfilling even though it is not easy. In the WILL training program, I had an opportunity to receive a range of advice on my own career from different perspectives in the course of receiving mentoring from seniors in other divisions. This has helped me to become more aware of business perspectives in managing my team.



Naoko Yamakawa

Kumagaya Representative Office (Chiba and Saitama Branch),
Area Team 2 Leader, Pharmaceutical Marketing Div.

Takeda is further improving its human resources practices and employee benefits to create an environment where all employees can commit totally to their work.

Work-Life Balance

Supporting Work-Life Balance as a Key Strategy for Promoting Diversity

Takeda is promoting a variety of efforts to support work-life balance, including introducing a range of work styles. We are also proactively providing information on work-life balance to employees, including setting up a “Life Balance Up Navi” section on the company intranet. In addition, the Pharmaceutical Marketing Division publishes an in-house magazine called “Beautiful Being” that introduces role models for MRs to achieve a balance between job responsibilities and personal events.

We have designated every Wednesday and Friday as “power-up days” when employees are encouraged to leave work on time, and the company has also been offering support to employees’ volunteer activities by providing special paid leave and covering their volunteer insurance premium and part of their expenses.

Takeda is dedicated to giving employees the opportunity to fulfill their responsibilities at work with confidence while also caring for their children. In recognition of this stance, in 2012, Takeda received its third “Kurumin” certification under Japan’s Law for Measures to Support the Development of the Next Generation. Initiatives include making it easier for male employees to take child care leave by allowing part of such time to be paid time off, and by publicizing opinions and feedback from people who have used the child care leave system. In fiscal 2012, 61 male employees took time off for child care leave, and in 2011, we opened Takeda Kids—an onsite child care facility at the Shonan Research Center. In these ways Takeda is helping employees balance work with parenting.



Next generation accreditation mark

A mark awarded to companies that are recognized for supporting child-rearing by employees under Japan’s Law for Measures to Support the Development of the Next Generation.

61

Number of male employees who took child care leave (fiscal 2012)

Utilization of Takeda’s Employee Benefit Programs

		FY 2010	FY 2011	FY 2012
Paid vacation	Utilization rate	60.1%	57.2%	53.9%
	Avg. days used	10.8	10.3	10.3
Users of reduced working hours for child care*1		65	72	39
Child care leave	Users (female)	66	109	74
	Users (male)	44	49	61
Maternity leave users		41	75	58
No overtime work system*2 users		2	2	1
No late-night work system*2 users		2	2	0
Child nursing care leave*2 users		8	10	7
Users of reduced working hours for nursing care		1	0	0
Nursing care leave users		5	4	3
Re-employment of former employees system registrants		1	4	1
Post-retirement re-employment system re-hires		98	90	161
Volunteer leave users		—	64	83
Philanthropy leave users		Aggregate until FY2012: 7		

*1 Until child completes the third year of elementary school *2 Until child starts elementary school
Scope of data collection: Takeda Pharmaceutical Company Limited

Working Hours Program and Employee Benefit Program

• Discretionary working hours

At departments engaged in research and development activities, employees can decide themselves how to perform their jobs and allocate their working time.

• Outside de facto working hours

This system allows people in sales and marketing positions (MRs, etc.) who are often in the field, to receive credit for having fulfilled the required number of working hours.

• Flextime and work-at-home

These systems are intended to enable employees to balance their work and home life, while encouraging creativity and improving productivity and efficiency. Employees can choose their own working hours and locations.

• Consecutive holidays

Employees can combine company vacation time with national holidays to take off five or more consecutive days.

• Hourly use of annual paid vacation and reserved paid vacation

To make it easier for employees to take their leave, this system allows part of the annual and reserved paid vacation to be taken in hourly units

• Special paid leave for spouse’s childbirth

An employee can receive five days of special paid leave from one week before the spouse’s expected date of delivery to the end of the child care leave period.

• Child care leave

Employees can take time off until a child reaches the age of 18 months or until the end of April following the first birthday, whichever is longer. Only the first five consecutive days taken off are paid.

• Nursing care leave

Employees can take off up to one year to care for an aging parent or other senior (up to 93 days if the number of days off is less than 93 days over a 12-month period).

• Re-employment of former employees

Employees who resigned due to marriage, childbirth, child care, parent care or other personal reasons can register for an opportunity to rejoin the Takeda workforce.

• Volunteer leave

As part of its corporate citizenship activities, Takeda supports employees’ own initiatives of participating in society through the volunteer leave system. The system allows employees to receive paid leave up to five days per year. One of the goals is to allow them to gain experience of various changes in society so that the experience is beneficial to employees in their daily work.

• Philanthropy leave

Employees can use this system to take leave with pay for a period determined by the company for volunteer programs sponsored by a government agency, non-government organization or non-profit organization.

Employment of People with Disabilities

LI Takeda Ltd.

At LI Takeda Ltd., Takeda employees overcome various hurdles, including communication barriers posed by intellectual, hearing, and other disabilities, to fulfill their duties with a positive attitude. The company’s operations support the Group’s R&D and sales and marketing functions through production of business cards, pamphlets, booklets, posters and other printed materials, forwarding of direct mail, and cleaning and laundry services. We are expanding employment opportunities

1995

LI Takeda established LI Takeda was established as a special subsidiary for offering employment for people with disabilities. It was the first of its kind in the Japanese pharmaceutical industry. The L in LI Takeda stands for "Labor" and the I is the phonetic equivalent of the Japanese word for "Love." The intention is to reflect the company's management mission of "being a friendly company for workers with disabilities," by supporting each employee in achieving independence in society.

for LI Takeda employees: from fiscal 2010 we have undertaken cleaning of the onsite accommodation facility at the Center for Learning and Innovation (CLI) training facility in Suita, Osaka Prefecture, and we also handle laundry services in the Shonan district since the opening of the Shonan Research Center in fiscal 2011.



LI Takeda employees at work cleaning the CLI training facility

		FY 2010	FY 2011	FY 2012
Ratio of people with disabilities employed at Takeda*3		2.03%	2.09%	2.02%
Number of people with disabilities employed at Takeda*4	Severe	61	61	60.5
	Mild	24	30.5	28.5
	Total	85	91.5	89

*3 As of March 1 of each fiscal year
 *4 Employees with disabilities on reduced work hours (between 20 and 29 hours per week) are counted as 0.5 for statistical purposes
 Scope of data collection: Takeda Pharmaceutical Company Limited and LI Takeda Ltd.

Health and Safety of Employees

Mental Healthcare

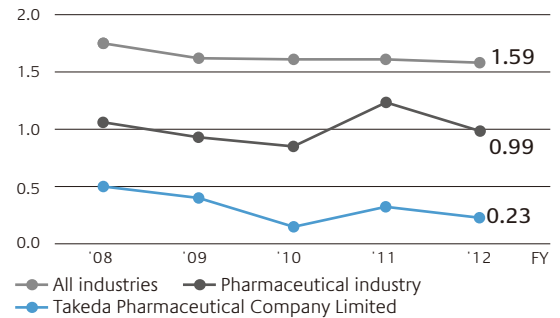
The Takeda Total Human Safety Net (THS) is a support system for both the mental and physical health management of employees. The THS supports activities such as prevention, early detection and treatment with regard to mental healthcare in particular. In addition to the usual periodical health checkups and provision of a medical staff of industrial physicians, Takeda employs an external employee assistance program (EAP) that gives employees in need access to consultations with specialists such as doctors and clinical psychotherapists outside the company. The THS also has a system for supporting employees who need to take long-term medical leave, ensuring their livelihood and facilitating their return to work.

Health and Safety

In accordance with its basic principle of "protect people," Takeda strives to secure the participation of all employees in ensuring health and safety based on its Global EHS Policy. The company has established Safety and Health Committees at the head office and branch offices as well as at plants and research centers. In addition, Takeda takes steps to prevent occupational accidents and improve the health of employees by drawing up action programs based on the company-wide occupational health and safety management policies formulated each year.

	FY 2010	FY 2011	FY 2012
Percentage of employees using the health check service	98%	96%	95%

Frequency of Occupational Accidents*5



*5 Frequency rate refers to the number of deaths or injuries per 1 million net working hours.

Union Relationship

Development of Healthy Industrial Relations

By communicating with workers unions and employee representatives of each company in accordance with the laws of each respective country, we practice a healthy relationship with the Workers Union. For example in Japan, by having a collective bargaining agreement with the Takeda Pharmaceutical Workers Union we conduct regular dialogues regarding various topics such as conditions of employment or human resource activities currently practiced at Takeda.

Future Outlook

Issues and Initiatives Going Forward

Takeda has previously promoted diversity as one of its values, and today diversity is one of the core strategic focuses of our Mid-Range Growth Strategy. This can be seen through our corporate vision, Vision 2020, in which diversity is incorporated expressed as "Our Organization: Strength from Diversity." Moving forward, we seek to increase our corporate value as a global pharmaceutical company by further invigorating our corporate culture through recruiting and developing diverse talent of different ages, genders, nationalities, and backgrounds. In Japan, our goal is the following: "By 2015 each employee at Takeda will realize that by leveraging our diversity to achieve peak performance, we are able to grow ourselves and our business."

✓ Data assured by a third party

See → P.88 Independent Assurance of Social Performance Indicators



Environmental Management

Reorganizing the Group-Wide Management Structure

Since establishing the Environmental Protection Measures Committee in 1970, Takeda has engaged in environmental protection activities from a long-term perspective. Under the Takeda Group Environmental Action Plan, Takeda has set targets for measures to combat global warming, waste reduction, and other initiatives over the mid- and long-term. We review and evaluate our progress each year, and plan our future

1970

Established the Environmental Protection Measures Committee

Measures to Sustain Corporate Value

Water Resources Conservation Initiatives

Takeda approaches water resource conservation by addressing two issues: the amount of water used, and the quality of effluent waste water. In terms of the amount of water used, our sites worldwide are classified using three levels of risk, water usage surveys are conducted in each region and goals are set for each site to promote the efficient use of water resources. In terms of the quality of effluent waste water, we are promoting appropriate measures to ensure the waste water from Takeda facilities does not have any harmful impact on aquatic life or local ecosystems. In fiscal 2012, WET* tests were conducted at the Hikari and Osaka plants and at the Shonan Research Center in Japan to assure the quality of waste water from these facilities.

* Whole Effluent Toxicity (WET) tests are a way of evaluating the quality of effluent wastewater by observing bio-response of aquatic organisms such as fish, daphnia, and algae.

Number of countries where Takeda has production sites

18

Hikari Plant (Japan)

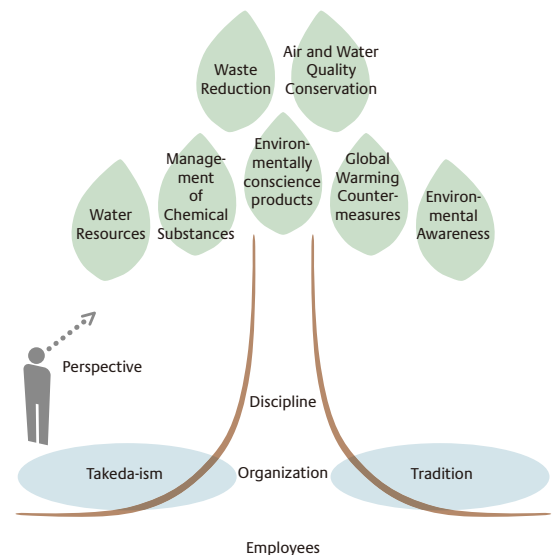


activities. In 2012, due to the rapid globalization of Takeda's business, we formulated the Global EHS Policy covering issues relating to the environment, health and safety at the Group companies in Japan and overseas. In June 2013, Takeda formulated the Global EHS Guideline and is currently working on the implementation of specific activities.

Environment	Health	Safety
Takeda-ism		
Compliance Program		1999
Basic Principles on the Environment	1992	
Global EHS Policy		2012
Global EHS Guideline		2013

Takeda has devised the concept of the Takeda Environment Action Tree (TEA Tree) to be nurtured by each individual employee from a global perspective, while leveraging the Group's overall organizational power and guidelines framework. This initiative is based on Takeda's history of supplying pharmaceuticals for over 230 years and its corporate philosophy of "Takeda-ism."

Takeda Environment Action Tree

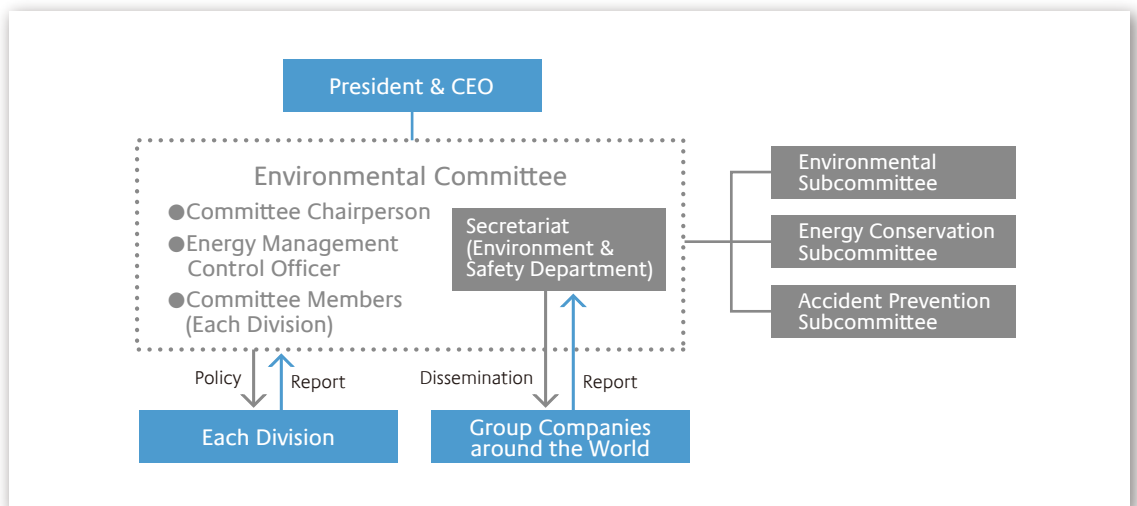


Environment and Safety Management Structure

Takeda has established an Environmental Committee, consisting of representatives in charge of environmental activities from each division, to promote our business operations based on the Global EHS Policy. In the Environmental Committee, various issues regarding the environment, including company-wide environmental protection, energy conservation and accident prevention are deliberated and the annual environmental policies are determined. Under the Environmental Committee, three subcommittees—for the environment, energy

conservation and accident prevention—have been established, and measures related to each issue are devised and implemented at the practical operation level. Moreover, personnel in charge of environmental activities are appointed at production sites and research centers, promoting activities based on the medium-term implementation plan, as well as the annual plan.

The matters deliberated by the Environmental Committee are relayed by the Secretariat to all Group companies around the world.



Message from the Environmental Committee Chairperson

Since Takeda's mission is to strive towards better health for people, it has an essential responsibility to promote the environment (E), health (H), and safety (S) as well as leading innovation in pharmaceuticals. Strongly aware of this responsibility, Takeda has taken a long-term perspective in its activities, establishing the Environmental Protection Measures Committee in 1970, and establishing its Basic Principles on the Environment in 1992. In 2010 Takeda formulated the Takeda Group Environmental Action Plan, and in response to rapid globalization in and outside the company and growing public concern, established the Global EHS Policy in 2012, followed in June, 2013, by the Global EHS Guideline. In coordination with measures for sharing information, all Takeda sites around the world cooperated to prepare a framework for promoting EHS under the concept of Global One Takeda. The entire Group is also taking action to achieve specific targets, such as an 18% reduction in energy-derived CO₂ emissions from fiscal 2005 levels by fiscal 2015.

Yasuhiko Yamanaka
Managing Director and Chairperson of the Environmental Committee



Based on the Global EHS Guideline and the Takeda Group Environmental Action Plan, Takeda will establish a yearly policy and enhance its activities relating to the environment, health and safety.

Global EHS policy/Global EHS Guideline

To achieve “Global One Takeda” as set forth in “Vision 2020” in environment, health and safety, Takeda formulated the Global EHS Guideline in June, 2013, to provide specific direction to the activities required by

the Global EHS Policy. Our focus now is on steadily executing the concrete measures set out under the items in the guideline.

Global EHS policy

Takeda group, as a global pharmaceutical company, is committed to striving towards better health for people worldwide through leading innovation in medicine. We are committed to achieving sustainable growth by fulfilling the Environmental (E), Health (H), and Safety (S) demands of society. We recognize our

responsibility toward the health and safety of the Takeda workforce, our affiliates, and the local residents. We also recognize that environmental protection and sustainability is our responsibility. We will tackle these goals sincerely based on Takeda-ism.

Primary responsibility

Takeda’s primary responsibility is the protection of people and the environment. We prioritize health, safety and environmental protection throughout all our business activities.

Awareness

We promote awareness of our mission to ensure health and safety, as well as environmental protection and sustainability. We are committed to enhancing our knowledge and skills to fulfill this mission and minimize relevant risks.

Compliance

We are committed to complying with all relevant legislation of each country and industry best practices/standards concerning health, safety and environmental protection.

Communication

We proactively promote communication with diverse groups of stakeholders including neighboring communities, and fulfill our social responsibility for health, safety and environmental protection to achieve a social trust.

Roles and Responsibilities

Takeda defines the role and responsibility of each director, officer and employee and establishes management systems to continuously improve health, safety, and environmental protection.

Global EHS Guideline (Content)

Chapter 1: General Principles

- Purpose
- Scope
- Definition

Chapter 2: Management

- Roles and Responsibilities
- Goals
- EHS Management System
- Plans
- Review
- Audit
- EHS Risk Assessment
- Compliance
- Corrective and Preventive Actions
- Collection of Information and Recordkeeping

- Documentation, Document Management and Record Retention
- Education and Training
- Communication

Chapter 3: Environmental Protection

- Storage of Hazardous Substance
- Waste Management
- Transport of Hazardous Substances
- Atmospheric Emissions and Environmental Air Quality
- Ozone Layer Depleting Substances (ODS)
- Noise and Vibrations Nuisance
- Energy Saving, Use of Sustainable Energy
- Water Resource Conservation

- Wastewater Management
- Soil and Ground Water Contamination Control
- Chemical Emission Volumes to the Environment
- Biodiversity Conservation
- Green Procurement

Chapter 4: Occupational Health and Safety, Accident Prevention

- Biosafety
- Management of Genetically Modified Organisms, etc
- Experimental Animal
- General Occupational Health and Safety
- Industrial Hygiene Management

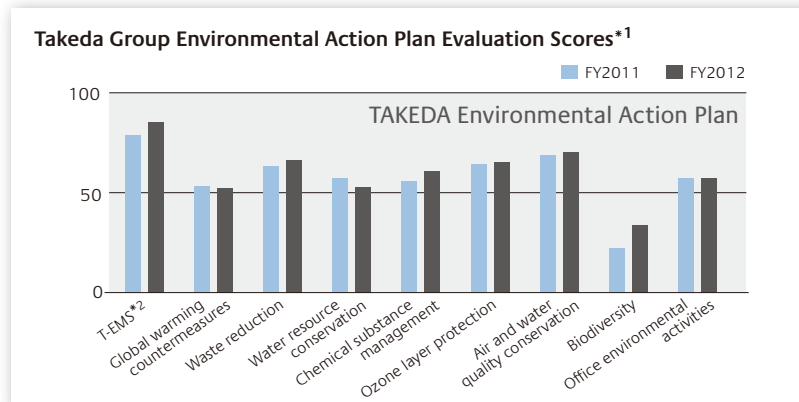
- Occupational Safety during Potentially High Risk Operations
- Use and Management of Hazardous Substances
- Ionizing Radiation Management
- Personal Protective Equipment (PPE)
- Ergonomics Program
- Performing Potentially Dangerous Work Alone
- Health Management
- Equipment and Machinery
- Emergency Response

Takeda Group Environmental Action Plan

In fiscal 2010, Takeda formulated the Takeda Environmental Action Plan to specify environmental issues and targets for the medium and long term. At the same time, we created the Takeda Group Environmental Action Plan for our Group companies

in Japan and overseas. To fulfill our social responsibilities as a global pharmaceutical company, we have set concrete numerical targets to combat global warming, reduce waste and promote other initiatives. We review our progress toward these targets annually

and quantify our evaluation for each item. By tracking our performance each year, we continuously promote activities for achieving the targets. Where progress is lagging on certain items, we recognize the need for in-house education about the problem.



*1 Activity levels are divided into four depending on the presence or absence of numerical targets, etc., and quantified.
 *2 T-EMS: Takeda Environmental Management System
 Data collection sites: Group production and research sites in Japan and overseas (excluding legacy Nycomed sites).
 Takeda Pharmaceutical Company includes headquarters and sales offices.

See → P.48 Progress on the Takeda Group Environmental Action Plan

Sharing Environmental Information and Know-How among Group Companies

Takeda holds various meetings to facilitate sharing of environmental information and know-how among



The Network Meeting held in Zurich

Group companies to help them improve synergistically. One example is the EHS Coordinators Network Meeting. Here, the EHS officers at legacy Nycomed companies

and the production sites of Takeda Italia S.p.A. get all together to exchange information on the initiatives they are taking at each site, and to discuss what the Group's aims should be. In fiscal 2012, it was held by representatives from 17 sites in 12 countries joined by special participants from Takeda Pharmaceutical Company Limited and Millennium Pharmaceuticals Inc. to discuss a draft of the Global EHS Guideline from various perspectives to accelerate the final drafting later on.

Takeda's Voice

The new Global EHS Guideline for production and research sites is a real innovation, being the very first guiding principle for "Global One Takeda" on implementing the Global EHS Policy.

It was an adventure to embrace Takeda's diversity and make the EHS Guideline "really global," and thus applicable for about 30 sites around the world. This became possible by including inputs from various parties. I am happy about the great teamwork of our expert group consisting of representatives of the CCO EHS Network and the TPC E&S Department because we were able to make our contributions with regard to the sites within CCO.

The implementation of the Global EHS Guideline at each site will be the next challenge. I firmly believe that with the commitment and passion of our EHS Coordinators we will bring the Global EHS Guideline to life.



Monika Allweiler Takeda GmbH

We are promoting activities across the entire Group to help fulfill our responsibilities as a global enterprise.

Validation of Activities Using an Index

Takeda recognizes the importance of quantitative assessments of the impact of business activities on the environment. In fiscal 2012, we undertook environmental impact assessments for our operations in Japan and overseas by LIME.* While these measurements confirmed that Takeda had made significant reductions in its overall environmental impact at the parent company level by reducing its emission of chemicals and switching to alternative fuels, they also reaffirmed that we need to focus on reducing CO₂ emissions further. Reducing emissions of sulfur oxides (SO_x) is another key issue for the Group. Takeda plans to apply expertise developed in Japan to reduce the environmental impact of Group operations worldwide.

Recognizing that business growth tends to increase the environmental impact, Takeda has defined an internal “environmental efficiency index,” equal to net sales divided by the total environmental impact cost as measured by the LIME assessment. The index

has been decreasing since fiscal 2011 because environmental impact costs increased in line with the start of operations at new manufacturing and research facilities. Takeda will use the index to help assess the relationship between the Group’s business activities and the environment.

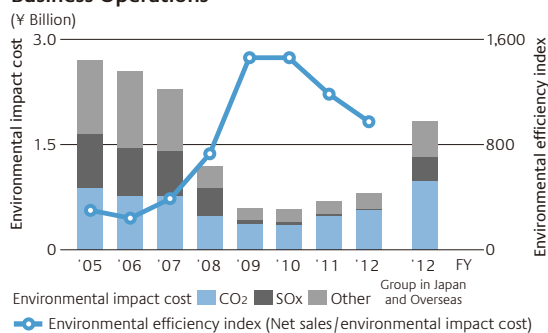
* LIME (Life-cycle Impact assessment Method based on Endpoint modeling) was developed as a national project in Japan for making a quantitative overall assessment of various environmental impacts, including CO₂, waste, and chemical substances.

Responsible Care Activities

Responsible Care is an international voluntary program for the chemical industry to deal with the management of chemical substances. The purpose of the program is to ensure consideration for the environment, safety and health while handling chemical substances. Takeda has been implementing such activities in Group companies in Japan and overseas since 1995, when the Japan Responsible Care Council was launched.



Trends in Environmental Impacts Due to Business Operations



Data collection sites: Takeda production and research sites ('05-'12, unconsolidated), including indirect emissions associated with purchased electricity. Group production and research sites in Japan and overseas ('12 Group sites in Japan and overseas), including indirect emissions associated with purchased electricity.

Environmental Management System

All Takeda production sites in Japan have acquired ISO 14001 certification, as have the production sites of Takeda Italia S.p.A. (Italy), Takeda GmbH (Germany), Guangdong Techpool Bio-Pharma Co., Ltd. (China), Tianjin Takeda Pharmaceuticals Co., Ltd. (China), and Takeda Pharma Ltda (Brazil).

Stakeholder's Voice

Takeda is leading the global pharmaceutical industry with its initiative to measure the environmental impact of its business activities. In addition to focusing on the various environmental impacts such as global warming, atmospheric pollution, and acidification, Takeda is also calculating its environmental efficiency by dividing net sales by the environmental impact. From these actions, it is clear that Takeda's disclosure of environmental data will represent its commitment to contribute to reducing its environmental impact, and I believe that they are highly regarded by society. I would also like to see Takeda attempt to evaluate the contribution it makes to society by providing pharmaceutical products. At the same time, I have high expectations that by continuing to evaluate its environmental performance, Takeda will continue to lead efforts in the pharmaceutical industry to contribute to the environment and to society.

Norihiro Itubo, Ph.D. Professor, Tokyo City University



ISO 14001-Certified Sites

Takeda Pharmaceutical Company Limited.	•Osaka Plant •Hikari Plant
Wako Pure Chemical Industries, Ltd.	•Company-Wide (12 sites)
Mizusawa Industrial Chemicals, Ltd.	•Nakajo Plant •Mizusawa Plant
Daiwa Special Glass Co., Ltd.	•Company-Wide (2 sites)
Nihon Pharmaceutical Co., Ltd.	•Narita Plant •Osaka Plant
Takeda Healthcare Products Co., Ltd.	•Company-Wide
Takeda Italia S.p.A.	•Cerano Plant
Takeda GmbH	•Singen Plant •Oranienburg Plant •Konstanz Plant
Guangdong Techpool Bio-Pharma Co., Ltd.	•Guangzhou Plant
Tianjin Takeda Pharmaceuticals Co., Ltd.	•Tianjin Plant
Takeda Pharma Ltda.	•Jaguariúna Plant

Environmental Accounting

Takeda has been monitoring and supervising environmental protection investments and expenditures since fiscal 1980. The table below shows the costs in business areas for the Group in Japan, upstream and downstream costs, and the cost of administrative activities. In fiscal 2012, environmental protection investments totaled ¥1,545 million and expenditures were ¥2,863 million. Upgrading and replacing aging environmental protection equipment accounted for the majority of the investments. In addition, there were about ¥2,100 million of investments to prevent accidents, such as by replacing aging equipment and making facilities resistant to earthquakes. The economic benefits of energy conservation measures for Takeda itself totaled approximately ¥114 million.

Category		(Million yen)	
		Investments	Expenditures
Business area costs	Pollution prevention	1,011	1,077
	Environmental protection	266	176
	Resources recycling	267	1,041
Upstream and downstream costs		—	29
Administrative costs		1	540
Total		1,545	2,863

- Data collection period: April 1, 2012 to March 31, 2013
- Data collection sites: Group production and research sites in Japan
- Reference guidelines: The Ministry of the Environment's 2005 Environmental Accounting Guidelines, The Japan Chemical Industry Association's Environmental Accounting Guidelines for Chemical Companies

Green-Curtain of the Hikari Plant Wins City Prize

The Hikari Plant's botanical "green-curtain" was awarded the top prize in the business site category of the 2012 Green-Curtain Contest hosted by Hikari City in Yamaguchi Prefecture, and the Committee for Global Warming Countermeasures, Hikari City Region.



The Hikari Plant's green-curtain

Future Outlook

Issues and Initiatives Going Forward

Takeda will continue working to fulfill its social responsibilities for EHS on a Group-wide basis, in accordance with the Global EHS Policy and the Global EHS Guideline. EHS-related activities span various issues of concern to the global community such as the use of water resources and conservation of biodiversity. Specific future plans include assessment and analysis of the environmental impact of Group products over their life cycle and a detailed approach to environmental accounting through utilization of LIME and other means.

Takeda is constantly implementing efforts to reduce environmental risks based on the Global EHS Guideline.

Reducing Environmental Risks

Fundamental Stance on Reducing Environmental Risks

Takeda is well aware of its responsibilities as a company that handles a wide range of chemical substances, including its pharmaceutical products. We have therefore established a structure to reduce environmental risks as much as possible from both environmental and accident prevention perspectives. We have implemented environmental protection and accident prevention procedures at each stage of our operations based on the Takeda Group's Standard for Environmental Protection and Accident Prevention Work. In addition, we have continuously conducted Environmental Protection and Accident Prevention audits to fully ensure that they are being implemented appropriately. In December 2012 we revised "Takeda Group's Standard for Environmental Protection and Accident Prevention Work" to "Takeda Group's Standard for Environment, Health and Safety Work," and have implemented this new standard since April 2013. We will continue to upgrade our efforts to reduce risks from the perspective of environment, health and safety (EHS).

Environment, Health and Safety Audit

Takeda conducts group-wide Environmental Protection and Accident Prevention Audits, which are designed to ensure thorough risk management and risk assessment by internal specialists. Furthermore, internal audits are conducted at all of our production/research sites to verify compatibility with the Takeda Group's Standard for Environmental Protection and Accident Prevention Work.

The Environmental Protection and Accident Prevention Audit is conducted over a number of days during visits to each site by personnel in charge of the audit. Prior to the visits, they assess the

standard-format questionnaires submitted by each site. The audit results are detailed in the report, which is submitted to top management. Indications and recommendations to be improved found through the audit are followed up thoroughly, and a progress report providing details of countermeasures is mandatory.

From fiscal 2012, we conducted Environment, Health and Safety Audits on a trial basis, which include health and safety items. Going forward, we are implementing Environment, Health and Safety Audits at all the sites based on the Global EHS Guideline, which will replace the Takeda Group's Standard for Environment, Health and Safety Work. In fiscal 2012, Environment, Health and Safety Audits were implemented at four sites in Japan and six sites overseas, including affiliated companies. No critical indication was identified as a result of the audits.

[Sites audited in the Environment, Health and Safety audit]

■ In Japan

Takeda Pharmaceutical Company Limited (Hikari Plant)/Wako Pure Chemical Industries, Ltd. (Aichi Plant)/Nihon Pharmaceutical Co., Ltd. (Narita Plant, Osaka Plant)

■ Outside Japan

Millennium Pharmaceuticals, Inc./Takeda GmbH (Oranienburg Plant)/Takeda Austria GmbH (Linz Plant)/Takeda Pharma A/S (Hobro Plant, Roskilde Plant)/Zydus Takeda Healthcare Pvt. Ltd.

[Sites audited in the Environmental Protection and Accident Prevention internal audit]

■ In Japan

Takeda Pharmaceutical Company Limited (Osaka Plant and Hikari Plant)/Nihon Pharmaceutical Co., Ltd. (Narita Plant and Osaka Plant)/Takeda Healthcare Products Co., Ltd., Wako Pure Chemical Industries, Ltd. (Tokyo Plant, Aichi Plant, Mie Plant, Osaka Plant and Harima Plant)/Mizusawa Industrial Chemicals, Ltd. (Mizusawa Plant and Nakajo Plant)/Daiwa Special Glass Co., Ltd. (Ichijima Plant and Niitaka Plant)

■ Outside Japan

Millennium Pharmaceuticals, Inc./Takeda California, Inc./Takeda Italia S.p.A./Takeda Cambridge Limited/Takeda Ireland Limited (Bray and Grange Castle)/Tianjin Takeda Pharmaceuticals Co., Ltd./P.T. Takeda Indonesia, and others

10 sites

Number of sites subjected in the fiscal 2012 Environment, Health and Safety audit

Takeda's Voice

Zydus Takeda Healthcare Pvt. Ltd., an API Manufacturing Company, aims to be a leader in environment, health and safety. We are committed to providing and maintaining a safe workplace and environment to protect the health of our own employees as well as other people around us. In view of environmental conservation, we continuously work to reduce, recycle, and reuse waste. Minimizing water and energy consumption to conserve the environment is our objective. Part of the treated waste water in our own ETP on site is reused. We monitor emissions and ensure the effectiveness of environment control measures to prevent pollution.

Gajanan Shanbhag Manufacturing Support, Zydus Takeda Healthcare Pvt. Ltd.



4,000 kW

Total generating capacity of the gas-powered generators at the Energy and Emergency Control Center (Osaka Plant)

Accident Prevention Initiatives

Takeda formulates its “Policies on Accident Prevention” each fiscal year. All the sites establish its action plan based on the policy and pursue measures that encompass both tangible and intangible aspects of the issue.

On the tangible side, for facilities, we have a rigorous management program that includes a maintenance plan for aging equipment. To prevent fires and other accidents, we have safety measures concerning static electricity and flammable substances. When static electricity builds up and discharges, it can create major accidents by igniting flammable gases and dust in facilities. We therefore work constantly to eliminate the risks posed by static electricity in all production processes and machinery.

[Countermeasures against Static Electricity]

- Earthing and bonding of facilities
- Measurement of charged potential of equipment in operation
- Making filters, hoses, etc conductive
- Wearing antistatic working clothes and shoes
- Floor coating with conductive resin, etc

On the intangible side, to upgrade employees' skills, we have expanded our Manual for Accident Prevention and our Manual for Non-Routine Operations. We use both manuals for training and drills. These manuals are also vital to inherit accident prevention and response techniques to less-experienced workers. Another way that we work vigorously to ensure comprehensive safety is by conducting risk assessments to uncover potential risks. All of these activities take place at every Group production site in Japan and around the world.

Preventing fires and explosions during manufacturing processes is a particularly important goal. To improve safety, we identify the physicochemical characteristics of the chemical substances we use and the pharmaceuticals we manufacture and use manufacturing processes appropriate to those properties. Takeda implements safety assessments of processes for manufacturing both drug candidates and its production processes from the initial stages of research and development, and discusses the assessments in a Process Safety Committee and a Formulation Process Safety Committee to ensure safety.

We also conduct thorough accident and disaster prevention measures for large-scale construction work at sites. This includes detailed safety management and the sharing of safety information with support companies.

[Risk Assessment of Candidate Compounds and Processes]

- Thermal hazard
- Hazard by friction and impact
- Runaway reaction hazard
- Risk of dust explosion, etc

Review and Enhancement of Earthquake Countermeasures

Learning from the Great East Japan Earthquake, we have been reviewing all disaster countermeasures, including tsunami countermeasures. We have been enhancing our disaster countermeasures facilities at production sites in Japan, while at our Head Office, branches, and sales offices we have been bolstering our countermeasures for stockpiling emergency supplies, helping employees to return to their homes, means of communication during an emergency, and back-up facilities. In September 2012, we distributed a portable, light-weight handbook to employees, containing a summary of what to do immediately after major earthquake, and various cautionary points.

Measures at the Osaka Plant

To ensure that operations at the Osaka Plant can continue in the event of a disaster, in July 2012 we set up the Energy and Emergency Control Center, and equipped it with four 1,000 kW gas-powered generators and two 800 kW mobile power supply vehicles. The center also has flood gates



Osaka City Tsunami Refuge Building plate

installed to eliminate the need for emergency vehicles to retreat to high ground if a tsunami occurs. In October 2012 the staff cafeteria (capacity: approx. 300 people) and the company clinic (capacity: approx. 100 people) were registered with Osaka City as tsunami refuge buildings.

Measures at the Hikari Plant

In April 2013, we established an Emergency Control Center with headquarters function of crisis management on an elevated site outside of the Hikari Plant. The center is stocked with disaster preparedness materials and supplies, and can house those people afflicted by the disaster who are unable to return to their homes. A flood barrier has been reinforced as a countermeasure against tsunamis, and an 800 kW mobile power supply vehicle has been prepared.



Flood barrier

Takeda is tackling the issues of water resources from a global perspective in terms of the amount of water used and the quality of effluent waste water.

1bn

Number of people worldwide who do not have access to clean water

Source: United Nations "World Water Development Report" (2012)

Water Resources Conservation Initiatives

Reducing Water Usage

Scarcity of water is becoming a serious concern worldwide as demand for water continues to climb.

Before the integration of Nycomed, none of Takeda's production sites faced a major water risk since most of the Group's water usage was at sites within Japan. However, with the integration of Nycomed, we now have business sites in around 70 countries. To grasp actual water use in each area, we quantified it using a Global Water Tool,* question

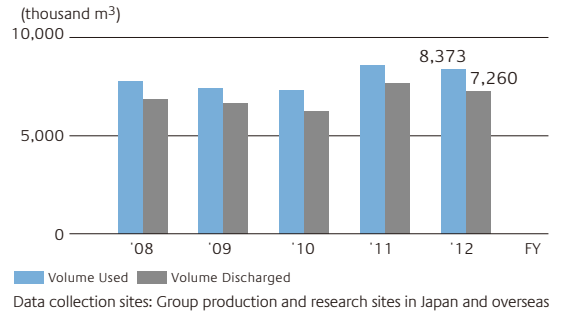
sheets, and water usage. Based on this information, we have classified our sites into three categories in terms of water risk as shown in the table below.

Looking ahead, we will take steps to address water issues and reduce water usage at each Group production and research site in Japan and overseas, based on their respective water risk levels.

*A tool for indexing water-related risks, provided by the World Business Council for Sustainable Development

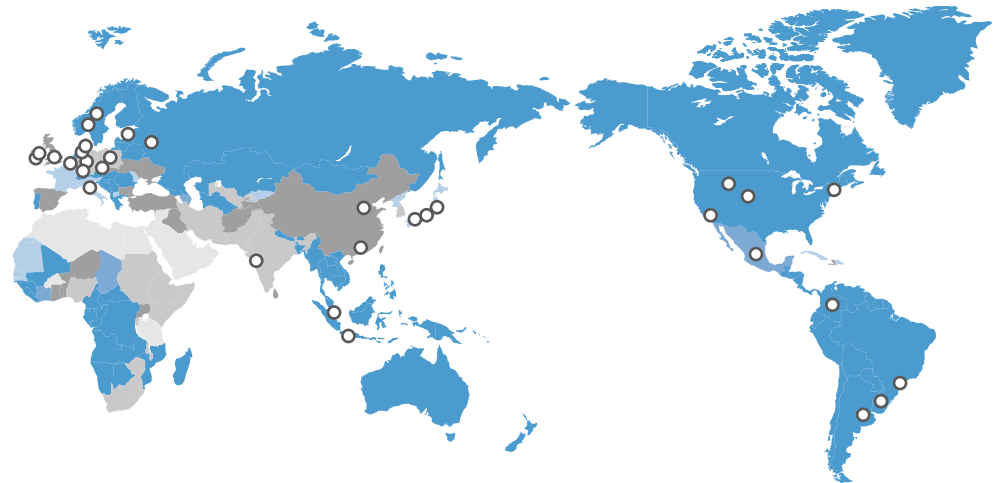
Water Risk Level A	Sites where water risk may emerge even now or in the near future because they are in areas with a high level of water stress and they use a large volume of water
Water Risk Level B	Sites where water risk may emerge in the future because they are in areas with a relatively high level of water stress and they use a large volume of water
Water Risk Level C	Sites with low water risk

Amount of Water Used and Discharged



Annual Water Resource per Person Worldwide

○ Takeda production and research sites



0 1,000 2,000 3,000 4,000 5,000 (m³/year)

Source: Compiled by Takeda from the Food and Agriculture Organization of the United Nations (FAO) database, "AQUASTAT 2008."

Setting Targets for Water Resource Conservation

Since water supplies and site operating conditions vary regionally, Takeda will mainly focus on the following measures in accordance with water risk level, rather than setting numeric targets for the entire Group.

■ Common Measures

- Grasp water usage from each water source, and report annually
- Reduce water usage, promote recycling

■ Water Risk Level A

- Conduct a risk assessment, create a plan to reduce water usage

■ Water Risk Level B

- Conduct a risk assessment and set numerical targets for water usage

■ Water Risk Level C

- Take active measures to conserve water though without setting numerical targets

Initiatives for Waste Water Management

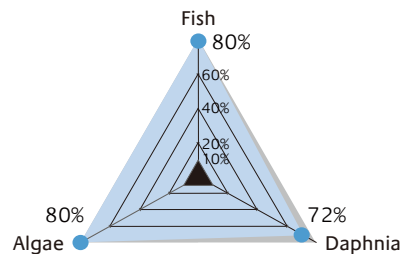
Takeda will manage the quality of effluent waste water in line with the following principles.

- (1) Prevent effects on people and the ecosystem due to chemical substances in waste water
- (2) Comply with relevant laws
- (3) Manage waste water rationally based on scientific evidence
- (4) Utilize management systems based on both chemical substance concentrations and its environmental toxicity

Takeda will strive to minimize the impact of chemical substances on public water environments by using discharge treatment such as separation and detoxification. Even where small discharge cannot be avoided, our policy is to ensure that the level of discharge is within a managed range and at a level that has no impact on the environment. We cannot totally exclude the possibility that unregulated or unidentified chemical substances are included in waste water, and there exist chemical substances whose environmental impacts are unknown. Takeda performed WET* tests in fiscal 2012 to directly evaluate the combined impact of its waste water, which is a mixed substance, using a bio-response test. The tests were conducted six times at the Hikari Plant, three times at the Osaka Plant, and four times at the Shonan Research Center. All of the tests results showed chemical substances in the waste water to be at safe levels.

*Whole Effluent Toxicity (WET) tests are a way of evaluating the quality of effluent waste water by observing bio-response of aquatic organisms such as fish, daphnia, and algae.

Hikari Plant WET Test Results



Measurement Data from Mitsubishi Chemical Medience Corporation

- The effect on underwater life of waste water from the Hikari Plant when diluted by 80%, 40%, 20%, 10%, and 5% was measured.
- The level at which there was no effect, averaged across six tests, is marked with a blue circle.
- There are concerns about the environmental impact when the waste water is diluted by 10% or less (black-colored range).

Stakeholder's Voice

I believe that the words "corporate social responsibility" mean that companies should take an ethical approach and have a sense of responsibility toward society beyond legal requirements. I was greatly impressed by Takeda's use of the WET bio-response test as a new way of evaluating environmental impact in its management of chemical substances in waste water. By using this test to ascertain that the company's waste water is truly safe and does not harm aquatic organisms, Takeda is leading the stance in social responsibility and environmental consideration. I hope to see more companies following Takeda's stance in the future by using this method to manage their waste water. I also hope to see further developments in the method itself.

Masaru Kitano, Ph.D. Professor, Shukutoku University



Since 1974 Takeda has systematically implemented energy conservation measures that help reduce CO₂ emissions.

We will continue to take a long-term stance on initiatives in this area.

Initiatives to Deal with Climate Change

Fundamental Stance Regarding Climate Change

Takeda makes efforts to reduce greenhouse gas (GHG) emissions from the entire Group. We established an Energy Conservation Committee in 1974, and for around 40 years since, we have conducted energy conservation activities to help reduce GHG emissions. We actively publicize our progress through our Annual Report, the Carbon Disclosure Project,* and other means.

*The Carbon Disclosure Project (CDP) requires companies around the world to publicize their strategies for dealing with climate change and their GHG emissions.

Mid-Term Targets for the Group in Japan and Overseas

The Takeda Group Environmental Action Plan sets the following numerical targets for production and research sites worldwide.

- Reduce CO₂ emissions from energy sources across the Group by 18% from fiscal 2005 levels by fiscal 2015

For the Takeda parent company on an unconsolidated basis, the plan's numerical targets are as follows:

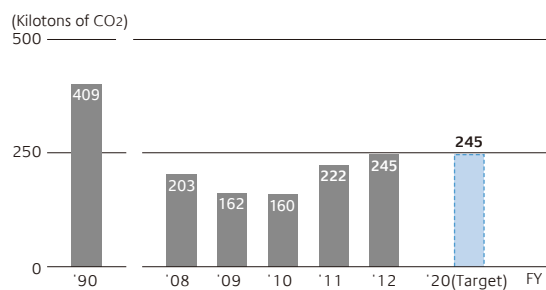
- Reduce CO₂ emissions from energy sources by 30% from fiscal 1990 levels by fiscal 2015
- Reduce CO₂ emissions from energy sources by 40% from fiscal 1990 levels by fiscal 2020

Results for Fiscal 2012

Takeda formulated its 10th Energy Conservation Program covering the years from FY2010–FY2012 and has rolled out various activities. In fiscal 2012, the company's overall performance was in line with our plans, despite worsened CO₂ emission factor for electricity. CO₂ emissions for the parent company alone in fiscal 2012 were 240,000 tons, a 40% reduction from fiscal 1990 levels. For the Group worldwide, fiscal 2012 CO₂ emissions (including legacy Nycomed) were 430,000 tons, down 22% from fiscal 2005.

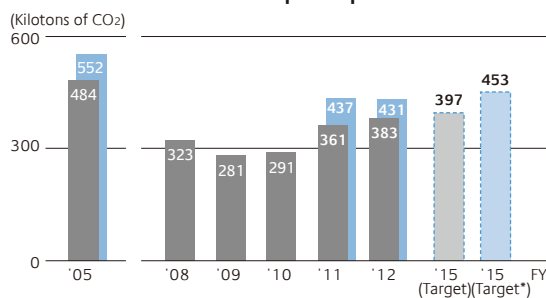
Takeda is currently promoting its 11th Energy Conservation Program, covering the years from FY2013–FY2015. In line with the advance of the Group's global activities, its energy consumption has risen over time. In response to that, we continue to curb this rise as far as possible by urging the participation of all employees in energy-saving measures.

Trend of Takeda Pharmaceutical's CO₂ Emissions



Data collection sites: All business sites of Takeda Pharmaceutical Company Limited

CO₂ Emissions of the Group in Japan and Overseas



■ Total for Group in Japan and Overseas (Excl. Legacy Nycomed)
 ■ Total for Group in Japan and Overseas (Incl. Legacy Nycomed)
 Target* includes values for legacy Nycomed operations.

Data collection sites: Group production and research sites in Japan and overseas (Takeda Pharmaceutical Company Limited includes headquarters and sales offices.)

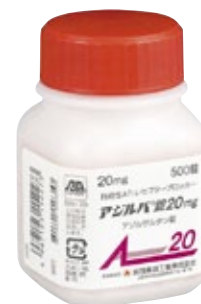
Calculation Method

• Emissions included in the calculation
 CO₂ emissions refer to direct emissions generated by combustion of fossil fuels and indirect emissions from electricity use.

• CO₂ emission factor
 Japanese records are calculated based on the "Law Concerning the Rational Use of Energy," and the CO₂ emission factor for purchased electricity is the actual value for each electric power provider in each fiscal year (figures for fiscal 2012 are the actual figures from fiscal 2011). The CO₂ emission factors for electricity purchased outside Japan are based on country-specific factors stipulated in the GHG Protocol. Due to changes in factors, past data has been restated.

Initiatives in Products

In June 2013, Takeda adopted bio-polyethylene bottles for the primary packaging container* for the antihypertensive agent AZILVA (azilsartan). This is the first time in the Japanese pharmaceutical industry that such bottles, known as Bio-PE bottles have been used for primary packaging. The use of Bio-PE bottles can reduce CO₂ emissions compared to conventional petroleum-derived polyethylene bottles.



AZILVA antihypertensive agent

*The packaging component that is in direct contact with the pharmaceutical product.

22%
reduction

Reduction in the Group's CO₂ emissions in Japan and overseas from fiscal 2005 level (fiscal 2012)

Takeda will continue to examine further products for which Bio-PE bottles could be adopted to help conserve the environment.

GHG Emission Verification

In fiscal 2012, CO₂ emissions at the Shonan Research Center were verified by a third party to confirm the correctness of our method for calculating emissions. We have also had a third party verify emissions at the Osaka and Hikari plants, and we have accurately ascertained our CO₂ emissions at these sites.

Use of Alternative Fuels and Renewable Energy Sources at Production Sites

Takeda's Hikari Plant has made a substantial reduction in CO₂ emissions since switching from fuel oil to city gas in fiscal 2008. Now Takeda is promoting the uptake of renewable energy sources, and examining options for introducing solar power generation facilities when newly constructing plants, research laboratories, training facilities and other buildings. So far, solar power generation facilities have been installed at Takeda Italia S.p.A.'s Cerano Plant, as well as at the Osaka and Hikari plants and some company housing.



Solar Power Generation Facilities at Hikari Plant

Energy Management System

In June 2013, Takeda Ireland Limited became the first Group company in the world to acquire energy management system (ISO 50001) certification, for its Grange Castle Plant. ISO 50001 is an international standard for promoting reductions in both CO₂ emissions and costs at companies through the implementation of continuous improvements in energy performance. The Grange Castle Plant will continue its efforts to use energy efficiently going forward.



The ISO 50001 acquisition project team at Takeda Ireland Limited

Promoting Energy Saving

Based on the Guidelines for Environmental Consideration in Capital Investments that we formulated in fiscal 2010, we have been aggressively introducing facilities and adopting equipment and technologies with a view to saving energy. Specifically, we have been examining class leaders* in energy saving when replacing our equipment, and considering the introduction of facilities that use renewable energy. We have also had independent experts perform energy-saving diagnostic tests at the Osaka and Hikari plants, and we are using the results to plan and promote effective energy-saving measures.

*Best-in-class products in terms of energy efficiency from among the equipment specified by Japan's energy conservation laws, such as air conditioner heat sources, lighting, office automation equipment and automobiles.

Company-Wide Initiatives

The Takeda Eco Project, started in fiscal 2008 and covers offices and sales departments. Under the project we are pursuing a number of detailed measures to prevent global warming, such as controlling room temperatures by implementing "Cool Biz," a summer dress code, using low-emission vehicles and converting waste cooking oil from our canteen into biodiesel. The ratio of low-emission sales vehicles reached 100% (excluding 4-wheel-drives for use in cold climates). We are now also reducing the ratio of gasoline vehicles by replacing them with hybrid vehicles. The hybrid vehicle adoption rate in fiscal 2012 was 48%.

Various technologies to curb CO₂ emissions were utilized at the Shonan Research Center. During its construction, it was picked out by the Ministry of Land, Infrastructure, Transport and Tourism as a Model Project for Promoting CO₂ Reduction in Residential and Other Buildings.

Takeda will continue encouraging all employees to participate in energy-saving activities going forward.

Takeda has long focused on biodiversity conservation and contributed in many ways over the years.

Biodiversity Conservation Initiatives

Fundamental Stance Regarding Biodiversity Conservation

The Takeda Group Environmental Action Plan covers the entire group and incorporates guidelines concerning biodiversity conservation, and activities at each Takeda division are consistent with the objectives of the Convention on Biological Diversity.

Initiatives for Sustainable Use of Biological Resources

Takeda uses biological resources as ingredients for products and indirectly utilizes these resources in its R&D activities. They are used as ingredients in Chinese and other herbal medicines, which are over-the-counter drugs. Most of these ingredients are from cultivated plants but some are sourced from wild plants. We are currently studying the feasibility of switching to cultivated plants in order to ensure stable procurement, which should help conserve biodiversity. When using genetic resources in R&D activities we conduct activities with sufficient consideration given to the Convention on Biological Diversity.

Sources of Herbal Medicines	FY2010	FY2011	FY2012
Percentage of Wild Plants (based on volume)	20.3%	20.2%	20.3%

Takeda Garden for Medicinal Plant Conservation (Kyoto)

Since 1933, the Garden Has Continued to Research Plants with Medicinal Properties, and Helped to Preserve Endangered Species

For 80 years, Takeda Garden for Medicinal Plant Conservation (Kyoto) has collected, grown and used herbal and other plants with medicinal value from around the world. Currently, the garden grows more than 2,690 species of rare plants. The garden also stores over 500 varieties of seed. The garden currently has 104 endangered plant species, including 71 varieties of herbal plants. Activities to collect more endangered species continue with the goal of increasing the number to 100.

In 2010, for its 75th anniversary, the garden upgraded its facilities and embarked on new activities as a facility for preserving medicinal plants and supporting research.

See → P.44 Fun with Nature Program

For detailed information about the Takeda Garden for Medicinal Plant Conservation (Kyoto), see the following website:
<http://www.takeda.co.jp/kyoto/english/>

20.3%

Percentage of wild plants used in herbal medicines (based on volume) (fiscal 2012)

104

Number of endangered plant species preserved in the Takeda Garden for Medicinal Plant Conservation (Kyoto) as of March 31, 2013

Interview

Promoting In-House Cultivation of Medicinal Plants

Takeda started early with in-house cultivation of medicinal plants, which is connected to conserving biodiversity. For over 20 years from 1939 onwards, we conducted research on rhubarb cultivation, developing a new variety called Shinshu-Daio, which is an ingredient for Kampo herbal medicine to treat constipation. Today, we are researching how to conduct the in-house cultivation of the licorice, which we currently have to import from China. Mr. Yasushi Hibi, an expert on conserving biodiversity, conducted an interview with the Takeda employees responsible for promoting in-house cultivation of medicinal plants.

Interviewer

Mr. Yasushi Hibi

Vice President, Asia Policy, Conservation International and Managing Director, CI Japan

Takeda Representatives

Shiro Yoshitomi (Healthcare Company)
 Kazuo Ozaki (Takeda Garden for Medicinal Plant Conservation (Kyoto))

Q1 Could you tell me about the background and history to Takeda's in-house cultivation of Shinshu-Daio?

Yoshitomi: Rhubarb is a medicinal plant that has been widely used as a laxative since ancient times. However, it was difficult to get stable quality with wild varieties. For the pod parent, Takeda used a single pod of *Rheum coreanum* preserved in its natural habitat in the foothills of Mount Yatsugatake in Nagano Prefecture. We then continued to improve the variety so that a stable amount of the target compound could be obtained. The result was Shinshu-Daio, the first variety of domestically produced rhubarb for pharmaceutical applications to be registered in Japan, and for 40 years the entire rhubarb supply has been produced in Japan. Today, 80% of the medicinal plant ingredient that we use is from the cultivated variety, and we believe that this has helped to preserve wildlife species.

Q2 Are there any difficulties when it comes to stable cultivation of Shinshu-Daio?

Yoshitomi: The most important thing is to keep each individual plant in good condition. For this reason, we have registered this as an item to be subject to our business continuity plan (BCP), and we work to manage maintenance by coordinating with relevant divisions, including affiliated companies, and to continue cultivation research. We are currently moving the cultivation area from Shinshu to Hokkaido in response to environmental changes such as global warming. I also feel deep gratitude to our contract growers, whose unflagging efforts have made it possible to continue in-house cultivation for 40 years.

Q3 Turning to the licorice, could you tell me what lead up to the test-cultivation of that?

Ozaki: The licorice is an extremely important medicinal plant used in about 70% over Kampo medicines in Japan. Currently, we obtain most of our supply by importing it from China. Recently, however, there has been a global shortage in supply. Another problem is that because harvesting of wildlife licorice requires harvesters to dig deep into the ground, it tends to lead to ecosystem destruction and desertification. There is also a concern that reckless harvesting could lead to extinction.

As part of its efforts to ensure stable supplies of medicinal plants and to conserve the environment, Takeda has been conducting research into in-house cultivation of the licorice since 1996. These efforts have resulted in a variety that is extremely easy to grow, called Miyako No. 1. We have been carrying out trial cultivation of this variety for mass production in Hokkaido since 2012. (We are applying for variety registration of the licorice cultivar Miyako No. 1.)



Miyako No. 1 flowers in bloom

Q4 What is the reason for your great results in achieving in-house cultivation of the licorice?

Ozaki: I think it comes down to the know-how that Takeda has accumulated through years of creating products through in-house cultivation after developing Shinshu-Daio. That has

been a tremendous help. Another strong source of our motivation and perseverance in our efforts has been the corporate philosophy of "Takeda-ism," which is all about striving to conduct sincere pharmaceutical manufacturing.

In Closing

Takeda's initiatives to conserve biodiversity are long-running and closely connected to its core business of manufacturing pharmaceuticals. I was deeply impressed by this. I also think that it is very important from the perspective of conserving biodiversity to make the connection and see how converting wild varieties into cultivated species for herbal medicine ingredients can help to control ecosystem destruction and desertification.

Takeda is promoting CSR activities while actively forging links with international society, including through its activities related to the UN Global Compact. I think it is important to present the results of these kinds of efforts to conserve biodiversity to the world as business activities aimed at realizing a sustainable society, and to share the value that they represent. In Europe and the U.S., environmentally advanced companies are researching and trialing new business models that can both achieve economic growth and conserve the environment. I hope that as a global company in this league, Takeda's actual business activities will work to protect the abundance of life, and preserve the wealth of nature as an inheritance for future generations.

Yasushi Hibi

Conservation International

Conservation International (CI) is an international NGO that aims to contribute to human well-being by realizing sustainable societies based on science, partnership, and fieldwork carried out in every part of the globe. The Earth's biodiversity provides us with immeasurable benefits including stable climate, clean air, water, food, and culture. CI is dedicated to preserving a healthy, productive global environment for all people through cooperation with corporations, governments, and communities.



The Central Garden at Takeda Garden for Medicinal Plant Conservation (Kyoto)
From left: Shiro Yoshitomi, Mr. Yasushi Hibi, and Kazuo Ozaki

Takeda is reducing its waste to help create a recycling society. We are also reducing our emissions of chemical substances.

Waste Reduction

Fundamental Stance Regarding Waste Reduction

Takeda's fundamental stance on waste management is to reduce the amount of waste for final disposal by curtailing the amount of waste generated, reusing and reducing waste within sites, and promoting off-site recycling. We aim to contribute to creating a sound, material-cycle society through such efforts.

Continuing the 5th Waste-Reduction Program

Takeda has been continually promoting waste-reduction activities since fiscal 1993. The 5th Waste-Reduction Program started in fiscal 2011 with the aim of reducing the amount of waste for final disposal in fiscal 2015 to below fiscal 2010 levels. The entire company has been working to reduce waste disposal and to encourage the reuse of waste as a valuable substance and the recycling of waste into resources.

In fiscal 2012 the company strove to reduce waste by promoting zero-emission activities and other means. These efforts reduced the amount of waste for final disposal at Takeda Pharmaceutical alone to 29 tons (down 40% compared with fiscal 2010). The amount for final disposal for the entire Group in Japan was 518 tons, down 1% compared with fiscal 2010.

Moreover, the Osaka and Hikari plants achieved their zero-emissions targets in fiscal 2009, and have been maintaining their efforts.

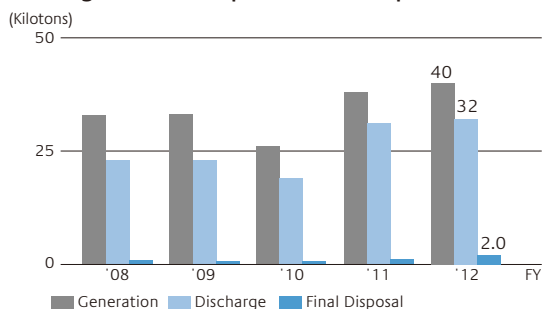
1%

reduction

Reduction in the volume of the Group's final waste disposal in Japan from fiscal 2010 level (fiscal 2012)

Main reason for decrease: ongoing zero-emissions activities

Trends in Waste Generation, Discharge and Final Disposal of the Group



Data collection sites: Group production and research sites in Japan and overseas
Waste: The total sum of industrial (hazardous) and general (non-hazardous) waste and valuable resources
Past years' data has been recalculated to reflect a revised definition of waste generation.

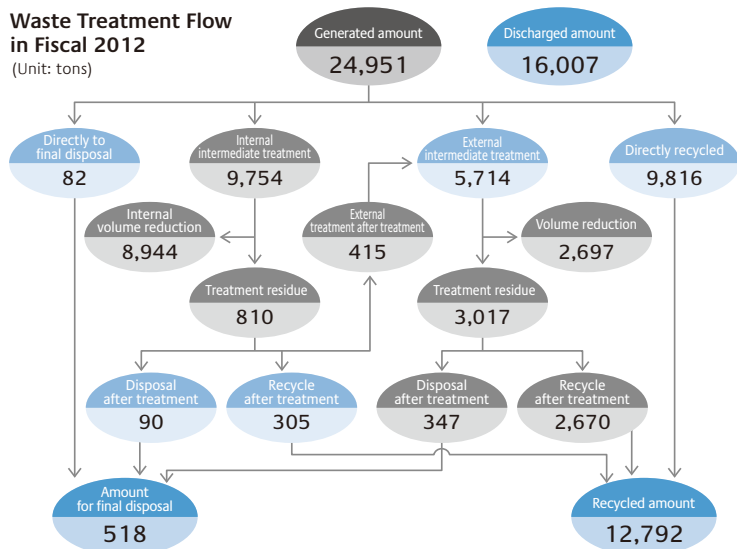
Jaguariúna Plant in Brazil Receives a Waste Management Award

Takeda's Jaguariúna Plant in Brazil received the Sustainable Action in 2013 award, which aims to promote waste management activities. The award was started in 2013 by the Jaguariúna City Environment Office in the state of São Paulo. This success will be shared by the whole Group, as we continue our efforts to enhance waste management.



Waste Treatment Flow in Fiscal 2012

(Unit: tons)



Waste Product Breakdown and Amounts

(Unit: tons)

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Sludge	3,678	3,736	3,179	3,624	5,586
Waste oil	9,609	10,905	5,337	4,706	5,857
Waste acid/waste alkali	12,313	10,875	9,970	9,843	8,818
Waste plastics	694	690	754	840	836
Metal scrap	746	708	645	823	642
Glass and ceramics	1,162	923	875	842	788
Other industrial waste	1,792	1,698	1,636	1,595	1,594
General waste	872	741	600	760	830
Total	30,866	30,275	22,996	23,031	24,951

Data collection sites: Group production and research sites in Japan
Past years' data has been recalculated to reflect a revised definition of waste generation.

Reduction in Releases of Chemical Substances

Fundamental Stance Regarding Management of Chemical Substances

Takeda is working to reduce environmental emissions of chemical substances under the Takeda Group Environmental Action Plan formulated in fiscal 2010. Risk assessments are used to prioritize emissions-reduction efforts. With PCBs and asbestos, we took steps to remove materials properly and systematically in full compliance with laws and regulations, and to appropriately manage chemical substances.

To advance our management of chemical substances even further, we developed a centralized SDS (Safety Data Sheet) system for managing our own products, and established an in-house committee tasked with setting OELs (Occupational Exposure Limits) for managing the level of chemical substances that can safely be handled at production sites. We take a comprehensive approach to chemical substance management, including quantifying the concentrations of pharmaceuticals product in our factory waste water to assess risks.

28%

reduction

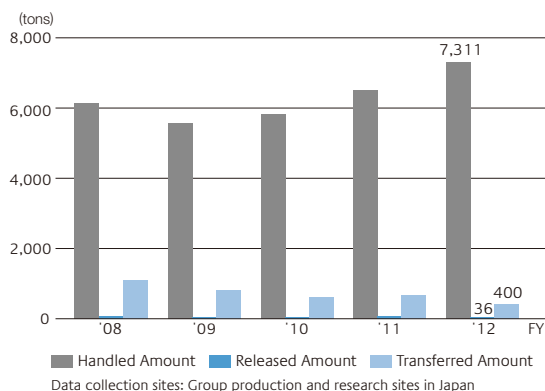
Reduction in the Group's reported atmospheric release of PRTR substances in Japan from fiscal 2010 level (fiscal 2012)

Main reason for reduction: decrease in production of products utilizing PRTR substances

Emissions and Moved Volumes of PRTR-Designated Substances

In fiscal 2012 Takeda (unconsolidated basis) handled 11 substances subject to notification under the PRTR scheme. Releases into the atmosphere came to 16 tons, a 31% increase from 12 tons in fiscal 2010. The main factor in this increase was higher emissions of dichloromethane due to an increase in production volume at the Hikari Plant. Overall, the Group in Japan handled 70 PRTR-regulated substances, with emissions of 36 tons, a reduction of 28% compared to fiscal 2010. Of this, 35 tons were released into the atmosphere, a reduction of 28% from fiscal 2010. Takeda will continue to take steps to reduce the environmental impact posed by chemical substances, based on risk assessments.

PRTR (Pollutant Release and Transfer Register) Substances Handled, Released and Transferred



Totals for PRTR-Designated Substance Data (April 2012 to March 2013)

(Unit: tons)

Substance	Releases				Transfers		
	Atmosphere	Public water area	Soil	Total	Sewerage	Off-site	Total
Dichloromethane	13.5	0.0	0.0	13.5	0.002	121	121
Toluene	9.0	0.0	0.0	9.0	0.0	46	46
1,2-Dichloroethane	4.4	0.0	0.0	4.4	0.0	4.9	4.9
Acetonitrile	2.9	0.0	0.0	2.9	0.011	63	63
n-Hexane	2.6	0.0	0.0	2.6	0.0	43	43
Formaldehyde	0.8	0.2	0.0	1.1	0.0	0.4	0.4

Data collection sites: Group production and research sites in Japan. Substances with a total discharge amount less than one ton are not shown.

Takeda is making a concerted, Group-wide effort to conserve air, water, and soil quality, as well as engaged in environmental communication.

Air, Water, and Soil Quality Conservation

Fundamental Stance Regarding Air, Water, and Soil Quality Conservation

At each of its Group company operating sites around the world, Takeda has established in-house standards more stringent than those required by laws, state government regulations, and local agreements, in an effort to reduce NOx (nitrogen oxides), SOx (sulfur oxides), and dust emissions, and the chemical oxygen demand (COD) load. When a measurement exceeding the level of the in-house standard emerges in regular monitoring, we immediately determine and rectify the causes to prevent damage. We also regularly check for excessive noise and nuisance odors, and consider our impact on the lives of our neighbors or the surrounding environment.

Reduction Targets for NOx, SOx, and COD

To further strengthen its efforts to conserve air, water, and soil quality, Takeda has set the following new targets for production and research sites belonging to the parent company.

- Reduce NOx emissions by 60% from fiscal 2005 levels by fiscal 2015.
- Reduce SOx emissions by 95% from fiscal 2005 levels by fiscal 2015.
- Reduce the COD load by 80% from fiscal 2005 levels by fiscal 2015.

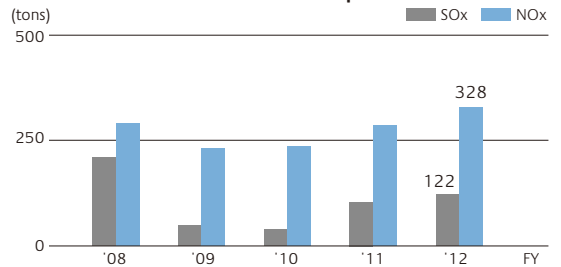


Shonan Research Center

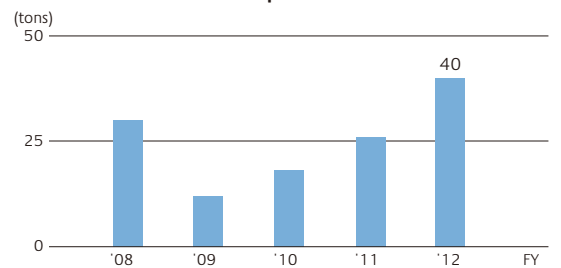
Measures to Prevent Pollution

Based on our “Countermeasure Guidelines for Soil and Groundwater Contamination,” we are working to prevent contamination of soil and groundwater at Group sites. Groundwater monitoring is conducted at all sites periodically and we have confirmed there are no problems. Soil contamination was detected at the Hikari Plant in fiscal 2012, but it was identified not to pose a threat to surrounding areas. Soil remediation measures are being conducted in accordance with internal policy guidelines.

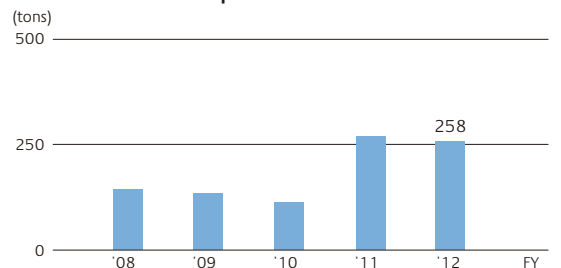
SOx and NOx Emissions of the Group



Dust Emissions of the Group



COD Load of the Group



Data collection sites: Group production and research sites in Japan and overseas

Environmental Communication

Activities in Japan

■Osaka Plant

The Osaka Plant is proactive in running cleanup activities, and also participated in the Osaka Marathon “Cleanup” Program to clean up the city. The plant has also fostered ongoing relations with local residents by running programs such as the Takeda Gardening Class and Summer Party Evening. Furthermore, we are conducting various measures to promote greater environmental awareness among employees, including showing movies with environmental protection themes.

■Hikari Plant

The Hikari Plant conducts ongoing volunteer cleanup activities around the plant. Furthermore, in fiscal 2012 it held the Takeda Summer Festival, when the plant grounds are open to the public, and other events again to stay in close contact with residents in a fun way. In addition, we invite members of local fisheries associations to tour the plant and exchange views on various concerns.

■Shonan Research Center

At the Shonan Research Center, Takeda holds regular community forums with local residents to exchange opinions and disclose information. This activity is based on an environmental protection agreement that Takeda signed with the cities of Fujisawa and Kamakura, on whose border the Research center is situated. In January 2013 the Center reported the results of a comprehensive risk assessment by an external organization, and the progress of its response measures. Other initiatives include efforts to promote interaction with the local community, such as conducting volunteer cleanup activities in the local area around the time of locally-organized neighborhood cleanup days, and the holding of cherry blossom viewing events on the site to which local residents are invited.

Activities in Other Countries

■P.T. Takeda Indonesia

Employees at P.T. Takeda Indonesia take time each Friday to clean up the area around the plant. The goal of this activity is not only to help improve the local environment, but also to inspire local people and let them see how good it is to live in a hygienic situation.



Osaka Marathon “Cleanup” Program (Osaka Plant)



The Takeda Summer Festival (Hikari Plant)



A Cherry Blossom Viewing Event (Shonan Research Center)



Cleanup activities around the plant at P.T. Takeda Indonesia

Takeda listens carefully and then responds to the views of local residents, and works to raise environmental awareness.

Environmental Monitors

Takeda invites residents living near the Hikari Plant, the Osaka Plant, and the Shonan Research Center to become Environmental Monitors, conducting surveys to find out whether they are aware of any noise or nuisance odors from the plant. The plant's management is meticulous about responding to any feedback from these surveys. We also hold plant tours and other events for Environmental Monitors.



Takeda runs plant tours (Osaka Plant)

Raising Environmental Awareness

Fun with Nature Program

The Takeda Garden for Medicinal Plant Conservation (Kyoto) runs Fun with Nature Programs for students of local elementary schools and their parents. This initiative offers children in neighborhood an opportunity to experience cultivating, harvesting, and processing plants, at the same time as helping them realize that plants are essential for human life and as the origin of medicine production.



Fun with Nature Program (Takeda Garden for Medicinal Plant Conservation (Kyoto))

The Take-Eco Point System

Since April 2012, Takeda has been operating the Take-Eco Point System (Takeda's Eco-Activity Pointing System), which awards points for eco-activities undertaken by employees and their families. Various daily eco-activities are eligible for points, such as participating in environmental activities, growing a "green-curtain" outside of a window, or setting the air conditioner to an appropriate level for saving power. Employees can apply for points through a web site on the company's intranet. The points can be exchanged for eco-products or used to make a donation in support of environmental conservation groups. In fiscal 2012, Takeda added its own support to eco-points to make donations to the

Tamanawazakura wo Hiomeru Kai, ("Group for the Promotion of Tamanawazakura Cherry Blossom Trees"), and the Fukuchiyama Kankyou Kaigi ("Fukuchiyama Environment Council"). The system is designed to help raise employees' environmental awareness on an individual level, and to extend the scope of Takeda's eco-activities to include families as well.



Tamanawazakura Trees at the Shonan Research Center

Approx.
1,500

Number of people who have applied for Take-Eco Points (As of August, 2013)



"Take-Eco-san" – a mascot for the Take-Eco Point System

Stakeholder's Voice

The common feature between the Take-Eco Point System and our own Me-pon system is that both are designed to encourage employees and their families in their environmental protection efforts. Joining the programs not only makes environmental activities more enjoyable, but helps to promote wider social circles too. Individually, our activities and successes may not seem significant, but taken together with those of others, they add up to a powerful force. The great appeal about Take-Eco Point System is that they make people notice how their own activities are connected with the major issue of protecting the environment, and help people to realize that they are all global citizens.

I support the Take-Eco Point System because it is playing a part in our efforts to save the environment.

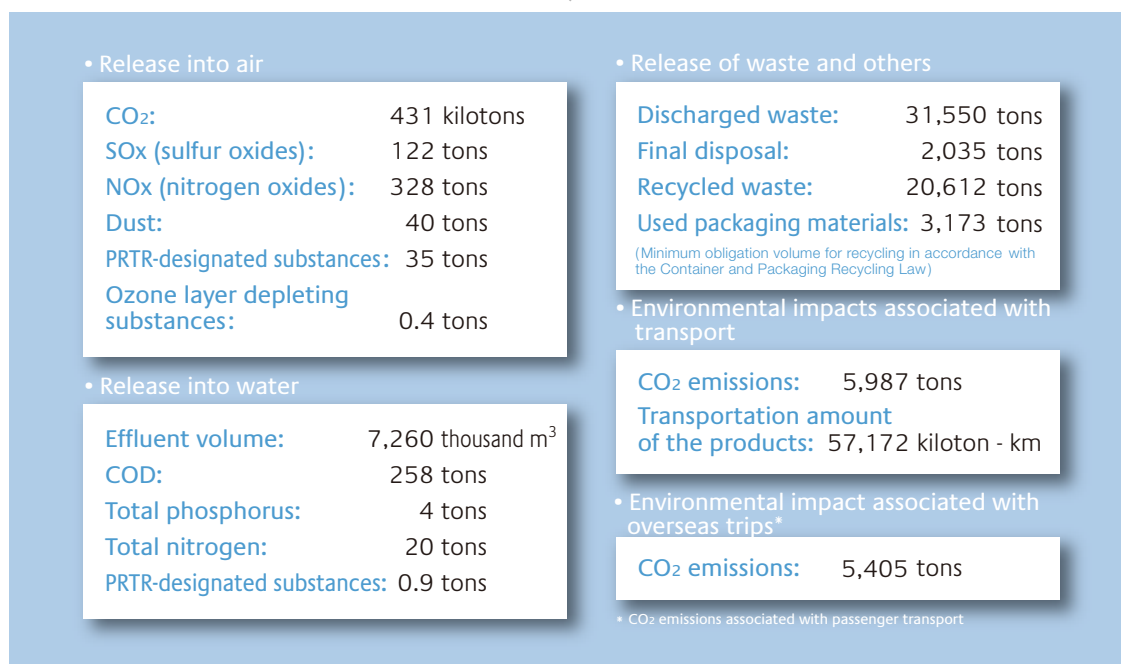
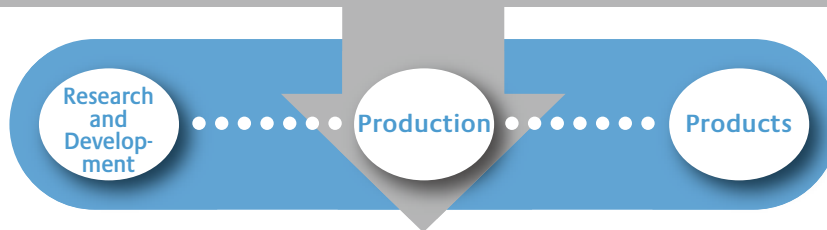
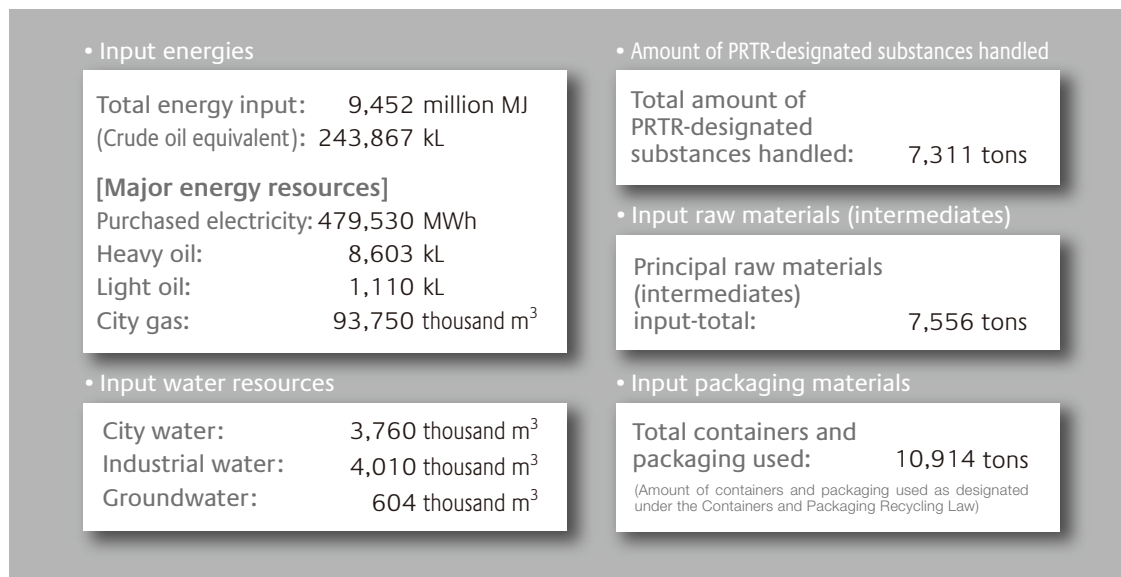
Ms. Chihiro Watanabe

Corporate Social Responsibility and Environment Department, Maeda Corporation



We prioritize controlling environmental impacts during the research and production processes, and implement various measures to fulfill this goal.

Environmental Impacts Associated with Takeda Group Business Activities



Compilation Method of Environmental Data

- Data collection period: From April 1, 2012 to March 31, 2013
- Data collection sites: Group production and research sites in Japan and overseas. Energy and CO₂ data come from all business sites including Takeda Pharmaceuticals head offices and sales offices. However, in regard to the PRTR-designated substances, data associated with total phosphorus, total nitrogen and environmental impacts from transport, comes from production and research sites in Japan only. The environmental impact associated with overseas trips is for all business sites of the Takeda parent company. Input raw materials (intermediates) data refers to Takeda Pharmaceutical's production sites.

A global approach to minimizing environmental impacts by monitoring data for the Group as a whole.

Site Data

Totals for Production and Research Sites of Takeda Pharmaceutical Company Limited*

Amount of Resources Used	
Total energy input	4,951 million MJ
[Main energy resources]	
Purchased electricity	201,565 MWh
Heavy oil	3,400 kL
City gas	62,957 thousand m ³
Water	4,798 thousand m ³

Environmental Impacts			
CO ₂ emissions	244,551 tons	Dust	6 tons
Waste generation	12,078 tons	COD	78 tons
Waste discharge	7,644 tons	Total phosphorus	3 tons
Final disposal	29 tons	Total nitrogen	18 tons
SO _x	3 tons		
NO _x	121 tons		

* Energy and CO₂ data include head offices and sales offices

Totals for Takeda Group Production and Research Sites Inside Japan (excluding the parent company)

Amount of Resources Used	
Total energy input	1,631 million MJ
[Main energy resources]	
Purchased electricity	80,884 MWh
Heavy oil	3,772 kL
City gas	10,303 thousand m ³
Water	2,351 thousand m ³

Environmental Impacts			
CO ₂ emissions	83,247 tons	Dust	7 tons
Waste generation	12,872 tons	COD	12 tons
Waste discharge	8,362 tons	Total phosphorus	1 tons
Final disposal	489 tons	Total nitrogen	2 tons
SO _x	16 tons		
NO _x	132 tons		

Totals for Takeda Group Production and Research Sites Outside of Japan

Amount of Resources Used	
Total energy input	2,871 million MJ
[Main energy resources]	
Purchased electricity	197,081 MWh
Heavy oil	1,432 kL
City gas	20,490 thousand m ³
Water	1,224 thousand m ³

Environmental Impacts			
CO ₂ emissions	103,040 tons	Dust	27 tons
Waste generation	15,534 tons	COD	168 tons
Waste discharge	15,534 tons		
Final disposal	1,517 tons		
SO _x	103 tons		
NO _x	74 tons		

Site Data for Takeda Pharmaceutical Company Limited

■ Osaka Plant

Amount of Resources Used	
Total energy input	1,292 million MJ
[Main energy resources]	
Purchased electricity	58,539 MWh
Heavy oil	0 kL
City gas	16,054 thousand m ³
Water	1,187 thousand m ³

Environmental Impacts			
CO ₂ emissions	60,326 tons	Dust	0.2 tons
Waste generation	1,189 tons	BOD	18 tons
Waste discharge	1,189 tons	Total phosphorus	1 tons
Final disposal	7 tons	Total nitrogen	3 tons
SO _x	0 tons		
NO _x	14 tons		

PRTR Data							
Substance	Releases				Transfers		
	Atmosphere	Public water area	Soil	Total	Sewerage	Off-site	Total
Acetonitrile	0.17	0	0	0.17	0.0062	11	11
Dichloromethane	0.025	0	0	0.025	0.0018	1.3	1.3

(Unit: tons)

■ Hikari Plant

Amount of Resources Used	
Total energy input	2,053 million MJ
[Main energy resources]	
Purchased electricity	61,798 MWh
Heavy oil	3,397 kL
City gas	28,690 thousand m ³
Water	2,945 thousand m ³

Environmental Impacts			
CO ₂ emissions	106,208 tons	Dust	4 tons
Waste generation	9,841 tons	COD	52 tons
Waste discharge	5,407 tons	Total phosphorus	1 tons
Final disposal	0 tons	Total nitrogen	10 tons
SOx	3 tons		
NOx	95 tons		

PRTR Data							
Substance	Releases				Transfers		
	Atmosphere	Public water area	Soil	Total	Sewerage	Off-site	Total
Acetonitrile	0.16	0	0	0.16	0	0.45	0.45
Cumene	0	0	0	0	0	0	0
Dichloromethane	12	0	0	12	0	88	88
<i>N,N</i> -dimethylacetamide	0	0	0	0	0	0	0
<i>N,N</i> -dimethylformamide	0	0	0	0	0	0	0
Dioxins (mg-TEQ)	0.0020	0.0013	0	0.0033	0	27	27
Triethylamine	0	0	0	0	0	0.50	0.50
Toluene	1.4	0	0	1.4	0	0	0
<i>n</i> -Hexane	0.0040	0	0	0.0040	0	0	0
Formaldehyde	0.84	0.25	0	1.1	0	0.22	0.22
Cumene hydroperoxide (CHP)	0	0	0	0	0	0	0

(Unit: tons)

■ Shonan Research Center

Amount of Resources Used	
Total energy input	1,458 million MJ
[Main energy resources]	
Purchased electricity	69,735 MWh
Heavy oil	3 kL
City gas	17,523 thousand m ³
Water	666 thousand m ³

Environmental Impacts			
CO ₂ emissions	71,653 tons	Dust	2 tons
Waste generation	1,048 tons	BOD	13 tons
Waste discharge	1,048 tons	Total phosphorus	1 tons
Final disposal	22 tons	Total nitrogen	5 tons
SOx	0 tons		
NOx	12 tons		

PRTR Data							
Substance	Releases				Transfers		
	Atmosphere	Public water area	Soil	Total	Sewerage	Off-site	Total
Acetonitrile	0.20	0	0	0.20	0.0046	13.0	13.0
<i>N,N</i> -dimethylformamide	0.015	0	0	0.015	0.012	1.5	1.5
<i>n</i> -Hexane	0.57	0	0	0.57	0	38	38

(Unit: tons)

We have formulated policies based on the Takeda Group Environmental Action Plan, and we continue to upgrade our environmental protection and accident prevention activities.

Progress on the Takeda Group Environmental Action Plan in Fiscal 2012

Theme	Item	Fiscal 2012 Achievements
T-EMS (Takeda Group Environmental Management System)	All Takeda Group production and research sites, on the basis of the "Takeda Group's Standard for Environmental Protection and Accident Prevention Work," execute their autonomous environmental protection and accident prevention activities in utilization of ISO 14001 related activities, environmental protection and accident prevention audit, and environmental protection and accident prevention internal audit.	<ul style="list-style-type: none"> Formulated the EHS Guideline as the basic environmental management standard for the Takeda Group Promoted environmental protection and accident prevention activities based on the Takeda Group's Standard for Environmental Protection and Accident Prevention Work Continued ISO 14001 activities at 28 business sites (including legacy Nycomed sites), including the recently certified Tianjin Takeda Pharmaceuticals Co., Ltd. Designated environmental managers at business sites and sales divisions, including overseas Group companies
	The business offices in the Takeda Group establish their environmental management systems corresponding to their business places and scales to execute their activities.	
Countermeasures for global warming	The CO ₂ emissions resulting from energy use are reduced in FY2015 by 18% from those in FY2005.	<ul style="list-style-type: none"> Established targets for each Group company and business site in Japan and overseas, and promoted energy saving FY2012 Takeda Group CO₂ emissions of 430,000 tons were 22% less than in FY2005 (including legacy Nycomed sites) Initiatives included adopting highly efficient air conditioning systems and reducing the number of days that boilers were used, and other measures
	The use of renewable energy is promoted.	<ul style="list-style-type: none"> Installed solar power generation facilities at Takeda Italia S.p.A., Osaka Plant, Hikari Plant and other sites Other sites considered current situations and cost efficiency to install solar power generation
Waste reduction	The amount of final disposal in FY2015 is decreased to the amount in FY2010 or less.	<ul style="list-style-type: none"> Established targets for each Group company and business site in Japan and overseas, took steps to reduce waste generation, promoted recycling of waste into valuable resources, and conducted other activities to reduce the amount of waste for final disposal Amount of waste for final disposal for the Group in Japan in FY2012 was 518 tons, down 1% from FY2010
	3R activities are promoted, namely, to Reduce the generation of wastes, Reuse the wastes, and Recycle the wastes.	<ul style="list-style-type: none"> Promoted recycling through rigorous waste separation. Converted waste into recyclable and valuable resources Continued zero-emission activities at the Osaka Plant and Hikari Plant
Protection of water resources	Efforts are paid in endeavor to make effective use of water resources, and the amount of water use is reduced.	<ul style="list-style-type: none"> Assessed water use at each Group site in Japan and overseas, used proprietary method to assess water resource risk Established water usage targets for some sites and implemented activities for meeting them
	The recycle use of water is promoted.	<ul style="list-style-type: none"> Promoted initiatives to reuse waste water at sites in Japan Initiatives included reusing equipment cooling water effluent as industrial water, reusing condensation water from reverse osmosis membrane system as water for toilets, and using recycled water for sprinkling water onsite
Managing chemical substances	Efforts on the reduction of the emission amount of chemical substances to the environment are promoted. In the process of the reduction, target of the reduction is prioritized based on the risk assessment.	<ul style="list-style-type: none"> Assessed chemical substance emissions at each Group company and business site in Japan and overseas, set reduction targets for each site, and took steps to steadily reduce emissions Initiatives included reducing usage of formaldehyde for fumigation and considering substitution with hydrogen peroxide, reducing the number of test examples to reduce usage of raw materials
	PCB and asbestos are appropriately disposed of in a systematic manner by following regulations.	<ul style="list-style-type: none"> Assessed the management of PCB and asbestos use at each business site, ensured appropriate storage in accordance with laws and regulations, and continued steady disposal

See → P. 29 Takeda Group Environmental Action Plan Evaluation Scores

Theme	Item	Fiscal 2012 Achievements
Protection of ozone layer	The equipment used with ozone depleting substances is renewed in a systematic manner.	<ul style="list-style-type: none"> Assessed status (quantity) of air conditioners and other equipment using ozone depleting substances such as CFC-type refrigerants at business sites in Japan, formulated a plan for renewing the equipment, and disposed of it appropriately
Air and water quality Conservation	Emission standards and total amount control are observed, and the reduction of NOx and SOx emissions and the reduction of COD are promoted.	<ul style="list-style-type: none"> Set in-house standards that are more stringent than applicable laws, regulations, and local agreements, and managed emissions accordingly. Set reduction targets for the Takeda parent company
Biodiversity	The influence of business activities on biodiversity is understood, and the activities contributing to the conservation of biodiversity and the sustainable use of bioresources are promoted.	<ul style="list-style-type: none"> We continue to promoted biodiversity conservation activities according to the characteristics of each Group company and business site in Japan and overseas. The main initiatives in Japan include the following. Raised 104 species of endangered herbal plants designated by the Ministry of the Environment for preservation outside of their natural habitat at Takeda Garden for Medicinal Plant Conservation (Kyoto). Of these, 71 were medicinal plants In addition to in-house cultivation of raw material for Kampo medicines, continued to investigate switching from wild to cultivated varieties Participated in the "Corporate Forestation Assistance Program" of a regional government Researched the natural state flora and fauna at Osaka Plant and devised a basic biotope framework
	In the use of genetic resources or the like, the Convention on Biological Diversity is considered.	<ul style="list-style-type: none"> Recognized the need to observe laws based on the Cartagena Protocol on Biosafety, and to give consideration to ABS when using genetic resources
Environmental activities in offices	Efforts on the reduction of the use of energy at the head office and representative offices are promoted.	<ul style="list-style-type: none"> Promoted "Cool Biz," a summer dress code to accommodate reduced air conditioning use and reduced the number of lights, set numerical targets, and took other steps to save electricity and other resources at office locations
	The reduction of wastes and the reduction of the use of copy paper are promoted at the offices.	<ul style="list-style-type: none"> Promoted thorough separation of waste and recycling Reduced consumption of copier paper by encouraging double-sided printing and paperless alternatives, and set numerical targets
	The green procurement of office supplies is promoted.	<ul style="list-style-type: none"> Promoted green procurement, including by set numerical targets for ratio of green procurement

Note: Excluding legacy Nycomed sites

Views of an Independent Expert on Takeda Group Environmental Activities

Reviewing the environmental activities of the Takeda Group in terms of the formula: Policy x Management x Performance, I believe that we have seen a steady improvement in each regard.

In terms of Policy, Takeda formulated the Global EHS Guideline in June 2013. In Management, the company has taken steps to manage water resource risk, for example, by classifying its sites into three categories of water risk and implementing appropriate measures for each category. On the Performance front, Takeda has become the first in the Japanese pharmaceutical industry to adopt bio-polyethylene bottles derived from natural plant sources. Furthermore, in assessing performance, Takeda evaluates all of its initiatives with an internal "environmental efficiency index" that incorporates the LIME assessment method into its assessment components. It also manages the evaluation score for each initiative in the Takeda Group Environmental Action Plan.

Looking ahead, I would like to see Takeda explain its performance assessment in even fuller detail. For example, the evaluation scores for conservation of air and water quality (p. 29) show that they are assessed higher as compared with other items, but it is rather difficult to grasp the intention of this evaluation from the annual trends of SOx, NOx, dust, and COD in Japan and overseas (p. 42).



Takashi Fukushima
President, Sustainability Accounting Co., Ltd.



Toward Fair Operating Practices

The Takeda Global Code of Conduct

The Takeda Global Code of Conduct is a set of basic rules governing compliance across the entire Group. The code contains a section on conducting business with integrity and fairness.

This section clearly defines that patient safety is Takeda's highest priority, and demands full compliance with laws and regulations in research, development, manufacturing, storage, distribution and post-marketing activities, in order to ensure the

safety and quality of products. The Code also contains specific guidelines on global compliance with promotion codes, anti-corruption and anti-bribery, and fair competition and anti-trust.

In addition, the Code contains other items such as environmental protection and respect for intellectual property. All Group executives and employees are expected to understand, comply with and implement the Takeda Global Code of Conduct in daily business activities.

See → P.13 Compliance
P.56 Intellectual Property
P.60 Quality Assurance System

Measures to Sustain Corporate Value

Global Compliance Program

At Takeda, Global Compliance Office works to strengthen the Group's initiatives for conducting its business activities with high ethical standards by cooperating with Regional Compliance Office. In 2010, the Takeda Global Code of Conduct was formulated as a compliance standard to be observed by all executives and employees of the Group. In 2011, Takeda established the Takeda Anti-Corruption Global Policy, and has been striving to raise employee awareness of anti-bribery laws in each country as well as reinforcing its zero-tolerance policy against corrupt practices in all its business dealings.

Number of countries where the Takeda Global Code of Conduct has been disseminated in brochures or on the intranet

60

Initiatives in the Industry

Promoting Fair Operating Practices across the Industry

Through activities at the JPMA (Japan Pharmaceutical Manufacturers Association), Takeda is working to promote fair operating practices across the industry. Takeda is also a member of BSR, a CSR-focused association of firms dedicated to identifying and acting on the social responsibilities of global enterprises. In addition, as a member of the Healthcare Working Group comprising global BSR-member firms in the pharmaceutical industry, we are contributing to the work of identifying materiality in CSR – a priority task for the industry – and we reflect the results in our own Group activities.

Takeda is also a member of the United Nations Global Compact LEAD Program, and along with about 60 other global companies has helped to lead corporate efforts worldwide to implement and disseminate the 10 principles of the Compact relating to areas such as human rights, labour standards, environment, and anti-corruption.

See → P. 3 Identifying Materiality



Anti-Corruption

Following the Takeda Global Code of Conduct, We Will Ensure Compliance with Our Policy for Anti-Corruption and Anti-Bribery

The ISO 26000 standard for social responsibility lists “Anti-corruption” as the first item in its section on fair operating practices. The section notes that corruption not only impairs the efficacy and ethical standing of an organization, but that it also leads to human rights abuses, impoverished societies, environmental destruction, and other problems.

The Takeda Global Code of Conduct has a clear guideline on prohibiting corruption and bribery, and strictly forbids offering bribes (including money, goods, hospitality, gifts, or any other item of value) to national and foreign public officials and private-sector employees. More detailed guidelines are set out in the Takeda Anti-Corruption Global Policy.

Items from the Takeda Global Code of Conduct Relating to Anti-Corruption (Extract)

Business with Integrity and Fairness

Anti-corruption / anti-bribery

We will comply with all applicable laws and regulations prohibiting bribery of government officials as well as all applicable laws and regulations prohibiting bribery of foreign government officials.

Takeda Anti-Corruption Global Policy Policy / Key Principles (Extract)

Takeda prohibits corrupt practices of any kind, whether committed by Takeda employees or by Third Parties (as defined below) acting for, and on behalf of, Takeda. Specifically, Takeda employees and any Third Parties acting for and on behalf of Takeda shall not:

- Offer to make, promise, authorize or accept any payments, or “anything of value,” to any individual, including government officials;
- either directly or indirectly;
- for the purpose of influencing, inducing or rewarding any act, omission or decision;
- in order to secure an improper advantage, or obtain or retain business.

Transparency Guideline

Takeda Strives to Ensure Greater Transparency in the Relationships between Its Corporate Activities and Medical Institutions and in Its Relationships with Patient Groups

As a member of an industry related to people’s lives, society requires Takeda to maintain a highly ethical stance. We aim to earn even higher levels of trust from society by increasing the transparency of our relationships with medical institutions. Medical institutions play an indispensable role in several aspects of our business, including medical and pharmacological life science research, application, and dissemination of correct use of pharmaceutical products.

We also cooperate with patient groups, including by providing them with funding. Our relationships with patient groups must be ethical and emphasize independence.

In 2011, the Japan Pharmaceutical Manufacturers Association formulated a guideline for ensuring transparency in the relationship between corporate activities and medical institutions, and in 2012 it formulated a guideline on transparency in the relationship between corporate activities and patient groups. Takeda referred to this guideline to form its own Transparency Guideline for the Relation between Corporate Activities and Medical Institutions as well as the Transparency Guideline for the Relation between Corporate Activities and Patient Groups. We have disclosed related information such as provision of funds on our website.

Timing and method of disclosure

Provision of funds to medical institutions

We have started disclosing information about our provision of funds to medical institutions for each fiscal year (from April 1 to March 31 of the following year) on our corporate web site, starting with the funds provided during fiscal 2012.

Provision of funds to patient groups

Starting from fiscal 2014, we will disclose information about funds provided to patient groups each fiscal year through our website and other means, once the financial results for that fiscal year have been confirmed. (The first results disclosed will be for funds provided during fiscal 2013).

For further details about the Transparency Guideline, please see Takeda’s website

<http://www.takeda.com/csr/policies/>

We will promote fair operating practices across the Group while encouraging our suppliers to implement CSR too.

IFPMA

The International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) is an NPO based in Geneva, Switzerland. Its members include the main industry groups of both advanced and developing countries, as well as R&D-focused pharmaceutical companies from around the world.

Fair Promotion Activities

The Group Conducts Transactions Based on Fair Competition, Observing Applicable Laws and Regulations of Every Country

Since pharmaceuticals have a deep connection to people's lives, companies that manufacture, sell and provide information about them are required to have a strong sense of ethical self-awareness. The International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) has therefore set out the "IFPMA Code of Pharmaceutical Marketing Practices" (IFPMA Code) as an international standard for self-regulation of the ethical promotion of pharmaceutical products to people in the healthcare industry. In Japan, the Japan Pharmaceutical Manufacturers Association (JPMA) responded in 1993 by establishing the JPMA Promotion Code for Prescription Drugs, which complies with the IFPMA Code. Since the JPMA also requires drug companies to formulate their own codes for specific implementation of the JPMA Promotion Code for Prescription Drugs, Takeda created its own code, the Takeda Promotion Code for Prescription Drugs. This code forms the standard governing the company's activities to promote prescription drugs.

Takeda's activities are also governed by the Takeda Global Code of Conduct, which includes clear

guidelines on fair promotion activities at Group companies. In this way, we are ensuring strict adherence to laws relating to the pharmaceutical business in each country, and to the IFPMA Code.

[See →](#) P.8 CSR Management

Global CSR Purchasing/Guidelines for Socially Responsible Purchasing

Promoting CSR Initiatives throughout the Value Chain, Including Business Partners

Takeda established the "Global Purchasing Policy" to guide its efforts to build a global supply network in line with the company's territory expansion. The Global Purchasing Policy sets out basic guidelines for purchasing activities, with a focus on quality, cost, delivery, social acceptability, and the environment.

Takeda strives to implement not only pharmaceutical business activities, but also CSR activities across the supply chain, including suppliers of raw/packaging materials and equipment, contract manufacturers as well as construction companies. Takeda has shared the "Guidelines for Socially Responsible Purchasing" with its suppliers and encourages them to make their own efforts to solve social and environmental issues.

Items from the Takeda Global Code of Conduct Relating to Fair Promotion Activities and Anti-Corruption (Extract)

Business with Integrity and Fairness

Advertisements/promotion

Takeda is committed to complying with all applicable laws, regulations and industry codes governing promotional activities and advertising and will conduct these activities in an appropriate and ethical manner.

We will follow applicable company procedures designed to ensure that our promotional information and advertisements comply with regulatory requirements and are accurate, balanced, fair, supported by scientific evidence and not false or misleading.

We will not promote our products for a specific use in a country until the requisite approval for marketing for that use has been given in that country.

Relationships with healthcare professionals

Takeda is committed to complying with all applicable laws, regulations, and industry codes (including the IFPMA's Code of Pharmaceutical Marketing Practices and other codes established by regional and local industry associations) in interacting with healthcare professionals.

We will not provide, offer, or promise any money, goods, hospitality, gift or any other item of value to induce or reward favorable treatment of our products.

When we obtain consulting services, advisory board services, or any other services from healthcare professionals, we will have a legitimate business need and we will not pay more than an appropriate market value for the services rendered.

These guidelines include the “CSR Code of Responsible Purchasing Standards” that Takeda’s General Purchasing Department practices when sourcing materials for use in manufacturing plants and research laboratories. The guidelines also cover two important elements, which are “Continuous Relationship with Suppliers” and “Code of Conduct for Suppliers.”

“Continuous Relationship with Suppliers” emphasizes social and environmental aspects in addition to the conventional criteria of quality, cost and delivery. Moreover, in the “Code of Conduct for Suppliers,” the guidelines include a section on “Corporate social responsibilities related to human life,” which stipulates, “Production and supply of materials for excellent pharmaceutical products in efficacy and safety,” “Efforts for stable supply,” and “Anti-counterfeit measures.”



Supplier Survey

Takeda asks suppliers to participate in a “CSR Survey” based on the “Guidelines for Socially Responsible Purchasing.” The survey allows us to ascertain suppliers’ CSR implementation performance, establishment of their quality assurance system, sustainability of stable supply, compliance with laws, labor management systems, and environmental preservation activities. The outcome collected from the surveys is fed back to the respective suppliers.

[See →](#) P.54 Global Purchasing Policy

Question Items in the Supplier Survey

Social responsibilities as a business that involves people's lives	<ul style="list-style-type: none"> • Production and supply of materials and equipment for manufacturing effective and safe pharmaceutical products • Efforts for stable supply • Anti-counterfeit measures
Compliance with laws and ethical standards	<ul style="list-style-type: none"> • Compliance with laws • Business ethics and fair competition • Clear definition of concerns • Protection of experimental animals • Information security • Appropriate export controls
Labor	<ul style="list-style-type: none"> • Employment by free choice • Prohibition of child labor • Abolition of discrimination • Observation of legally required employment conditions
Health and safety	<ul style="list-style-type: none"> • Protection of employees • Process safety • Preparation and response for emergencies • Hazard information
The Environment	<ul style="list-style-type: none"> • Environmental permits • Waste and gas emissions • Emission and release of hazardous chemicals • Efforts to reduce the impact on the environment
Management	<ul style="list-style-type: none"> • Promotion of CSR • Items required by laws and customers • Training and capability development • Continuous improvement

Green Procurement

Promoting Eco-Green Purchasing

All Takeda production sites in Japan have received ISO 14001 certification for environmental management systems and use an ISO 14001 environmental management program to conduct extensive eco-green procurement activities. Furthermore, Takeda’s Eco Project, which also covers administrative and sales divisions, includes the distribution of an office supplies catalog that shows which items have received the Eco Mark or Green Mark from the Japan Environmental Association. Overall, these measures facilitate green procurement throughout the Takeda organization.

[See →](#) P.28 Global EHS Guideline

208

Number of companies who returned the Supplier Survey and received evaluation and feedback from Takeda (fiscal 2012)

Building sound and fair relationships as equals with business partners while expanding into emerging markets and other countries.

Global Purchasing Policy

Takeda Is Building a Comprehensive Global Supply Network Extending from Purchasing to Production and Distribution That Also Takes into Account Corporate Social Responsibility

Building supplier relationships in the spirit of “soundness and fairness based on a partnership as equals” is of particular importance in line with Takeda-ism. Successful pharmaceutical operations require partnerships with companies capable of consistently supplying raw materials, packaging materials, equipment and other products of high quality that comply with strict authorities’ regulations

for manufacturing and sales of pharmaceuticals.

From this standpoint, the members of the General Purchasing Department, which is responsible for procuring materials and equipment for R&D and production, have established sound and fair relationships with suppliers in line with the Basic Purchasing Policy, which takes CSR priorities into consideration. In addition, the General Purchasing Department has established a new “Global Purchasing Policy” in order to build a comprehensive global supply network extending from purchasing to production and distribution. This global supply network addresses Takeda’s business expansion into new countries and regions, including emerging markets.

Global Purchasing Policy (Extract)

<Objective>

We, Takeda Group, aim to fulfill our mission to “strive towards better health for people worldwide through leading innovation in medicine” by demonstrating Takeda-ism, in which we pledge to act with “integrity based on our fairness, honesty, and perseverance.”

Under corporate philosophies including Takeda-ism and our mission, the Pharmaceutical Production Division aims to provide patients worldwide with the highest quality and lowest-cost drugs by establishing world-class manufacturing technology. Moreover, in order to achieve stable and reliable supply, we shall establish and put into practice a comprehensive global supply network for purchasing, production, and distribution which can cover the expansion of new bases including developing countries and regions.

The General Purchasing Department has formulated “the Global Purchasing Policy” as a specific policy for optimizing purchasing activities in Japan and overseas in the global supply network, and will act in compliance with it.

<Scope>

The Global Purchasing Policy applies to purchasing activities of the General Purchasing Department for materials and equipment used for R&D and manufacturing. The purchasing activities are conducted in line with the “Purchasing Criteria” of the General Purchasing Department, which was established based on “Company-wide Guidance for Purchasing Affairs” (Corporate Strategy & Planning Department).

<Basic Policy>

We shall procure excellent quality (Q: Quality) materials and equipment for R&D and manufacturing with competitive cost (C: Cost) in a timely manner (D: Delivery) by building a global purchasing system. We shall also carry out purchasing activities as fulfilling social responsibilities in compliance with social norms (S: Society), and taking the environment into account (E: Environment).

<Purchasing System>

In order to procure better quality materials and equipment at the lowest cost in a stable manner from superior suppliers worldwide in terms of Q, C, D, S, E, we shall establish an optimizing purchasing system to play a part in the Takeda Group global production and supply system.

<Code of Responsible Purchasing Standards>

The Takeda Group, as a company which operates business relate and responsible to people’s life, proactively promotes CSR activities in accordance with its corporate philosophy, for example, by participating in the United Nations Global Compact and formulating and complying with “Takeda Code of Compliance Standards.”

With the further globalization of purchasing, we consider that it is an important factor for engaging in fair and equal trading with appropriate suppliers worldwide including emerging countries not only to manage quality and safety but also to encourage them to conduct CSR activities and evaluate them on condition that we shall imply CSR activities ourselves. It is also considered to be response to social requirements. We have formulated the “Code of Socially Responsible Purchasing Standards” to prescribe fundamental elements and a code of behavior in relation to CSR which should be complied with and practiced in purchasing activities.

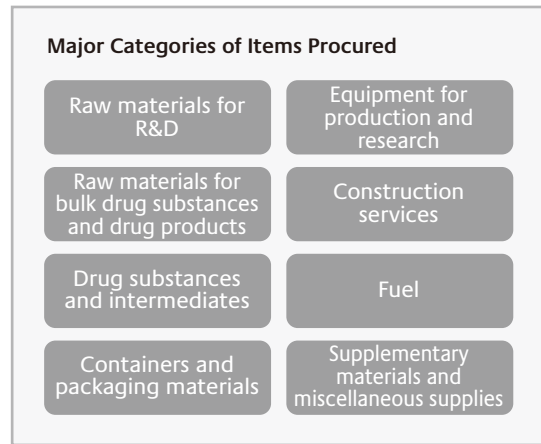
The “Guidelines for Socially Responsible Purchasing” includes specific details of our expectations for suppliers as well as the Code of Responsible Purchasing Standards.

The Code of Responsible Purchasing Standards applies to contract manufacturing activities.

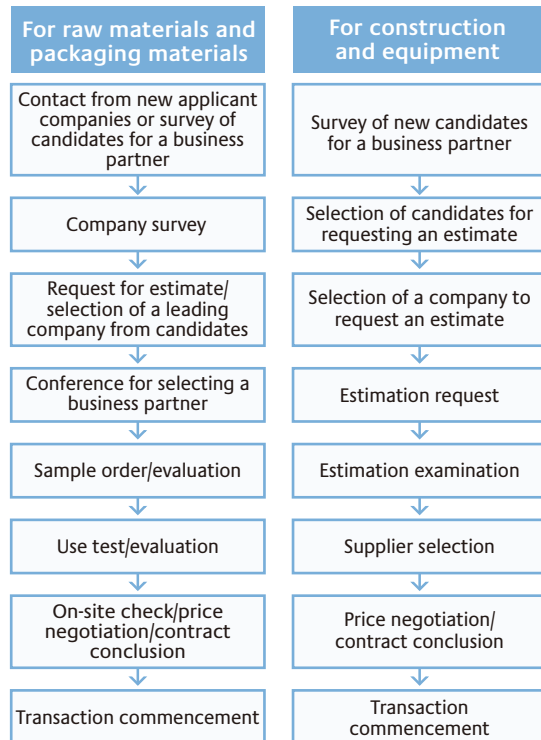
At least **10**

Number of compliance training sessions conducted per person in the General Purchasing Department (fiscal 2012)

Under the Global Purchasing Policy, Takeda's basic approach is to conduct purchasing activities emphasizing five elements; Quality (Q), Cost (C), Delivery (D), Society (S), and the Environment (E). This approach is incorporated in the "Guidelines for Socially Responsible Purchasing" as the "Important Elements for Continuous Business Relationship with Suppliers."



Response to Applications for New Accounts



Employee Compliance Program

Compliance Training

Takeda has prepared two sets of rules based on the "Takeda Compliance Program": The "Company-Wide Guidance for Purchasing Affairs" applies to activities throughout the company. The "Departmental Purchasing Criteria" are established specifically for the purchasing activities of individual business unit. Our goal is to prevent any purchasing activity from violating internal controls, applicable laws and regulations, including laws to subcontractor for preventing monopolies and late payments etc.

The General Purchasing Department has prepared several manuals to assist employees with proper compliance which are the "Purchasing Ethics Manual," "Anti-Monopoly Law Compliance Manual" and "Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors Compliance Manual." The department also conducts ongoing staff education. We also have an education program for individuals in each department who are responsible for negotiating prices and other purchasing terms with business partners. These individuals are registered as a business negotiator and undergo special training by outside instructors. These training programs are structured to give employees an understanding of the importance of compliance and help create a workplace culture that is imbued with a commitment to self-discipline. We believe that these programs are vital to purchasing activities that will earn the trust of business partners.

Future Outlook

Issues and Initiatives Going Forward

Takeda has established a policy framework that includes the Takeda Global Code of Conduct and the Takeda Anti-Corruption Global Policy, and under that policy framework, Takeda is upholding a tradition of "manufacturing pharmaceuticals with integrity" that Takeda has developed since its foundation by continuing to promote fair business practices across the Group.

Now that Takeda's Group operations span over 70 countries, we also recognize the growing importance of implementing CSR initiatives not just internally, but throughout the entire supply chain. Going forward, we will expand our Supplier Survey at the global level and take other measures in evaluating of our suppliers' CSR activity status, so to ensure fair operating practices across our entire value chain.

Intellectual property activities are vital to our ability to contribute to society as a provider of outstanding pharmaceutical products.

Intellectual Property

Intellectual Property Protecting Takeda's Business

The pharmaceuticals that are the cornerstone of Takeda's business are the product of ideas applied in research, development and marketing, with the goal of delivering quality pharmaceuticals to people all over the world. The way we protect the fruits of these accumulated ideas is by using intellectual property rights.

The Intellectual Property Department supports the business of the Group by protecting scientific ideas and inventions using patents, goodwill capitalized in product brands using trademark rights, and also by promoting the proper usage of such intellectual property (IP) rights.

It is generally assumed that patent protection of pharmaceutical products is achieved solely by a basic substance patent covering the original new active ingredient. In fact, the marketability and competitiveness of medicine relies on a portfolio of patents to protect not only the ingredient, but also its use, process patent, formulation, production intermediates, any related derivatives, and the methods for evaluating disease markers. The patent portfolio protects the entire business linked to a particular medicine.

Like its peers in the pharmaceutical industry, Takeda's IP operations must also address the important issue of how to construct patent portfolios to protect new businesses based on new technologies developed in recent years. These state-of-the-art technologies include regenerative medicine, cell-based therapies and gene therapy.

Helping to Realize the Mid-Range Growth Strategy

The Intellectual Property Department aims to help realize the Mid-Range Growth Strategy by supporting Takeda's increasingly global business activities. Specifically, the department works to ensure appropriate protection of the Group's scientific ideas and inventions, and the goodwill of its products. In order to do this, we integrated our IP teams based in different parts of the world to create an IP organization capable of operating globally.

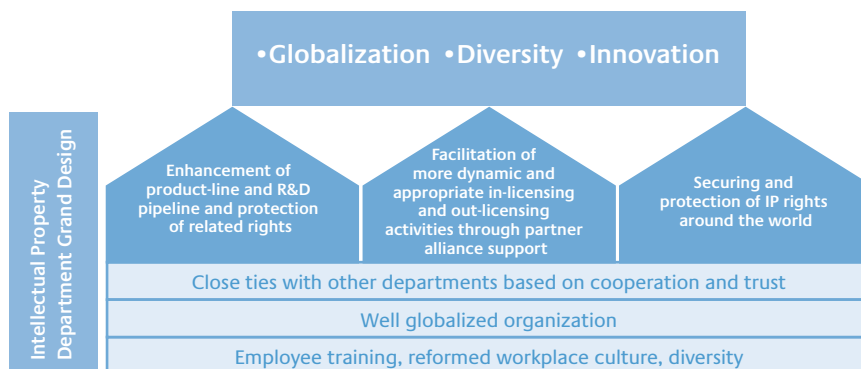
Our IP operations have also established a structure that facilitates lobbying activities through a range of external organizations, so as to respond to increasingly borderless IP regulatory systems worldwide surrounding the company's business. Global IP activities organized in this way support the Group's entire business from R&D to sales and marketing by focusing on the three key tasks defined below.

- [1] Enhancement of the product portfolio and R&D pipeline and protection of related rights
- [2] Facilitation of more dynamic and appropriate in-licensing and out-licensing activities through partner alliance support
- [3] Securing and protection of IP rights around the world

In order to achieve the goals of the Mid-Range Growth Strategy through such activities, IP operations are addressing the vital issues of strengthening the pipeline and supporting entry and growth in new markets, notably in emerging markets. As part of this, we have constructed a framework for the global support of R&D activities in each therapeutic area, and also we have initiated a framework that looks at R&D

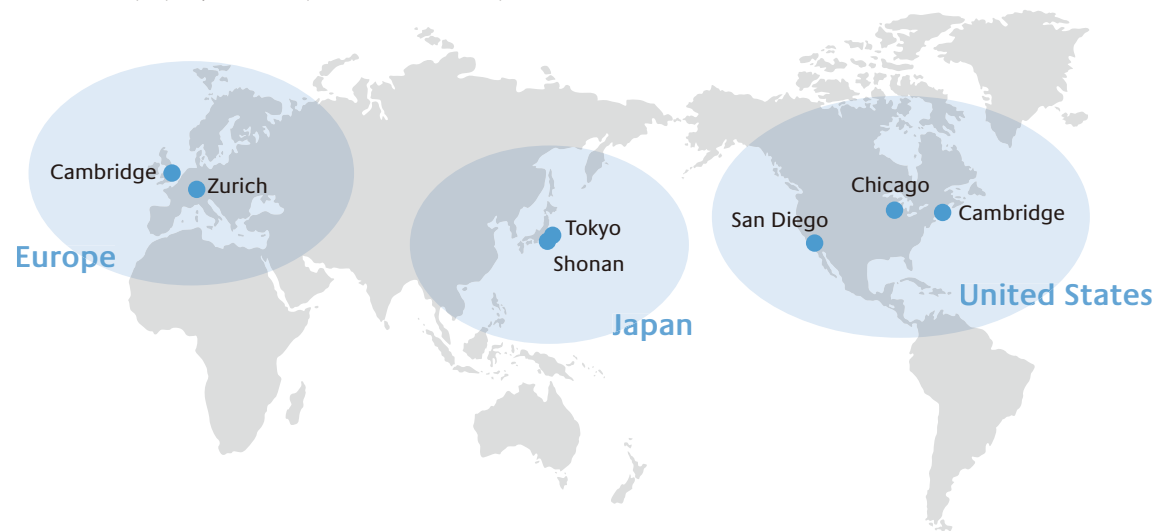
strategy from an IP perspective not only for each product, but also for each region. With regard to entering new markets including emerging markets, we will continue our all-round support related to patent and trademark rights in all regions, and we will take extra careful measures from an IP perspective in countries where we have focused initiatives linked to our marketing strategies. Through affirmative initiatives such as these, IP operations will contribute to further strengthening Takeda's pipeline and our business operations in each market of the world.

The Three Central Themes of Intellectual Property Activities



The Global Intellectual Property Network

● Intellectual property bases in Japan, the U.S. and Europe



Contribution toward Global Health through R&D Activities and Protection and Utilization of Intellectual Property

Takeda's mission is to strive towards better health for people worldwide through leading innovation in medicine. To achieve this, the Intellectual Property Department ensures appropriate protection of the results of Takeda's continuous research activities. Through appropriate protection and utilization of intellectual property rights, the department supports the stable supply of Takeda's products to patients. At the same time, the department makes intellectual property available for specified use to improve people's access to healthcare primarily in developing countries.

In 2013, Takeda has been involved in the establishment of the Global Health Innovative Technology Fund (GHIT Fund), and has also applied for grants from the fund. Our objective has been to make our research results available for the advancement of research mainly on the communicable diseases that have been epidemic in developing countries. We will license certain intellectual property rights to third parties, enabling them to make, use, and import specific pharmaceutical products, among other appropriate rights, in order to contribute to sustainable improvement and development of access to healthcare in developing countries.

The intellectual property system has been established and implemented for the purpose of

promoting the development of industries. Its primary objective is to encourage innovators to create inventions by exchanging exclusive rights for outstanding inventions for a certain period for subsequent disclosure of the inventions for widespread use. The system thus promotes further development of industries. Takeda is committed to contributing towards improvement of access to global healthcare by delivering innovative research results through its products and through appropriate use of intellectual property rights.

Issues and Initiatives Relating to the Intellectual Property System

Takeda believes that further progress in R&D in the field of life sciences will require an intellectual property system that reflects governmental policy on industries while allowing for protection of inventions and utilization of the rights to them. To accomplish these goals, we are cooperating and holding discussions with governmental ministries and agencies as well as industrial and business associations. In addition, we participate in activities of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and other multinational organizations in order to help solve intellectual property issues at the global level.



Supply Chain Management for Quality Assurance

Complete Quality Assurance in Pharmaceutical Products Distribution

Takeda complies with Good Manufacturing Practice (GMP), a set of regulations for the manufacture and quality assurance of pharmaceuticals. Beyond that, Takeda has also begun incorporating Good Distribution Practice (GDP), a new concept for ensuring product quality throughout the various operations of the distribution process. We have also formulated the

Takeda Global GDP Standard to further strengthen supply chain management for quality assurance throughout the Group.

Enhancing Management of Contract Manufacturers

In December 2012, unlabeled ampoules for the prescription product *ALINAMIN-F5 INJECTION* were found at a medical institution. As the result of an investigation, the ampoules were found to have been mistakenly filled with a different formulation than *ALINAMIN*, although the formulation was not harmful. Takeda voluntarily recalled the relevant lot, completing the recall in January 2013. Takeda has confirmed that there have been no reports of health injury among patients to whom these ampoules were administered. Takeda will implement measures to prevent this sort of incident from recurring, including measures at Nihon Pharmaceutical Co., Ltd., Takeda's contract manufacturer for this product. At the same time, Takeda will implement even stricter guidance and supervision for its other contract manufacturers.

Measures to Sustain Corporate Value

Quality Audits for Global Suppliers

Giving top priority to the safety of patients, Takeda conducts surveys encompassing a quality assurance perspective when selecting suppliers and contract manufacturers. We globally manage our selected suppliers and contract manufacturers by registering them in a supplier database, and having the quality assurance departments responsible for each supplier and contract manufacturer enter the results of regular audits into the database.

Number of sites subject to quality assurance audits concerning procurement and contract manufacturing (as of June 2013)

2,000

Risk Management for Counterfeit Products

Three-Year Plan for Anti-Counterfeit Measures

Incidents in which the health of patients has been harmed due to counterfeit drugs have become a major issue worldwide in recent years.

In response, Takeda formulated the Three-Year Plan for Anti-Counterfeit Measures (fiscal 2012 through 2014), and has a specialized division called Global Product Security (GPS) to lead its efforts to strengthen anti-counterfeit measures.

Implement Global Anti-Counterfeit Measures

Takeda believes that anti-counterfeit measures should not be the same for every product and in every country. Rather, measures need to be applied in consideration of the individual risk profile of each product and the country in which it is being used. Having expanded its scope of operations to more than 70 countries, Takeda will create and implement effective, area-specific countermeasures based on the result of risk analysis of the newly added regions.

Investigate and Expose Criminal Organizations that Manufacture and Sell Counterfeit Drugs

- By focusing on monitoring websites, Takeda has successfully helped to shut down 1,249 illegal online pharmacies (as of May 2013) that purported to sell



123

Number of countries where counterfeit drugs have been confirmed (2012)

Source: "2012 Situation Report" Pharmaceutical Security Institute (PSI)

1,249

Number of illicit online pharmacies identified and shut down as a result of Takeda's investigations (As of May 2013)

Takeda products actually suspected to be counterfeit. In other areas, we have implemented a range of measures, including conducting investigations to determine whether or not counterfeit drugs were being traded, cooperating with the law enforcement activities of customs agencies, and establishing methodologies for determining the authenticity of products suspected of being counterfeit.

- Takeda is gathering and investigating information regarding counterfeit medicines on a global scale in cooperation with international organizations, including the ICPO (International Criminal Police Organization). The ICPO led a program to crack down on online pharmacies engaged in illegal trading of pharmaceuticals, including counterfeit medicines. Police, customs agencies, and drug authorities representing 100 countries took part in the program. Takeda assisted the investigation mainly by providing information in advance.
- Takeda is helping relevant governments, judicial authorities, and police to crack down and expose counterfeit medicines by reporting internal investigation results and performing analyses of seized suspect items. In the U.S., there was a case in 2012 that led to a criminal conviction in connection with an illicit pharmaceutical trading business worth approximately US\$400 million in which Takeda products were also involved. The results of surveys and investigations undertaken by the Office of Criminal Investigations of the U.S. Food and Drug Administration (FDA) over eight years, to which Takeda had fully cooperated, were used in processing the case.

Establish and Implement Supply Chain Security Countermeasures

- In terms of advanced anti-counterfeit measures, we have introduced a tamper evident sealing label called the Takeda Security Label, which cannot be counterfeited, as well as an anti-theft system for freight trucks that transport valuable pharmaceuticals. These measures have proven to be effective in practice.

Raise Awareness of Counterfeit Drugs and Illicit Drug Trading

- In cooperation with two other Japanese pharmaceutical

companies, Takeda made a presentation on pharmaceutical companies' anti-counterfeit measures at an academic symposium hosted by the Pharmaceutical Society of Japan. The presentation was well received by parties involved in pharmaceuticals in the private and public sector as well as academia.

Supplying Information

Providing Pharmaceutical Information of a High Standard

Takeda's Medical Representatives (MRs) communicate on a face-to-face basis with healthcare professionals, but also use websites such as disease awareness-raising sites to increase opportunities to share information on products with healthcare professionals and consumers to meet a wide range of needs. In Japan, MRs are also working to support initiatives to increase patient adherence.*

Takeda has also established a Customer Relations Contact Center for ethical drugs and a Healthcare Company Customer Relations Contact Center for consumer healthcare drugs and quasi-drugs to answer inquiries by telephone or email. In fiscal 2012, the contact centers received around 108,000 inquiries in Japan.

* Patients' continued full participation in therapy, in terms of both drugs and lifestyle improvements.

Future Outlook

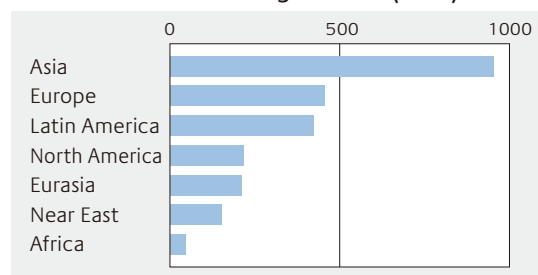
Issues and Initiatives Going Forward

Takeda recognizes the need to continue detailed activities across the entire value chain to enhance safety for patients and customers.

We will tackle the sharp rise in counterfeit drugs and unauthorized distribution by conducting education and awareness-raising activities on these issues both internally and externally based on the Three-Year Plan for Anti-Counterfeit Measures. We will also pay particular attention to establishing and implementing measures in our supply chain, as well as investigating and exposing organizations engaged in such illegal activities.

Going forward, we will continue to actively gather information and conduct investigations on a global level. At the same time, we will strengthen cooperation among our quality assurance departments, manufacturing departments, and Group companies worldwide, as well as with our external business partners, to develop our systems globally.

Number of Counterfeit Drug Incidents (2012)



Source: "2012 Situation Report" Pharmaceutical Security Institute (PSI)

Takeda is establishing a comprehensive quality assurance system to meet the requirements and expectations of a global pharmaceutical company, taking into account various factors including counterfeit drug issues as well as cultural and religious differences.



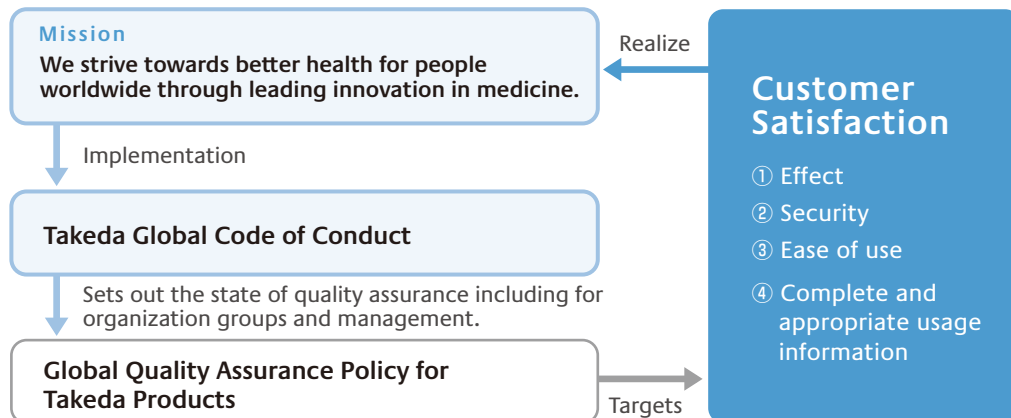
Quality Assurance System

Basic Policy

In addition to complying with applicable laws and regulations, Takeda's overarching mission is to supply safe, high-quality products that can be used by patients and customers with complete confidence. To this end, Takeda has structured a comprehensive quality assurance and safety control system. With cooperation among QA departments of Group companies worldwide, Takeda is committed to

maintaining the reliability of its global operations at all stages of the product life cycle from research, clinical studies, manufacturing, distribution, and provision of information on appropriate use, to monitoring and analysis of safety and quality information as its products become widely used.

Quality Assurance Cycle for Achieving Customer Satisfaction



Global Quality Assurance Policy

Takeda has established the “Global Quality Assurance Policy for Takeda Products” as a company policy to guide comprehensive quality assurance activities including risk management and crisis management. The entire Group is required to comply with this policy.

As the base of the Group’s quality assurance, the Global Quality Assurance Department promotes the construction and maintenance of a quality assurance system expected of a global pharmaceutical company by creating and disseminating global policy and related guidelines to all Group companies.

“Quality” that Takeda Pursues

- (1) Product conformity to required specifications at all stages of processing: raw materials, drug substances, investigational medicinal products, finished products, and marketed products during distribution and storage
- (2) Complete and accurate information (collection, recording, and documentation of information comprising a product profile, and validation including computerized systems)
- (3) Dissemination of information, such as efficacy, dosage, usage, and precautions, to customers in a timely manner

Constructing a New Global Quality Assurance System

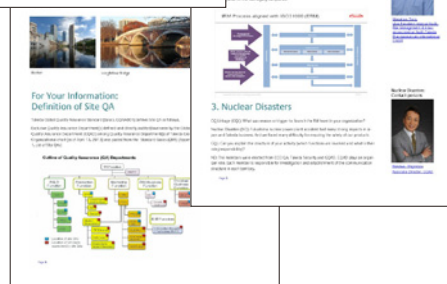
Takeda is taking steps to cope with the rapid globalization of its business following the integration of Nycomed. As part of this, the Global Quality Assurance Department is leading efforts to combine and improve existing quality assurance systems. The department is working to implement the updated quality assurance systems throughout the Group by issuing newsletters for relevant departments through the company intranet and other means. Takeda is also working on establishing a next generation system suitable for the needs of a global company.

Specifically, in order to provide safe, quality-assured products using a uniform system for the entire Group, we are building a new quality management system. The system comprises a quality governance structure (including allocation of roles and responsibilities), a document hierarchy, and mechanisms for continuous improvement of business processes.



Newsletter

A newsletter is regularly distributed to quality assurance-related departments via the company intranet to share information about global issues and initiatives.



Quality Assurance Spanning the Entire Product Life-Cycle

■ Research and Preclinical Studies

Takeda stringently manages studies and maintains data integrity and also strictly follows regulations for GLP (Good Laboratory Practice) for non-clinical studies to assess the safety of candidate compounds of pharmaceutical products.

■ Clinical Development

All of Takeda’s clinical studies, wherever conducted, comply with GCP (Good Clinical Practice), in addition to national and regional regulations as well as the Group’s own standard operating procedures and adherence to protocols.

■ Manufacture of IMP and Pharmaceutical Products

Takeda complies with GMP (Good Manufacturing Practice) for the manufacture and quality control of pharmaceuticals, and keeps up to date with the latest revisions to these regulations.

■ Post-Marketing Quality Control

In the post-marketing stage, we carry out not only quality control before shipping out products but also the collection of quality-related information from the market. In this way, we strive to detect potential quality issues at an early stage and make continuous improvements in quality control. In Japan, Takeda follows the GQP (Good Quality Practice) regulations for quality control of pharmaceutical products.

Takeda is committed to maintaining the reliability of its global operations at all stages extending from research and clinical studies to monitoring and analysis of safety and quality information as its products become widely used.



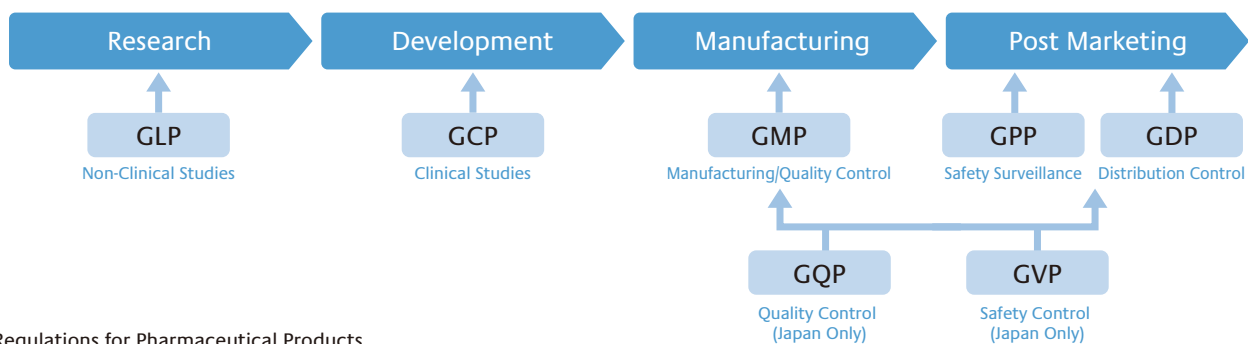
■ Safety Surveillance of Pharmaceutical Products

Takeda implements pharmacovigilance activities, continuously collecting safety information from the development phase of new drugs until after their launch, and providing this information to healthcare providers and companies marketing our products along with information on the appropriate use of the products. In Japan, Takeda follows the GVP (Good Vigilance Practice) regulations for safety control of pharmaceutical products.

Preventing Drug Disasters

Historically, lack of appropriate and timely safety monitoring of medicines has led to a number of serious, large-scale medication-related health disasters (drug disasters). During the 1960s, Takeda was one of the defendant companies in the SMON (Subacute Myelo-Optico-Neuropathy) accident that affected over 10,000 people, for which the company is still paying compensation today. In a final statement released in April 2010, the Investigative Committee on the State of Pharmaceutical Administration for Investigation of a Drug-Induced Hepatitis Accident and Measures to Prevent Reoccurrence, a Ministry of Health, Labour and Welfare expert working group, called for pharmaceutical companies to implement education about drug disasters to prevent them from recurring. At Takeda, we are taking steps to ensure that we never forget the tragedy of drug disasters, the suffering of patients who fall victim to them, and the immeasurable social responsibility of the company. For that reason, we run a training program targeting all departments involved in safety monitoring activities, as well as new recruits and mid-career hires. The program is being extended to cover all employees.

Product Life-Cycle and Regulations



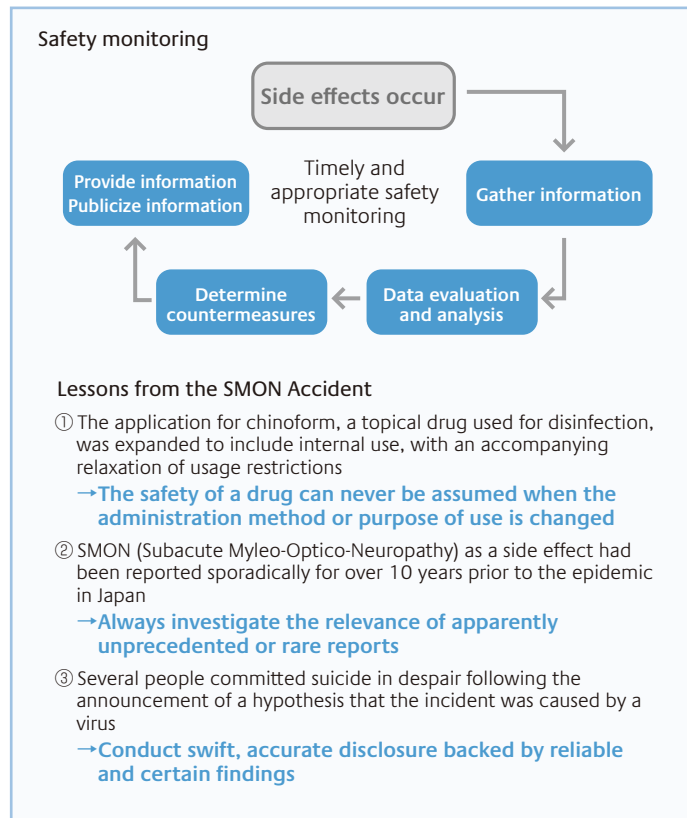
Regulations for Pharmaceutical Products

Regulations based on the Pharmaceutical Affairs Law		
GLP : Good Laboratory Practice Standards for conducting non-clinical studies relating to pharmaceutical product safety	GMP : Good Manufacturing Practice Standards for manufacturing and quality control for pharmaceutical products	GVP : Good Vigilance Practice Safety control standards for pharmaceutical products
GCP : Good Clinical Practice Standards for conducting clinical studies	GQP : Good Quality Practice Quality control standards for pharmaceutical products	
GPP : Good Pharmacovigilance Practice Standards for monitoring the safety of pharmaceutical products	GDP : Good Distribution Practice Standards for distribution of pharmaceutical products	

Approx. **6,000**

Number of people who have received training on drug disasters (As of August 2013)

Initiatives to Prevent Drug Disasters from Reoccurring



As part of our duty as a pharmaceutical company, we take the following initiatives to prevent drug disasters from reoccurring.

- Minimize the occurrence of serious side effects, and prevent their spread by implementing timely and appropriate safety monitoring.
- Maintain an internal system for implementing education based on past drug disasters.

A monument at the Ministry of Health, Labour, and Welfare bears witness to the Ministry's oath to eradicate drug disasters

Risk Management and Crisis Management

Even under the most stringent quality and safety control, unforeseen product defects or adverse drug reactions may occur. Takeda aspires to contribute to better health for people all over the world, and has been accelerating the globalization of its operations. As our operations become more global, we need to take into account a wider range of conditions than ever before in our risk management. Takeda gathers and analyzes risk-related information appropriately on a global scale to prevent occurrence of health injury by Takeda products. Moreover, should such a health injury occur, Takeda would strive to contain the problem.

■ Global Recall System

The supply management of Takeda's products for global markets is becoming more complex due to the manifold manufacturing sites and multiple sales and distribution channels around the world. We have therefore established a global recall system that addresses unexpected recall of products in multiple

countries on a global basis as part of our measures for crisis management.

■ Council for Risk Evaluation and Mitigation

For example, there is a risk that the company might create a product using an ingredient considered to be taboo by some cultures or religions due to lack of knowledge; the consequences of such a mistake could be serious. Another area that has become a pressing problem around the world in recent years is the health hazard caused by counterfeit drugs as well as counterfeit and adulterated raw materials. Pharmaceutical companies with global operations are being called upon to take responsible action on these issues.

These recent years especially, opportunities for Takeda's products to be marketed in emerging markets have increased dramatically following the integration of Nycomed. With these new business opportunities comes the need to give due consideration to these markets' cultural and religious aspects in particular.

Strengthening the network around the Global Quality Assurance Department as a keystone to creating a globally aligned system for risk and crisis management.

1.6bn

Global population of Muslims worldwide

Source: U.S. Non-profit research institute Pew Research Center website

Having expanded into new countries and regions, Takeda needs to grasp the situations peculiar to each country with respect to differences in culture and religion; political, economic, and social environments; and counterfeit pharmaceutical products. We also need to take measures against any foreseeable risks. In response to this, we have set up a Council for Risk Evaluation And Mitigation (CREAM) hosted by the Global Quality Assurance Department. CREAM is in charge of formulating and carrying out measures to mitigate and avoid such risks.

One example of CREAM's activities is responding to issues relating to Halal. "Halal" is the word used to describe compliance with Islamic law. For example, since pork and alcohol are not halal, their consumption as food is forbidden. The world's Muslim population in 2010 was 1.6 billion, or 23% of the global population. Takeda recognizes that it needs to consider halal principles when supplying its pharmaceutical products to Muslim patients. Since the legal restrictions and interpretation of halal vary from country to country, CREAM has taken this diversity into account in formulating systems to avoid risks. We are also making progress in dealing with risks relating to various other religions.

Moreover, to tackle the issue of counterfeit drugs, Takeda has formulated the Three-Year Plan for Anti-Counterfeit Measures (fiscal 2012 through

2014), and has a specialized division called Global Product Security (GPS) to lead its efforts to strengthen anti-counterfeit measures.

[See →](#) P.58 Risk Management for Counterfeit Products

■ Measures to Prevent Contamination from Radioactive Substances

Takeda is taking measures to prevent contamination of its products from radioactive substances. To help decide on the best measures to be taken, we monitor the levels of environmental radiation announced by Japan's Ministry of Education, Culture, Sports, Science and Technology, and survey the effect of the spread of radioactive material from the Fukushima Daiichi Nuclear Power Station on the manufacture and supply of products. We check drug substances, raw materials, and packaging materials that originate from areas considered to be at risk to ensure that we use only items that are not contaminated with radioactive substances. This prevents entry of such contaminated materials into our manufacturing facilities and environments. We also check the radiation levels of products manufactured by contractors, to ensure a safe, stable supply of products.



We will continue to ensure the stable supply of high-quality pharmaceutical products to people worldwide through our cost-efficient operations.



Production and Supply Chain

Strengthening the Global Supply Chain

In order to respond to the rapid geographical expansion of our sales network, Takeda is strengthening its global supply chain and quality assurance system.

Takeda currently has 27 production sites in 18 countries and our supply chain operations are on a global scale. To strengthen our production and supply chain in emerging markets, in July 2012 we added the São Jerônimo Plant to our supply network through the acquisition of Multilab Indústria e Comércio de

Produtos Farmacêuticos Ltda of Brazil. In September 2012 we completed the Yaroslavl Plant that had been under construction in Russia, and its operations are scheduled to commence in 2014.

With the aim of further improving the efficiency of our production and supply chain, we will optimize our global network of manufacturing sites, and promote global procurement of raw materials and the integration of our supply chain. As part of this initiative, we are currently transferring the functions of the Roskilde Plant in Denmark and the Elverum Plant in Norway to other plants in the Group to be completed by 2015.

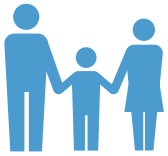


Yaroslavl Plant in Russia

See → P.52 Global CSR Purchasing



Hikari Plant in Japan



Corporate Citizenship Activities Management

Holistic Approach

Takeda aims to contribute to community development by providing with outstanding pharmaceuticals that improve their quality of life. However, before this treatment stage, there is also much that we can contribute at the prevention stage. Examples include research and development of vaccines and other preventative medicines, as well as disease prevention education for healthy people. In

emerging markets and other developing countries, it is especially important to raise awareness of good nutrition and hygiene. We also believe it is important to focus on life after treatment, and on raising the quality of life of patients who have been in long-term care, especially children, for whom support systems are often insufficient. Other areas where Takeda also strives to strengthen the foundations of healthcare in terms of human resources include capacity building of healthcare professionals through corporate-sponsored research grants, and various support initiatives for medical students. In this way, Takeda aims to take a holistic approach to community involvement and development as a global pharmaceutical company, and as a corporate citizen.

Measures to Sustain Corporate Value

Takeda Initiative

Takeda has formed long-term, ongoing partnerships with international NGOs and other groups to support their efforts to improve access to healthcare for people in developing countries. The “Takeda Initiative” is a 10-year grant program running from 2010 to 2019 to support the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) by helping it develop the capacity of healthcare providers in three countries in Africa. For example in Nigeria, more than 11,000 teachers received training in AIDS education in 2012 through programs which were partly supported by the Takeda Initiative, and they went on to teach more than 1.2 million students about AIDS. As a result of these kinds of activities, the HIV infection rates among young people in Nigeria have been falling.

Duration of the “Takeda Initiative” healthcare support program in Africa

10 years

Basic Policy for Corporate Citizenship Activities and Value Chain Concept

As part of its CSR activities, Takeda carries out corporate citizenship activities, with a particular focus on support activities to solve social problems. Takeda has set out its Basic Policies on Corporate Citizenship Activities as a global pharmaceutical company, as a set of common basic principles shared by all Group companies. We have focused our activities in the area of healthcare, where we leverage our expertise in pharmaceutical industry.

While there are many approaches to implementation, we believe it is important to reevaluate each one using a value chain framework that considers the value added by each process of our corporate citizenship activities, and then, approach implementation from a stakeholder perspective.

Corporate Perspectives

- Invested management resources (input)
- Coverage of the target group (output)

Stakeholder Perspectives

- Positive effect for the target group (outcome)
- Positive spillover effect on society as a whole (impact)

See → P.4 Value Chain Management



Long-Term Ongoing Corporate Citizenship Activities through Links with NGOs and NPOs

Since social issues in the field of health and medicine are fundamentally involved with the lives of people, one of the important things that corporations working in this field must tackle is establishing a framework for long-term, ongoing support. Takeda has developed links with NGOs and NPOs who have a deep

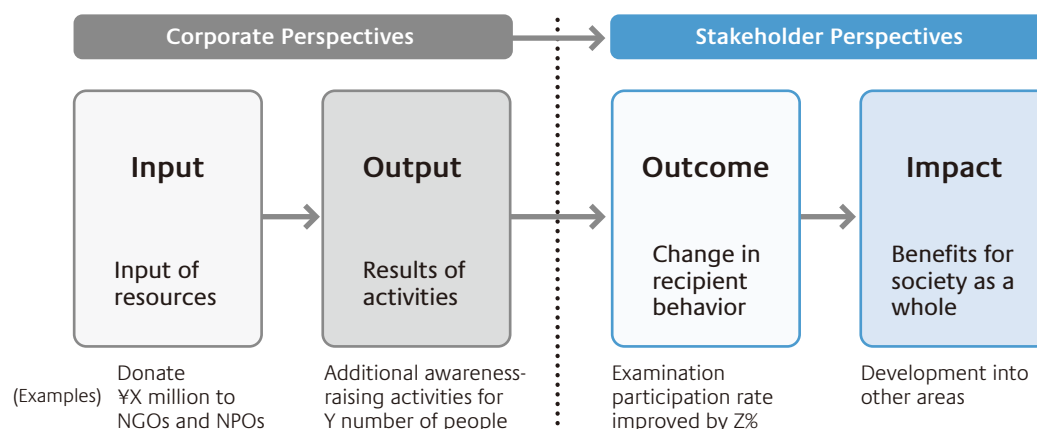
understanding of frontline social issues. Based on these links, we estimate the time needed to improve each situation and create an ongoing support program to help tackle it.

Takeda's Main Corporate Citizenship Activities and Their Timeframes

Program Name	Overview (Partner Organization)	Started	Timeframe
Takeda Initiative	Support fight against HIV/AIDS, TB and malaria in Africa (The Global Fund to Fight AIDS, Tuberculosis and Malaria)	2010	10 years
Takeda-Plan Healthcare Access Program	Support efforts to improve access to healthcare for children in Asia (Plan Japan)	2009	5 years
Takeda Well-Being Program	Support Japanese children in long-term treatment and their families (Civil Society Initiative Fund)	2009	5 years
"Support for Japan's Vitality and Recovery" Program	Donate part of the revenue from our <i>ALINAMIN</i> lineup of products to support Great East Japan Earthquake recovery efforts (Japan NPO Center, etc.)	2011	3 years

Corporate Citizenship Activities Value Chain and Takeda's Focus

Seeking to produce positive benefits for target recipients of activities and the whole of society, Takeda approaches corporate citizenship activities with stakeholder perspectives in mind.



Takeda is promoting activities in cooperation with external groups, while working to support better access to healthcare for people around the world.

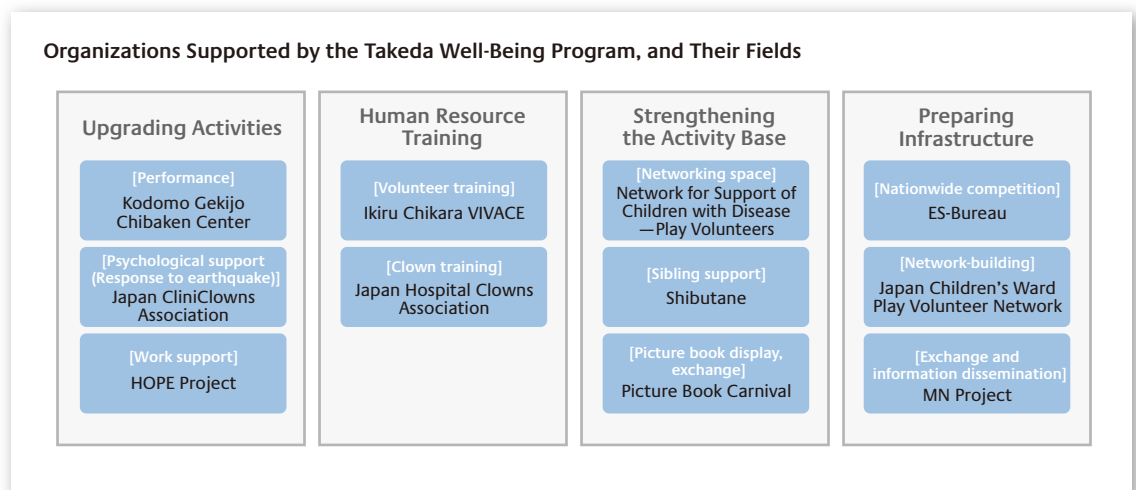
Partnership with NGOs and NPOs

Takeda Well-Being Program

The Takeda Well-Being Program was set up in 2009 in conjunction with the Civil Society Initiative Fund (CSIF) to support the activities of groups that provide support to children undergoing long-term treatment for diseases, as well as support for their families.

CSIF selects activities for the program to support after seeking the advice of external experts. In fiscal 2009-2012 the program supported 11 groups and

18 projects (total support of ¥33.6 million). In fiscal 2012, the program supported projects run by groups including Picture Book Carnival, Childhood Cancer Network MN Project, and Japan Children's Ward Play Volunteer Network.



For further details about activities, please see Takeda's website (Japanese only) <http://www.takeda.co.jp/chouki/>

Initiatives to Improve Access to Healthcare

IDEEL* Program

In partnership with the international NGO "Project Hope," Takeda has been supporting the expansion of an online diabetes educator course known as International Diabetes Educator E-Learning (IDEEL) from India, where it is currently available, to other countries since June 2013. The IDEEL program is provided to medical professionals in developing countries. In these countries, diabetes, hypertension, cancer, and other non-communicable diseases (NCDs) are becoming an increasingly serious issue, and the United Nations (UN) and the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) have called on pharmaceutical companies to take action not only in the area of communicable diseases (CDs) but also in the area of NCDs.

*IDEEL: International Diabetes Education E-Learning Program

The Global Health Innovative Technology Fund

Takeda joined the Global Health Innovative Technology Fund (GHIT Fund) in April 2013. The GHIT Fund is a non-profit organization aimed at promoting the discovery and development of new drugs to fight CDs in developing countries. The first partnership of its kind in Japan, the GHIT Fund is a public-private partnership (PPP) established by the Government of Japan, a consortium of five Japanese pharmaceutical companies including Takeda, and the Bill & Melinda Gates Foundation. Through the GHIT Fund, Takeda will serve as a bridge connecting basic research and clinical development.

1.29bn

Number of people worldwide living below the poverty line of US\$1.25 per day (2008)

Source: World Bank



Plan Japan is a member of Plan International, a global NGO recognized by the United Nations that is active in 70 countries throughout the world.

The Takeda-Plan Healthcare Access Program

In 2009, we established the Takeda-Plan Healthcare Access Program in collaboration with Plan Japan. The program is providing support for improved access to healthcare services for children in China, Indonesia, the Philippines, and Thailand. The program has achieved various results, as shown in the table below. Besides providing donations, Takeda visits project sites and conducts activities such as stakeholder dialogues aimed at improving project quality.

[See →](#) P.3 Access to Healthcare



Activities in Thailand



Activities in the Philippines



Activities in Indonesia



Activities in China

Photograph: Plan Japan

Progress on the Takeda-Plan Healthcare Access Program (July 2009 – June 2012) ✓

Country/Activity	Input	Output	Outcome	Impact
Indonesia Community-led total sanitation to create open defecation-free villages Targeted MDGs: Goals 4 and 7 MDGs: Millennium Development Goals	¥7.6 million	<ul style="list-style-type: none"> Trained facilitators (156 people in 36 villages). Conducted implementation workshops (about 750 people in 15 villages). 	<ul style="list-style-type: none"> 11 out of 15 villages achieved open defecation-free villages within one year of implementation. The number of diarrhea patients at clinics decreased by about 90%. Toilets were installed at own cost (2,087 households). 	<ul style="list-style-type: none"> Achieved collaboration with governments, including prefectural governments, county governments; the Ministry of Health; local health authorities; village governments, including village leaders; village CLTS* teams; and the government-led sanitation improvement program teams. CLTS: Community-Led Total Sanitation
China Improvement of child nutrition Targeted MDGs: Goals 1 and 2	¥7.6 million	<ul style="list-style-type: none"> Supplied nutrition booklets for students and instructors (12,300 copies). Supplied food materials (for a total of about 5,900 students at 4 schools). Conducted awareness-raising activities through essay writing contests led by a Children's Committee (for 3,400 individuals at 3 schools). 	<ul style="list-style-type: none"> About 65% of all the children said that they have started to give more thought to nutrition when choosing snacks. 	<ul style="list-style-type: none"> The central government began supplying food materials for students, starting from the fourth quarter of the third year.
Philippines Healthcare support for children Targeted MDGs: Goals 2 and 8	¥7.6 million	<ul style="list-style-type: none"> Conducted consultations, treatment, hospitalization, and surgery (78 individuals). Supplied assistive medical equipment (28 individuals). 	<ul style="list-style-type: none"> Donation activities for sick children have begun on a voluntary basis at schools. Certain doctors offered discounted fees for consultations and assistive medical equipment. 	<ul style="list-style-type: none"> Budget proposals for medical support at the town and village levels were submitted. Village councils approved financial support for part of the transportation expenses of children from villages to hospitals, as well as part of the transportation expenses for the children's parents and relatives.
Thailand Prevention of the spread of HIV/AIDS among young people Targeted MDGs: Goal 6	¥6.6 million	<ul style="list-style-type: none"> Comprehensive sexuality education provided to a total of 8,420 people at 16 schools, including students, teachers, and guardians, as part of the regular curriculum or extra-curricular programs. A student representative group was formed to increase awareness of comprehensive sexuality education within school (80 individuals at 1 school). 	<ul style="list-style-type: none"> Increased acceptance of the topic of sexuality, which has been seen as taboo by students, teachers, school principals, the Ministry of Education, and local residents. Instruction can now be provided on the risks of pregnancy, abortion, and sexual diseases including HIV/AIDS among young people, as well as correct knowledge of sexuality, as part of the curriculum. Consultation offices for students were voluntarily set up within schools. 	<ul style="list-style-type: none"> A sustainable implementation system based on stronger stakeholder relationships was established by enhancing networks with hospital personnel and HIV patient groups. Through regional awareness-raising activities, knowledge was disseminated to people other than just students and school personnel.

✓ Data assured by a third party

[See →](#) P.88 Independent Assurance of Social Performance Indicators

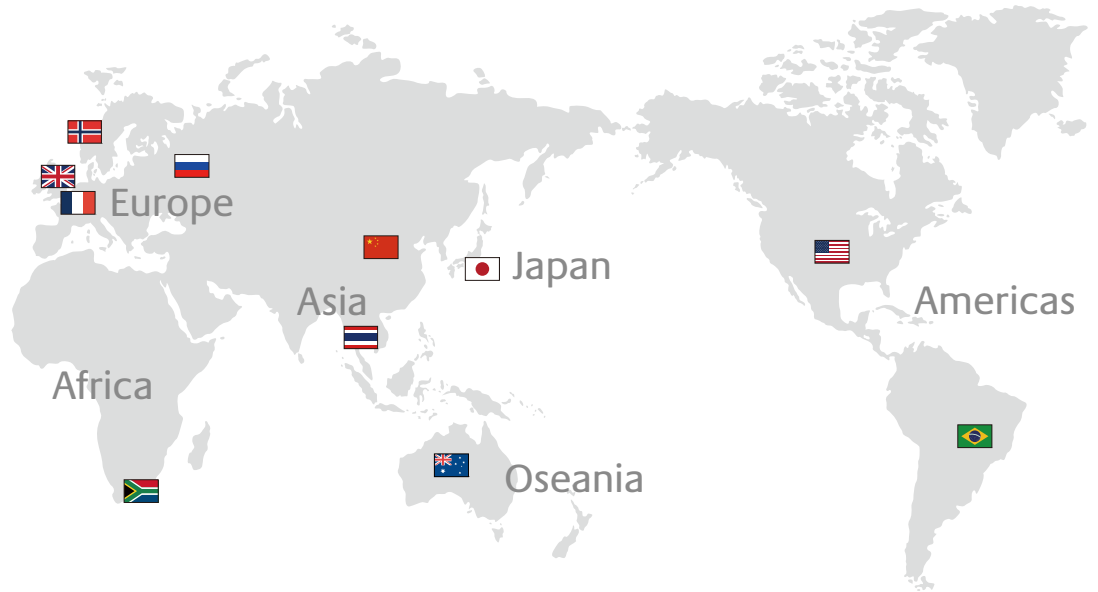
Sincere efforts for a bright, prosperous future
—Takeda’s global activities focus on promoting health in mind and body.

Global Community Involvement

Activities Matched to Area Needs

Each Takeda Group company around the world conducts corporate citizenship activities in tandem with its business activities, working to tackle the

issues faced by local communities and building partnerships with NGOs and NPOs.



Russia

Osteoporosis screening

Takeda provided osteoporosis screening equipment free of charge to support people living in areas where there is insufficient medical support. This screening program has drawn attention from physicians and patients, helping to raise awareness of the need to prevent and treat osteoporosis.



UK

Alzheimer’s Research UK

Employees at Takeda Cambridge raised funds for Alzheimer’s Research UK by participating in the London Marathon, and walking and Christmas charity events.



France

Odyssea race

Since 2009, Takeda employees in France have participated in the Odyssea race, which is held to raise funds for research to fight breast cancer.



Norway

AKTIV Against Cancer

Employees took part in charity events for AKTIV Against Cancer, whose training facilities in cancer hospitals enable physical activity to become part of the treatment.



 **South Africa**

Blanket making for homeless children

Employees in South Africa helped make blankets for homeless orphans in Cosmo City, Gauteng.



 **Australia**

Assembling children's bicycles for two children's charities

Building HOPE is a charity event where Takeda employees in Australia assemble bicycles to be given to underprivileged children. In fiscal 2012, 16 bicycles were provided to two children's charities.



 **Japan**

Support for children in long-term treatment

The Takeda Well-Being Program was established in 2009 to support the activities of groups that provide support to children undergoing long-term treatment for diseases, as well as support for their families. (Photograph: a "Picture Book Carnival" event)



 **The U.S.**

Takeda Cares Day

Takeda Cares Day is a charity event held each year by employees in Chicago, U.S. Employees participated in a five kilometer run or walkathon, and a series of field games. The collected donations from the event were given to local non-profit organizations.



 **China**

Child growth management application

Employees developed a free software application to monitor the growth of children with central precocious puberty (CPP).



 **The U.S.**

Movember Foundation

Millennium employees donated over \$20,000 in fiscal 2012 to support the Movember Foundation, an organization dedicated to raising awareness for men's health issues, specifically prostate cancer.



 **Thailand**

Fundraising to help children in need of heart surgery

Takeda employees in Thailand raised funds for children who need heart surgery by selling hoyo plants, which have heart-shaped leaves, in public spaces that are popular with young people.



 **Brazil**

Food donation for social programs

Employees at Takeda Brazil donated food to an NGO that supports more than 3,000 children who are at risk. Takeda Brazil also made a monetary donation.



As a company that is directly involved in people's lives, Takeda is promoting activities to support the recovery of areas affected by the Great East Japan Earthquake, while continuously working to create basic infrastructure for healthcare development.

18

Number of In-House Marketplace events held (As of August 2013)

7

Number of internal forums held (As of March 2013)

164

Number of participants in the GC-JN* Collective Action for Recovery from the Great East Japan Earthquake Disaster (As of August 2013)

*GC-JN: Global Compact Japan Network

Support for Disaster-Affected Areas

Support for Areas Affected by the Great East Japan Earthquake









Since immediately after the Great East Japan Earthquake, Takeda has been conducting activities to support the recovery. Examples include the contribution of pharmaceuticals and donations, and support for employees who have an intention to serve as volunteers. Takeda has also held events such as In-House Marketplace events to support post-quake recovery efforts, where local specialties from the disaster-affected areas are sold within the company. These events are jointly promoted by the labor union and the company. To help employees to keep those affected by the disaster in mind, and to address the earthquake directly, we also hold in-house forums where we report to employees in person on support activities.

Approach for Supporting People in Affected Areas

	Emergency	Recovery	Restoration
Physical needs	Prior Approach	Expand →	→
Money			
People	↓ Expand	↘ Expand	→
Others			

Currently, Takeda's core initiative to support the earthquake recovery effort is the "Support for Japan's Vitality and Recovery" program. Under this program, Takeda is setting aside a part of the revenue generated by sales of *ALINAMIN* as a donation, and the amount is estimated to be ¥800 million every year for three years. The project has been running since April 2011.

Donation Amounts and Recipients in the "Support for Japan's Vitality and Recovery" Program for Fiscal 2011 (1st Year)

Program	Recipient	Theme	Timeframe	Donation amount
 Takeda Life and Livelihood Reconstruction Program	Japan NPO Center	Life and Livelihood	5 years	¥400 million
 IPPO IPPO NIPPON Project	Keizai Doyukai (Japan Association of Corporate Executives)	Industrial Revitalization	5 years	¥250 million
 RJIF Rebuild Japan Initiative	Rebuild Japan Initiative Foundation	Policy Proposals	5 years	¥100 million
 TOMODACHI	U.S.-Japan Council	Empowering the Next Generation	3 years	¥30 million
 BEYOND Tomorrow	Global Fund for Education Assistance	Empowering the Next Generation	3 years	¥20 million
 Disaster Relief Volunteer & NPO Support Fund	Central Community Chest of Japan	Life and Livelihood	—	¥20 million
 東北未来創造 Tohoku Future Creation Initiative	Tohoku New Business Council	Industrial Revitalization Policy Proposals	—	¥20 million
 東日本大震災 現地NPO応援基金 Takeda Capacity Building Initiative	Japan Earthquake Local NPO Support Fund	Life and Livelihood	—	¥20 million
 Integrated Health and Lifestyle Support Project for Elderly People Living in Yamada Town, Iwate Prefecture	Health and Global Policy Institute	Policy Proposals	2 years	¥25 million
 ARK NOVA ARK NOVA Music Program for Children	ARK NOVA Project	Empowering the Next Generation	—	¥20 million
 Psychological support by CliniClowns in Tohoku	Japan CliniClowns Association	Life and Livelihood	3 years	¥5,522,223
Total				¥910,522,223

A video introducing our support activities two years after the Great East Japan Earthquake is available on our web site.

<http://www.takeda.com/company/channel/>

For further details about Takeda's activities to support the recovery from the Great East Japan Earthquake, please see its website.

<http://www.takeda.com/earthquake/>

¥2.74bn

Total grants/
scholarships provided
by Takeda Science
Foundation, Shoshisha
Foundation and
Institute for
Fermentation, Osaka
(fiscal 2012)

Corporate Foundations

Takeda Science Foundation

The Takeda Science Foundation was established in 1963 with an endowment from Takeda. Major activities of the foundation and results for fiscal 2012 (in brackets) are as follows:

1. Research Grants for research centers and research scientists involved in scientific technology projects throughout Japan (466 grants totaling ¥2,260.7 million);
2. International Fellowship Program for foreign medical doctors and researchers conducting research in Japan (37 persons received a total of ¥98.6 million) and Scholarships for students taking doctorate courses at medical schools (7 persons received a total of ¥25.2 million);
3. The Takeda Prize for Medical Science, which recognizes outstanding achievements in scientific research (Dr. Masayoshi Mishina, Professor, the University of Tokyo; Dr. Yoshiki Sasai, Group Director, RIKEN);
4. Holding of the Takeda Science Foundation Symposiums on Bioscience/PharmaSciences;
5. Publication of literature promoting scientific technologies; and
6. Storage, preservation, collection and exhibitions of oriental medical books and other documents at Kyo-U Sho-Oku, the foundation's library.

For further details about activities, please see the following website (Japanese only)

<http://www.takeda-sci.or.jp/>

Shoshisha Foundation

Shoshisha dates back to 1923 when Chobei Takeda V started using his own money to support deserving students with financial needs. The Shoshisha Foundation was established in 1960 to carry on this spirit, and in December 2012 it became a public interest incorporated foundation to further develop its operations. Since its establishment through fiscal 2012, the foundation has granted a total of 654 scholarships.

For further details about activities, please see the following website (Japanese only)

<http://www.shoshisha.or.jp/>

Institute for Fermentation, Osaka

The Institute for Fermentation, Osaka (IFO) was established in 1944 with joint funding by the Japanese government and Takeda Chemical Industries, Ltd. Up until 2002, the Institute collected, preserved, and distributed microorganisms to support research around the world. Since fiscal 2003, the Institute has provided grants for research on microorganisms with

the objective of contributing to the advancement of microbiology. In fiscal 2012, the Institute issued 41 grants totaling ¥399.1 million.

For further details about activities, please see the following website (Japanese only)

<http://www.ifo.or.jp/>

Workers Union Activities

Members of The Takeda Pharmaceutical Workers Union are involved in many types of community and charitable activities. Union members serve as volunteers, participate in disaster relief programs, support campaigns for various charities and take part in many other activities. One of the union's ongoing activities is an educational and cultural program in Mongolia: based on the concept of "from hand to hand," union members visit local schools to donate stationery, hygiene products, and other supplies. The program also supports cultural exchange with children. Through these heartfelt activities, the program has been running for over 15 years.



Union members enjoy a cultural exchange with children in Mongolia using Japanese toys

Future Outlook

Issues and Initiatives Going Forward

In September 2011, the United Nations and the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) expressed an expectation to pharmaceutical companies around the world for action toward the prevention and control of non-communicable diseases (NCDs) in developing countries. NCDs overlap significantly with Takeda's business area, and with the integration of Nycomed we now have the reach to provide to communities in developing countries. We have therefore been promoting corporate citizenship activities focused on NCDs and developing countries, such as support for the IDEEL program. We have also declared our support for BSR's Guiding Principles on Access to Healthcare (GPAH) and are currently examining ways to promote them through practical activities. Takeda will continue to contribute fully to community development through a holistic approach that incorporates both business and corporate citizenship perspectives.

For more than 230 years, Takeda has developed its business with integrity and continued to create corporate value. Takeda is committed to fulfilling its responsibility as a global pharmaceutical company going forward.

1781 Foundation

Takeda began operations in 1781 when Chobei Takeda I started a business selling traditional Japanese and Chinese medicines in Doshomachi, Osaka. Following Japan's Meiji Restoration in the late 1860s, Takeda was one of the first companies in Japan to begin importing western medicines.



Founder: Chobei Takeda I

1895 Pharmaceutical Manufacturing Business Launched

In 1895, the company established its own factory in Osaka and launched itself as a pharmaceutical manufacturer.

1914 Research Activities Begin with Establishment of the Takeda Research Division



A researcher performing an experiment in the laboratory (1939)

1950 First multivitamin in Japan PANVITAN Launched

1954 Vitamin B1 derivative ALINAMIN Launched

1962 Entered Overseas Markets

Takeda greatly expanded its overseas activities by entering Asia, Europe, and the U.S.

1989 For Prostate Cancer, Breast Cancer, and Endometriosis Leuprorelin Acetate Launched (U.S. and Europe)

1991 For Peptic Ulcer Lansoprazole Launched (Europe)

1997 For Hypertension Candesartan Cilexetil Launched (Europe)

1999 For Type 2 Diabetes Pioglitazone Hydrochloride Launched (U.S. and Japan)

1700

1900

2000



Kyoto Experimental Garden (1954)

1933 Takeda Garden for Medicinal Plant Conservation (Kyoto)* Established

This conservation has collected, grown and used herbs and other plants with medicinal value from around the world. Currently, the garden has more than 2,882 species of plants, including 104 endangered species.

* Established as "Kyoto Takeda Herbal Garden." The name was changed to "Kyoto Experimental Garden" in 1945 and changed again to its current name in 1994.

1944 Institute for Fermentation, Osaka Established

For more than 60 years, this institute has been devoted to the preservation of microorganisms to support research. Today, it serves as a research foundation dedicated to the advancement of microbial science.

1960 Shoshisha Foundation Established

Shoshisha dates back to 1923 when Chobei Takeda V started using his own money to support deserving students with financial needs. The Shoshisha Foundation was established in 1960 to carry on this work.

1963 Takeda Science Foundation Established

Funded with an endowment from Takeda, this foundation was established to contribute to the development of scientific technologies and culture by encouraging and supporting research in relevant fields.

1992 "Basic Principles on the Environment" Formulated

1995 LI Takeda Ltd. Established

Established as a special subsidiary, LI Takeda operates under the management mission of "being a friendly company for workers with disabilities." It was the first company of its kind in the Japanese pharmaceutical industry.

2006 CSR Report Integrated with the Annual Report

2009 Participated in the United Nations Global Compact/Dedicated CSR Organization Established

Takeda supports the United Nations Global Compact's 10 principles relating to "Human Rights," "Labour," "Environment" and "Anti-Corruption," and has incorporated them into every aspect of its business activities. Moreover, Takeda has enhanced its CSR activities by establishing a dedicated CSR organization.



2005

For Insomnia
Ramelteon Launched (U.S.)

2008

Millennium Pharmaceuticals, Inc. Integrated

2009

For Acid Reflux Disease
DEXILANT Launched (U.S.)

For Gout and Hyperuricemia
ULORIC Launched (U.S.)

2010

For Type 2 Diabetes
NESINA Launched (Japan)

For Cancer
VECTIBIX Launched (Japan)

2011

For Hypertension
EDARBI Launched (U.S.)

Shonan Research Center Established



Shonan Research Center

Nycomed Integrated

The integration of legacy Nycomed expanded the Group's sales channels in fast-growing emerging markets, while strengthening its business base across Europe.

2012

Vaccine Business Division Established

Takeda strengthened its global vaccine operations.

For Hypertension
AZILVA Launched (Japan)

URL Pharma, Inc. Integrated

Multilab Indústria e Comércio de Produtos Farmacêuticos Ltda. Integrated

Through this integration, Takeda has increased its presence in the Brazilian market, enhancing its business in emerging economies.

LigoCyte Pharmaceuticals, Inc. Integrated

(Currently Takeda Vaccines (Montana), Inc.)

2012

Envoy Therapeutics, Inc. Integrated

For Malignant Lymphoma
ADCETRIS Launched (Europe)

For Iron-Deficiency Anemia
RIENSO Launched (Europe)

2013

For Hyperlipiemia
LOTTRIGA Launched (Japan)

For Type 2 Diabetes
NESINA, KAZANO and OSENI Launched (U.S.)

2010

Takeda Initiative Launched

Takeda cooperated with the Global Fund to set up an endowment program to support the development of healthcare professionals in Africa.

Promoting Diversity and Strengthening Value Chain Management

As diversity became one of the corporate values, we have boosted our initiatives for promoting diversity. We have developed a CSR-oriented business environment, including at our business partners, by creating CSR policies across our value chain.

2010

Takeda Global Code of Conduct Formulated

The Takeda Global Code of Conduct serves to strengthen corporate governance and promote rigorous compliance throughout the entire Group worldwide.

2011

Participated in the United Nations Global Compact LEAD Program

Takeda is helping to spearhead implementation of the United Nations Global Compact principles.



2011

Support for Japan's Vitality and Recovery

Takeda is supporting the recovery of areas affected by the Great East Japan Earthquake by donating a part of the profits from *ALINAMIN*. The Group is also promoting a variety of other long-term, ongoing support programs.

2012

Continued Inclusion in SRI Indices That Rate Corporate Value

Takeda considers continued inclusion in SRI indices to be an important external measure of its overall business activities. To this end, the company has clarified the importance of social responsibility within the management strategy.

2012

Global EHS Policy Formulated

Takeda established a global policy on Environment, Health, and Safety, and promoted comprehensive initiatives.

2013

Support for Women's Empowerment Principles (WEPs)

Takeda is enhancing its efforts to harness the power of women in its corporate activities, based on the seven Women's Empowerment Principles.

Support for Guiding Principles on Access to Healthcare (GPAH)

As a member of the BSR Healthcare Working Group, Takeda participated in the formulation process of the Guiding Principles on Access to Healthcare, and has declared its support for them.

Corporate Information

As of March 31, 2013

Company Name: Takeda Pharmaceutical Company Limited

Founded: June 12, 1781

Incorporated: January 29, 1925

Paid-In Capital: ¥63,541 million

Representative: Yasuchika Hasegawa, President & CEO

Main Business: Manufacture, sale and import/export of pharmaceuticals and quasi-drugs

Number of Employees: 30,481 (consolidated)

Head Office:

1-1, Doshomachi 4-Chome

Chuo-ku, Osaka-shi, Osaka 540-8645, Japan

Tel: +81-6-6204-2111

Fax: +81-6-6204-2880

Tokyo Head Office:

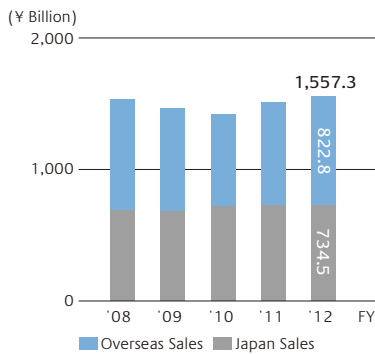
12-10, Nihonbashi 2-Chome

Chuo-ku, Tokyo 103-8668, Japan

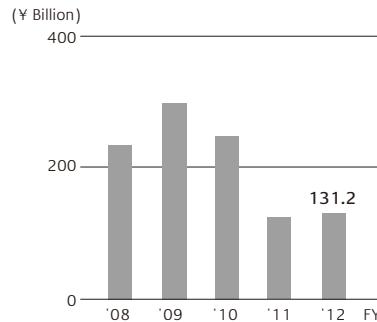
Tel: +81-3-3278-2111

Fax: +81-3-3278-2000

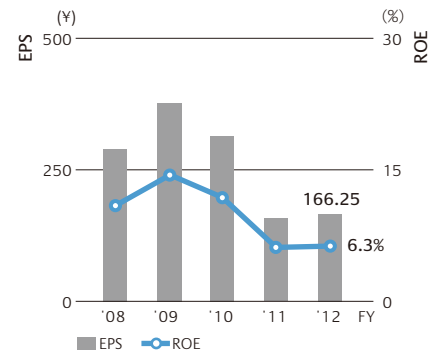
Net Sales



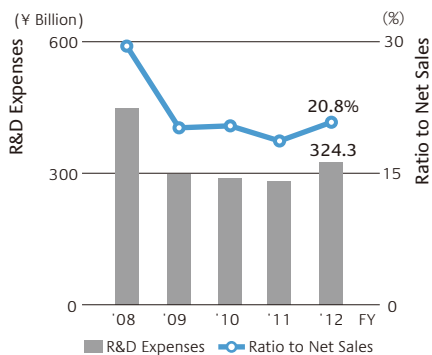
Net Income



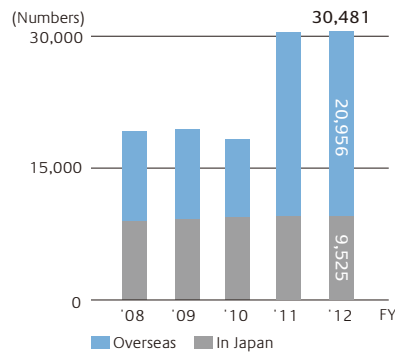
EPS and ROE



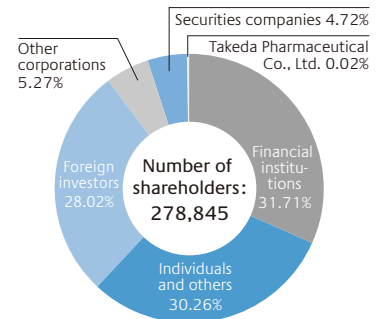
R&D Expenses and Ratio to Net Sales



Number of Employees



Proportion of Shareholders



Key Social Responsibility Data

Labor Practices		2013	2012	2011
Number of employees*	Total	30,481	30,305	18,498
	Japan	9,525	9,530	9,467
	Overseas	20,956	20,775	9,031
	Pharmaceutical business	28,397	28,284	16,470
	Ethical drugs	27,947	27,844	16,035
	Consumer healthcare	450	440	435
	Other businesses	2,084	2,021	2,028
Number of participants in the global leadership development program		36	28	33
Global employee survey		—	—	Conducted

* Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries. From fiscal 2010, the number is calculated on a full time equivalent basis.

The Environment

Total input energies	9,452 million MJ	9,205 million MJ	6,614 million MJ
Input water resources	8,373 thousand m ³	8,598 thousand m ³	7,309 thousand m ³
CO ₂ emissions	431 kilotons of CO ₂	437 kilotons of CO ₂	291 kilotons of CO ₂
SO _x (sulfur oxide) emissions	122 tons	105 tons	40 tons
NO _x (nitrogen oxide) emissions	328 tons	287 tons	237 tons
Dust emissions	40 tons	26 tons	18 tons
Amount of waste generated	40 kilotons	38 kilotons	26 kilotons
PRTR-designated substances released into the atmosphere (Japan)	35 tons	56 tons	48 tons

Community Involvement and Development

Cash donations	¥ 4,143 million	¥ 5,324 million	¥ 4,416 million
Takeda Science Foundation research grants	¥ 2,261 million	¥ 2,266 million	¥ 2,201 million
Shoshisha Foundation scholarships	¥ 78 million	¥ 70 million	¥ 32 million
Institute for Fermentation, Osaka, research grants	¥ 400 million	¥ 408 million	¥ 443 million
Total income taxes	¥(3,880)*million	¥125,207 million	¥121,326 million

* Figures in parentheses () indicate a decline. The total amounts of income taxes declined due to a refund of past paid taxes.

GRI Guidelines Version 4.0 (G4) Reference Table

GRI Guidelines Content Index

Takeda's Annual Report 2013 and Annual Report 2013 CSR Data Book were prepared with reference to the Sustainability Reporting Guidelines (Version 4.0) published by the Global Reporting Initiative (GRI). The guidelines provide a framework for sustainability reports that can be applied globally.

GRI Guidelines Version 4.0 (G4) Reference Table (provisional translation based on the Japanese translation of G3 and G3.1)

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
Strategy and Analysis			
1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	8-15	–
2	Provide a description of key impacts, risks, and opportunities.	35,53,54,56,57,60,61,63,65,76,89-91	3,4,6,7,12,14,16-19,25,31-35,48,49,55 57-59,64
Organizational Profile			
3	Report the name of the organization.	128	76
4	Report the primary brands, products, and services.	40,41	–
5	Report the location of the organization's headquarters.	128	76
6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	3,12,13,22,23,34,38,71,80,81	57,65,69-71
7	Report the nature of ownership and legal form.	128	76
8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	42-50	–
9	Report the scale of the organization, including: •Total number of employees •Total number of operations •Net sales (for private sector organizations) or net revenues (for public sector organizations) •Total capitalization broken down in terms of debt and equity (for private sector organizations) •Quantity of products or services provided	3,5-7,14,23,80,81,85-89,92,93-97	76,77
10	•Report the total number of employees by employment contract and gender. •Report the total number of permanent employees by employment type and gender. •Report the total workforce by employees and supervised workers and by gender. •Report the total workforce by region and gender. •Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. •Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	63	21
11	Report the percentage of total employees covered by collective bargaining agreements.	–	–
12	Describe the organization's supply chain.	54	4,54,55
13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: •Changes in the location of, or changes in, operations, including facility openings, closings, and expansions •Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) •Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	34,104	65
14	Report whether and how the precautionary approach or principle is addressed by the organization.	35,65,68,69,76	14,32-35,41,42,57-59,63,64
15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	1,52-55,63,82,83	1-4,9,22,74,75
16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: •Holds a position on the governance body •Participates in projects or committees •Provides substantive funding beyond routine membership dues •Views membership as strategic	53,63,82,83	2,3,22,74,75
Identified Material Aspects and Boundaries			
17	•List all entities included in the organization's consolidated financial statements or equivalent documents. •Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	80,81,128	Inside Front Cover, 76
18	•Explain the process for defining the report content and the Aspect Boundaries. •Explain how the organization has implemented the Reporting Principles for Defining Report Content.	1,52-55,58,59	1-5,8,9
19	List all the material Aspects identified in the process for defining report content.	53,54,56,57	3,4,6,7
20	For each material Aspect, report the Aspect Boundary within the organization, as follows: •Report whether the Aspect is material within the organization •If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material •Report any specific limitation regarding the Aspect Boundary within the organization	58	Inside Front Cover, 8
21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: •Report whether the Aspect is material outside of the organization •If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified •Report any specific limitation regarding the Aspect Boundary outside the organization	55,59,77	5,9,15
22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	–	–
23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	–	–

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
Stakeholder Engagement			
24	Provide a list of stakeholder groups engaged by the organization.	55	5
25	Report the basis for identification and selection of stakeholders with whom to engage.	59	9
26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	55,59	5,9
27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	59	9
Report Profile			
28	Reporting period (such as fiscal or calendar year) for information provided.	Inside Front Cover	Inside Front Cover
29	Date of most recent previous report (if any).	–	Inside Front Cover
30	Reporting cycle (such as annual, biennial).	–	Inside Front Cover
31	Provide the contact point for questions regarding the report or its contents.	129	Inside Front Cover
32	<ul style="list-style-type: none"> •Report the 'in accordance' option the organization has chosen. •Report the GRI Content Index for the chosen option. •Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. 	54,55	4,5,78-81
33	<ul style="list-style-type: none"> •Report the organization's policy and current practice with regard to seeking external assurance for the report. •If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. •Report the relationship between the organization and the assurance providers. •Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	126	88
Governance			
34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	58,73,74	8,11,12
35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	73	11
36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	73	11
37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	58,73	8,11
38	<p>Report the composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> •Executive or non-executive •Independence •Tenure on the governance body •Number of each individual's other significant positions and commitments, and the nature of the commitments •Gender •Membership of under-represented social groups •Competences relating to economic, environmental and social impacts •Stakeholder representation 	73,74	11,12
39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	–	–
40	<p>Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> •Whether and how diversity is considered •Whether and how independence is considered •Whether and how expertise and experience relating to economic, environmental and social topics are considered •Whether and how stakeholders (including shareholders) are involved 	73,74	11,12
41	<p>Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> •Cross-board membership •Cross-shareholding with suppliers and other stakeholders •Existence of controlling shareholder •Related party disclosures 	74	12
42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	17,58	8
43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	58	8
44	<ul style="list-style-type: none"> •Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. •Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice. 	58	8
45	<ul style="list-style-type: none"> •Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. •Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities. 	58,73,74	8,11,12
46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	58	8
47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	73	11
48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	58,73	8,11
49	Report the process for communicating critical concerns to the highest governance body.	58,73	8,11
50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	–	–

GRI Guidelines Version 4.0 (G4) Reference Table

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
51	<ul style="list-style-type: none"> •Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> – Fixed pay and variable pay: <ul style="list-style-type: none"> >Performance-based pay >Equity-based pay >Bonuses >Deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees •Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives. 	58,73,74	8,11,12
52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	73,74	11,12
53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	73,74	11,12
54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–	–
55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–	–
Ethics and Integrity			
56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	16	10
57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	55,75	5,13
58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	55,75	5,13
Disclosures on Management Approach			
DMA	<ul style="list-style-type: none"> •Report why the Aspect is material. Report the impacts that make this Aspect material. •Report how the organization manages the material Aspect or its impacts. •Report the evaluation of the management approach, including: <ul style="list-style-type: none"> – The mechanisms for evaluating the effectiveness of the management approach – The results of the evaluation of the management approach – Any related adjustments to the management approach 	52-61,63,65,67-71	2-9,13,14,16-19, 2-25,28-38,40-42, 45-49,51-55,57-61, 63,64,67-69,77
Economic			
EC1	Direct economic value generated and distributed	3,5-7,14,40-42,46-48, 71,85-87,92,93,96,112	31,69,72,76,77
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	–	31
EC3	Coverage of the organization's defined benefit plan obligations	113,114	–
EC4	Financial assistance received from government	–	–
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–	–
EC6	Proportion of senior management hired from the local community at significant locations of operation	–	–
EC7	Development and impact of infrastructure investments and services supported	70-71	67-73
EC8	Significant indirect economic impacts, including the extent of impacts	70-71	66,69
EC9	Proportion of spending on local suppliers at significant locations of operation	–	–
Environmental			
EN1	Materials used by weight or volume	–	45
EN2	Percentage of materials used that are recycled input materials	–	–
EN3	Energy consumption within the organization	6,127	45-47,77
EN4	Energy consumption outside of the organization	127	45-47,77
EN5	Energy intensity	–	–
EN6	Reduction of energy consumption	6,127	77
EN7	Reductions in energy requirements of products and services	–	36
EN8	Total water withdrawal by source	6,127	34,45-47,77
EN9	Water sources significantly affected by withdrawal of water	–	34,35
EN10	Percentage and total volume of water recycled and reused	–	–
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	38,39
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	–	38,39
EN13	Habitats protected or restored	–	38,39
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–	–
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	6,65,127	36,45-47,77
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	65,127	36,77
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	–	45
EN18	Greenhouse gas (GHG) emissions intensity	–	–
EN19	Reduction of greenhouse gas (GHG) emissions	6,65,127	36,48,77
EN20	Emissions of ozone-depleting substances (ODS)	–	45
EN21	NOx, SOx, and other significant air emissions	127	42,45-47,77
EN22	Total water discharge by quality and destination	–	34,45
EN23	Total weight of waste by type and disposal method	127	40,45-48,77
EN24	Total number and volume of significant spills	–	–

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	–	–
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	64	26,35
EN27	Extent of impact mitigation of environmental impacts of products and services	65	36,38,39
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	–	–
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–	–
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	–	45
EN31	Total environmental protection expenditures and investments by type	–	31
EN32	Percentage of new suppliers that were screened using environmental criteria	–	–
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	67	52,53
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Labor Practices and Decent Work)			
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	–	21
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	–	22,24
LA3	Return to work and retention rates after parental leave, by gender	–	–
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–	–
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	–	–
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	–	–
LA7	Workers with high incidence or high risk of diseases related to their occupation	–	–
LA8	Health and safety topics covered in formal agreements with trade unions	63	25
LA9	Average hours of training per year per employee by gender, and by employee category	–	–
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	–	20,21,23
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	–	–
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	73,74	11,12
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–	–
LA14	Percentage of new suppliers that were screened using labor practices criteria	–	–
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	67	52,53
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Human Rights)			
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	–
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	–	–
HR3	Total number of incidents of discrimination and corrective actions taken	–	–
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	–	–
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	–	–
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	–	–
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	–	–
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	–	–
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	–	–
HR10	Percentage of new suppliers that were screened using human rights criteria	–	–
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	67	52,53
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Society)			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	–	–
SO2	Operations with significant actual and potential negative impacts on local communities	–	–
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	–	–
SO4	Communication and training on anti-corruption policies and procedures	66,67,75	13,50,55
SO5	Confirmed incidents of corruption and actions taken	–	–
SO6	Total value of political contributions by country and recipient/beneficiary	–	–
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–	–
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–	–
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	–	–
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	67	52,53
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Product Responsibility)			
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	–	–
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	58,59	68,69
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	–	64
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	68	58
PR5	Results of surveys measuring customer satisfaction	–	–
PR6	Sale of banned or disputed products	85	–
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	–	–
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–	–
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–	–

Reference Table for United Nations Global Compact Advanced Level COP (March 2013 Version)

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Implementing the Ten Principles into Strategies & Operations				
Criterion 1	The COP describes mainstreaming into corporate functions and business units	Takeda's CSR Activities	52-57	2-7
		Corporate Philosophy	16	10
		CSR Promotion Framework	58	8
		Future Outlook (CSR Management)	59	9
		Compliance	75	13
		Crisis Management	76	14
Criterion 2	The COP describes value chain implementation	Value Chain Management	54	4
		Initiatives in Procurement, Production and Logistics (Human Rights Management)	61	18
		Initiatives throughout the Value Chain (Human Rights Management)	61	19
		Human Rights Issues throughout the Value Chain/ Tackling the Core Subjects of ISO 26000	–	18,19
		Global CSR Purchasing/Guidelines for Socially Responsible Purchasing	67	52,53
		Supplier Survey	67	53
		Green Procurement	–	53
		Global Purchasing Policy	67	54,55
		Supply Chain Management for Quality Assurance	68	58
Robust Human Rights Management Policies & Procedures				
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	CSR Activity Targets and Results	56,57	6,7
		Major Human Rights-Related Rules for Research and Development Activities	60	17
		Human Rights Considerations in Guidelines for Socially Responsible Purchasing	–	18
		Future Outlook (Human Rights)	61	19
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Due Diligence	58,59	8,9
		Promoting Compliance at Takeda Pharmaceutical Company Limited	75	13
		Human Rights Management	60,61	16-19
		Union Relationship	63	25
		Council for Risk Evaluation and Mitigation (Consumer Issues)	–	63,64
		Respecting the Principles of Halal (Consumer Issues)	–	64
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Dialogue with Stakeholders and Gathering Feedback	55	5
		Supplier Survey	67	53

Criteria for the GC Advanced Level	Contents	Relevant Pages in Reports		
		Annual Report	CSR Data Book	
Robust Labour Management Policies & Procedures				
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	CSR Activity Targets and Results	56,57	6,7
		Global Talent Management	62,63	20,21
		Future Outlook (Labor Practices)	63	25
Criterion 7	The COP describes effective management systems to integrate the labour principles	Promoting Compliance at Takeda Pharmaceutical Company Limited	75	13
		Establishment of Global HR Functions	62	20
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Promotion of Diversity	63	21,22
		Cultivating Employees	–	23
		Work-Life Balance	–	24
		Employment of People with Disabilities	–	24,25
		Health and Safety of Employees	–	25
		Supplier Survey	67	53
		Labor Practices (Key Social Responsibility Data)	6,127	77
		Employees	89	–

Robust Environmental Management Policies & Procedures				
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	CSR Activity Targets and Results	56,57	6,7
		Reorganizing the Group-Wide Management Structure	64	26
		Global EHS policy	–	28
		Responsible Care Activities	–	30
		Future Outlook (The Environment)	65	31
		Global EHS Guideline	–	28
		Takeda Group Environmental Action Plan	–	29
		Environmental Management System	–	30
		Fundamental Stance on Reducing Environmental Risks	–	32
		Setting Targets for Water Resource Conservation	–	35
		Initiatives for Managing Waste Water	–	35
		Initiatives to Deal with Climate Change	65	36
		Progress on the Takeda Group Environmental Action Plan in Fiscal 2012	–	48,49
		Criterion 10	The COP describes effective management systems to integrate the environmental principles	Promoting Compliance at Takeda Pharmaceutical Company Limited
Environment and Safety Management Structure	–			27
ISO 14001-Certified Sites	–			31
Reducing Environmental Risks	65			32
Water Resources Conservation Initiatives	64			26,34,35
Initiatives in Products (Initiatives to Deal with Climate Change)	65			36,37

Criteria for the GC Advanced Level	Contents	Relevant Pages in Reports	
		Annual Report	CSR Data Book
Criterion 11 The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Validation of Activities Using an Index	64	30
	ISO 14001-Certified Sites	–	31
	Environmental Accounting	–	31
	Environment, Health and Safety Audit	–	32
	GHG Emission Verification (Initiatives to Deal with Climate Change)	–	37
	Initiatives for Sustainable Use of Biological Resources (Biodiversity Conservation Initiatives)	–	38
	Waste Reduction	–	40
	Reduction in Releases of Chemical Substances	–	41
	Air, Water, and Soil Quality Conservation	–	42
	Environmental Impacts Associated with Takeda Group Business Activities	–	45
	Site Data	–	46,47
	Supplier Survey	67	53
	The Environment (Key Social Responsibility Data)	6,127	77

Robust Anti-Corruption Management Policies & Procedures

Criterion 12 The COP describes robust commitments, strategies or policies in the area of anti-corruption	CSR Activity Targets and Results	56,57	6,7
	The Takeda Global Code of Conduct	66	50
	Promoting Fair Operating Practices across the Industry	66	50
	Anti-Corruption	–	51
	Transparency Guideline	–	51
	Global CSR Purchasing/Guidelines for Socially Responsible Purchasing	67	52,53
	Global Purchasing Policy	67	54,55
	Future Outlook (Fair Operating Practices)	67	55
	Intellectual Property	33	56
	Future Outlook (Consumer Issues)	69	59
Criterion 13 The COP describes effective management systems to integrate the anti-corruption principle	Promotion of Compliance in Research	75	13
	Promoting Compliance at Takeda Pharmaceutical Company Limited	75	13
	Fair Promotion Activities	–	52
	Employee Compliance Program	–	55
	The Global Intellectual Property Network	–	57
	Risk Management for Counterfeit Products	68,69	58,59
	Quality Assurance System	35	60-64
	Production and Supply Chain	34	65
	Risk Related to Stable Supply	90,91	–
Criterion 14 The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Dialogue with Stakeholders and Gathering Feedback	55	5
	Supplier Survey	67	53
	Providing Pharmaceutical Information of a High Standard	69	59

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Taking Action in Support of Broader UN Goals and Issues				
Criterion 15	The COP describes core business contributions to UN goals and issues	Promoting Fair Operating Practices across the Industry	66	50
		IDEEL Program (Initiatives to Improve Access to Healthcare)	70	68
		Future Outlook (Community Involvement and Development)	71	73
Criterion 16	The COP describes strategic social investments and philanthropy	Takeda Garden for Medicinal Plant Conservation (Kyoto) (Biodiversity Conservation Initiatives)	–	38,39
		Corporate Citizenship Activities Management	70	66
		Initiatives to Improve Access to Healthcare	70,71	68,69
		Global Community Involvement	–	70-71
		Support for Disaster-Affected Areas	70	72
		Takeda Science Foundation	–	73
		Shoshisha Foundation	–	73
		Community Involvement and Development (Key Social Responsibility Data)	–	77
Criterion 17	The COP describes advocacy and public policy engagement	The Global Health Innovative Technology Fund	70	68
		Institute for Fermentation, Osaka	–	73
Criterion 18	The COP describes partnerships and collective action	Takeda Initiative	70	66
		Long-Term Ongoing Corporate Citizenship Activities through Links with NGOs and NPOs	–	67
		Partnership with NGOs and NPOs	–	68
		The Takeda-Plan Healthcare Access Program	71	69
		Future Outlook (Community Involvement and Development)	71	73
Corporate Sustainability Governance and Leadership				
Criterion 19	The COP describes CEO commitment and leadership	Inclusion in Global SRI Indices	58	8
		Message from the President & CEO	8-15	–
		Aspiring towards our New Corporate Vision, We Will Harness the Capabilities of the Entire Group to Fulfill Our Responsibilities as a Global Pharmaceutical Company	17	–
Criterion 20	The COP describes Board adoption and oversight	Corporate Governance	73,74	11,12
Criterion 21	The COP describes stakeholder engagement	Stakeholder Engagement	59	9
		Disclosure of Information to Stakeholders	76,77	14,15
		Environmental Communication	–	43
		Environmental Monitors	–	44
		Raising Environmental Awareness	–	44



Yoshito Nakamura

Certified Public Accountant

Adjunct Instructor of Toyo University and
Adjunct Instructor of the Open University of Japan
Auditor of the Supporting Organization of JOCV
Auditor of Foundation for Accounting Research in
Construction Industry
Auditor of the Kawasaki City Council of Social
Welfare
Chairman of the Evaluation Committee for
Independent Administrative Institutions, Japanese
Ministry of Defense

This year, as in the previous year, I have been asked to comment on the CSR Data Book 2013 (“the Data Book”) of Takeda Pharmaceutical Company Limited (“the company”) as an independent observer, after receiving a briefing on the company’s CSR activities with its officer in charge of CSR.

Approach to CSR

The company considers the essence of CSR to lie in contributing to society by developing outstanding pharmaceutical products. Based on this belief, the company has established a comprehensive CSR management framework. In this Data Book, the company reports on its approach in terms of concrete activities. For example, the company identifies CSR activities and management issues based on participation in the United Nations Global Compact, and international conferences such as Rio+20 Corporate Sustainability Forum, and then works to take action and provide disclosure accordingly. Furthermore, the company provides straightforward explanations of its CSR activity targets and evaluations in line with the core subjects of the international ISO 26000 standard on social responsibility. Additionally, considering that a significant amount of qualitative disclosure is provided, I would like to see the company devise ways to enhance objectivity by disclosing and evaluating quantitative data on activity targets and results in the future.

Targeting Integrated Reporting

The company strives to clearly disclose its corporate value creation processes, such as its strategic focus and future orientation, by integrating information based on participation in the International Integrated Reporting Council (IIRC). In other words, the company provides integrated reporting of financial and non-financial information (CSR information) in its annual report. Furthermore, CSR information is linked between the relevant pages in the annual report and the Data Book, and disclosed in the latter in greater detail. Beginning with the 2013 Annual Report, the company has obtained independent assurance for certain CSR data. I commend this measure because it will increase the reliability of CSR information. Looking ahead, I would like see the company further expand the scope of independent assurance.

The main envisaged users of integrated reporting are the providers of financial capital. I believe that one priority ahead will be how to effectively express the relationship between financial capital and

“CSR-based capital,” such as human resources and intellectual property, which leads to the creation of value.

Labor Practices

Employees have a crucial role to play in fulfilling the company’s mission and practicing CSR. For this, the company must develop workplaces where all employees can work according to their abilities. It is also crucial to recruit talented employees regardless of gender. To do so, the company has set a target of increasing the percentage of women in managerial positions to 5%, as a step towards making use of highly educated female employees, who have the same distribution of abilities as male employees. Going forward, I believe that the company should be able to increase this ratio steadily and reap benefits from doing so. The company is also devoting efforts to recruiting and developing global human resources, and the Data Book shows that the company has many different training systems in place. The company considers human resources and diversity as the foundation of its intellectual property activities. Therefore, I would also like to see an explanation of the company’s intellectual property value in terms of the specialization, qualifications, experience and other attributes of human resources.

According to ISO 26000, workers should not be treated as factors of production, nor should they be subject to the same market principles as products. For employees to maximize their abilities as people, they must first be healthy and energetic. According to the World Health Organization (WHO) Charter, health means not just maintaining a good physical condition, but also attaining spiritual and social well-being. Therefore, I would like the company to provide more numerical data and other information on these sorts of health measures.

The Environment

The company has established the Global EHS Guideline to comprehensively address environmental issues in line with expansion in its business activities. With regard to measures to combat global warming, the company established a target to reduce Group-wide CO₂ emissions by 18% relative to fiscal 2005. In fiscal 2012, the company had already achieved this target by reducing CO₂ emissions by 22%. However, in recent years, the Group’s overall CO₂ emissions have been increasing. Although this is a reflection of the company’s global business

expansion, I expect the company to continue its efforts to further reduce CO₂ emissions.

With regard to global water resource conservation issues, I understand that the company has established water risk levels for each country and region, and is implementing detailed management of water usage and so forth. Going forward, I would like the company to disclose data related to water resource usage with even greater detail and clarity.

Consumer Issues

One of consumers’ greatest concerns about pharmaceutical products is their quality and safety. As a quality and safety measure, the company rigorously implements Group-wide quality assurance and supply chain management. In terms of specific figures, the Data Book indicates that the company has conducted quality assurance audits at 2,000 sites of suppliers and contract manufacturers. In recent years, numerous counterfeit drug incidents have taken place, mainly in Asia, and these incidents are increasingly complicated by the added element of online sales. The company is implementing measures to address these issues based on specific plans. Having expanded business through such means as corporate acquisitions, the company must now maintain the trust of consumers the world over. Going forward, I would like the company to continue to show clearly how it is proactively working to address these sorts of social issues.


(This comment is not intended to express an opinion on the accuracy or completeness of the information in the Data Book.)



Independent Assurance Report

To the President and CEO of Takeda Pharmaceutical Company Limited

Purpose and Scope

We were engaged by Takeda Pharmaceutical Company Limited (the "Company") to provide limited assurance on its Annual Report 2013 CSR Data Book (the "Data Book") for the fiscal year ended March 31, 2013. The purpose of our assurance engagement was to express our conclusion, based on our assurance procedures, on whether the performance indicators in the Labor Practices, Status of Women's Empowerment Initiatives (Japan), Utilization of Takeda's Employee Benefit Programs, Ratio of People with Disabilities Employed at Takeda and Frequency of Occupational Accidents for the period from April 1, 2012 to March 31, 2013 and the Input, Output and Outcome indicators in the Progress on the Takeda-Plan Healthcare Access Program for the period from July 2009 to June 2012 marked with  (the "Indicators") included in the Data Book are prepared, in all material respects, in accordance with the Company's reporting criteria.

The content of the Data Book is the responsibility of the Company's management. Our responsibility is to carry out a limited assurance engagement and to express our conclusion based on the work performed.

Criteria

The Company applies its own reporting criteria as described in the Data Book. These are derived, among others, from the Sustainability Reporting Guidelines of the Global Reporting Initiative. We used these criteria to evaluate the Indicators.

Procedures Performed

We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information ("J-SUS").

The limited assurance engagement on the Data Book consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Data Book, and applying analytical and other procedures. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviews with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Data Book.
- Reviews of the Company's reporting criteria.
- Inquiries about the design of the systems and methods used to collect and process the Indicators.
- Analytical reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also a recalculation of the Indicators.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data Book.

We have no conflict of interest relationships with the Company that are specified in the Code of Ethics of J-SUS.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 24, 2013

CSR Data Book Survey

Thanks for taking the time to read our Annual Report 2013 CSR Data Book.
We would greatly appreciate it if you could answer a few questions in the following survey to help us plan future CSR activities and reports. Please send your completed survey by fax or post as follows.

Corporate Communications Division,
Takeda Pharmaceutical Company Limited

FAX: +81-3-3278-2000

Post: 12-10, Nihonbashi 2-Chome Chuo-ku, Tokyo 103-8668, Japan

You can also respond to the survey via our website: <https://www.takeda.com/csr/enq-en/>

Q1 What was your overall impression of the CSR Data Book?

- | | | | | | |
|--------------------------|--|---|---------------------------------|--|---|
| ●Content | <input type="checkbox"/> Very comprehensive | <input type="checkbox"/> Comprehensive | <input type="checkbox"/> Normal | <input type="checkbox"/> Somewhat lacking | <input type="checkbox"/> Severely lacking |
| ●Ease of understanding | <input type="checkbox"/> Very easy to understand | <input type="checkbox"/> Easy to understand | <input type="checkbox"/> Normal | <input type="checkbox"/> Difficult to understand | <input type="checkbox"/> Very difficult to understand |
| ●Volume of information | <input type="checkbox"/> Too much | <input type="checkbox"/> A little too much | <input type="checkbox"/> Normal | <input type="checkbox"/> A little brief | <input type="checkbox"/> Too brief |
| ●Design | <input type="checkbox"/> Very easy to read | <input type="checkbox"/> Easy to read | <input type="checkbox"/> Normal | <input type="checkbox"/> Difficult to read | <input type="checkbox"/> Very difficult to read |
| ●Takeda's CSR activities | <input type="checkbox"/> Very comprehensive | <input type="checkbox"/> Comprehensive | <input type="checkbox"/> Normal | <input type="checkbox"/> Somewhat lacking | <input type="checkbox"/> Severely lacking |

Q2 Which item(s) were you particularly interested in? (Multiple answers are OK)

- | | |
|--|---|
| <input type="checkbox"/> Takeda's CSR Activities (P.2-5) | <input type="checkbox"/> Waste Reduction (P.40) |
| <input type="checkbox"/> CSR Activity Targets and Results (P.6-7) | <input type="checkbox"/> Reduction in Releases of Chemical Substances/Air, Water, and Soil Quality Conservation (P.41-42) |
| [Organizational Governance] | <input type="checkbox"/> Environmental Impacts Associated with Takeda Group Business Activities (P.45) |
| <input type="checkbox"/> CSR Management (P.8) | [Fair Operating Practices] |
| <input type="checkbox"/> Due Diligence (P.8) | <input type="checkbox"/> Anti-Corruption/Transparency Guideline (P.51) |
| <input type="checkbox"/> Stakeholder Engagement (P.9) | <input type="checkbox"/> Fair Promotion Activities (P.52) |
| [Human Rights] | <input type="checkbox"/> Global CSR Purchasing/Guidelines for Socially Responsible Purchasing (P.52-53) |
| <input type="checkbox"/> Human Rights Issues (P.16-17) | <input type="checkbox"/> Global Purchasing Policy (P.54-55) |
| <input type="checkbox"/> Initiatives for Human Rights Issues (P.17-19) | [Consumer Issues] |
| [Labor Practices] | <input type="checkbox"/> Supply Chain Management for Quality Assurance (P.58) |
| <input type="checkbox"/> Global Governance (P.20-21) | <input type="checkbox"/> Risk Management for Counterfeit Products (P.58-59) |
| <input type="checkbox"/> Promotion of Diversity (P.21-22) | <input type="checkbox"/> Quality Assurance System (P.60-64) |
| <input type="checkbox"/> Work-Life Balance (P.24) | [Community Involvement and Development] |
| [The Environment] | <input type="checkbox"/> Corporate Citizenship Activities Management (P.66-67) |
| <input type="checkbox"/> Environmental Management (P.26-31) | <input type="checkbox"/> Partnership with NGOs and NPOs (P.68) |
| <input type="checkbox"/> Reducing Environmental Risks/Environment, Health and Safety Audit/Accident Prevention Initiatives (P.32-33) | <input type="checkbox"/> Initiatives to Improve Access to Healthcare (P.68) |
| <input type="checkbox"/> Water Resources Conservation Initiatives (P.34-35) | <input type="checkbox"/> Global Community Involvement (P.70-71) |
| <input type="checkbox"/> Initiatives to Deal with Climate Change (P.36-37) | <input type="checkbox"/> Support for Disaster-Affected Areas (P.72) |
| <input type="checkbox"/> Biodiversity Conservation Initiatives (P.38-39) | |

Q3 From what perspective did you read the report?

- | | | |
|---|--|--|
| <input type="checkbox"/> Shareholder | <input type="checkbox"/> Trading partner | <input type="checkbox"/> A person connected to a government or civil service |
| <input type="checkbox"/> Finance/investment-related | <input type="checkbox"/> A person living close to a Takeda business site | <input type="checkbox"/> A specialist in CSR or the environment |
| <input type="checkbox"/> Healthcare professional | <input type="checkbox"/> An employee or family member of an employee | <input type="checkbox"/> A person responsible for CSR for a corporation |
| <input type="checkbox"/> Patient | <input type="checkbox"/> A student | <input type="checkbox"/> A person connected to the mass media |
| <input type="checkbox"/> Private individual | <input type="checkbox"/> A person connected to an NGO or NPO | <input type="checkbox"/> Other |

Q4 If you have any opinions or comments about the report, please share them with us below.

Thank you for your cooperation.