



Better Health, Brighter Future



Annual Report 2015

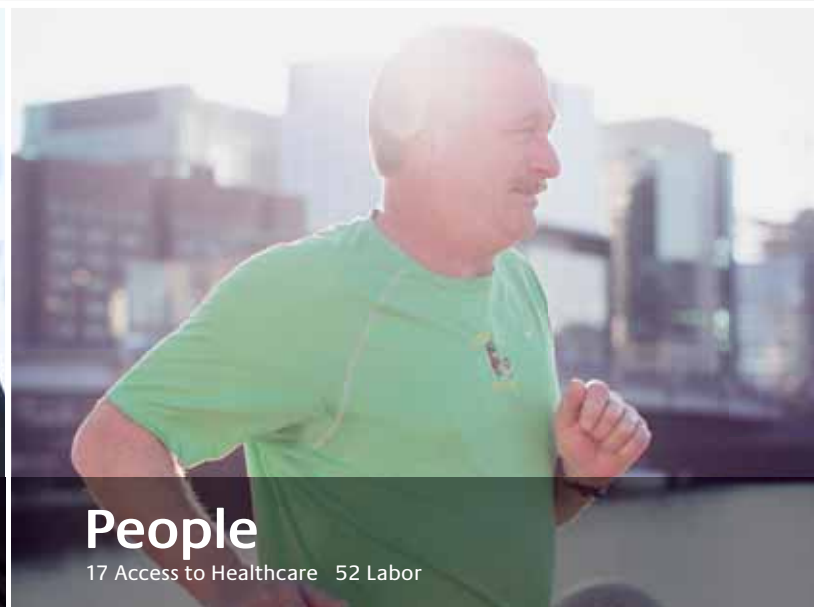
Creating and Sustaining Corporate Value

Takeda Pharmaceutical Company Limited



Value

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People

17 Access to Healthcare 52 Labor

[Integrated Annual Report Editorial Policy](#)

This report offers an integrated explanation of Takeda's strategies and performance based on its corporate philosophy, from a perspective of creating and sustaining corporate value.

[Integrated Thinking](#)

Takeda conducts its business based on the unchanging values of Takeda-ism (Integrity: Fairness, Honesty and Perseverance) that it has cultivated since its foundation in 1781. We believe that the essence of CSR for Takeda lies in its corporate activities of developing outstanding pharmaceutical products in accordance with these values. Moreover, 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.

[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, etc., 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. In this report, we have referred to the international framework for integrated reporting of the IIRC, the United Nations Global Compact Advanced level criteria, and GRI's Fourth Generation of Sustainability Reporting Guidelines (G4) to create a comprehensive report targeting a broad range of stakeholders, especially shareholders and other investors.

[Creating and Sustaining Corporate Value](#)

Takeda is implementing strategies aimed at transformation into a truly global pharmaceutical company capable of responding to diverse medical needs. Throughout all of its business activities, Takeda is committed to promoting corporate value creation 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.

[Precautions Regarding Forward-Looking Statements](#)

This annual report includes forward-looking statements regarding Takeda's plans, prospects, strategies and performance, etc. These prospects are the result of assessments obtained from information currently available, and since actual performance is subject to various risks and uncertainties, it should be noted that outcomes could differ substantially from those prospects.

Factors that could affect future prospects would include, but are not limited to, economic circumstances in Takeda's business domains, competitive pressures, relevant laws and regulations, change in the status of product development, exchange rate risk and so on.

Note: The contents of this annual report are based on information for fiscal 2014 (April 1, 2014 to March 31, 2015), with some activities of significant relevance in fiscal 2015 also included.

Statements about market scales and shares in this Annual Report are based on the company's analysis of IMS data in "Long Term Country and Therapy Area Forecasts" and BMI.



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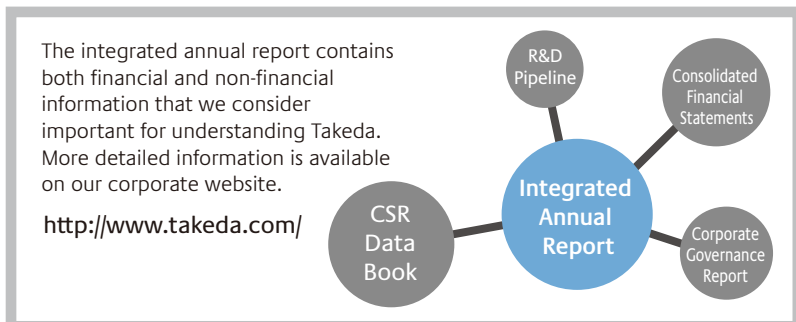
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Further details on financial information can be found in the Consolidated Financial Statements Under IFRSs and Independent Auditor's Report

<http://www.takeda.com/investor-information/>



[Medical Information]

This Annual Report contains information about products that may not be available in all countries, or may be available under different trademarks, for different indications, in different dosages, or in different strengths. Nothing contained herein should be considered a solicitation, promotion or advertisement for any drug including the ones under development. Any information on the products contained herein is not intended to provide medical advice nor should be used as a substitute for the advice provided by your physician or other healthcare provider.

Reference Guidelines for Disclosure of Non-Financial Information

- The International Integrated Reporting Council (IIRC) International Framework for Integrated Reporting
- United Nations Global Compact Advanced Level Criteria
- GRI's Fourth Generation of Sustainability Reporting Guidelines (G4)

Glossary

- Oncology: the field related to cancer
- OTC products: consumer healthcare products sold "over-the-counter"
- Branded generics: branded ethical products for which patents have expired

Standardized Wording in This Report

Generic names for drugs are given omitting the base. MLN codes for compounds in Phase II or earlier developed by legacy Millennium Pharmaceuticals, Inc. have been changed to TAK codes since July 2015.

Message from the CEO



Aiming to become an agile, best-in-class global pharmaceutical company that puts the patient at the center.

Fiscal 2014 was a year of transformation for Takeda, and we are starting to see the payoff. Since I joined the company in April 2014, our focus has been to become an agile, best-in-class global pharmaceutical company in every activity. Keeping the values of Takeda-ism (Integrity: Fairness, Honesty and Perseverance) as our foundation, we focused on the priorities of Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business) – in that order. By driving transformation based on these values, fiscal 2014 can be characterized as a turnaround year for Takeda.

One of the most important aspects of our transformation is the redesign of our global business operating structure. We clarified the roles and responsibilities of each organization and simplified the overall structure to enable greater efficiency and competitiveness, keeping at the forefront the needs of patients and customers who are hoping for a cure from Takeda products.

Turning to our results in fiscal 2014, our consolidated revenue grew +5.1% over the previous year, mainly as a result of launching innovative new drugs that will be our growth drivers going forward, such as the ulcerative colitis and Crohn's disease treatment *ENTYVIO* (vedolizumab). Meanwhile, in R&D we progressed on a number of late-stage pipeline products, such as MLN9708 (ixazomib) for the treatment of multiple myeloma. The increase included the positive impact of foreign exchange effects and the negative impact of divestments. Excluding these factors, our underlying revenue growth for the year was +2.8 %, in line with our guidance. In terms of profitability, Underlying Core Earnings* declined -2.1% which was also in line with our guidance. Takeda recorded an operating loss for the year, mainly reflecting the impact of the provision to cover the cost of the agreement to settle *ACTOS* lawsuits that had been filed in the U.S. The settlement will reduce financial uncertainties for the company, and allows us to focus fully on developing innovative medicines. We believe that *ACTOS* has a positive benefit/risk profile for

the treatment of type 2 diabetes, and it continues to be available as a treatment option. However, this will not affect our ability to pay dividends – our annual dividend per share will remain at ¥180.

Fiscal 2015 will be an extremely important year for delivering growth in revenue and Core Earnings based on the foundation we set in place in fiscal 2014. Takeda will achieve organic growth by increasing our focus on growth drivers, namely the core therapeutic areas of Gastroenterology (GI) and Oncology, and our Value Brands (branded generics and over-the-counter (OTC) products) in Emerging Markets. This will mean growing sales of *ENTYVIO* and ensuring that we complete the new drug application for MLN9708 and bring it to market in the future. Meanwhile, in Emerging Markets, we will look to expand growth in Value Brands while launching new products from our innovative pipeline. Furthermore, in R&D we will strive to create new medicines and vaccines in the therapy areas we selected, to meet unmet medical needs. We will actively leverage our partnerships with external institutions, such as with the Center for iPS Cell Research and Application (CiRA) of Kyoto University. We will also work to develop and train global talent that will be able to lead our transformation into a best-in-class global pharmaceutical company.

All of Takeda's business activities are guided by the unchanging values of Takeda-ism, which have stood the test of time for more than 230 years. With this in mind, we will take steps to ensure even more rigorous compliance, while continuing to respond to the expectations global society places on pharmaceutical companies. Takeda-ism is our beacon that will allow us to carry out our corporate mission: "we strive towards better health for people worldwide through leading innovation in medicine."



Christophe Weber
Representative Director, President & CEO

*Core Earnings is calculated by excluding temporary items from operating profit such as impacts from business combination accounting and amortization/impairment losses of intangible assets, restructuring costs and litigation costs and is a performance indicator widely used in the pharmaceutical industry. Underlying Core Earnings further excludes currency effects and the impact of one-off items such as divestments and is used to make meaningful year-to-year comparisons of the health of the business.

Takeda's Value Creation



With Takeda-ism as the source of all our business activities, we will continue to create value and to serve the needs of patients all over the world.

See P.19 Corporate Philosophy

Value

Patient

Put the patient at the center

Trust

Build trust with society

Reputation

Reinforce our reputation

People

- Patient and customer centricity
- Global and agile organization fostering talent

See P.17 Access to Healthcare P.18 CSR Strategy P.20 Global Business Operating Structure P.52 Labor

R&D

- Focused world class R&D innovation engine

See P.14 R&D Strategy P.30 R&D Pipeline

Business Performance

- Sustaining sales growth
- Financial discipline to deliver growth

See P.10 Financial and Non-Financial Highlights P.12 Management Guidance P.36 Marketing

4

R&D Therapeutic Area Units

- Gastroenterology (GI)
- Oncology
- Central Nervous System (CNS)
- Cardiovascular/ Metabolic (CVM)

2

Global Specialty Business Units

- Oncology
- Vaccine

5

Regional Business Units

- Japan Pharma
- US
- EUCAN
- Emerging Markets
- Japan Consumer Healthcare



Business

Develop
the business

31,328

Number of Employees
(as of March 31, 2015)

3

Number of long-range
10-year CSR programs

Takeda's Growth Drivers

We will achieve sustainable growth by providing patients around the world with pharmaceutical products that meet their needs.

“ The ulcerative colitis took away everything I loved to do. But now, I am back on track. ”

John McGourty
Electrician

Over **5m**

Number of ulcerative colitis and Crohn's disease patients worldwide

Source: European Crohn's and Colitis Organisation
<https://www.ecco-ibd.eu/>

Patient

Put the patient at the center

Trust

Build trust with society

13

Number of main products Takeda has launched in the Gastroenterology (GI) field globally



Gastro- enterology (GI)

Takeda is a leader in Gastroenterology (GI) which will continue to be an important growth driver. The ulcerative colitis and Crohn's disease treatment *ENTYVIO* (vedolizumab), which was launched in the U.S. and some European countries in fiscal 2014, had a strong start that should lead to peak-annual sales of over \$2 billion.

Takeda continues to engage in dialogue with all stakeholders to gain their deeper understanding.



Takeda IR Event, "A Global Leader in Gastroenterology"

See P.66 Engagement with Shareholders and Investors

Reputation

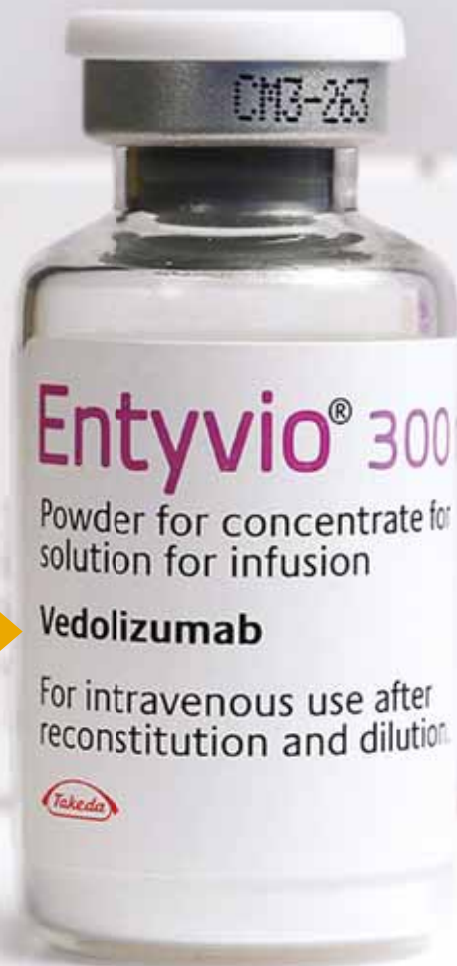
Reinforce our reputation

Business

Develop the business

Over **\$2bn**

Projected peak-annual sales for *ENTYVIO* in the global market



Takeda's Growth Drivers



Oncology

Takeda will accelerate its growth through the global development of innovative products in the field of Oncology. In addition to maximizing the value of our core products such as *VELCADE* (bortezomib) for the treatment of multiple myeloma, we will also strive to make steady progress on expanding and advancing our R&D pipeline.

MLN9708

ixazomib

MLN9708 builds on our leadership in proteasome inhibition that began with *VELCADE*. MLN9708 is currently investigated for multiple myeloma and AL amyloidosis in Japan, the U.S., and Europe.

See [P.30 R&D Pipeline](#)

“Ixazomib represents an exciting first-in-class oral proteasome inhibitor, which has shown promising activity when used in combination with other multiple myeloma therapies, as well as when used as a single agent in a Phase I/II clinical trial. Ixazomib could potentially be beneficial in my view as a treatment choice in older patients, and also possibly as part of maintenance regimens.”

Paul Richardson, M.D.

Professor of Medicine, Harvard Medical School
Clinical Program Leader and Director of Clinical Research,
Jerome Lipper Multiple Myeloma Center, Dana-Farber Cancer Institute
Boston, Massachusetts USA

*Investigator of MLN9708



Value Brands

Branded generics and over-the-counter (OTC) products

In Emerging Markets, Takeda will drive growth through its Value Brands (branded generics and OTC products), working to maximize patient access while continuing to successfully launch with a diverse portfolio of new products including innovative products and vaccines that meet the increasing needs of each market.

Initiatives to Improve Access to Healthcare

Takeda is working actively to support better access to healthcare for people around the world in emerging and developing countries through a dual approach including both business and corporate citizenship activities.

[See](#) P.17 Access to Healthcare

Approx. **90%**

Takeda has legal presence in 37 countries/areas in Emerging Markets which accounts for approximately 90% of the future growth of Emerging Markets pharmaceutical market.

Five-Year Summary of Key Performance Indicators

Takeda Pharmaceutical Company Limited and Subsidiaries Each Consolidated Fiscal Year Ended March 31

Takeda has adopted International Financial Reporting Standards (IFRS) from fiscal 2013, ended March 31, 2014, and the disclosure information in this material is based on IFRS.

According to this adoption, the previous year's information is also based on IFRS.

See P.72 Financial Overview P.76 Eleven-Year Summary of Selected Financial Data P.79 Key Social Responsibility Data

Results for Fiscal 2014

Revenue

¥1,777.8 bn

Revenue increased by 5.1%, driven by growth of *AZILVA* in Japan, *ENTYVIO* in the U.S., *ADCETRIS* in Europe and expansion in Emerging Markets.

Excluding factors such as the impact of yen's depreciation, underlying revenue increased by 2.8%, in line with the guidance.

Operating profit

-¥129.3 bn

Takeda reported an operating loss due to booking a \$2.7 billion (¥324.1 billion) provision for expenses related to the *ACTOS* litigation in the U.S., as well as other temporary factors.

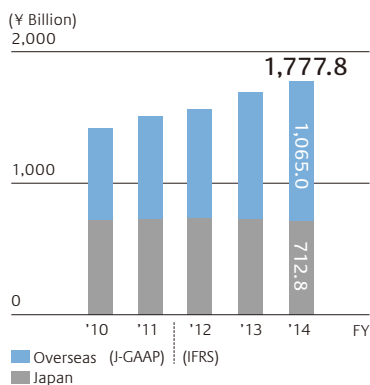
Net profit for the year

(attributable to owners of the Company)

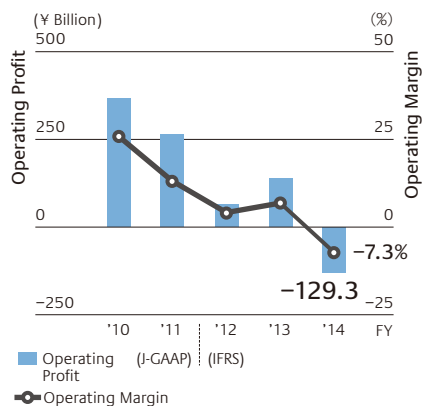
-¥145.8 bn

Takeda recorded a net loss, mainly due to decrease in operating income, decrease in gains on sales of financial assets, and increase in tax expenses due to a change in the effective tax rate in Japan, which is an additional one-time effect.

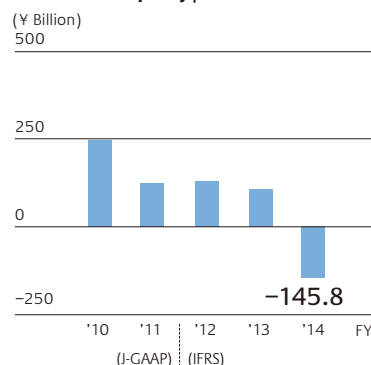
Revenue/Net Sales



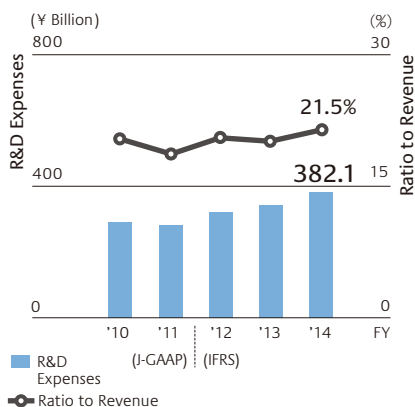
Operating Profit and Operating Margin



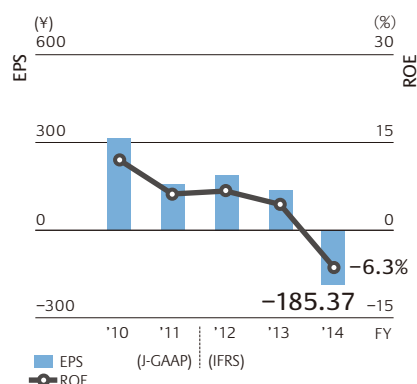
Net Profit Attributable to Owners of the Company/Net Income



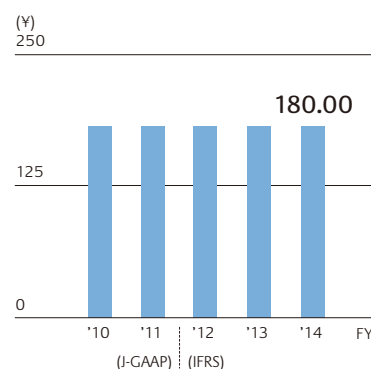
R&D Expenses and Ratio to Revenue



EPS and ROE



Cash Dividends per Share



Core Earnings*

¥288.3 bn

Core Earnings were lower year on year, mainly reflecting increased R&D expenses and sales expenses related to the launch of new products, particularly in the U.S.

* Core Earnings is calculated by excluding temporary items from operating profit such as impacts from business combination accounting and amortization/impairment losses of intangible assets, etc.

Total input energies

8,387 million MJ

Since 1974, Takeda has systematically implemented energy conservation measures. With the advance of our business activities, our total input energies expanded in fiscal 2011; however, we are making every effort to limit the increase.

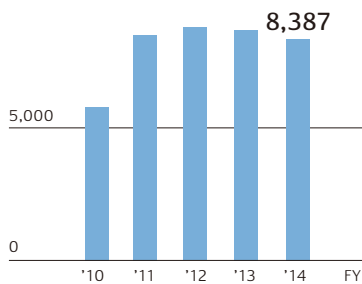
CO2 emissions

417 kilotons of CO2

Takeda has set itself a target of reducing CO2 emissions from energy sources by 18% from fiscal 2005 levels by fiscal 2015. In fiscal 2014, Takeda reduced CO2 emissions by 19% from fiscal 2005.

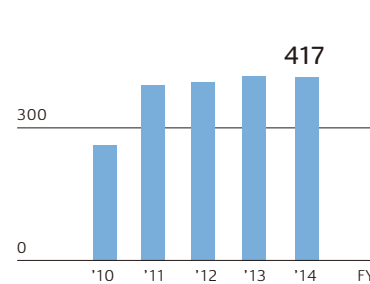
Total Input Energies

(million MJ)
10,000



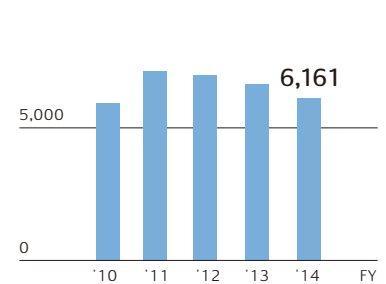
CO2 Emissions

(Kilotons of CO2)
600



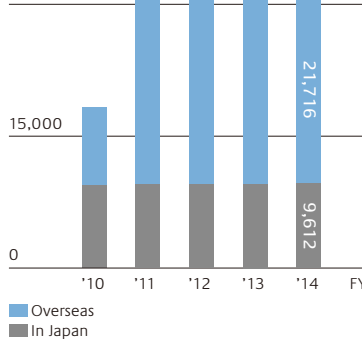
Fresh Water Used

(thousand m³)
10,000



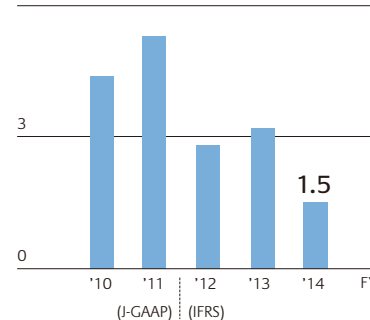
Number of Employees

(Numbers)
30,000

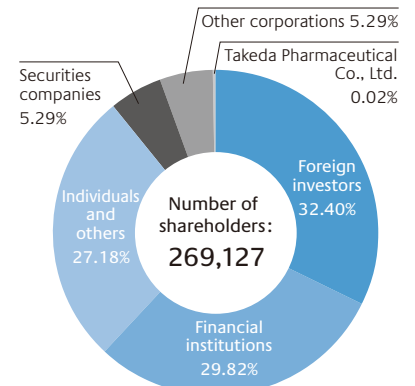


Cash Donations

(¥ Billion)
6



Proportion of Shareholders



Underlying growth has been in line with guidance.
 EPS in fiscal 2014 was impacted by exceptional items, but from fiscal 2015 onward we aim to return to a highly profitable growth trajectory.

Results for Fiscal 2014

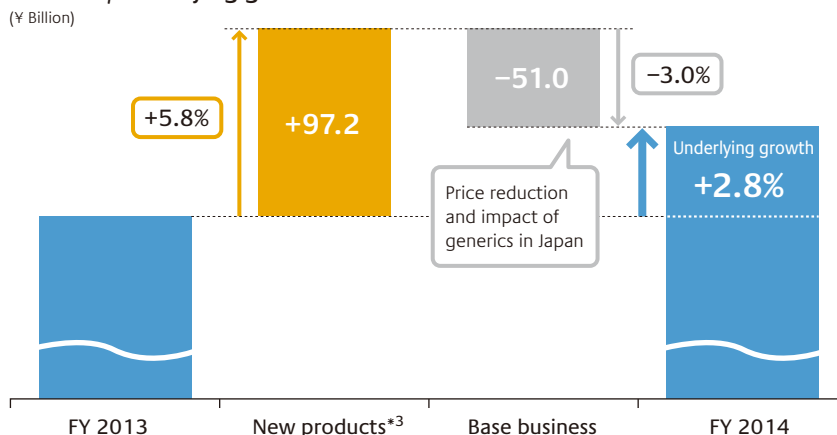
Takeda believes that it is crucial to monitor the real performance of the business in order to enhance corporate value sustainably. For that reason, the management views “underlying growth,” which excludes the impact of foreign exchange and exceptional items such as product divestments, as representative of its real business performance, and accordingly regards the underlying growth of revenue, Core Earnings,*¹ and Core EPS as important management indicators.

Takeda met its management guidance for fiscal 2014 with year-on-year underlying revenue growth of 2.8% and underlying Core Earnings decline of 2.1%. Reported revenue grew by 5.1% to ¥1,777.8 billion, with the increase mainly driven by new products such as *ENTYVIO* (vedolizumab) for ulcerative colitis and Crohn’s disease and *BRINTELLIX* (vortioxetine), for major depressive disorder in the U.S., *ENTYVIO* and *ADCETRIS* (brentuximab vedotin) for malignant lymphoma in Europe, and *AZILVA* (azilsartan) for hypertension in Japan. Underlying

FY2014 Results

| | |
|---|--|
| Operational Guidance Met Underlying Year-on-Year Growth* ² | <ul style="list-style-type: none"> • Revenue +2.8% In line with guidance (2-4%) • Core Earnings -2.1% In line with guidance (flat to slightly declining) |
| Growth Supported by Innovation | <ul style="list-style-type: none"> • ENTYVIO for ulcerative colitis and Crohn’s disease Strong start in the U.S. and Europe towards annual peak global sales of over \$2 billion • BRINTELLIX for major depressive disorder Outperforming two other antidepressant brands in the U.S. one year after launch • CONTRAVE for chronic weight management in adults Steady start in the U.S. • AZILVA for hypertension Strong year-on-year growth in Japan at +80% • TAKECAB for acid-related diseases Launched in Japan in February 2015 |
| Efficiency Gains above Target | <ul style="list-style-type: none"> • Project Summit Fast execution, achieved more than half of the five-year cost savings target (¥120 billion) in two years |
| Exceptional Items | <ul style="list-style-type: none"> • \$2.7 billion for the <i>ACTOS</i> settlement and associated costs • Product/pipeline impairments and Japanese tax reform |

Revenue/Underlying growth*²



*² Underlying revenue growth: Constant currency and without divestments
 *³ Products launched in or after 2009 excluding new formulations or fixed-dose combinations of existing products

Fiscal 2015 Management Guidance – Underlying growth

| | |
|---------------|----------------------------------|
| Revenue | Low single digit |
| Core Earnings | Higher than revenue growth |
| Core EPS | Higher than Core Earnings growth |

revenue in Emerging Markets grew at 10% (excluding inventory adjustment), with key countries China and Russia both achieving strong, double-digit growth.

The booking of a total provision of ¥324.1 billion (\$2.7 billion) to cover the *ACTOS* settlement and estimated costs associated with remaining cases and other related litigation, along with other temporary factors, resulted in an operating loss of ¥129.3 billion, a net loss of ¥145.8 billion, and a basic loss per share of ¥185.

Project Summit – a company-wide strategic initiative to increase the effectiveness and efficiency of all operations – delivered aggregate savings of ¥62 billion for fiscal 2013-2014. Thus, the company has achieved over 50% of its target of ¥120 billion for fiscal 2013-2017 in just two years.

*1 Core Earnings is calculated by excluding temporary items from operating profit such as impacts from business combination accounting and amortization/impairment losses of intangible assets, etc.

¥28.0bn

Fiscal 2014 savings from Project Summit

Fiscal 2015 Financial Forecasts

(¥ Billion)

| | |
|---|----------------|
| Revenue | 1,820.0 |
| R&D expenses | 330.0 |
| Operating profit | 105.0 |
| Profit before income taxes | 115.0 |
| Net profit for the year (attributable to owners of the Company) | 68.0 |
| EPS (¥) | 86.53 |

Note: Foreign exchange rates are assumed at US\$1=¥120; and 1euro= ¥130

Management Guidance for Fiscal 2015

Takeda's outlook for fiscal 2015 appears above.

Consolidated revenue is expected to increase from the previous year. The sales decrease of existing leading products will be absorbed by the growth of new products, such as *ENTYVIO* in the U.S. and *AZILVA* in Japan, sales expansion in Emerging Markets, and the positive influence of the assumed exchange rate.

Meanwhile, a significant increase in profits is expected, mainly because of expenses related to the *ACTOS* litigation booked in fiscal 2014 that will not occur in fiscal 2015.

Takeda aims for low single digit underlying revenue growth, with underlying growth of Core Earnings higher than revenue due to improved cost efficiency, and underlying growth of Core EPS exceeding Core Earnings growth.

Shareholder Return

The annual dividend per share for fiscal 2014 was the same as the previous year at ¥180. In fiscal 2015, Takeda will maintain the annual dividend of ¥180 per share, and with an emphasis on shareholder returns the company will strive to maintain an annual dividend of at least ¥180 after fiscal 2015.

[See](#) P.72 Financial Overview

Takeda will drive world-class innovation to provide meaningful solutions to patients with unmet medical needs.

Andrew Plump, M.D., Ph.D. Director, Chief Medical & Scientific Officer (CMSO)

A Patient-Centered Approach to R&D

Takeda is putting the patient at the center of everything we do and continuing to transform its R&D organization. To deliver innovative new medicines to patients we are actively embracing the vast emerging translational science outside our walls. We are creating an innovation network that combines our internal strengths with those of the external research community through collaborations and partnerships with biotech, academia, consortia, patient advocacy groups and others.

Transformation of the R&D Organization

In September 2014, Takeda aligned its research and development functions into the four Therapeutic Area Units (TAUs) of Gastroenterology (GI), Oncology, Central Nervous System (CNS), and Cardiovascular/Metabolic (CVM). The realignment is intended to enhance our effectiveness in meeting the unmet medical needs of patients by focusing our efforts and resources in core areas where we have deep expertise, an emerging pipeline of therapies and the greatest opportunity to innovate for the future. In addition, our R&D organization interacts

closely with the Specialty Business Units in Oncology and Vaccine as well as with our businesses across the globe to ensure we are meeting their specific needs.

Over the past few years, Takeda has greatly accelerated its efforts to improve R&D productivity and launched innovative new medicines in major countries around the world that will meet patients' needs and drive new growth for Takeda. These include *ENTYVIO* (vedolizumab) for the treatment of ulcerative colitis and Crohn's disease, *TAKECAB* (vonoprazan) for treatment of acid-related diseases, *ADCETRIS* (brentuximab vedotin) for malignant lymphoma, *BRINTELLIX* (vortioxetine) for major depressive disorder and *ZAFETAK* (trelagliptin) for type 2 diabetes. Looking ahead, Takeda will continue to study the benefits that these newly launched therapies offer patients by understanding the underlying science and exploring new indications.

Applying Translational Medicine to Drug Discovery

Traditional Approach to Target Selection



Translational Approach to Target Selection – Patient First





CiRA

CiRA is a research institute at Kyoto University established in 2010 to serve as the world's first core institute dedicated to pioneering iPS cell research. With Nobel Prize winner, Dr. Shinya Yamanaka, serving as Director, various research projects are being carried out with the goal of using iPS cells to enhance drug discovery efforts and realize regenerative medicine.



Christophe Weber, President & CEO (left) and Dr. Shinya Yamanaka, CiRA Director (right)

Further Enhancement of External Innovation

Takeda continues to intensify its focus on external innovation.

One important example is the 10-year collaboration agreement between Takeda and the Center for iPS Cell Research and Application (CiRA) of Kyoto University into which we entered in April 2015. The agreement is to develop clinical applications of induced pluripotent stem (iPS) cells across multiple therapeutic areas.

The "Takeda-CiRA Joint Program for iPS Cell Applications" (T-CiRA) is designed to enhance and expedite our core drug discovery efforts and provide a foundation for future efforts in regenerative medicine.

This collaboration, with one of the premier scientists not only in Japan but in the world, is unique with regard to the cutting-edge science as well as the structure. The T-CiRA will be located in Takeda's Shonan Research Center outside of Tokyo, working alongside our own drug discovery scientists. The combination of academic and industry scientists in a structure like this is unprecedented and is an example of the forward-looking innovation network we are building at Takeda in our efforts to bring innovative therapies to patients.

See P.25 R&D

R&D Priorities

| 1 | 2 | 3 |
|---------------------------------------|---|--|
| ENTYVIO & Ixazomib | Our Recently Launched Products <i>ADCETRIS</i> <i>AZILVA/EDARBI</i> <i>BRINTELLIX</i> <i>CONTRAVE</i> <i>NESINA</i> <i>TAKECAB</i> <i>ZAFATEK</i> | Future Takeda Products Dengue Vaccine Norovirus Vaccine Pre-Proof of Concept Pipeline Innovation Network Programs |

We will maximize our strengths as a global pharmaceutical company to answer wide-ranging medical needs throughout the world.

U.S.
14.5%

Europe-Canada
5.4%

Emerging Markets
10%*

Fiscal 2014 underlying revenue growth*²

*1 Excluding inventory adjustment

*2 Underlying revenue growth: Constant currency and without divestments

See P.78
Ethical Drugs:
Revenue by Region

Reorganization of the Commercial Divisions

Takeda is aiming to achieve organic growth over the medium-term, mainly driven by innovative products in mature markets, and Value Brands (branded generics and OTC products) in Emerging Markets. In September 2014, we reorganized our commercial divisions into five Business Units: Japan Pharma, US, EUCAN, Emerging Markets, and Japan Consumer Healthcare. We are promoting marketing activities in line with a strategic roadmap for achieving our targets.

Initiatives for Leveraging Local Expertise to Contribute to Patients

As part of the transformation of its marketing activities, Takeda has selected “Lead Local Operating Companies (LOCs)” from among LOCs in each country, and established a new business model for managing products other than its global brands. Operating companies that have been selected as Lead LOCs take responsibility for the products they manage, building brand strategies and preparing marketing materials, and sharing information with other LOCs. This system widens the scope for utilizing the local expertise of these companies, which have the best understanding of the therapeutic needs of local patients. At the same time, it frees up resources of Takeda Headquarters to be concentrated on global brands. There are currently 12 Lead LOCs managing 21 products.

Core Management Policies in Fiscal 2015

Takeda will maintain its leading position in Japan by maximizing the values of products including *TAKECAB* (vonoprazan), for the treatment of acid-related diseases, *ZAFATEK* (trelagliptin) and *NESINA* (alogliptin), both for the treatment of type 2 diabetes, and *AZILVA* (azilsartan), for the treatment of hypertension.

In the U.S., Takeda will actively invest in marketing in order to increase its market share through new products, such as *ENTYVIO* (vedolizumab), for the treatment of ulcerative colitis and Crohn’s disease, *BRINTELLIX* (vortioxetine), for the treatment of major depressive disorder, and *CONTRAVE* (naltrexone XR and bupropion XR), a treatment for chronic weight management in adults.

In Europe and Canada, Takeda will maintain and expand sales of existing products, while further strengthening its specialty care business by focusing on new products including *ENTYVIO* and the malignant lymphoma treatment *ADCETRIS* (brentuximab vedotin).

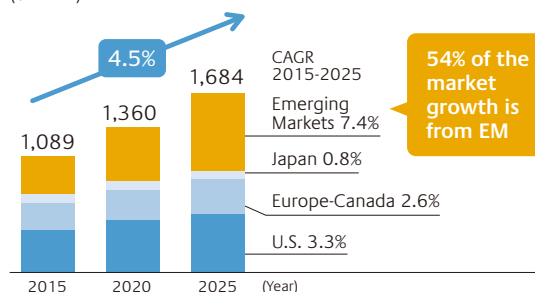
In Emerging Markets, Takeda will focus mainly on Russia, Brazil, and China, aiming to realize top-line growth of around 10% by maximizing sales of its existing portfolio of high-quality Value Brands, and by continuing to successfully launch and penetrate the market with a diverse portfolio of new products including innovative products and vaccines that meet the increasing needs of each market.

See P.36 Marketing

Global Pharmaceutical Market Trends

Pharmaceutical Market Size Forecast (2015-2025)

(\$ Billion)



Source: ©IMSHealth2015, Calculated based on Long Term Country and Therapy Area Forecasts (Reprinted with permission)

The global pharmaceutical market is projected to achieve CAGR of around 4.5% between 2015 and 2025, 54% of which is expected to be provided by growth in Emerging Markets.

In the short and medium terms, Takeda will drive its growth in Emerging Markets with branded generics and OTC products known collectively as Value Brands. Over the longer term, however, we believe there will be increasing opportunities for launching new medicines. Meanwhile, the forecast in mature markets is for moderate growth, but since the scale of these markets is as large as ever, we will continue to focus primarily on innovative products in these markets.

Access to Healthcare

As a company committed to improving people's lives, Takeda endeavors to improve access to global healthcare.

Integrated Initiatives to Improve Access to Healthcare

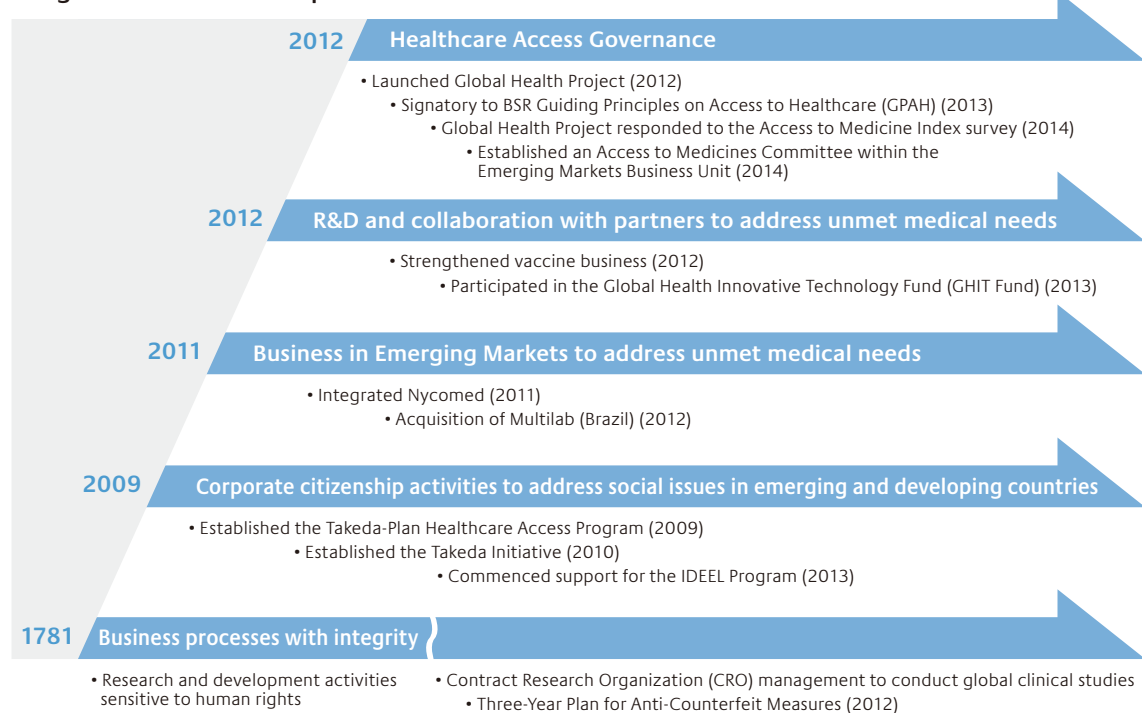
Takeda is working to support better access to healthcare for people around the world, including those in emerging and developing countries, making reference to the Business for Social Responsibility (BSR)'s Guiding Principles on Access to Healthcare (GPAH), which Takeda helped to draft.

Specific initiatives are centered around the Global Health Project, which was launched in 2012 with representation from across the company. In 2014, Takeda took steps to integrate the various initiatives and further enhance its activities by establishing an Access to Medicines Committee within the Emerging

Markets Business Unit to oversee business in emerging countries and continuing to establish a global governance system. Additional Access to Medicines initiatives are under discussion.

See P42 Marketing - Emerging Markets

Integrated Initiatives to Improve Access to Healthcare



We will focus on CSR activities in emerging and developing countries in line with the demands of international society.

Strengthening Our Presence in the CSR Community

Takeda is a LEAD company within the United Nations Global Compact (GC), and collaborates with activities to implement and promote the spread of the United Nations GC principles. Meanwhile, in CSR as in business, promotional organizations based in emerging countries are beginning to launch initiatives. Takeda is strengthening its CSR activities in emerging countries in coordination with organizations that have operating bases in China, India, the United Arab Emirates, and Malaysia. In particular, Takeda has received awards from organizations promoting CSR in

India and Malaysia for its CSR activities to date. In June 2015, Takeda became a member of CSR Asia, which has the largest network of any CSR think tank in the Asia-Pacific region, and this has strengthened its links with the CSR community in Asia.

Enhancing Supply Chain Initiatives

To strengthen its CSR initiatives within the supply chain, Takeda has established dedicated resources called Procurement Risk and Corporate Social Responsibility (CSR) within the Global Procurement Office, which oversees company-wide global procurement operations. The Procurement Risk and CSR office ensures integration of CSR and diversity into supplier relationships and sourcing activities, and enables a holistic view of risks in Takeda's supplier relationships. Moreover, in May 2015, Takeda joined the Pharmaceutical Supply Chain Initiative (PSCI), an organization made up of about 20 global pharmaceutical companies that improve CSR activities among suppliers. In 2015, Takeda also developed a global Supplier Code of Conduct aligned with its commitment to the United Nations GC and the PSCI Principles. Through these and other activities, we have been participating actively in global initiatives.



A panel discussion at World CSR Congress (Mumbai)

Links with the CSR Community in Emerging Countries

CSR Summit Dubai

- In May 2015, participated in CSR Summit Dubai, powered by CSR Pulse, which is based in the UAE

International CSR Forum

- In June 2015, participated in the International CSR Forum (Beijing), held by the WTO Tribune, which is based in China



World CSR Congress

- In February 2015, participated in World CSR Congress (Mumbai), held by the World CSR Day, which is based in India
- Award winner at the Global CSR Excellence & Leadership Awards 2015

International CSR Summit

- In June 2015, participated in the International CSR Summit (Macau), held by Enterprise Asia, which is based in Malaysia
- Award winner at the Asia Responsible Entrepreneurship Awards 2015



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



Putting the patient at the center, we will accurately meet the needs of medical professionals through swift decision-making.

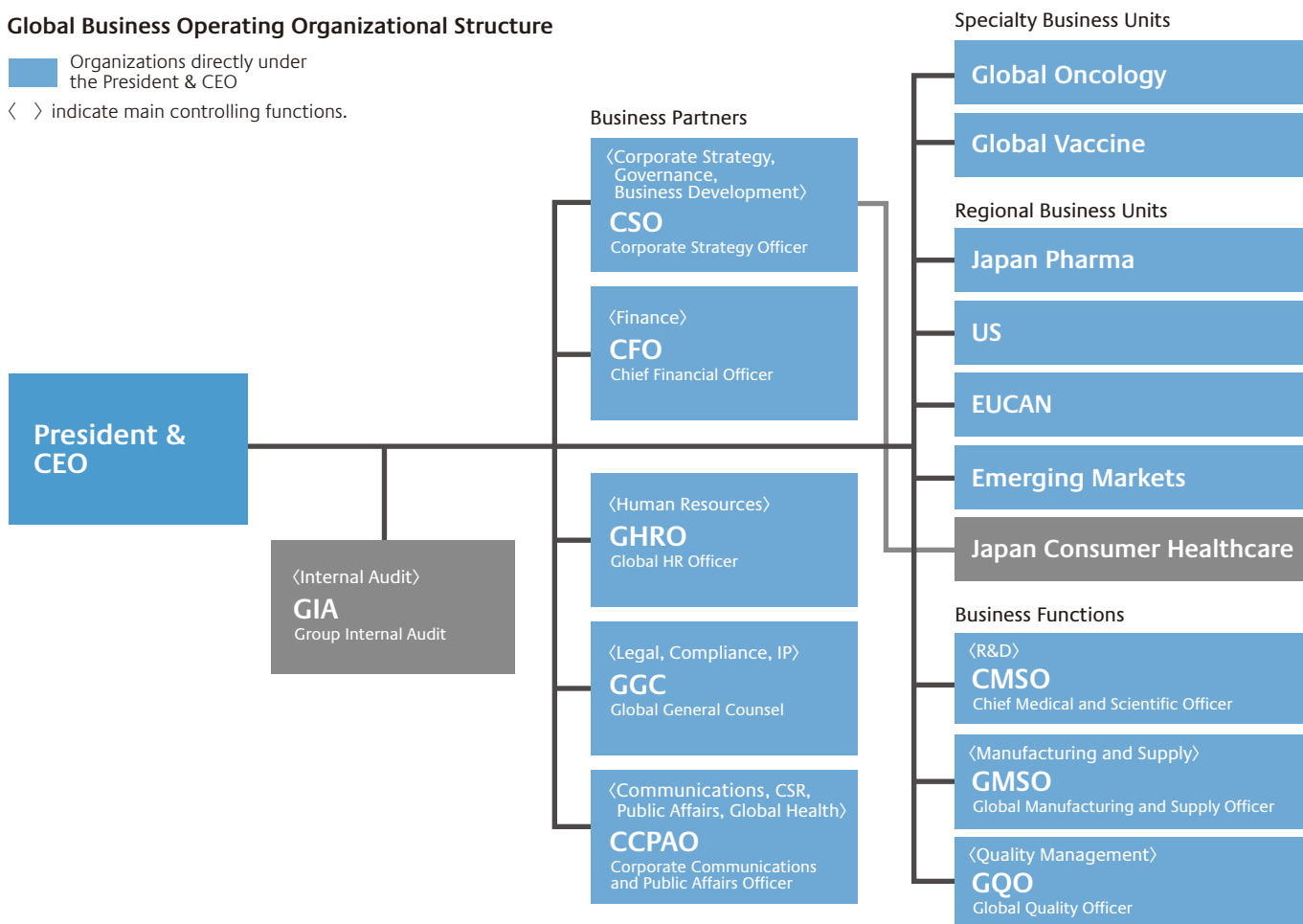
Redesigning the Global Business Operating Structure

In April 2015, Takeda launched its new global business operating structure to focus on and leverage its growth drivers and to operate more efficiently and competitively as a global company. The organization reflects the company's mid-term growth drivers, which are new global innovative products especially in the fields of Gastroenterology (GI) and Oncology, as well as Value Brands (branded generics and OTC products) in Emerging Markets.

Under the new organizational structure, the R&D organization has been realigned into four Therapeutic Area Units: Gastroenterology (GI), Oncology, Central Nervous System (CNS), and Cardiovascular/Metabolic (CVM). Additionally, five regional commercial divisions have been newly established as Regional Business Units: Japan Pharma, US, EUCAN, Emerging Markets and Japan Consumer Healthcare; while two global Specialty Business Units equipped with unique operational and commercial capabilities have also been set up: Oncology and Vaccine.

Global Business Operating Organizational Structure

Organizations directly under the President & CEO
 < > indicate main controlling functions.



See P.61 Corporate Governance P.63 Compliance

Takeda Executive Team

Under the new global organizational structure, the Takeda Executive Team (TET) comprising executives directly under Christophe Weber, President & CEO, has been established. The TET members maintain close contact and take the lead to ensure rapid dissemination of decisions and swift execution.

Under the strong leadership of the TET members, Takeda is accelerating its transformation even further to become an agile, best-in-class global pharmaceutical company that is entirely focused on patients and

customers, while basing management on the mindset defined by the unchanging values of Takeda-ism.



Christophe Weber, President & CEO, and the Takeda Executive Team (May 2015)

(Front row, from left) Haruhiko Hirate, François-Xavier Roger, Christophe Weber, Ramona Sequeira, Christophe Bianchi, Andrew Plump (Middle row, from left) Shinji Honda, Masato Iwasaki, Giles Platford (Back row, from left) Thomas Wozniowski, Marc Princen, David Osborne, Gerard Greco, Rajeev Venkayya, Yoshihiro Nakagawa, Tadataka Yamada

Board of Directors



Yasuchika Hasegawa

Director, Chairman of the Board

1970 Joined the Company
 1998 Corporate Officer, Senior Vice President, Pharmaceutical International Division
 1999 Director
 2001 Senior Vice President, Corporate Planning Department
 2002 Senior Vice President, Corporate Strategy & Planning Department
 2003 President and Representative Director
 2011 Chairman, KEIZAI DOYUKAI (Japan Association of Corporate Executives)
 2014 Chief Executive Officer
 2014 Chairman of the Board and Representative Director
 2015 Outside Director of Tokyo Electric Power Company, Incorporated (to present)
 2015 Director, Chairman of the Board (to present)



Christophe Weber

Representative Director, President & CEO

2008 Senior Vice President and Regional Director, Asia Pacific, GlaxoSmithKline
 2012 President and General Manager, GlaxoSmithKline Vaccines
 2012 CEO, GlaxoSmithKline Biologicals
 2012 Member of GlaxoSmithKline Corporate Executive Team
 2014 Chief Operating Officer of the Company
 2014 Corporate Officer
 2014 President and Representative Director (to present)
 2015 Chief Executive Officer (to present)



Shinji Honda

Senior Managing Director, Corporate Strategy Officer

1981 Joined the Company
 2008 Senior Vice President, Overseas Business Planning Department
 2009 President, Takeda Pharmaceuticals North America, Inc. (currently Takeda Pharmaceuticals U.S.A., Inc.)
 2011 Corporate Officer
 2011 Chief Integration Officer, Takeda Pharmaceuticals International, Inc.
 2012 Senior Vice President, Corporate Strategy Department
 2013 Director
 2013 President, Takeda Pharmaceuticals International, Inc. (to present)
 2014 Senior Managing Director (to present)
 2015 Corporate Strategy Officer (to present)



Masato Iwasaki, Ph.D.

Director, President, Japan Pharma Business Unit

1985 Joined the Company
 2002 Director, Diabetes, Ethical Products Marketing Department, Pharmaceutical Marketing Division
 2008 Senior Vice President, Strategic Product Planning Department
 2010 Corporate Officer
 2012 Head of CMSO Office, Takeda Pharmaceuticals International, Inc.
 2012 Senior Vice President, Pharmaceutical Marketing Division
 2012 Director (to present)
 2015 President, Japan Pharma Business Unit (to present)



Andrew Plump, M.D., Ph.D.

Director, Chief Medical & Scientific Officer

2007 Executive Director, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Translational Medicine, Merck & Co.
 2008 Vice President, Cardiovascular Disease Franchise Integrator and Head, Cardiovascular Early Development & Cardiovascular Translational Medicine, Merck & Co.
 2008 Vice President, Cardiovascular Disease Franchise, Worldwide Discovery Head, Merck & Co.
 2012 Vice President and Deputy to the President, Research & Translational Medicine, Sanofi S.A.
 2014 Senior Vice President and Deputy to the President for Research & Translational Medicine, Sanofi S.A.
 2015 Chief Medical & Scientific Officer Designate of the Company
 2015 Corporate Officer
 2015 Director (to present)
 2015 Chief Medical & Scientific Officer (to present)



Fumio Sudo

Outside Director

1964 Joined Kawasaki Steel Corporation (currently JFE Steel Corporation)
 2001 President and Representative Director, Kawasaki Steel Corporation
 2005 President and Representative Director, JFE Holdings, Inc.
 2010 Outside Director, JS Group Corporation (currently LIXIL Group Corporation) (to present)
 2011 Outside Director, Taisei Corporation (to present)
 2011 Outside Director of the Company (to present)
 2012 Outside Director of Tokyo Electric Power Company, Incorporated (to present)
 2014 Chairman of the Board, Tokyo Electric Power Company, Incorporated (to present)
 2014 Honorary Advisor to JFE Holdings, Inc. (to present)



Yorihiro Kojima

Outside Director

1965 Joined Mitsubishi Corporation
 2001 Member of the Board, Senior Executive Vice President, Mitsubishi Corporation
 2004 Member of the Board, President & CEO, Mitsubishi Corporation
 2010 Chairman of the Board, Mitsubishi Corporation (to present)
 2010 Outside Director, Mitsubishi Heavy Industries, Ltd. (to present)
 2011 Vice Chairman, Keidanren (Japan Business Federation)
 2011 Outside Director of the Company (to present)
 2013 Outside Director of The Shoko Chukin Bank, Ltd. (to present)



Masahiro Sakane

Outside Director

1963 Joined Komatsu Ltd.
 1989 Director, Komatsu Ltd.
 2001 President and Representative Director, Komatsu Ltd.
 2007 Chairman of the Board and Representative Director, Komatsu Ltd.
 2008 Outside Director, Tokyo Electron Limited (to present)
 2008 Outside Director, Nomura Holdings, Inc. (to present)
 2008 Outside Director, Nomura Securities Co., Ltd. (to present)
 2010 Chairman of the Board, Komatsu Ltd.
 2011 Outside Director, Asahi Glass Co., Ltd. (to present)
 2013 Director and Councilor, Komatsu Ltd.
 2013 Councilor, Komatsu Ltd. (to present)
 2014 Outside Director of the Company (to present)
 2015 Outside Director, Kajima Corporation (to present)

Note: Fumio Sudo, Yorihiro Kojima and Masahiro Sakane are Outside Directors as provided in Article 2, Item 15 of the Companies Act of Japan.

Corporate Auditors



Naohisa Takeda

Corporate Auditor

1972 Joined the Company
 2000 General Manager, Department of Europe, Pharmaceutical International Division
 2003 General Manager, Department of Europe and Asia
 2005 Corporate Officer
 2007 General Manager, Overseas Business Planning Department
 2008 Corporate Auditor (to present)



Yasuhiko Yamanaka

Corporate Auditor

1979 Joined the Company
 2003 Senior Vice President, Corporate Strategy & Planning Department
 2004 Corporate Officer
 2007 Senior Vice President, Pharmaceutical Marketing Division
 2007 Director
 2011 Managing Director
 2012 Assistant to CEO, Globalization
 2013 Special Missions assigned by President
 2014 Special Missions
 2015 Corporate Auditor (to present)



Tsuguoki Fujinuma

Corporate Auditor

1974 Registered as a certified public accountant (to present)
 1991 Representative Partner of Asahi Shinwa & Co.
 1993 Representative Partner, Showa Ota & Co. (currently Ernst & Young ShinNihon)
 2004 Chairman and President of the Japanese Institute of Certified Public Accountants
 2008 Outside Corporate Auditor of the Company (to present)
 2008 Outside Corporate Auditor of Sumitomo Corporation (to present)
 2008 Outside Director of Nomura Holdings, Inc. (to present)
 2008 Outside Director of Nomura Securities Co., Ltd. (to present)
 2008 Outside Director of Sumitomo Life Insurance Company (to present)
 2010 Outside Corporate Auditor of Seven & i Holdings Co., Ltd. (to present)
 2010 Vice-Chairman, IFRS Foundation Trustees



Shiro Kuniya

Corporate Auditor

1982 Registered as an attorney-at-law (Osaka Bar Association)
 1982 Joined Oh-Ebashi Law Offices
 1987 Registered as an attorney-at-law at New York Bar Association
 1997 Outside Corporate Auditor, Sunstar Inc.
 2002 Managing Partner, Oh-Ebashi LPC & Partners (to present)
 2006 Outside Corporate Auditor, NIDEC CORPORATION
 2011 President, Inter-Pacific Bar Association
 2012 Outside Director, NEXON Co., Ltd. (to present)
 2012 Outside Director, EBARA CORPORATION (to present)
 2013 Outside Corporate Auditor of the Company (to present)
 2013 Outside Director, Sony Financial Holdings Inc. (to present)

Note: Corporate auditors Tsuguoki Fujinuma and Shiro Kuniya are Outside Corporate Auditors as provided in Article 2, Item 16 of the Companies Act of Japan.

Corporate Officers

Haruhiko Hirate

Corporate Communications and Public Affairs Officer

Tadao Hirouchi

Head of Sales, East Japan, Japan Pharma Business Unit

David Osborne

Global HR Officer

Tetsuyuki Maruyama, Ph.D.

General Manager, Pharmaceutical Research Division

Yoshihiro Nakagawa

Global General Counsel

Christophe Bianchi, M.D.

President, Global Oncology Business Unit

Rajeev Venkayya, M.D.

President, Global Vaccine Business Unit

Giles Platford

President, Emerging Markets Business Unit

Thomas Wozniowski, Ph.D.

Global Manufacturing and Supply Officer

Gerard Greco, Ph.D.

Global Quality Officer

Mwana Lugogo

Global Compliance Officer

Marc Princen

President, EUCAN Business Unit

Ramona Sequeira

President, US Business Unit

See P.62 Takeda Global Advisory Board

as of June 26, 2015

Business Review

Taking on the challenge of developing innovative pharmaceutical products – that is the role Takeda is committed to for people all over the world.

We will continue to diligently create pharmaceutical products guided by the philosophy of Takeda-ism.

- 25 R&D
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- 30 R&D Pipeline
- 33 In-Licensing and Alliance Activities
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- 36 Marketing: Main New Products
- 38 Performance Overview by Market



R&D

We will focus on activities to obtain new drug approvals quickly for our rich late-stage pipeline, as we focus on a patient-centered approach to R&D.

Achievements in Fiscal 2014

Takeda is accelerating its activities as a focused, world-class R&D engine.

In fiscal 2014, Takeda launched new products to meet patients' unmet medical needs in major countries around the world. These products have delivered outstanding performance that assures Takeda's route to sustainable growth. The main achievements by core therapeutic area are as follows.

In Gastroenterology (GI), Takeda was granted marketing authorization for *ENTYVIO* (vedolizumab) in the U.S. and Europe in May 2014. *ENTYVIO* is a biologic therapy planned and developed for moderate to severe active ulcerative colitis concomitantly with Crohn's disease. The drug had a development period of 15 years and Takeda conducted simultaneous clinical trials evaluating both ulcerative colitis and Crohn's disease patient populations involving 2,700 patients in nearly 40 countries around the world.

Stakeholder's Voice

I've always been around music. My career and life on stage were interrupted with frequent coughs and colds and the discovery of a lump in my neck. I was diagnosed with Hodgkin lymphoma. I didn't know what to expect. I couldn't look ahead. Now, new treatments have given me a reason to be hopeful. It's all very exciting!

Carol Jarvis
Musician



In December 2014, Takeda received manufacturing and marketing approval for *TAKECAB* (vonoprazan) for the treatment of acid-related diseases in Japan. *TAKECAB* inhibits the proton pump*1 with a novel mechanism, and provides a strong and sustained acid secretion inhibitory effect.

In Oncology, in August 2014, Takeda received approval from the U.S. Food and Drug Administration (FDA) for an additional indication of *VELCADE* (bortezomib) for the retreatment of adult patients with multiple myeloma who had previously responded to *VELCADE* therapy and relapsed at least

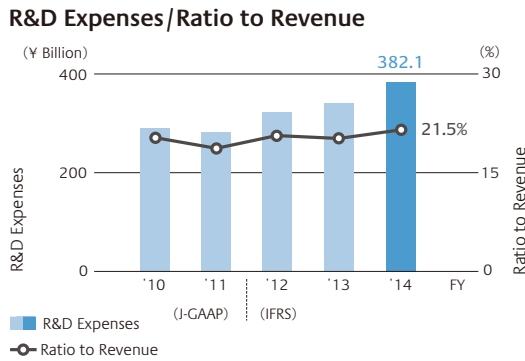
six months following completion of prior *VELCADE* treatment. In addition, in October 2014, Takeda received approval from the FDA for an additional indication of *VELCADE* for use in previously untreated patients with mantle cell lymphoma. As a promising successor proteasome inhibitor to *VELCADE*, MLN9708 (ixazomib) is now in five Phase III clinical trials for patients with multiple myeloma and relapsed or refractory primary (AL) amyloidosis in Japan, the U.S., and Europe. In November 2014, Takeda was granted Breakthrough Therapy*2 status from the FDA for MLN9708 for the treatment of relapsed or refractory systemic light-chain (AL) amyloidosis.

In the Cardiovascular/Metabolic area, in March 2015, Takeda received manufacturing and sales approval in Japan for *ZAFATEK* (trelagliptin), a drug for treating type 2 diabetes, and *ZAFATEK* was launched in May 2015. Takeda expects that *ZAFATEK* can provide enhanced convenience with it being the world's first once-weekly DPP-4 inhibitor.

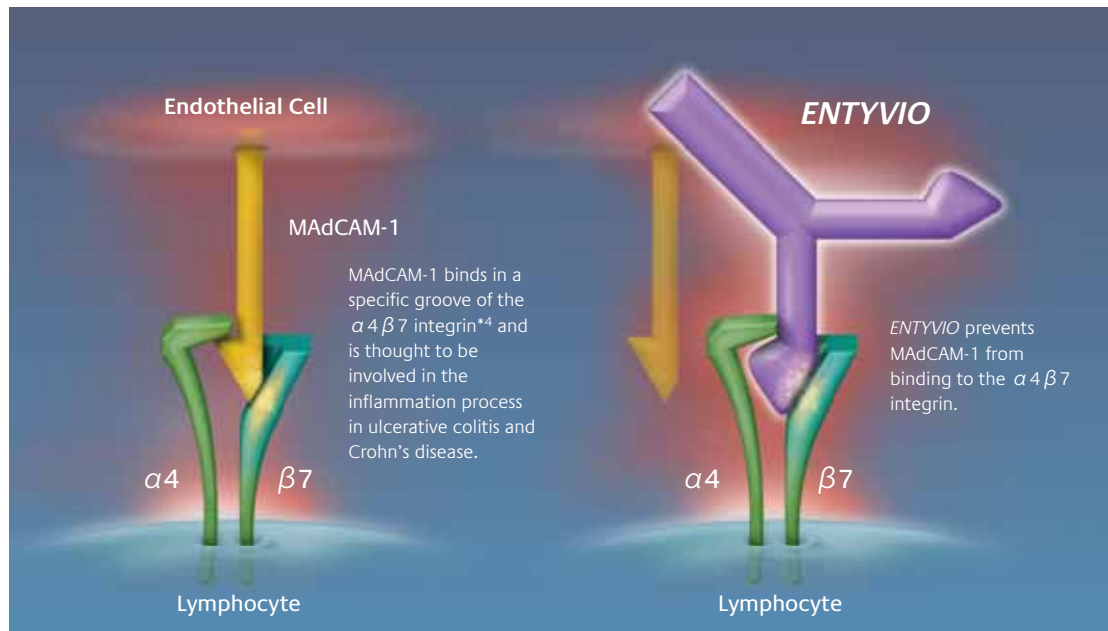
*1 Proton pump: An enzyme that functions in the final stages of acid secretion in gastric parietal cells.
 *2 Breakthrough Therapy designation is intended to expedite the development and review of new medicines to treat serious or life-threatening conditions.

21.5%

R&D expenses/ratio to revenue (fiscal 2014)

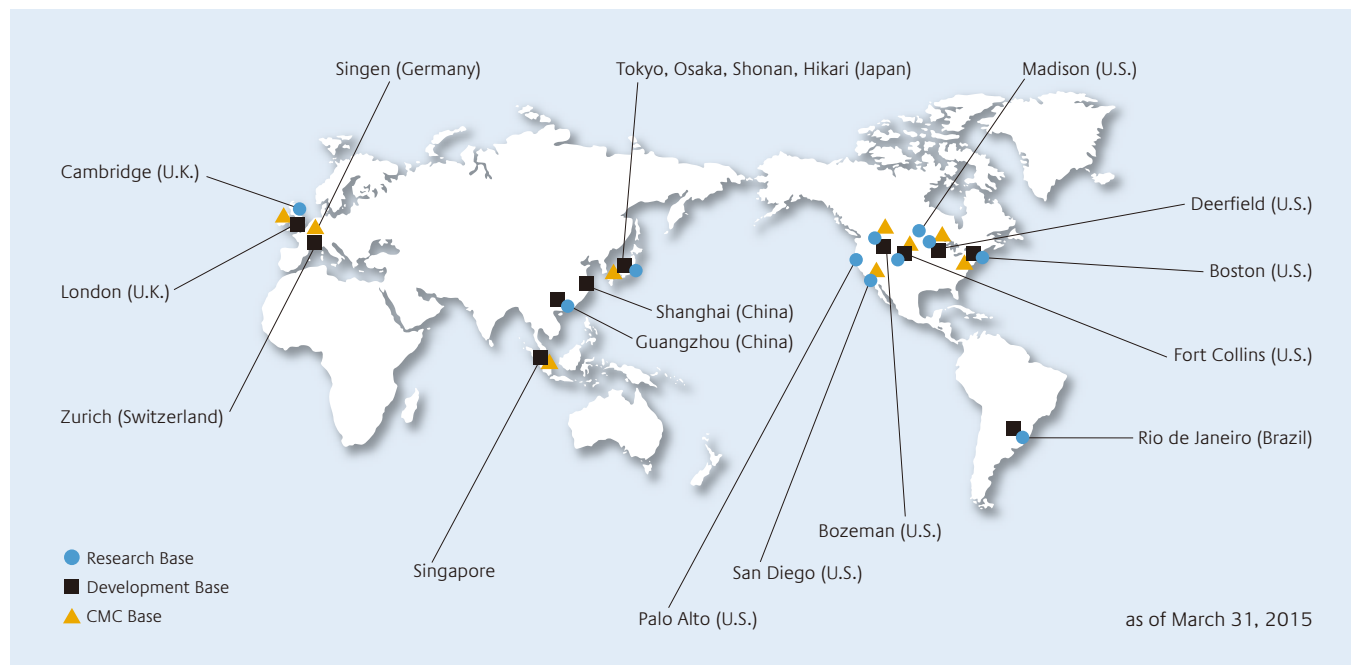


ENTYVIO mechanism of action



*4 $\alpha 4 \beta 7$ integrin is a protein present on the surface of lymphocytes and is involved in immunological reaction in the intestinal tract.

Global R&D Sites



Promotion of In-Licensing and Alliances

Takeda uses in-licensing and R&D alliances to reinforce the pipeline as an important strategy for complementing in-house R&D activities. We have a dedicated Alliance Management team to ensure partnerships work smoothly.

In fiscal 2014, Takeda launched three new products, including *ADCETRIS* (brentuximab vedotin), a treatment for malignant lymphoma that was in-licensed from Seattle Genetics, Inc. We also obtained two successful approvals, and completed one new drug application. In fiscal 2015 more than 50% of our revenues will come from partnerships and

strategic acquisitions.

In March 2015, Takeda won the 2015 Association of Strategic Alliance Professionals Alliance Excellence Award*³ in recognition of its successful in-licensing and alliance activities. The award is not just for pharmaceutical companies but all industries.

*³ Alliance Excellence Award: An award held by the Association of Strategic Alliance Professionals (ASAP) of the U.S.

See P.33 In-Licensing and Alliance Activities

Initiatives to Improve Productivity

High-Throughput Screening Process

In the process of developing new drugs, it is necessary to select “seed” compounds for development through a screening process. However, since the probability of being able to determine new drug candidates is incredibly low, countless repeated tests are carried out. Takeda’s high-throughput screening process uses high-precision robots operating around the clock to search for “seeds,” greatly improving the speed and accuracy of the process.



High-precision robots search for “seeds”

Aiming to develop innovative vaccines that can address public health needs in the world, we are promoting the global vaccine business. We are aggressively pursuing technologies to develop new products.

Vaccine Business

We are aggressively addressing global public health and prevention of disease to ensure “Better Health, Brighter Future” for people around the world through the development of vaccines for infectious diseases that threaten the lives of millions of people each year, and for which vaccines do not exist.

Building a Global Vaccine Business

Takeda has established a Specialty Business Unit for vaccines which is applying innovation to tackle the world’s most challenging health problems for which vaccines do not yet exist. The unit has assembled a world-class vaccine team, with talent from top companies, public institutions and private foundations, to build upon its long history of improving public health in Japan. It is currently operating in locations around the globe, including the U.S., Switzerland, Singapore, Brazil and Japan, with functions spanning basic research, clinical development, Chemistry, Manufacturing and Controls (CMC), manufacturing, policy & scientific affairs, and commercial strategy.

The unit is developing promising vaccine candidates against norovirus and dengue, which hold the potential to ease the burden of disease around the world. Takeda will continue to work through the vaccine business to contribute to better global public health, disease prevention, and improved access to healthcare.

Norovirus Vaccine

TAK-214 is the only norovirus vaccine in the world currently in the clinical development stage, and is

designed to cover a broad range of genetic strains of norovirus. Currently, Phase II trials are in progress. Trial results announced in October 2013 demonstrated for the first time that the norovirus vaccine was able to reduce symptoms in people who had been administered the norovirus.

Dengue Vaccine

Dengue is the most important mosquito-borne viral illness in the world, and is one of four World Health Organization future vaccine priorities. TAK-003 is a recombinant vaccine that targets all four strains of the virus. It is built on the genetic backbone of the dengue type 2 virus, which is an important dengue strain in many parts of the world. TAK-003 is currently being evaluated in Phase II studies.

Influenza Vaccine

The Japanese government is promoting measures to prepare for pandemic influenza. Takeda has been selected as the government’s main partner in this endeavor. In the event of a pandemic, a cell-cultured influenza vaccine H5N1 and prototype*1 developed jointly with Baxter International Inc. will be produced in a state-of-the-art facility built with joint funding from the Japanese government.

We are also continuing with the development of TAK-850, a cell-culture based seasonal influenza vaccine. It is currently in Phase I and II clinical trials.

*1 To facilitate rapid manufacture and supply of a vaccine for use in the event of a pandemic caused by an influenza strain other than H5N1

See P.17 Access to Healthcare
P.30 R&D Pipeline

200,000

Number of people who die from norovirus each year around the world

Source: Patel MM, et al. Systematic literature review of role of noroviruses in sporadic gastroenteritis. *Emerg Infect Dis.* 2008;14:1224–31.

400m

Number of people worldwide infected with dengue virus each year

Source: Centers for Disease Control and Prevention
<http://www.cdc.gov/dengue/>

Basic Information on the Main Viruses Targeted in Development

Norovirus

Norovirus exists throughout the world. It causes severe, acute gastrointestinal inflammation accompanied by fever, abdominal pain, diarrhea, and vomiting. It is the leading cause of gastroenteritis and food poisoning in advanced countries, infecting 21 million*2 people in the U.S. each year. It is possible to be infected multiple times throughout life, and a cure has yet to be found.

*2 Source: Centers for Disease Control and Prevention

Dengue Virus

The dengue virus causes dengue fever, with symptoms including fever, headache, muscle pain, and rashes. About



Yellow fever mosquito

half of the global population is at risk of infection. Dengue affects all people regardless of region, socioeconomic status or age.

CMC Research

CMC (Chemistry, Manufacturing and Controls) research is a comprehensive approach to supporting compound characterization, process development, pharmaceutical manufacturing, and analytical testing, all in alignment and coordination with the quality assurance departments.

CMC Center

Maximize Product Value to Patients

The Chemistry, Manufacturing and Controls (CMC) Center's mission is to maximize product value to patients through our innovative CMC technologies and operational excellence. The CMC Center seeks to establish platform technologies that add value to Takeda products, and to develop new technologies in-house or through partnerships to ensure that the CMC Center continues to provide value in the future.

CMC Center headquarters are in Osaka, Japan with offices in Boston, Deerfield, San Diego (U.S.), Singen (Germany), London (U.K.), and Hikari, Shonan (Japan). Under the new vision of "One CMC Center for Superior Medicines," all sites are well integrated on a function basis and functions closely communicate with each other to continuously maintain our operational excellence.

We have five main laboratory functions all engaged in activities for Investigational Medicinal Products (IMP) to support preclinical and clinical studies and product registration.

Intellectual Property

Intellectual Property Protecting Takeda's Business

Takeda has been strengthening functions that will help its transformation into a best-in-class pharmaceutical company by establishing the Global General Counsel, who is accountable for oversight of the Intellectual Property (IP) function, as well as legal and compliance operations.

The IP supports the business 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 IP rights. In particular, the protection of scientific ideas and inventions is conducted in close and mutual cooperation with R&D functions.

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, a medicine relies on a patent portfolio that protects not only the ingredient, but also its use, manufacturing process, formulation, production intermediates, any related derivatives, and the methods for evaluating biomarkers. The IP strives

to effectively manage all of these patent portfolios.

Takeda's IP operations must also address the important issue of how to construct patent portfolios to protect new businesses based on new state-of-the-art technologies developed in recent years, including regenerative medicine, cell-based therapies and gene therapy. In addition, there has been an increase in the importance of companion diagnostics using biomarkers, and addressing this topic has become an important new issue for IP in the pharmaceutical industry.

Helping to Realize Sustainable Growth

The IP aims to help Takeda's growth by supporting its increasingly global business activities, specifically by ensuring appropriate protection of Takeda's scientific ideas and inventions, and the goodwill of its products. At present, the IP has offices in Tokyo, Shonan (Japan), Deerfield, San Diego, Boston (U.S.), Cambridge (U.K.) and Zurich (Switzerland). Each member of these teams supports Takeda's business in their respective regions, and we are also constructing an organization capable of operating on a global scale under a shared management policy and strategy of "Global One IP." In terms of external activities, we are actively conveying our opinions regarding revisions to legal systems through a range of external organizations, so as to quickly respond to increasingly borderless IP regulatory systems worldwide surrounding the company's business. Global IP activities organized in this way support Takeda's entire business from R&D to sales and marketing by focusing on the three key tasks defined below.

- [1] Maximization of value of the product and pipeline and protection of related rights aligned to Therapeutic Area Units' strategies
- [2] Facilitation of more dynamic harnessing of external innovation through partner alliance support
- [3] Securing and protection of IP rights around the world including emerging countries

For further details about Takeda's IP, refer to the CSR Data Book: <http://www.takeda.com/csr/reports/>

Pipeline Drugs (Phase II and above: Overview) The indications are primarily those for which Takeda will actively pursue approval.

| Development Code | Generic Name | Brand Name | Indications | Stage of Development | | | | |
|---------------------------------------|--------------------------------|----------------|---|----------------------|----------|-----------|-------|----------|
| | | | | Phase I | Phase II | Phase III | Filed | Approved |
| Gastroenterology (GI) | | | | | | | | |
| MLN0002 | vedolizumab | ENTYVIO® | Ulcerative colitis | | | J | | U/E |
| | | | Crohn's disease | | | J | | U/E |
| TAK-438 | vonoprazan | TAKECAB® | Acid-related diseases | | | | | J |
| | lubiprostone | AMITIZA® | New formulation | | | | U | |
| TAK-114 | | | Pediatric functional constipation | | | | U | |
| | | | Ulcerative colitis | | U/E | | | |
| Oncology | | | | | | | | |
| | bortezomib | VELCADE® | Retreatment of multiple myeloma | | | | | U |
| | | | Front line mantle cell lymphoma | | | | | U |
| SGN-35 | brentuximab vedotin | ADCETRIS® | Post-ASCT Hodgkin lymphoma | | | | | E |
| | | | Relapsed cutaneous T-cell lymphoma | | | | | E |
| | | | Front line Hodgkin lymphoma | | | | | J/E |
| | | | Front line mature T-cell lymphoma | | | | | J/E |
| TAP-144-SR | leuprorelin | LEUPLIN®, etc. | Prostate cancer and premenopausal breast cancer (6-month formulation) | | | | | J |
| MLN9708 | ixazomib | | Previously untreated multiple myeloma | | | | | J/U/E |
| | | | Relapsed or refractory multiple myeloma | | | | | J/U/E |
| | | | Maintenance therapy in patients with newly diagnosed multiple myeloma following autologous stem cell transplant | | | | | J/U/E |
| | | | Maintenance therapy in patients with newly diagnosed multiple myeloma not treated with stem cell transplant | | | | | J/U/E |
| | | | Relapsed or refractory primary (AL) amyloidosis | | | | | U/E |
| AMG 386 | trebananib | | Ovarian cancer | | | | | J |
| MLN8237 | alisertib | | Small cell lung cancer | | | | U/E | |
| TAK-385 | relugolix | | Prostate cancer | | | | U/E | |
| TAK-228*1 | | | Breast cancer | | | | U/E | |
| TAK-264*2 | | | Gastric cancer | | | | | U/E |
| | | | Pancreatic cancer | | | | | U/E |
| Central Nervous System (CNS) | | | | | | | | |
| | glatiramer | | Relapse prevention of multiple sclerosis | | | | | J |
| Lu AA21004 | vortioxetine | BRINTELLIX® | Major depressive disorder | | | | | J |
| | | | Generalized anxiety disorder | | | | | U |
| | | | Attention Deficit Hyperactivity Disorder in adult patients | | | | | U |
| AD-4833/TOMM40 | | | Delay of onset of mild cognitive impairment due to Alzheimer's disease | | | | | U/E |
| | rasagiline | | Parkinson's disease | | | | | J |
| Cardiovascular/Metabolic (CVM) | | | | | | | | |
| | naltrexone XR/ bupropion XR | CONTRAVE® | Obesity | | | | | U |
| SYR-472 | trelagliptin | ZAFATEK® | Type 2 diabetes | | | | | J |
| SYR-322 | alogliptin | NESINA®, etc. | Type 2 diabetes mellitus (fixed-dose combination with metformin) | | | | | J |
| TAK-536 | azilsartan | AZILVA® | Hypertension (fixed-dose combination with amlodipine and hydrochlorothiazide) | | | | | J |
| TAK-272 | | | Early stage diabetic nephropathy | | | | | J |
| Vaccine | | | | | | | | |
| TAK-816 | | | Prevention of infectious disease caused by Hib | | | | | J |
| TAK-003 | | | Prevention of dengue fever caused by dengue virus | | | | | |
| TAK-214 | | | Prevention of acute gastroenteritis (AGE) caused by norovirus | | | | | |
| TAK-850 | | | Prevention of influenza disease caused by influenza virus subtype A and B contained in the vaccine | | | | | J |
| Other Therapeutic Areas | | | | | | | | |
| | fomepizole | | Ethylene glycol and methanol poisonings | | | | | J |
| | febuxostat XR | ULORIC® | Hyperuricemia and gout (extended-release formulation) | | | | | U |
| NE-58095NF | risedronate | BENET® | Osteoporosis (additional formulation; change of the dosage and administration) | | | | | J |
| MT203 | namilumab | | Psoriasis | | | | | E |
| | | | Rheumatoid arthritis | | | | | E |
| TAK-385 | relugolix | | Endometriosis | | | | | J |
| | | | Uterine fibroids | | | | | J |

*1 Formerly known as MLN0128 *2 Formerly known as MLN0264

Note: • J: Japan, U: U.S., E: Europe
• Progress in stage from May 8, 2014 (release of fiscal 2013 results) until June 30, 2015

For further details on the status of the development pipeline, refer to Takeda's website:
<http://www.takeda.com/research/pipeline/>

Current Status of Major Pipeline Drugs

Gastroenterology (GI)

Treatment for Ulcerative Colitis and Crohn's Disease: MLN0002 (vedolizumab) (U.S./ Europe: Approved, Japan: Phase III)

MLN0002 is a monoclonal antibody against $\alpha 4 \beta 7$ integrin.* In May 2014, Takeda obtained regulatory approval in the U.S. and Europe for MLN0002 for the treatment of ulcerative colitis and Crohn's disease and it is now being marketed as *ENTYVIO*. It is currently undergoing Phase III clinical trials in Japan, and Takeda plans an ambitious life-cycle management program including a subcutaneous formulation and additional indications.

* $\alpha 4 \beta 7$ integrin is a protein present on the surface of lymphocytes and is involved in an immunological reaction in the intestinal tract.

Treatment for Acid-Related Diseases: TAK-438 (vonoprazan) (Japan: Approved)

TAK-438 is a potassium-competitive acid blocker (P-CAB) that suppresses gastric acid secretion by binding to the proton pump* in gastric parietal cells, strongly and sustainably inhibiting the action of the proton pump. In December 2014, Takeda received approval for the drug in Japan, where it is now being marketed as *TAKECAB*.

* Proton pump: An enzyme that functions in the final stages of acid secretion in gastric parietal cells.

Oncology

Treatment for Malignant Lymphoma: SGN-35 (brentuximab vedotin) (Europe/Japan: Approved)

In-licensed from Seattle Genetics, Inc. of the U.S., the anti-cancer agent SGN-35 is an antibody-drug conjugate that targets the CD30 antigen expressed by some tumor cells. Takeda obtained regulatory approval for SGN-35 in Europe in October 2012 and Japan in January 2014 for relapsed/refractory Hodgkin lymphoma and relapsed/refractory anaplastic large cell lymphoma,* and it was launched under the brand name *ADCETRIS*. Currently, it is approved in over 55 countries worldwide and Takeda is conducting several additional trials to expand the approved indications.

* In Europe, relapsed/refractory systemic anaplastic large cell lymphoma

Treatment for Multiple Myeloma: MLN9708 (ixazomib) (U.S./Europe/Japan: Phase III)

MLN9708 builds on our leadership in proteasome inhibition that began with *VELCADE*. MLN9708 is the oral proteasome inhibitor in the most advanced stage of development, and it is currently being investigated in five Phase III clinical trials for multiple myeloma and relapsed/refractory primary (AL) amyloidosis in Japan, the U.S., and Europe. In February 2015, Takeda announced positive results from an interim analysis of the Phase III pivotal trial for MLN9708. Takeda is also investigating MLN9708 in a broad range of other cancers.

R&D Pipeline

The R&D pipeline means drugs under development, from the start of research through approval and launch. Clinical trials are conducted in humans for drugs for which basic research and preclinical trials have been completed. Medicines that have undergone safety and efficacy evaluation via three phases of clinical trials are launched onto the market as new drugs after approval by regulatory authorities.

Basic Research/Preclinical Trials

Clinical Trials

Phase I

Conducted involving a small group of healthy volunteers in order to evaluate safety and ADME (Absorption, Distribution, Metabolism, and Excretion) of the drug.

Phase II

Conducted involving a small group of patient volunteers in order to evaluate safety, efficacy, dosage, and administration regimen.

Phase III

Conducted involving a large number of patient volunteers in order to evaluate safety and efficacy in comparison to active (or inactive) comparators.

Filing/Approval

See P.50 Human Rights
P.63 Compliance

8.2m

Deaths worldwide due to cancer (2012)

Source: *World Cancer Report 2014* (International Agency for Research on Cancer)

Central Nervous System (CNS)

Treatment for Major Depressive Disorder: Lu AA21004 (vortioxetine) (U.S.: Approved, Japan: Phase III)

In-licensed from H. Lundbeck A/S of Denmark, Lu AA21004 is considered to be a compound with the combination of pharmacodynamic activity. Lu AA21004 obtained regulatory approval in the U.S. in September 2013 and was launched under the brand name *BRINTELLIX*. Lu AA21004 is currently in Phase III in Japan.

Cardiovascular/Metabolic (CVM)

Treatment for Type 2 Diabetes: SYR-322 (alogliptin) (U.S./Europe/Japan: Approved)

SYR-322 treats type 2 diabetes by inhibiting the action of the DPP-4* enzyme. SYR-322 has obtained regulatory approval in Japan in April 2010, the U.S. in January 2013, and Europe in September 2013, and was launched under the brand names *NESINA* in the U.S. and *VIPIDIA* in Europe. Takeda is continuing development and submission activities toward regulatory approvals in Emerging Markets such as Brazil and Russia, and is currently conducting Phase III clinical trials of a fixed-dose combination of *NESINA* with metformin in Japan.

* DPP-4 breaks down glucagon-like peptide-1 (GLP-1), a hormone that stimulates the secretion of insulin.

Treatment for Type 2 Diabetes: SYR-472 (trelagliptin) (Japan: Approved)

SYR-472 is a once-weekly DPP-4 inhibitor that is anticipated to be a new treatment option for patients who require effective control of their blood glucose levels. In March 2015, Takeda received approval for the drug in Japan, where it is now being marketed as *ZAFATEK*.

Vaccine

Norovirus Vaccine TAK-214 (Phase II)

The norovirus vaccine developed by LigoCyte (currently Takeda Vaccines, Inc.) is designed to cover a broad range of genetic strains of norovirus, a leading cause of acute gastroenteritis in adults and children around the globe. A vaccine for norovirus does not currently exist. Phase II clinical trials of an intramuscular formulation are in progress.

Dengue Vaccine TAK-003 (Phase II)

The dengue vaccine is a tetravalent dengue fever vaccine that includes all four strains of the dengue virus. It is currently in Phase II clinical trials. Phase I clinical trials in the U.S. and Colombia and Phase II trials in dengue-ridden countries throughout Asia and South America showed that children, youth, and adults who received two vaccinations demonstrated an immune reaction against all four dengue strains, and showed no issues for concern regarding safety.

Influenza Vaccine TAK-850 (Japan: Phase I/II)

TAK-850 is an inactivated seasonal influenza vaccine developed using cell culture technology licensed from Baxter International Inc. of the U.S. Since the vaccine uses neither eggs, preservatives, adjuvant, nor antibiotic, it holds promise for use with people who are allergic to these.

In-Licensing and Alliance Activities

Advances in In-Licensing and Alliance Activities from April 2014 Onward

Teva Pharmaceutical Industries Ltd. (Israel)

- In April 2014, Takeda announced that it has entered into an agreement with Teva to commercialize Teva's Parkinson's disease treatment rasagiline in Japan. In January 2015, Takeda started Phase II/III and Phase III clinical trials of rasagiline in Japan.
- In December 2014, Takeda submitted an NDA in Japan for glatiramer, a drug indicated for the relapse prevention of multiple sclerosis in-licensed from Teva.

MacroGenics (U.S.)

- In May 2014, Takeda announced that it has entered into an option agreement with MacroGenics to develop and commercialize MGD010, a product candidate currently in preclinical development for the treatment of autoimmune diseases.
- In September 2014, Takeda announced that it has entered into an agreement with MacroGenics to develop and market four additional product candidates.

Paladin Labs Inc. (Canada)

- In January 2015, Takeda launched "Fomepizole Intravenous Infusion 1.5g Takeda" (fomepizole) in Japan, which Takeda in-licensed from Paladin Labs for the treatment of ethylene glycol and methanol poisonings.

GE Healthcare (U.K.)

- In November 2014, Takeda announced that it has entered into an alliance agreement with GE Healthcare related to GE Healthcare's diagnostic technologies for hepatic fibrosis. The collaborative effort aims to accelerate development of therapeutic drugs as well as new diagnostic technologies for liver diseases.

Monash University (Australia)

- In December 2014, Takeda announced that it has entered a strategic research alliance agreement with Monash University to develop new medicines to address significant unmet medical needs in gastroenterology.

Queen Mary University of London (U.K.)

- In February 2015, Takeda announced that it has entered a research alliance agreement with Queen Mary University that aims to define new insights and develop novel therapies in gastroenterology.

Center for iPS Cell Research and Application (CiRA) of Kyoto University (Japan)

- In April 2015, Takeda and the Center for iPS Cell Research and Application (CiRA) of Kyoto University entered a 10-year collaboration agreement on iPS cell research. Takeda and CiRA will work together to develop clinical applications of induced pluripotent stem (iPS) cells in areas such as heart failure, diabetes mellitus, and neurological disorders. The collaboration is called the "Takeda-CiRA Joint Program for iPS Cell Applications" (T-CiRA), and is designed to expedite multiple research projects for drug discovery and cell therapy using iPS cell technologies.

Keio University School of Medicine and Niigata University (Japan)

- In April 2015, Takeda announced that it has signed an agreement with Keio University School of Medicine and Niigata University to undertake collaborative research at Takeda's Shonan Research Center focusing on the search and functional analysis of disease-related RNA-binding proteins.

The National Cancer Center (NCC) (Japan)

- In May 2015, Takeda announced that it has signed a partnership agreement with the National Cancer Center (NCC) of Japan to discover and develop anti-cancer agents. Through the partnership, Takeda and the NCC will share information and hold regular discussions in order to collaborate across areas from basic research to clinical research and development activities.

as of June 30, 2015

For further details on in-licensing and alliance activities, refer to Takeda's website: <http://www.takeda.com/partnership/>

Partner's Voice

Research using iPS cell technology is now moving into the stage of clinical trials. Our 10-year joint research agreement with Japan's leading pharmaceutical company, Takeda, has given us tremendous momentum towards achieving therapeutic applications for iPS cell technology. This kind of comprehensive joint research on such a large scale over such a long term was without precedent, and we expect it to yield many results in terms of the potential for drug discovery using iPS cell technology.



Our vision and that of Takeda are in perfect agreement in seeking to create novel treatments using iPS cells, and to contribute patients. Through our partnership, we aim to contribute to the development of treatments for all kinds of patients, suffering from both common and rare illnesses.

Shinya Yamanaka, M.D., Ph.D.

Director, Center for iPS Cell Research and Application (CiRA), Kyoto University (Japan)

Manufacturing and Supply

We are accelerating measures to strengthen our global manufacturing and supply functions as part of our effort to build a robust and efficient operating model.

Strengthening the Global Manufacturing and Supply Chain Network

In order to respond to the rapid geographical expansion of its sales activities, Takeda is taking steps to strengthen its global manufacturing and supply chain network and quality system. We are accelerating our integration of manufacturing and supply chain divisions under the supervision of Dr. Thomas Wozniowski, the Global Manufacturing and Supply Officer (GMSO), who works closely with the division leadership teams to drive forward Takeda's global manufacturing and supply strategy.

Takeda currently has 25 production sites in 18 countries, and is promoting various initiatives towards optimizing its global manufacturing and supply system. In November 2014, we decided to transfer the solid formulation manufacturing operations of the Osaka plant to the Hikari plant and the Oranienburg plant in Germany. Looking ahead, we will continue our efforts to maximize the capability of our global manufacturing network, further reduce costs through global procurement of raw materials, and more effectively integrate and increase the efficiency of our global supply chain.

See P.56 Global Procurement Incorporating CSR

18

Number of countries where Takeda has production sites



Hikari plant in Japan

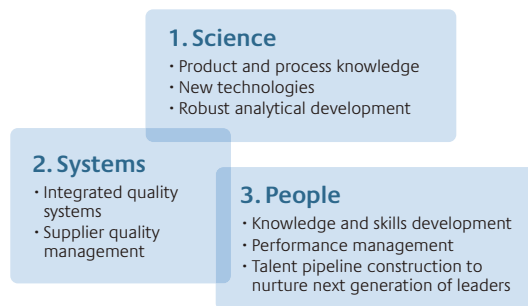


Quality Management System

To ensure the quality of Takeda products for patients in every country around the world, we have been transforming our Global Quality organization.

Transforming the Global Quality Organization

Takeda continues to drive rapid globalization of its business, and to establish a Global Quality organization capable of supporting this growth, Gerard Greco, Ph.D., joined the company as Global Quality Officer (GQO) reporting to the President & CEO. GQO is leading the transformation of Global Quality by establishing a new vision built upon three pillars: Science, Systems and People. In addition, Global Quality has been restructured to fully align with related departments, such as R&D, Global Manufacturing and Supply (GMS), Commercial, and the Vaccine and Oncology Business Units. Our new approach to Quality reflects our commitment to putting the patient at the center of all we do, building trust with society, reinforcing our reputation, and developing our business.



The restructuring of Global Quality redefines the scope and responsibilities in the organization. This approach will standardize practices across the companies that have joined Takeda through recent acquisitions, thus eliminating redundant and inefficient ways of working. In addition, there is a concerted effort to drive change through the business by incorporating innovation, continuous improvement, knowledge and best-practice sharing into the organizational concept. We have also established a Regional Oversight structure for sites, Local Operating Companies (LOC) and functional Quality teams. A key feature includes implementing a standard site structure model for the Quality organizations in our manufacturing sites in order to establish consistent functions, roles and responsibilities across the network.

Reinforcing Global Quality Auditing

Global Quality will focus on both internal audits of Takeda and external audits of suppliers. The number of externally audited sites reached 2,500.

Quality Culture

The new Global Quality organization is designed to fully support Takeda in its objective of being a best-in-class pharmaceutical company. The most immediate focus is to fully implement the new organization, global systems and programs, Global Quality Auditing and global projects that support, enhance, and improve the business in the most cost-effective manner possible. As part of this transformation, Takeda is implementing a robust, global quality management system and governance model to meet the requirements and expectations of a global pharmaceutical company, reflecting that product safety and efficacy remain its top priorities. Operating as a fully integrated function within the business, Global Quality will establish and promote a quality culture that ensures consistent product safety and efficacy.

See P.56 Global Anti-Counterfeit Measures

For further details about Takeda's quality management system, refer to the CSR Data Book:

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

We aim to provide innovative high-quality products to patients worldwide.

Takeda's Main New Products

GI Gastroenterology

For Ulcerative Colitis and Crohn's Disease

Vedolizumab

FY2014 net sales

¥27.8 billion

Main in-house sales regions:
U.S. and Europe

Brand Names:
ENTYVIO (U.S. and Europe)



For Acid-Related Diseases

Vonoprazan

FY2014 net sales

¥3.2 billion

Main in-house sales regions:
Japan

Brand Names:
TAKECAB (Japan)



CNS Central Nervous System

For Major Depressive Disorders

Vortioxetine

FY2014 net sales

¥13.6 billion

Main in-house sales regions:
U.S.

Brand Names:
BRINTELLIX (U.S.)



CVM Cardiovascular/Metabolic

For Type 2 Diabetes

Alogliptin

FY2014 net sales

¥44.3 billion

Main in-house sales regions:
Japan, U.S. and Europe

Brand Names:
NESINA (Japan and U.S.)
VIPIDIA (Europe)



For Hyperlipidemia

Omega-3-Acid Ethyl Esters 90

FY2014 net sales

¥13.2 billion

Main in-house sales regions:
Japan

Brand Names:
LOTRIGA (Japan)



For Obesity

Naltrexone XR/Bupropion XR

FY2014 net sales

¥2.2 billion

Main in-house sales regions:
U.S.

Brand Names:
CONTRAVE (U.S.)



Note: New Products: Represent products launched in or after 2009

For Acid Reflux Disease

Dexlansoprazole

FY2014 net sales

¥62.3 billion

Main in-house sales regions:
U.S. and Asia

Brand Names:
DEXILANT (U.S. and Asia)



ONCOLOGY

For Malignant Lymphoma

Brentuximab Vedotin

FY2014 net sales

¥22.9 billion

Main in-house sales regions:
Japan and Europe

Brand Names:
ADCETRIS (Japan and Europe)



For Type 2 Diabetes

Trelagliptin

Launched in May 2015

New Product

Main in-house sales regions:
Japan

Brand Names:
ZAFATEK (Japan)



For Hypertension

Azilsartan

FY2014 net sales

¥45.4 billion

Main in-house sales regions:
Japan

Brand Names:
AZILVA (Japan)



OTHERS

For Hyperuricemia and Gout

Febuxostat

FY2014 net sales

¥33.2 billion

Main in-house sales regions:
U.S.

Brand Names:
ULORIC (U.S.)



For Gout

Colchicine

FY2014 net sales

¥58.8 billion

Main in-house sales regions:
U.S.

Brand Names:
COLCRYS (U.S.)



Japan Pharma

Takeda Key Figures

¥553.2bn

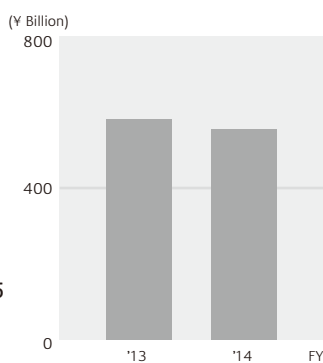
Fiscal 2014 revenue

45%

Projected share of new product*1
on in-house product revenue in fiscal 2015

*1 In-house products that have been on the market for 5 years
or less after launch (6 years including the year of launch)

Revenue



Note: Excluding royalty and service income



Performance Overview

Takeda's revenue from ethical drugs in Japan in fiscal 2014 fell by 4.6% year on year to ¥553.2 billion, mainly due to the impacts of an expansion of generics and a reduction in drug prices under the National Health Insurance (NHI) scheme. However, sales contributions from new products such as the type 2 diabetes treatment *NESINA* (alogliptin) family and the antihypertension treatment *AZILVA* (azilsartan) helped to offset the decline.

Business Environment

The adverse business environment is expected to continue, with the government's policy of promoting use of generics and the impact of further NHI drug price revisions slated for 2016 and 2017. Overall market growth is expected to remain almost flat until 2025.

Fiscal 2014 Sales of Core Products

| | Sales (¥ Billion) | (YoY) |
|---|-------------------|---------|
| <i>BLOPRESS</i> hypertension treatment | 94.6 | 24.8% ↓ |
| <i>LEUPLIN</i> prostate and breast cancer treatment | 57.6 | 10.7% ↓ |
| <i>TAKEPRON</i> peptic ulcer treatment | 52.5 | 22.3% ↓ |
| <i>AZILVA</i> hypertension treatment | 45.4 | 79.4% ↑ |
| <i>NESINA</i> type 2 diabetes treatment | 38.4 | 1.0% ↑ |
| <i>VECTIBIX</i> colorectal cancer treatment | 18.3 | 5.3% ↓ |

Japan Consumer Healthcare



Consumer Healthcare Business Core Brand Products and *Midori no Shukan*, a health food containing euglena

Performance Overview

The consumer healthcare business generated revenue of ¥73.6 billion (up 1.0% year on year) in fiscal 2014, reflecting higher sales of products such as *ALINAMIN* tablets.

Fiscal 2014 Sales of Core Brands

| | Sales (¥ Billion) | (YoY) |
|-------------------------|-------------------|--------|
| <i>ALINAMIN</i> tablets | 20.7 | 5.4% ↑ |
| <i>ALINAMIN</i> drinks | 14.9 | 1.3% ↓ |
| <i>The BENZA</i> range | 9.7 | 7.0% ↓ |

No.1

Questions to doctors:
Which company do
you view as having
excellent sales
representatives in
Japan?

Takeda was ranked No.1
in 2014 and 2015 for
quality of sales
representatives in the
opinion of doctors.

Source: *Monthly Mix* February,
2014, February, 2015
(Elsevier Japan)

Takeda's Strategy

Takeda plans to maintain the top share in the Japanese market by concentrating its resources on new products to drive future growth and continuing to transform itself in response to the environmental changes in the pharmaceutical industry.

In the Cardiovascular/Metabolic (CVM) area, the new product *AZILVA* has grown significantly. Takeda will further enhance its portfolio centered on Takeda's DPP-4*2 inhibitor family with the addition to the product lineup of the type 2 diabetes treatment *ZAFATEK* (trelagliptin), which is the world's first once-weekly oral treatment option, in order to meet an even wider range of therapeutic needs. In the Gastrointestinal, CNS, Urological and Bone/Rheumatic Diseases areas, the new product *TAKECAB* (vonoprazan), for treatment of acid-related diseases, has achieved rapid market penetration since its launch in February 2015.

In the Oncology area, *ADCETRIS* (brentuximab vedotin), a treatment for malignant lymphoma, was launched in April 2014 as an innovative new

medicine that fulfills previously unmet medical needs. By promoting activities to provide information to meet the needs of customers and patients, we have contributed to the treatment of many patients who had been waiting for *ADCETRIS*. In April 2015, Takeda established two Specialty Business Units to create independent sales and marketing functions for the areas of Oncology and Vaccine, as a measure to further strengthen the specialty care business.

Previously, Takeda has promoted activities to provide high quality drug information through its medical representatives (MRs), which earned respect from medical professionals. Now, Takeda is working to cement these trust relationships even further by redefining the image of MRs in line with the demands of the future. Takeda has also established the Medical Affairs Department in Japan independently from the commercial divisions, and will work to further enhance its medical science information provision activities.

*2 DPP-4 breaks down glucagon-like peptide-1 (GLP-1), a hormone that stimulates the secretion of insulin.



Main products launched recently

Business Environment and Takeda's Strategy

With the promotion of self-medication being positioned as one of the important objectives of Japan's health insurance program reform initiative, OTC products are expected to play an increasingly important role in Japanese society. Takeda is promoting the growth of the OTC product business centered on core brands such as *ALINAMIN* and *BENZA* as well as nurturing new in-licensed products and strengthening mail-order sales and exports.

In October 2014, Takeda entered a comprehen-

sive alliance agreement with euglena Co., Ltd. concerning products containing *Euglena*,* and commenced sales of *Midori no Shukan*, a health food containing euglena, as a product for mail-order sale only. Takeda will continue working to create new products designed primarily to support customers' health.

* A kind of algae containing a balanced compliment of 59 nutrients and offering outstanding digestibility.

United States

Takeda Key Figures

¥394.9_{bn}

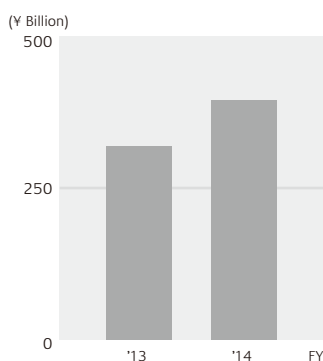
Fiscal 2014 revenue

14.5%

Fiscal 2014 underlying revenue growth*

* Underlying revenue growth: Constant currency and without divestments

Revenue



Note: Excluding royalty and service income

such as *ENTYVIO* (vedolizumab), for the treatment of ulcerative colitis and Crohn's disease, growth in diverse core products such as *VELCADE* (bortezomib), for the treatment of multiple myeloma, and the impact of the yen's depreciation.

Business Environment

The U.S. market remains the largest pharmaceutical market in the world, and is a key market in terms of Takeda's growth going forward. The evolving landscape of integrated delivery networks (IDNs) has many companies experimenting with their business model to improve payer access (risk-sharing; real-world data) and differentiate versus competitors.

Takeda's Strategy

In the U.S., we will achieve market penetration by concentrating resources on the three new products: the new growth driver *ENTYVIO*, the major depressive disorder treatment *BRINTELLIX* (vortioxetine), and the chronic weight management treatment *CONTRAVE* (naltrexone XR/bupropion XR). *ENTYVIO* is Takeda's fastest ever drug to achieve sales of \$100 million in the U.S., and is expected to become the largest contributor to Takeda's global growth.

We will propose and execute optimal sales strategies for each core therapeutic area to maximize the value of our diverse core products, including *VELCADE*, *COLCRYS* (colchicine) for the treatment of acute gout flares and *ULORIC* (febuxostat) for hyperuricemia in adult gout patients, *DEXILANT* (dexlansoprazole) for the treatment of gastroesophageal reflux disease, and the *NESINA* (alogliptin) family of treatments for type 2 diabetes.

In addition, we will invest in Medical Affairs to help in the building of systems for medical research, medical education and communication of medical science information needed to advance medical care.



Performance Overview

Revenue in the U.S. in fiscal 2014 increased to ¥394.9 billion, a year-on-year increase of 23.8%. The increase reflects the contributions of new products

70,000

New cases diagnosed as ulcerative colitis and Crohn's disease in the U.S. every year

Source: Crohn's & Colitis Foundation of America
<http://www.ccfca.org/>

Fiscal 2014 Net Sales of Core Products

| | Net Sales (¥ Billion) | (YoY) |
|---|-----------------------|---------|
| <i>VELCADE</i> multiple myeloma treatment | 111.2 | 16.9% ↑ |
| <i>COLCRYS</i> gout treatment | 58.8 | 13.3% ↑ |
| <i>DEXILANT</i> acid reflux disease treatment | 53.5 | 19.3% ↑ |
| <i>ULORIC</i> hyperuricemia and gout treatment | 32.6 | 22.9% ↑ |
| <i>ENTYVIO</i> ulcerative colitis and Crohn's disease treatment | 20.1 | — |

Europe-Canada

Takeda Key Figures

¥287.1bn

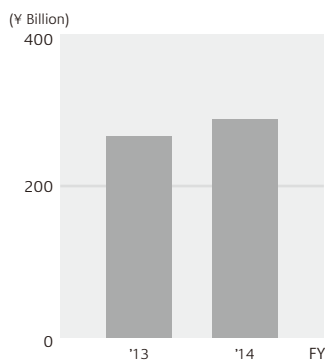
Fiscal 2014 revenue

5.4%

Fiscal 2014 underlying revenue growth*

* Underlying revenue growth: Constant currency and without divestments

Revenue



Note: Excluding royalty and service income



Performance Overview

Revenue in Europe and Canada in fiscal 2014 rose 8.1% year-on-year to ¥287.1 billion. The growth reflects sales contributions from new products *ADCETRIS* (brentuximab vedotin), for the treatment of malignant lymphoma, and *ENTYVIO* (vedolizumab), for the treatment of ulcerative colitis and Crohn's

2.2m

Number of patients in Europe affected by ulcerative colitis and Crohn's disease

Source: European Crohn's and Colitis Organisation
<https://www.ecco-ibd.eu/>

Fiscal 2014 Net Sales of Core Products

| | Net Sales (¥ Billion) | (YoY) |
|---|-----------------------|---------|
| Pantoprazole peptic ulcer treatment | 49.3 | 1.9% ↑ |
| <i>ADCETRIS</i> malignant lymphoma treatment | 16.8 | 51.7% ↑ |
| <i>ENTYVIO</i> ulcerative colitis and Crohn's disease treatment | 7.7 | — |

disease, as well as strong performances from existing products and the impact of the yen's depreciation.

Business Environment

Governments across Europe are showing a tendency to prioritize highly innovative products when approving new drugs. Given this situation, Takeda is projecting strong growth in the specialty care area, with a compound annual growth rate (CAGR) of approximately 8%. Specialty care will be key driver of growth in the region (94% of absolute growth up to 2018).

Takeda's Strategy

In Europe-Canada, Takeda is evolving into an agile specialty care provider, delivering better health for patients through leading innovations in Gastroenterology (GI) and Oncology. Looking ahead, we will take steps to enhance digital engagement and key account management, while also strengthening Medical Affairs and market access capabilities to provide greater patient and customer-centricity.

In Gastroenterology (GI), we launched *ENTYVIO* in 12 countries throughout fiscal 2014, and achieved early market penetration. In fiscal 2015, we plan to launch it in a further 13 countries, giving Takeda an 80% coverage rate of the Europe-Canada markets.

In Oncology, our new product *ADCETRIS* continued to deliver further growth, and we will continue aggressively expanding our new product lineup in this area.

In the primary care business, we will focus on growth of the *VIPIDIA** (alogliptin) family of new type 2 diabetes treatments. We will also maintain sales of our core products, such as the peptic ulcer treatment pantoprazole.

* Japan and U.S. product name: *NESINA*

Emerging Markets

Takeda Key Figures

¥292.3_{bn}

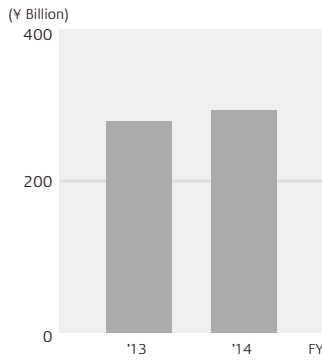
Fiscal 2014 revenue

10%

Fiscal 2014 underlying revenue growth* (excluding inventory adjustment)

* Underlying revenue growth: Constant currency and without divestments

Revenue



Note: Excluding royalty and service income



Singapore Headquarters



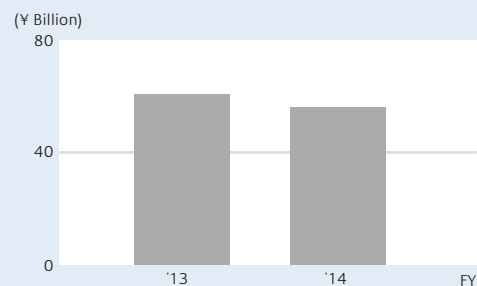
In February 2015, Takeda established a new regional hub in Biopolis, Singapore. Basing the new Emerging Markets Business Unit headquarters here will give Takeda quick and easy access to important market information on the region, enabling a faster, agile response to changes in patient needs or markets. The Singapore office also includes Asia Pacific commercial operations, the Vaccine Business Unit, and the Takeda Development Center Asia.

Singapore is an important business hub in Asia. Around 4,000 multinational corporations have set up regional headquarters there, including around 30 pharmaceutical companies. Singapore's Biopolis district is a dynamic concentration of offices and R&D facilities of biomedical companies, and provides the perfect business environment for pursuing further development and partnership opportunities.

Takeda Established a New Regional Hub in Singapore to Accelerate Growth in the Emerging Markets

Takeda has a legal presence in 37 countries/areas spread across five areas - Asia Pacific, Greater China, Latin America, Near East, Middle East & Africa (NEMEA) and the Commonwealth of Independent States (CIS). These markets already account for 90% of pharmaceutical market growth in Emerging Markets. Placing patients at the center of the business, the Emerging Markets Business Unit aims to achieve sustainable growth by launching new products in line with a clear portfolio strategy.

Revenue in the Russia Market



Note: Excluding royalty and service income

96.29m

China ranks first in the world for the number of adults suffering from diabetes (2014)

Source: *IDF Diabetes Atlas Sixth Edition*, International Diabetes Federation

Going forward, Takeda will work from its base in Singapore to create a structure that strongly links its main R&D and sales and marketing functions in Emerging Markets, and to accelerate business growth by deepening its understanding of patients and customers to meet their needs.

Performance Overview

Revenue in Emerging Markets for fiscal 2014 was ¥292.3 billion, representing year-on-year underlying growth (excluding inventory adjustment) of 10%. While some countries and regions were temporarily affected by the economic environment, key countries China and Russia both achieved strong, double-digit growth.

Business Environment

The Emerging Markets business is expected to contribute over 54% of total global pharmaceutical market growth between 2015 and 2025.

Already accounting for more than 80% of the global population, with an ever expanding affluent middle class, Emerging Markets are stepping up investments in infrastructure, education and healthcare. On the other hand, public healthcare systems in some countries are still inadequate, leaving many people without access to basic healthcare.

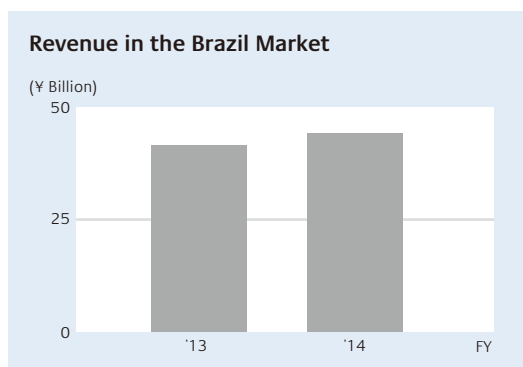
Takeda's Strategy

Takeda aims to become a top 10 player in Emerging Markets by 2020, with a three-pillar strategy for achieving this:

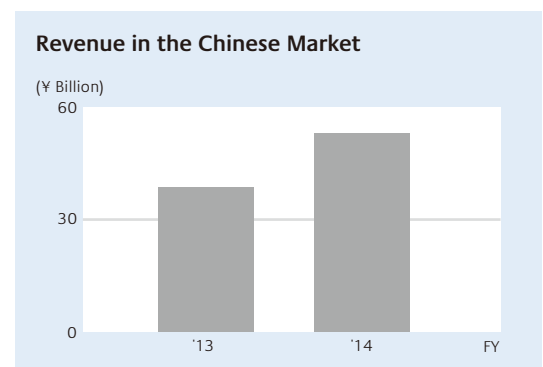
- 1) Geographic focus: efforts will be concentrated on building and reinforcing scale in markets where Takeda already has a commercial presence – enormous opportunities remain in countries such as China, India and Vietnam.
- 2) Resources will be deployed behind four key segments identified as having increased disease prevalence and market growth (diabetes), strong in-house capabilities and brands that can be leveraged (Gastroenterology (GI), OTC), or where Takeda has a robust and innovative pipeline that addresses unmet medical needs (Oncology).
- 3) Explore inorganic growth opportunities in selected markets, particularly through M&A.

Takeda has also established a global Access to Medicines Committee and Governance Model. The model helps connect and promote Takeda's company-wide activities and initiatives to improve healthcare offerings and address unmet medical needs.

See P.17 Access to Healthcare



Note: Excluding royalty and service income



Note: Excluding royalty and service income

Corporate Social Responsibility (CSR)

As a company committed to improving people's lives, Takeda considers the various impacts of its business operations on society and strives to create and sustain value throughout every part of its business processes. At the same time we also focus on being an active corporate citizen.

- 45 Takeda's CSR Activities
- 50 Human Rights
- 52 Labor
- 54 Environment
- 56 Anti-Corruption/Fair Operating Practices/
Consumer Issues
- 58 Corporate Citizenship Activities



Takeda's CSR Activities

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

SDGs

A set of international targets for sustainable development being considered in connection with the drafting of the post-2015 development agenda, to continue on from the Millennium Development Goals (MDGs), which will finish in 2015.

See

P.18 CSR Strategy
P.58 Corporate Citizenship Activities

Basic Policy on CSR

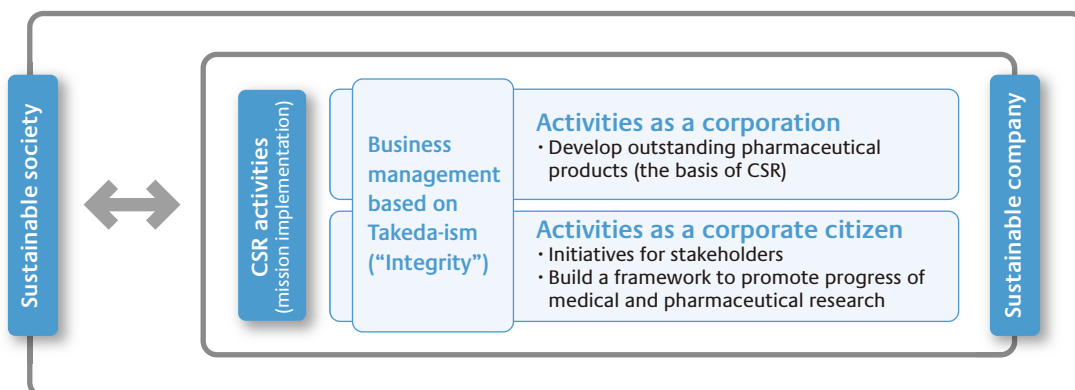
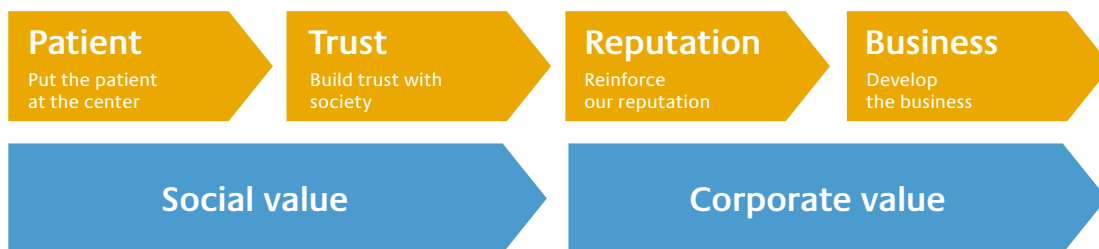
For Takeda, CSR is rooted in putting the patient in the center and operating a pharmaceutical business that creates outstanding products. In addition, we strive to maintain and improve sound business processes, and to engage in activities to promote a sustainable society as a good corporate citizen. In doing so, we are implementing a model of value creation and preservation through CSR. This will help us to build trust with society, reinforce our reputation, and further develop the pharmaceutical business. In conducting our activities, we refer to internationally recognized guidelines, such as the United Nations Global Compact's 10 principles, and long-term international targets, such as the Sustainable Development Goals (SDGs) that are scheduled to be announced in September 2015. We also apply the PDCA cycle.



Patients queue at an outpatient clinic (Tanzania)
From the Takeda Initiative* project website

* A 10-year endowment program launched in 2010 to support the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), by developing the capacity of healthcare providers in Africa.

Creating and Sustaining Value through CSR



CSR Governance and Strategic Engagement

CSR Governance

Decision making: Just as with business matters, important CSR-related matters are handled by the Business Review Committee or the Board of Directors.

Due diligence: We identify any impacts business activities have on society and the environment, including potential impacts, and take appropriate measures to handle them, with the aim of sustaining corporate value.

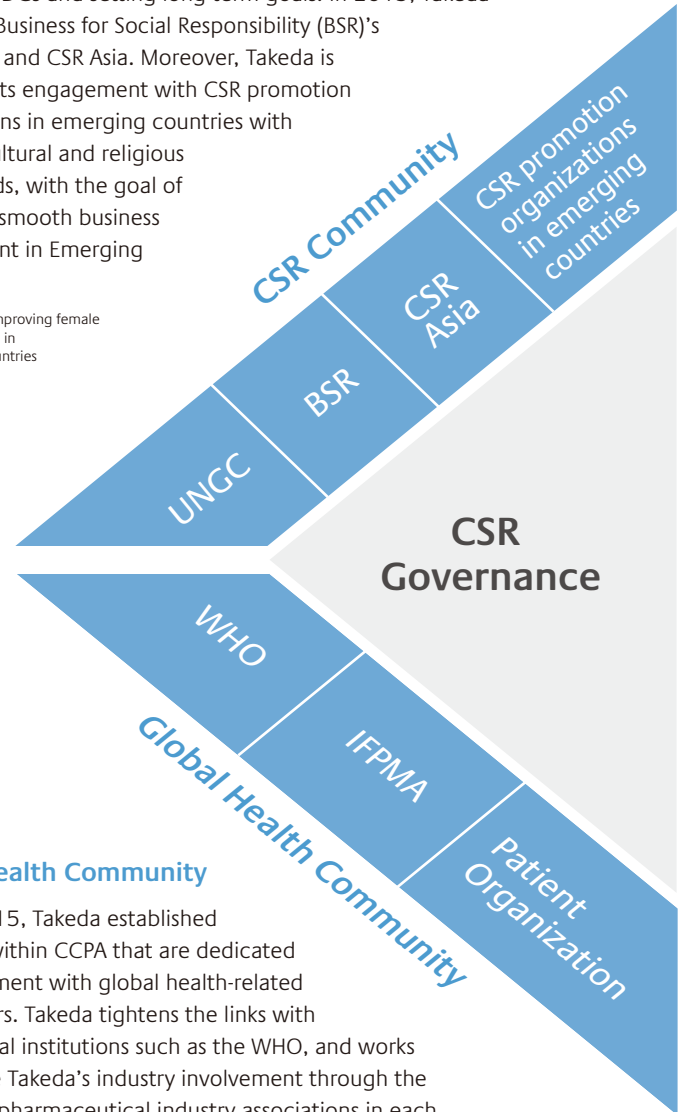
Implementation: Material issues identified through engagement activities are categorized into quality, human rights, labor, environment, procurement, supply chain management, compliance and community, making reference to standards such as ISO 26000. Then they are dealt with as projects by the relevant departments.

Disclosure: A dedicated CSR organization within Corporate Communications and Public Affairs (CCPA) promotes disclosure of CSR-related information, making reference to the United Nations Global Compact Advanced Level criteria, GRI's fourth generation of Sustainability Reporting Guidelines (G4), and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework, and other guidelines.

CSR Community

Takeda has participated in the United Nations Global Compact LEAD program since its inception, as well as research conferences related to SDGs and setting long-term goals. In 2015, Takeda joined the Business for Social Responsibility (BSR)'s HERhealth* and CSR Asia. Moreover, Takeda is increasing its engagement with CSR promotion organizations in emerging countries with different cultural and religious backgrounds, with the goal of facilitating smooth business development in Emerging Markets.

* A project for improving female workers' health in developing countries



UNGC

United Nations Global Compact
The UNGC is a worldwide framework for promoting voluntary actions by corporations as responsible corporate citizens. Participating businesses and organizations are asked to support and implement its 10 principles.

BSR

Business for Social Responsibility
A global association of member companies for CSR.

CSR Asia

A CSR think tank with one of the largest networks in the Asia-Pacific region.

IFPMA

International Federation of Pharmaceutical Manufacturers & Associations

ATM Index

The Access to Medicine (ATM) Index was developed by the Access to Medicine Foundation to independently rank pharmaceutical companies' efforts to improve access to medicine.

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.

Stakeholder Engagement

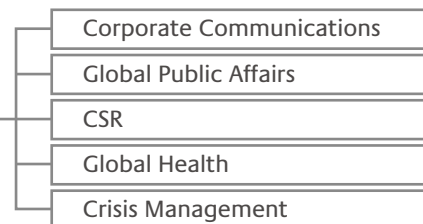
For Takeda, stakeholder engagement means understanding the position and concerns of stakeholders and then reflecting these in corporate activities and decision making.

Global Health Community

In April 2015, Takeda established functions within CCPA that are dedicated to engagement with global health-related stakeholders. Takeda tightens the links with international institutions such as the WHO, and works to enhance Takeda's industry involvement through the IFPMA and pharmaceutical industry associations in each country and to increase patient advocacy activities in various countries.

CCPA Organizational Structure

CCPA
Corporate Communications and Public Affairs



Evaluation Agencies for Environmental, Social, and Governance (ESG), etc.

We monitor the status of CSR trends and the expectations of investors and NGOs of pharmaceutical companies through surveys from socially responsible investment (SRI) indices such as the Dow Jones Sustainability Index and FTSE4Good Global Index. With respect to our response to the issue of access to healthcare, we have established a dedicated department with the marketing division for Emerging Markets, which is in Singapore. The department responds to surveys from institutions that evaluate healthcare access, such as the Access to Medicine Foundation.

Strategic Engagement

Takeda works to grasp long-term CSR trends and expectations of the company both now and in the future through dialogue with a diverse range of communities and stakeholders. In this way, we obtain an overall picture of the current situation before implementing CSR activities.

Inclusion Status in SRI (Socially Responsible Investment) Indices (as of June 30, 2015)

- Dow Jones Sustainability Asia Pacific Index (S&P Dow Jones Indices LLC of the U.S.)
- FTSE4Good Global Index (FTSE International Limited of the U.K.)
- Morningstar Socially Responsible Investment Index (MS-SRI) (Morningstar Japan, Inc.)

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



FTSE4Good



Strategic Engagement

Dialogue with Stakeholders

Dialogue with Stakeholders

Takeda enhances the quality of dialogue with stakeholders using the AA1000 standards, 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"> • Participate in international conferences • Provide information through customer relations and through our website, etc. • Hold seminars on healthcare, etc. • Pharmaceutical information providing activities • Provide information through advertising | CCPA, 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 • Respond to CSR surveys by socially responsible investors • IR activities | IR, CCPA, 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 | CCPA, etc. |
| 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 procurement activities based on the Takeda Global Code of Conduct and the Takeda Supplier Code of Conduct • 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 • The Takeda Global Code of Conduct • Voice of Takeda System (VTS) • Labor-management dialogue • Counseling • Hold "Worldwide Takeda-ism Months" • A range of capability development training | Human resources-related departments, Legal department, etc. |

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

Takeda uses the framework of the core subjects in the ISO 26000 standard to promote its activities. This section explains Takeda's activities in accordance with the disclosure standards of the United Nations Global Compact.

CSR Activity Targets and Results

| The United Nations Global Compact Advanced Level Criteria | ISO 26000 Core Subjects | Targets for Fiscal 2014 | Results for Fiscal 2014 |
|--|---|---|---|
|  Human Rights Criteria 3-5 | Organizational Governance Human Rights | Continue to increase knowledge and awareness of CSR among employees | Published pages to explain about CSR in the in-house magazine four times in the year, and posted 16 CSR articles on the global intranet |
| | | Continue to engage with stakeholders | Held dialogues regarding the Takeda-Plan Healthcare Access Program with cooperating NGO Plan Japan and CSR consultant CSR Asia, and summarized them in a pamphlet |
|  Labor Criteria 6-8 | Labor Practices | Continue to strengthen the promotion of diversity | Conducted status surveys of each country on a global basis, continued female employee development programs and diversity awareness raising activities, and provided support for networking meetings of female company executives (Japan) |
| | | Continue to promote accelerated development of global leaders | Identified a group of individuals who are expected to become global leaders, applying the company's Global Core Competency Model and Talent Review Process, and launched a training program to develop them |
| | | Continue to promote work-life balance | Achieved 1,800 annual total working hour level through initiatives to reduce overtime work hours and improve acquisition rate of annual paid leave (Japan) |
|  Environment Criteria 9-11 | The Environment | Continue to promote the Takeda Group Environmental Action Plan | Each subsidiary and division set targets based on the plan and worked to achieve them |
| | | Conduct internal audit based on the Global EHS Guideline and the checklist | Conducted internal audits systematically at every division worldwide based on a checklist |
| | | Continue to strengthen and improve environmental protection and accident prevention management systems | Each subsidiary and division set targets based on the plan and worked to achieve them |
| | | Continue to promote full employee participation in energy conservation | Each division achieved its established energy conservation targets |
| | | 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 |
| | | Continue to promote initiatives for biodiversity conservation | Continued to cultivate over 100 species of endangered herbal plants at Takeda Garden for Medicinal Plant Conservation (Kyoto) to ensure their ongoing preservation |
|  Anti-Corruption Criteria 12-14 | Fair Operating Practices | Continue to instill the Takeda Global Code of Conduct and the Takeda Anti-Corruption Global Policy in employees | Conducted activities to enhance employee understanding of the principles in the Takeda Global Code of Conduct and reinforced our Takeda Anti-Corruption program through the implementation of the Global Policy on Anti-Corruption Due Diligence on Third Parties |
| | | Plan to conduct the CSR survey for new suppliers | Completed a CSR risk assessment on our global supply base (over 15,000 suppliers) |
| | | Continue to promote green procurement | Continued steady promotion of green procurement |
|  Corporate Citizenship Activities Criteria 15-18 | Community Involvement and Development | Continue to provide ongoing support for areas affected by the Great East Japan Earthquake | Provided steady support under a long-term scheme running through to 2020 |
| | | Continue to promote corporate citizenship activities in the healthcare field | Steadily implemented healthcare-related programs such as the Takeda Initiative and IDEEL Program |
| | | Continue to provide research grants in a wide range of fields that contribute to healthcare progress | Continued to provide funds for the Global Health Innovative Technology Fund (GHIT Fund), which aims to promote the discovery of new drugs to fight communicable diseases in developing countries |
| | | Continue partnerships with NGOs and NPOs | Participated in international conferences such as World CSR Congress (India), and strengthened relationships with NPOs in Asia |
| | | Continue to raise awareness throughout the company about the Basic Policies on Corporate Citizenship Activities | Created a photobook summarizing employees' corporate citizenship activities around the world for patients, and shared the information with all employees |
| | | Continue to implement activities to publicize the Global Donation Guidelines throughout the company | Updated guidelines related to donations based on changes in the corporate governance system |
| | | Continue to provide opportunities for volunteer activities to employees in Japan | Conducted a complete renewal of the volunteer information page on the intranet |

Evaluations: ○:Target achieved △:Target not completely achieved ×:Target not achieved

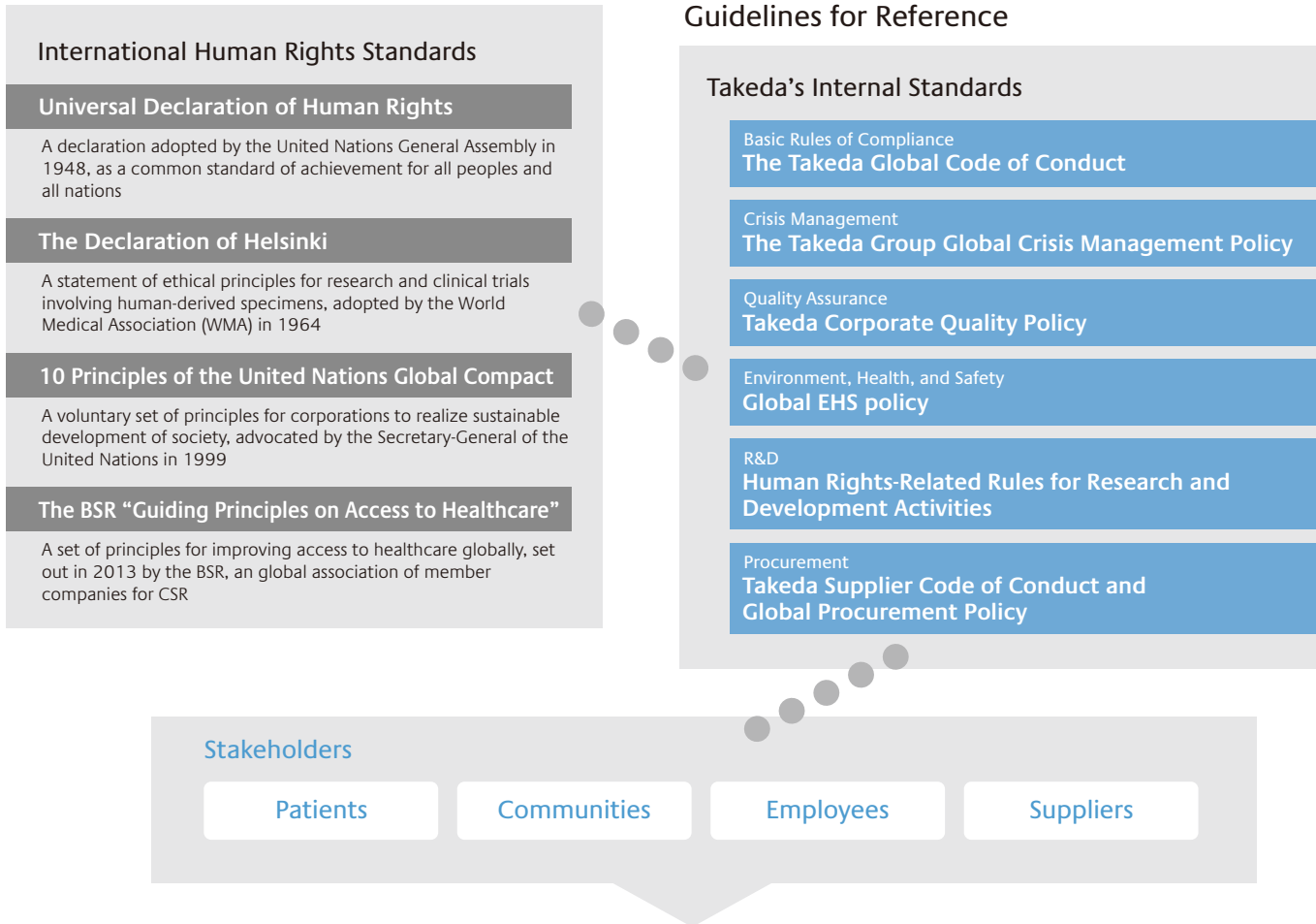
| Evaluation | Targets for Fiscal 2015 | Page in Annual Report |
|------------|--|---|
| ○ | Continue to increase knowledge and awareness of CSR among employees | → P.45 Takeda's CSR Activities → P.18 CSR Strategy → P.61 Corporate Governance |
| ○ | Continue to engage with stakeholders | |
| ○ | Continue to ensure strict adherence to company rules on human rights in all operational processes, including research, development, procurement, and marketing | → P.50 Human Rights → P.52 Labor → P.63 Compliance |
| ○ | Continue to strengthen the promotion of diversity | → P.52 Global Talent Management Promotion of Diversity Global Survey on Best-in-Class |
| ○ | Continue to promote accelerated development of global leaders | |
| ○ | Continue to promote work-life balance | |
| ○ | Continue to promote the Takeda Group Environmental Action Plan | → P.54 Environmental Management Environmental Performance Action Plan through to Fiscal 2020 Established |
| ○ | Conduct internal audit based on the Global EHS Guideline and the checklist | |
| ○ | 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 | |
| ○ | Improve compliance monitoring activities | → P.56 The Takeda Global Code of Conduct Global Procurement Incorporating CSR Fair Promotion Activities → P.29 Intellectual Property → P.63 Compliance |
| ○ | Publish a new Supplier Code of Conduct | |
| ○ | Implement new global process for supplier risk and CSR evaluation and improvement | |
| ○ | Monitor and pursue legal action on rogue online pharmacies | → P.56 Global Anti-Counterfeit Measures → P.34 Manufacturing and Supply → P.35 Quality Management System → P.36 Marketing |
| ○ | Engage relevant law enforcements and regulatory agencies around the globe to combat the sale and trade of illicit products | |
| △ | Secure the legitimate supply chain | |
| ○ | Improve the process for preparing promotional materials for healthcare professionals and rigorous application throughout the company | |
| ○ | Provide appropriate information to patients using Takeda's products through the company website | |
| ○ | Continue to provide information spanning treatments and preventative measures | |
| ○ | Continue to provide ongoing support for areas affected by the Great East Japan Earthquake | → P.58 Global Healthcare Issues Healthcare Issues in Each Business Area Support for Areas Affected by the Great East Japan Earthquake HERhealth → P.17 Access to Healthcare → P.28 Vaccine Business |
| ○ | 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 | |

For further details about our activities, refer to the CSR Data Book: <http://www.takeda.com/csr/reports/>



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

Takeda has prepared internal standards in the form of policies and guidelines based on international human rights standards, and strives to be socially responsible at every stage of the value chain from research and development to procurement, production, distribution, and sales and marketing as it conducts its activities.



Major Human Rights Issues and Initiatives throughout the Value Chain

| Research | Development (Clinical Trials) | Procurement |
|--|---|--|
| <p>Issues</p> <ul style="list-style-type: none"> Obtaining the voluntary agreement (informed consent) of all individuals who provide human-derived specimens beforehand | <p>Issues</p> <ul style="list-style-type: none"> Obtaining the voluntary agreement (informed consent) of all individuals who participate in clinical trials beforehand | <p>Issues</p> <ul style="list-style-type: none"> Human rights problems for workers at suppliers primarily in emerging and developing countries |
| <p>Initiatives</p> <ul style="list-style-type: none"> Conduct research activities based on a framework of policies and rules that respect the dignity of life and human rights | <p>Initiatives</p> <ul style="list-style-type: none"> Follow the International Conference on Harmonisation - Good Clinical Practice (ICH-GCP) guidelines, which are international standards consistent with the spirit of the Declaration of Helsinki | <p>Initiatives</p> <ul style="list-style-type: none"> Assess potential human rights risks in Takeda's supplier base and work with selected suppliers to manage human rights risks Promote supplier diversity in accordance with the Global Procurement Policy |

See P.54 Environment P.56 Anti-Corruption/Fair Operating Practices/Consumer Issues P.63 Compliance

KEY FIGURES

3 Number of departments that participated in an internal Human Rights seminar by Business for Social Responsibility (BSR) (fiscal 2014)

TOPICS

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. Accordingly, when selecting contract research organizations (CROs) to perform various operations in our global clinical trials, we take particular care to conduct rigorous pre-contractual quality assurance audits. 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

2

FUTURE OUTLOOK

Issues and Initiatives Going Forward

Global pharmaceutical companies that conduct business in Emerging Markets and developing countries must give consideration and care to human rights issues in various processes in the course of providing medicines. Takeda will continue to fulfill its responsibilities as a company involved in improving people's lives by bolstering its initiatives across Takeda, drawing on a variety of insights gained through proactive participation in international community forums.

For further details about our activities, refer to the CSR Data Book:
<http://www.takeda.com/csr/reports/>

Production

Issues

- Concerns for the safety and health of people who live near our facilities

Initiatives

- Strengthen response based on the "Global EHS Policy" and "Global EHS Guideline"

Distribution

Issues

- Prevention of health problems to patients due to counterfeit drugs

Initiatives

- Safeguarding our products and securing the supply chain by engaging in risk-based and holistic product protection activities

Sales and Marketing

Issues

- Appropriate provision, collection and communication of information related to pharmaceutical products

Initiatives

- Compliance with the JPMA Code of Practice and the Fair Competition Code for Ethical Drug Production and Sales



Under Global One Takeda, we are creating an organization that can fully leverage diversity to promote business activities that will help patients around the world.

Takeda is endeavoring to attract and develop diverse global talent and provide a working environment where employees can work comfortably as part of our transformation into a best-in-class global pharmaceutical company.

Schola Cogito

The name of the program is from the Latin words Schola ("school") and Cogito ("to think"). A business site where lectures are held serves as a hub connecting a network of major business sites and mobile PCs, enabling participants to work on acquiring business skills without restrictions due to working location.

Global Talent Management

Under a new organization supervised by the Global HR Officer (GHRO), Takeda is taking proactive measures to attract and develop talent globally and to achieve optimal deployment. We have introduced a Global Core Competency Model and Talent Review Process, which we use to achieve fair and objective human resource evaluation and development. We have also set up a common global stepped development program aimed at producing a

continuous stream of leadership talent capable of driving our global business. Meanwhile, the Schola Cogito program that we launched in Japan is a unique voluntary training program that utilizes IT to make it easy for employees to participate from distant locations. By actively providing educational opportunities for ambitious employees, we are fostering a culture of learning.

Women's Empowerment

Empowerment refers to the ability of women to participate in various decision-making processes with the ability to choose and make decisions for themselves, both as individuals and within the context of social groups such as corporations and communities.

Promotion of Diversity

In 2012, Takeda announced its support for the Women's Empowerment Principles (WEPs), which are the joint creation of the United Nations Global Compact and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women). Takeda follows the seven principles to enhance its initiatives for promoting the active participation of women in corporate activities. In Japan, Takeda is taking steps to develop and produce female management talent and has set specific numerical targets to help achieve this aim. In fiscal 2014, the percentage of women in managerial positions was 3.9%.

Status of Women's Empowerment Initiatives

| | | FY2013 | FY2014 |
|--|--------|--------|--------|
| Employee composition | Female | 1,809 | 1,850 |
| | Male | 4,769 | 4,930 |
| Number of participants in leadership development programs | Female | 32 | 42 |
| | Male | 3 | 39 |
| Ratio of women in managerial positions* | | 2.9% | 3.9% |
| Child care leave users | Female | 165 | 196 |
| | Male | 69 | 73 |
| Ratio of women receiving health examination for gender-related health issues | | 49% | 53% |
| Number of users of on-site child care facilities | | 58 | 61 |

Data collection sites: Takeda Pharmaceutical Company Limited

* To get a more accurate understanding of the effects of diversity promotion initiatives, in fiscal 2014 the calculation method was changed to include women posted overseas and full-time contract employees.



A networking meeting for female company executives



The President & CEO exchanges opinions with female company executives

Data assured by a third party

KEY FIGURES

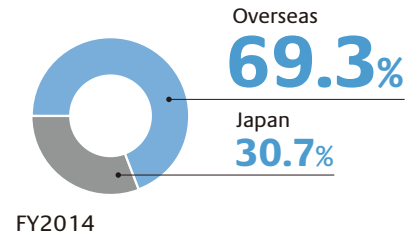
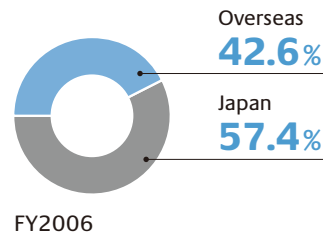
31,328

Number of employees
(as of March 31, 2015)

5%

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

Ratio of overseas employees



TOPICS

Global Survey on Best-in-Class

In June 2015, Takeda conducted a global survey of all employees on the theme of becoming a best-in-class employer in the eyes of all its employees. The survey was provided in 33 different languages and dialects, and the system allowed employees to complete it either online, on a mobile device, or on paper. Takeda will use the results of the survey to develop its initiatives for becoming a best-in-class pharmaceutical company with world-class R&D capabilities that is entirely focused on patients and customers all around the world.

Number of different language and dialect versions of the survey

33

FUTURE OUTLOOK

Issues and Initiatives
Going Forward

Takeda will build a common global HR platform to unite it under Global One Takeda as an organization where diversity can thrive. We will also pursue an optimal combination of global and local talent. Looking ahead, we will make further upgrades to our HR systems and functions to enable various talent with a shared commitment to Takeda-ism make fullest use of their capabilities and passion in their respective roles and regions for the sake of the health of people all over the world.

See P.80 Independent Assurance of Environmental and Social Performance Indicators

For further details about our activities, refer to the CSR Data Book:

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



We are progressing in areas of environment, health, and safety (EHS) with a long-term perspective to fulfill our responsibilities as a global enterprise.

Takeda has been engaged in environmental protection with a long-term perspective. We are establishing the environmental management system suitable for a global pharmaceutical company and working together to advance globally harmonized EHS activities.

1970

Established the Environmental Protection Committee

Environmental Management

Takeda is strengthening its environmental protection structure following the direction set out by the Global EHS Policy. In 2015, we reorganized the corporate EHS system to enable agile and efficient management at the global level. Having the system at the center, we will further progress environmental protection measures both from global and local perspectives in a layer by layer fashion.



Second Global EHS Meeting (Dec. 16-17, 2014)

49%

Ratio of Scope* 3 CO₂ emissions across the entire value chain relating to Takeda Pharmaceutical Company's business activities (fiscal 2014)

* Refers to the scope for calculation and reporting on emissions as stipulated by GHG Protocol, an international standard for calculating GHG emissions.

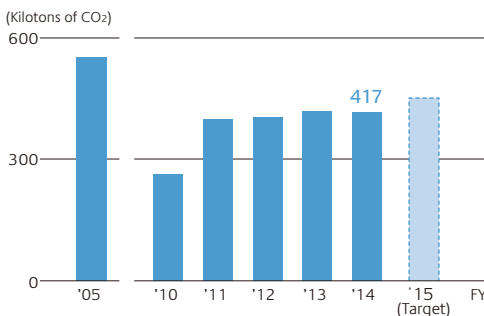
750m

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

Source: United Nations "World Water Development Report" (2015)

Environmental Performance

CO₂ Emissions of Takeda



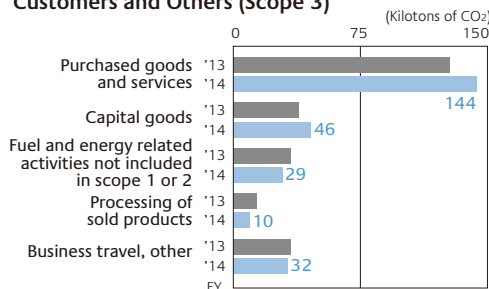
Data collection sites: Takeda's production and research sites (Takeda Pharmaceutical Company Limited includes its headquarters and sales offices.) Due to a divestment, past data has been restated.

Calculation Method

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

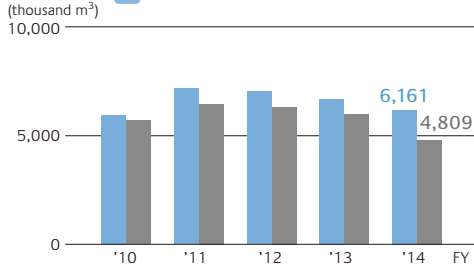
• **CO₂ emission factor**
Emissions of Takeda in Japan are calculated based on the "Law Concerning the Rational Use of Energy," and the CO₂ emission factor for purchased electricity is the adjusted emission factor for each electric power provider in each fiscal year (figures for fiscal 2014 are the actual figures from fiscal 2013). 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.

CO₂ Emissions Due to Activities of Takeda Pharmaceutical Company Limited, Suppliers, Customers and Others (Scope 3)



Data collection sites: Takeda Pharmaceutical Company Limited
Direct emissions at the company (Scope 1), Indirect emissions from energy sources (Scope 2), Other indirect emissions (Scope 3)

Volume of Fresh Water Used and Discharged of Takeda



Data collection sites: Takeda's production and research sites
Due to a divestment, past data has been restated.
The calculation method of discharged water was changed.

Data assured by a third party

KEY FIGURES

19% Reduction

Reduction in Takeda's CO₂ emissions in Japan and overseas from fiscal 2005 level (fiscal 2014)

18% Reduction

Reduction in Takeda's reported atmospheric release of PRTR substances in Japan from fiscal 2010 level (fiscal 2014)

20% Reduction

Reduction in the volume of Takeda's final waste disposal in Japan from fiscal 2010 level (fiscal 2014)

122

Number of endangered plant species preserved in the Takeda Garden for Medicinal Plant Conservation (Kyoto) as of March 31, 2015

TOPICS

Action Plan through to Fiscal 2020 Established

Takeda continues to undertake environmental protection activities with a medium- to long-term perspective, and has established an action plan with targets for fiscal 2020. The plan sets out numerical targets for CO₂, NO_x, and SO_x emissions, volumes of waste for final disposal, and fresh water usage. It calls for a 25% reduction in CO₂ emissions from fiscal 2005 levels.

Target reduction in Takeda's CO₂ emissions from fiscal 2005 level (fiscal 2020)

25%

Fiscal 2020 Medium-Term Global Targets (from fiscal 2005 level)

20% Reduction
NO_x emissions

75% Reduction
SO_x emissions

60% Reduction
The volume of final waste disposal (Japan)

30% Reduction
The volume of fresh water used

FUTURE OUTLOOK

Issues and Initiatives Going Forward

Takeda has been responding to various concerns of the global community such as water resource management and climate change. Through Scope 3 and independent assurance, we will continue to measure our environmental impact and disclose highly transparent and reliable information. Moreover, we will engage in EHS management with a longer-term perspective based on global targets for the year 2020 with regard to key themes.

See P.80 Independent Assurance of Environmental and Social Performance Indicators

For further details about our activities, refer to the CSR Data Book:
<http://www.takeda.com/csr/reports/>



We will promote fair operating practices across Takeda while promoting strong anti-counterfeit measures to protect the health and peace of mind of patients.

Takeda is committed to observing the laws of each country, as well as applying high ethical and moral standards based on Takeda-ism as it promotes business activities with a priority on ensuring the health and safety of people all over the world.

The Takeda Global Code of Conduct

The Takeda Global Code of Conduct is a set of principles governing employee conduct. All Group executives and employees are expected to understand, comply with, and implement the Code in their daily business activities.

See P.63 Compliance

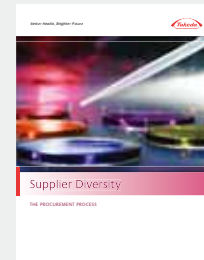
Global Anti-Counterfeit Measures

In fulfilling a part of Takeda's mission to strive towards better health for people worldwide, Global Product Protection, which is a team consisting of diverse subject matter experts, is safeguarding our products and securing the supply chain by engaging in risk-based and holistic product protection activities throughout Takeda.

Global Procurement Incorporating CSR

Takeda is increasing its focus on managing risks and corporate social responsibility (CSR) in its supply chain. This year Takeda has introduced a new Supplier Code of Conduct to encourage suppliers to make their own efforts towards CSR. Takeda plans to evaluate supplier performance on the Supplier Code as part of a new global process and will target improvements with suppliers on select areas. In 2015, Takeda became a member of the Pharmaceutical Supply Chain Initiative, a group of some 20 global pharmaceutical companies, which assess and promote the CSR activities of pharmaceutical suppliers.

Takeda has extended its commitment to diversity to the marketplace, with its Supplier Diversity Program, which enables socially and economically diverse companies to have an appropriate opportunity to compete with other suppliers, which serve Takeda.



A Supplier Diversity pamphlet

- Basic Rules of Compliance

The Takeda Global Code of Conduct

- Specific Conduct Guidelines for Anti-Corruption

The Takeda Anti-Corruption Global Policy

The Global Policy for Anti-Corruption Due Diligence on Third Parties

Policy Framework for Respecting the Dignity of Life and Human Rights
Rules for the Research Ethics Investigation Committee, etc.

Research and Development

Guidelines for Implementing CSR throughout the Value Chain
**Global Procurement Policy
 Takeda Supplier Code of Conduct**

Procurement

Guidelines for Reducing Environmental Risks
**Global EHS Policy
 Global EHS Guideline**

Production

Main Policies/Guidelines/Action Plans on Anti-Corruption/Fair Operating Practices/Consumer Issues

KEY FIGURES

9,933

Number of illicit online pharmacies identified and shut down as a result of Takeda's investigations (fiscal 2014)

TOPICS

Strengthening Compliance

With the creation of the new Global Compliance organization, which is overseen by the Global General Counsel (GGC), Takeda is taking steps to ensure consistent application of its policies throughout the Group. The Takeda Global Code of Conduct is translated into local languages to promote employee understanding.

Number of languages into which the Takeda Global Code of Conduct has been translated

Approx. **30**

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. To provide guidance to ensure the policies are followed and to implement them effectively in line with the situation in each country, we are continually developing individual standard operating procedures for each country and region which provide detailed guidance on acceptable conduct of specific business activities. Going forward, we will take even further measures to ensure rigorous compliance, enhancing our compliance programs to cover additional activities and implementing a comprehensive compliance monitoring program to ensure we continue to build a best-in-class sustainable company that puts the patient at the center.

For further details about our activities, refer to the CSR Data Book:
<http://www.takeda.com/csr/reports/>

- Guidelines on Fair Market Value for the Compensation of Healthcare Professionals

Global Policy regarding Fair Market Value

Policy on Takeda's overall Philosophy and Commitment to Quality
Takeda Corporate Quality Policy

Code for Promoting Drugs
The Policy on Promotion of the JPMA Code of Practice

Distribution

Sales and Marketing

Fair Promotion Activities

Takeda's activities are governed by the Takeda Global Code of Conduct, which includes guidelines on fair promotion activities and ensures strict adherence to laws relating to the pharmaceutical business in each country and to the Code of Practice of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and its member associations.



We will cooperate with international organizations, NGOs, and others to carry out activities focused on the healthcare field.

As a company committed to improving people's lives, Takeda undertakes corporate citizenship activities intended to solve or alleviate social issues facing patients and people who have suffered from disasters.

Joint R&D with MMV

Joint R&D on anti-malaria compounds with the Medicines for Malaria Venture (MMV), a project supported by the Global Health Innovative Technology Fund (GHIT Fund)

Takeda Initiative

A program to develop the capacity of healthcare providers in three African countries, promoted in partnership with the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund)

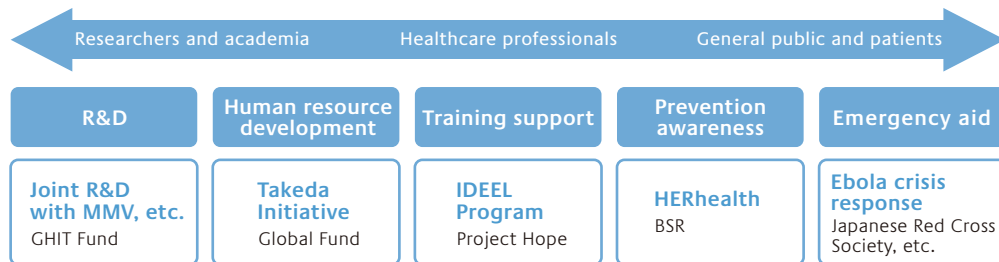
IDEEL* Program

An e-learning program on diabetes for healthcare professionals in developing countries, promoted in partnership with the international NGO Project Hope

* The International Diabetes Educator E-Learning

Global Healthcare Issues

We are engaged in various programs that reflect the calls of international society, such as the United Nations Millennium Development Goals and WHO appeals.



Healthcare Issues in Each Business Area

Based on the concept of "putting the patient at the center," Takeda's business sites in countries all over the world are playing their part as members of the local community by donating to local organizations, supporting volunteer activities by employees, and engaging in corporate citizenship activities in line with local needs, such as initiatives to raise awareness of disease.

Corporate Citizenship Activities by Business Sites around the World (Partial)

- Participate in events to support patients
- Plan and perform plays with health awareness-raising themes
- Study meetings with guest speakers from NGOs
- Exchange events with patients
- Support photography exhibitions in support of patients
- Make picture books to promote better lifestyle habits



- Charity support for children's hospital wards
- Support nutritional improvement programs
- Volunteer painting activities at children's hospitals
- Clean up events at accommodation facilities for patients and their families
- Support scholarship programs for medical students
- Donate to healthcare related NGOs

Details of activities can be found in the Takeda Corporate Citizenship Activities Photobook
<http://www.takeda.com/company/channel/>

KEY FIGURES

3

Number of long-range 10-year CSR programs

TOPICS

HERhealth

Working women in developing and emerging countries suffer from inadequate health knowledge and access to healthcare. Business for Social Responsibility (BSR), a global association of member companies for CSR, established HERhealth to address these issues in global supply chains. Takeda supports HERhealth in 2015, and is particularly involved in enhancing factory health clinics to better support women's health in the workplace. We are currently piloting a program in Bangladesh.

Number of countries where HERhealth is operating

12

FUTURE OUTLOOK

Issues and Initiatives Going Forward

Takeda began supporting the HERhealth program in 2015. After the completion of pilot projects in Bangladesh, the program aims to expand its activities into Vietnam, Indonesia, Cambodia, and Kenya. Looking ahead, we will continue to promote healthcare-related programs that respond to the demands of global society, and that contribute in particular to the Sustainable Development Goals, in collaboration with international organizations and NGOs.

For further details about our activities, refer to the CSR Data Book:
<http://www.takeda.com/csr/reports/>

¥3.9bn

Donation amount for Great East Japan Earthquake assistance

Period for operating recovery support programs by NGOs and NPOs through Takeda's contributions: 2011-2020

Support for Areas Affected by the Great East Japan Earthquake

Since immediately after the Great East Japan Earthquake, Takeda has been conducting long-term activities to support the recovery of areas affected by the disaster. Examples include the contribution of pharmaceuticals and donations. We have made a commitment to continue support for 10 years through to 2020. Through projects such as contributing part of the profits from *AL/NAMIN*, we have donated approximately ¥3.9 billion in total.



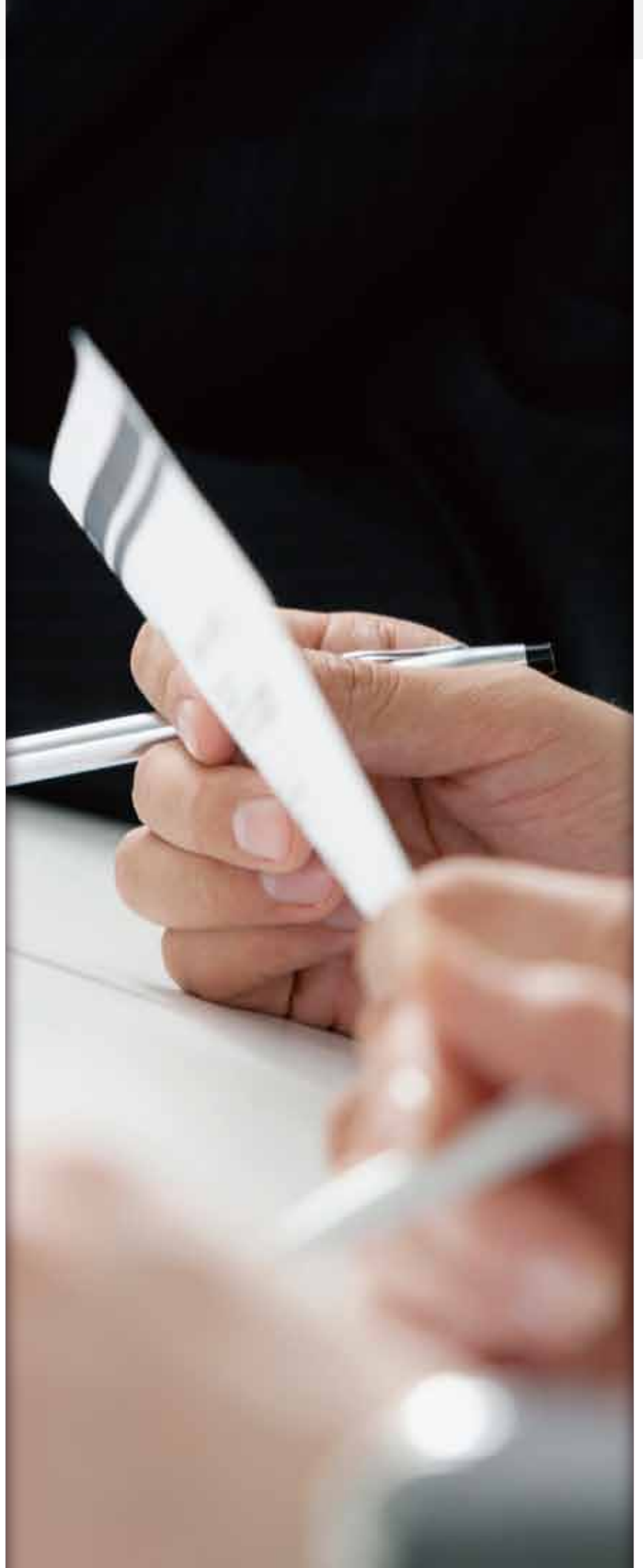
A support activity introduction video "We will never forget 3.11 ~2015~"

For further details about Takeda's activities to support the recovery from the Great East Japan Earthquake, refer to its website:
<http://www.takeda.com/earthquake/>

Corporate Governance

Takeda will work to establish a management framework befitting a world-class pharmaceutical company that operates on a global scale.

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Corporate Governance

■ Fundamental Policy and Structure

Policy toward Corporate Governance

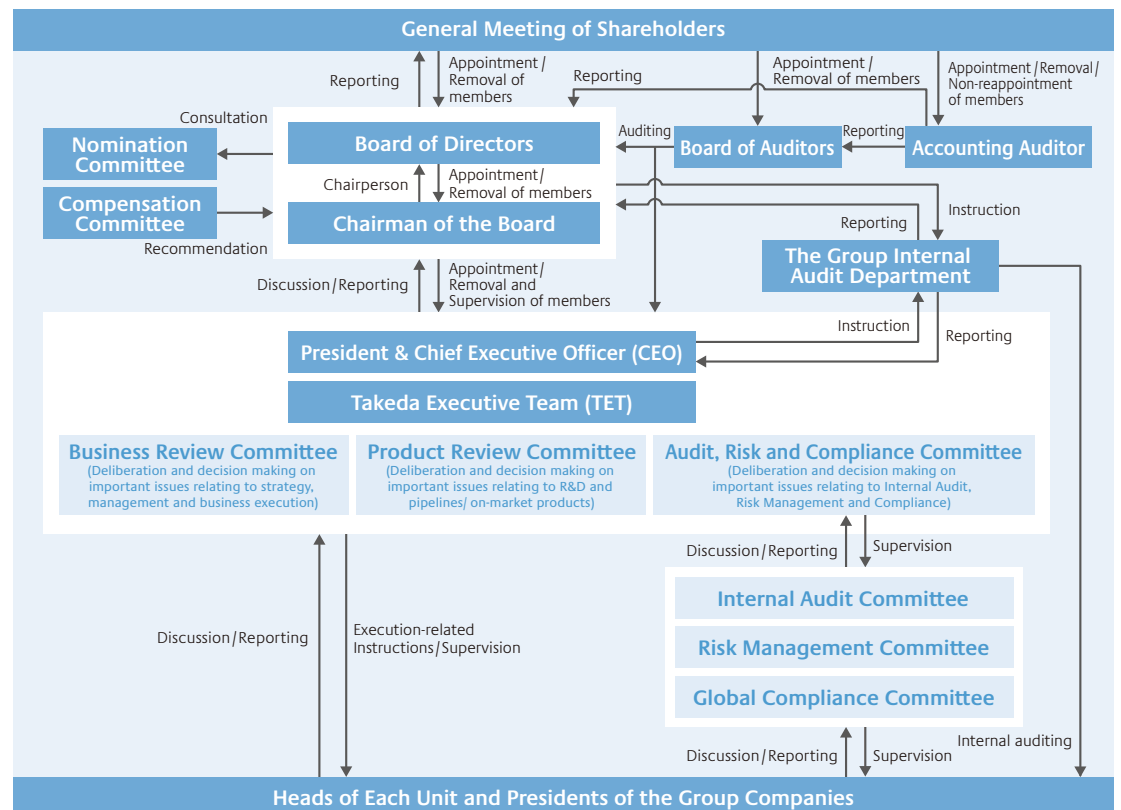
Takeda's management mission is to "strive towards better health for people worldwide through leading innovation in medicine." In line with this mission, Takeda is working to establish a management framework befitting a world-class pharmaceutical company that operates on a global scale. We are strengthening 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 Takeda, 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 corporate auditors. At the same time, Takeda 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, Takeda has established the Takeda Executive Team to manage and supervise each function under President & Chief Executive Officer (CEO), and also established the Business Review Committee (which is responsible for general management matters), the Product Review Committee (which is responsible for R&D and product-related matters), and the Audit, Risk and Compliance Committee (which is responsible for internal audit, risk management and compliance matters) to review important matters, thereby ensuring a system that enables faster and more flexible work execution and deeper cooperation among the various functions. Under the Audit, Risk and Compliance Committee, we have a Risk Management Committee which aims at promoting and enhancing the risk management culture to support business decision making.

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



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 three 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 were established as advisory bodies to the Board of Directors. Nomination Committee consists of one outside director as a Chairman, one outside director and one internal director. Compensation Committee consists of one outside director as a Chairman, one outside auditor and one internal 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

Committee Concerned with Business Execution

Takeda Executive Team

The Takeda Executive Team consists of members who report to the President & Chief Executive Officer (CEO). Each member manages one of the following Takeda's functions: corporate strategy, finance and accounting, human resources, legal, corporate communication, R&D, manufacturing, quality control, each regional business unit of Japan, US, Europe & Canada and emerging markets and each specialty business unit of oncology and vaccine.

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

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 | Long-term incentive | |
| Directors (excl. outside directors) | 1,409 | 556 | 370 | 483 | 8 |
| Corporate auditors (excl. outside corporate auditors) | 104 | 104 | — | — | 2 |
| Outside directors and outside corporate auditors | 80 | 80 | — | — | 5 |

Note: The figures above include one Director who retired as of the conclusion of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014, and three Directors and one Auditor who retired as of the conclusion of the 139th Ordinary General Meeting of Shareholders held on June 26, 2015.

Takeda's Corporate Governance Report can be viewed on the corporate website.

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

Up-to-date information on major subsidiaries and affiliates can be viewed on the corporate website.

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

Takeda Global Advisory Board (TGAB)

The Takeda Global Advisory Board (TGAB) is a body comprised of four external advisors with executive-level experience at global pharmaceutical companies. The TGAB conducts vigorous exchanges of opinion with management about various management issues.

■ Outside Advisors

Karen Katen

Former Vice Chairman of Pfizer Inc. and currently Senior Advisor for Essex Woodlands Health Ventures

Sidney Taurel

Former Chairman and CEO of Eli Lilly and Company and currently Chairman Emeritus of Eli Lilly and Company

Bruno Angelici

Former Executive Vice President, International, AstraZeneca plc and currently Chairman of Vectura Group plc

William W. Chin, M.D.

Former Executive Dean of Harvard Medical School, and currently Executive Vice President of Science and Regulatory Affairs, PhRMA

based on business results).

Any risks we may face in the course of global business operations are managed by the personnel responsible for risk management in each function 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,” we work to clarify the roles and responsibilities of each function. We ensure compliance and appropriate business operations through implementation of periodic internal audits and the Control Self Assessment (CSA) program* to each company and each function in Takeda.

* 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.

Audit Structure/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. Takeda also ensures the soundness and transparency of business management by means of an audit by the Board of Corporate Auditors and by the internal and outside Corporate Auditors. In addition, KPMG AZSA LLC serves as the accounting auditor.

Compliance

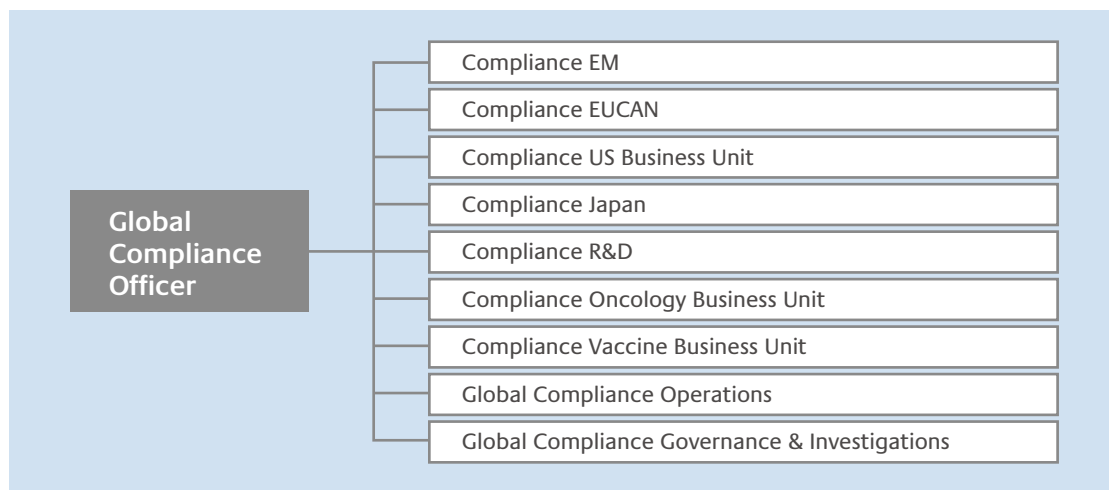
The Takeda Global Code of Conduct and Promotion of the Global Compliance Program

In order to fulfill social expectations, gain trust and bring value to society, Takeda believes that, in addition to complying with laws and regulations, it is essential for all employees and executives to maintain a high ethical and moral standard through the practical implementation of the corporate philosophy, Takeda-ism as we focus on the priorities of Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business) – in that order. In line with this perspective, Takeda has a Global Code of Conduct which establishes a common set of principles governing employee conduct globally. In fiscal 2011, Takeda formulated the Takeda Anti-Corruption Global Policy to deal with tightening regulations of anti-bribery globally and in fiscal 2013, Takeda implemented the Global Policy for Anti-Corruption Due Diligence on Third Parties.

To promote compliance throughout the company, Takeda has appointed a Global Compliance Officer and established the Global Compliance Committee.

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/>

Global Compliance Organization



Promotion of Compliance at Takeda Companies

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

Regardless of where it originates, the global, regional and local Compliance teams work together in a coordinated manner to ensure consistent implementation of each initiative.

Promotion of Compliance in Research

In pursuing its research activities, Takeda complies with relevant laws, such as the Pharmaceutical and Medical Device Act (PMD Act), as well as in-house regulations in order to develop outstanding pharmaceutical products.

To conduct experiments with animals which are essential to the research and development of new drugs, we have set rules and established committees within our research facilities that included external members (such as the Institutional Animal Care and Use Committee, etc.) which examines and approves experiment plans. The committees comply with the Act on Welfare and Management of Animals and other laws and regulations, as 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 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.

Issues Surrounding the Candesartan Antihypertensive Survival Evaluation in Japan (CASE-J Study)

In June 2015, Takeda received an order to improve business operation from the Japanese Ministry of Health Labour and Welfare (“MHLW”). The order was based on the decision that two promotional materials

targeting healthcare professionals for the hypertension medicine *BLOPRESS* (candesartan), which were developed in 2006 and 2010 based on results from the investigator-led CASE-J clinical research, etc., are applicable as misleading advertisements prohibited under Article 66, Paragraph 1 in the PMD Act of Japan.

The order does not raise any questions on *BLOPRESS*' proven safety and efficacy in lowering blood pressure. However, Takeda sincerely regrets receiving this order to improve business operation due to misleading advertisements, and sincerely apologizes to patients, healthcare professionals, and all concerned parties for the concern caused by this event.

This order is based on the judgment by the MHLW that Takeda inappropriately emphasized expressions in promotional materials for healthcare professionals regarding secondary effects of medicine to control cardiovascular events and diabetes. Accordingly, MHLW requests Takeda to strengthen the review system for materials, including advertisements, and to enhance the training program for employees and senior managers responsible for the process of developing and reviewing materials in Japan.

Takeda has already introduced enhanced review and management structures for controlling promotional materials to prevent similar incidents, in response to the changing social environment and regulations in Japan. Takeda takes this order to improve business operation by the MHLW very seriously, and will continuously enforce necessary preventive measures.

Messages from the Outside Directors



For the continuation and development of a company, there is constant pressure in terms of how it is evaluated by shareholders and by society. It is here that the outside directors and independent corporate officers have an important role and responsibility. The reality of this is steadily becoming apparent. It goes without saying. I am prepared to do my duty, and this shall be accomplished even before the corporate governance code which was announced this year.

The code calls on outside directors and others to supervise business execution under the CEO even more rigorously. To ensure that this supervision is sound, the code has detailed requirements based on five core principles. These include early provision of materials for Board of Directors meetings and receiving sufficient explanation to ensure proper understanding, having a stronger sense of responsibility in the appointment of the management team and devising systems to obtain information for that purpose, and constructing systems to comprehend the actual state of management in close coordination with frontline operations.

Under our President & CEO, Christophe Weber, we must coordinate our movements with the executive side. It sounds simple, but it is no easy task. I am committed to making my best, sincere effort.

Fumio Sudo, Outside Director



Amid a rapidly changing business environment and mounting demands on corporate governance, Takeda has taken swift, bold action to make important upgrades to its management foundation, including diversification of its management team and reorganization of its global operating structure. As a leading company in the pharmaceutical industry, Takeda is constantly taking on new challenges, driven by a strong sense of mission and a desire to grow. As an outside director, I am impressed by the company's commitment, and I take my role in Takeda's "proactive governance" very seriously.

Looking ahead, Takeda must continue enhancing its foundations, while increasing its management efficiency and speed. The company needs to strengthen its presence in local communities, its understanding of increasingly diverse risks and needs, and its ability to adapt to change. As the former head of a major global integrated business enterprise, I can offer experience in globalization and business model transformation, and I look forward to advising Takeda however I can. By overseeing the company's compliance and performing other supervisory duties, I hope to contribute to Takeda's continued growth going forward.

Yorihiro Kojima, Outside Director



What is the most important thing for a company to achieve sustainable growth? I have always considered it is to be an organization that continues to evolve through generations, even when the top management changes. The foundation of such an organization is corporate governance, and a key factor is the degree to which it can be broken down and explained clearly, and become a shared understanding developed within the company. For example, good news about something such as the development status of a new drug will be conveyed to the management team, even without really making any effort. However, bad news related to safety, compliance, or product quality needs to be related quickly to management, more so if the news is very bad, and dealt with promptly. This is a basic part of increasing corporate value. We need to aim to have corporate governance penetrate deeply and widely into the awareness not only of the management team, but all employees. Going forward, I will actively strive to do what I can to make the Board of Directors meetings even more effective by contributing perspectives based on my experience.

Masahiro Sakane, Outside Director

Engagement with Shareholders and Investors

Through constructive dialogue and appropriate collaboration with shareholders and investors, we will secure a stable foundation in the capital markets over the mid- to long-term.



marketing in the therapeutic area of Gastroenterology (GI) delivered presentations about initiatives in GI. Takeda is a global leader

Takeda's management is engaging in constructive dialogue with shareholders and investors regarding management policies and strategies towards achieving sustainable growth.

For institutional investors both in Japan and around the world, Takeda hosts earnings release meetings and conference calls. In these meetings and conference calls, in addition to reporting our operating results, the management takes time to answer participants' questions directly. The management also participates as much as possible in one-on-one meetings with Japan and overseas investors to provide updates on the company's performance.

We are also active in providing information to retail investors, with the Investor Relations team delivering presentations to retail investors throughout Japan.

In March 2015, Takeda held an event for institutional investors and analysts in New York, where Christophe Weber, President & CEO, and leaders in R&D and

marketing in the therapeutic area of Gastroenterology (GI) delivered presentations about initiatives in GI. Takeda is a global leader in GI, with a strong franchise of products and pipeline assets in this area. At the meeting, we announced our future growth strategy for the GI area, focusing on our R&D initiatives, and on new products *ENTYVIO* (vedolizumab) for ulcerative colitis and Crohn's disease, which was launched in Europe and the U.S. during fiscal 2014, and *TAKECAB* (vonoprazan) for acid-related diseases, which had just been launched in Japan.



Takeda IR Event, "A Global Leader in Gastroenterology" (New York)

■ 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 Takeda's corporate governance. Takeda has therefore been working to further strengthen its crisis management function, in addition to ensuring adequate audits and other internal controls and promoting compliance on a company-wide basis.

When implementing crisis management initiatives, it is important to act with fairness and integrity to ensure Takeda'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."

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

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 Takeda's finances, and any effect on society at large in the event of a crisis.

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 Takeda and requires company-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 company to take countermeasures, later following up on the implementation of the countermeasures.

■ Risk Factors in Business

Takeda's business performance is subject to various present and future risks, and may experience unexpected fluctuations due to the occurrence of risk events. Below is a discussion of the main assumed risks that Takeda faces in its business activities. Takeda works to fully identify potential risks and takes all possible steps to prevent them from materializing. Moreover, Takeda will ensure a precise response if risk events occur.

The future events contained in these items are envisioned as of the end of fiscal 2014.

1) Risk in R&D

While Takeda strives for efficient R&D activities aimed at launching new products in each market of Japan, the U.S., Europe and Asia as early as possible, marketing of ethical drugs, whether in-house developed or licensed compounds, is allowed only when they have been approved through rigorous investigations of efficacy and safety as stipulated by the competent authorities.

If the efficacy and safety of compounds Takeda is preparing to bring to market do not meet the required level for approval, or if the reviewing authorities express concern regarding the conformity of such compounds, Takeda will have to give up R&D activities for such compounds at that point, or conduct additional clinical or non-clinical testing. As a result, Takeda risks the inability to recoup the costs incurred, a delay in launching new products, or being obliged to revise its R&D strategy.

2) Risk in intellectual property rights

Each of Takeda's products is protected for a certain period by various patents covering substance, processes, formulations and uses. While Takeda strictly manages intellectual property rights, including patents, and always keeps careful watch for potential infringement by a third party, expected earnings may be lost if the intellectual property rights held by Takeda are infringed by a third party. Moreover, if Takeda's in-house product is proven to have infringed a third party's intellectual property rights, Takeda may be required to pay compensations.

3) Risk of sales decrease following patent expirations

While Takeda takes active measures to extend product life cycles, including the addition of new indications and formulations, generic drugs inevitably penetrate the market following patent expirations of most branded products. In Japan, the authorities are actively promoting the further use of generics, which, in addition to price cuts for long-listed products, is putting further pressure on our revenue. In addition, the increasing use of generic drugs and prescription-to-OTC switches also intensifies competition, both in Japan and overseas markets, especially in the U.S. market. Takeda's sales of ethical drugs may drop sharply as a result of these trends.

4) Risk of side effects

Although ethical drugs are only allowed to be marketed after approval for production and marketing following rigorous investigation by the competent authorities around the world, accumulated data during the post-marketing period may reveal side effects that were not known at the time of launch. If new side effects are identified for a product, Takeda will be required to describe the side effects in a "precaution" section of the package insert, or restrict usage of the product. Takeda may also be obliged to either discontinue sale of the product or recall it. Takeda can potentially be liable for damages and liabilities if such events occur.

5) Risk of price-reduction due to movements to curtail drug costs

In the U.S. market, which is the world's largest, authorities are promoting the use of low-price generic drugs, and pressure to reduce brand drug

prices is increasing as a result of strong demand from the federal and state governments and Managed Care programs. In Japan, the authorities currently reduce the National Health Insurance (NHI) prices for drugs every other year, but moving forward there is a risk of this becoming an annual revision. In addition, the amount of price reduction of long-listed drugs is increasing. In the European market, drug prices have been reduced in a similar fashion, due to measures implemented in each country to control drug costs and the expansion of parallel imports. Price reduction as a result of efforts to curtail drug costs in each country can significantly influence Takeda's business performance and financial standing.

6) Influence of exchange fluctuations

Takeda's overseas revenue in fiscal 2014 amounted to ¥1,065.0 billion, which accounted for 59.9% of total consolidated revenue. Revenue in the U.S. was ¥426.1 billion, which accounted for 24.0% of total consolidated revenue. For this reason, the depreciation of the yen has a positive impact on our revenue; however, the depreciation of the yen also causes an increase in overseas costs including R&D expenses, meaning that the impact on profit is both positive and negative. Takeda's business performance and financial standing are considerably affected by fluctuations in foreign exchange rates. Most of such risks are pure translation risks and as such cannot be mitigated.

7) Risk related to corporate acquisitions

As part of its global business development in order to realize sustainable growth, Takeda engages in corporate acquisitions. However, there is a possibility that the intended result or profit expected from such acquisitions may not be realized, as business activities in countries around the world are confronted by many risks including, but not limited to, changes in law and regulations, political unrest, economic uncertainty, and differences in business practices. In addition, there may be an impact on the financial results and financial condition of Takeda if write-downs, etc., occur due to a decrease in the value of acquired assets resulting from investment activities such as corporate acquisitions.

8) Country risk in the countries and regions in operation

With the global development of its business, Takeda establishes its risk management structure to reduce the damage from and cope with the risks, including governmental, social, and economic risks, in the countries and regions it operates in. However, Takeda may face unexpected situations. As a result, there may be an impact on the financial results and financial condition of Takeda.

9) Risk related to stable supply

In parallel with rapid international expansion of its sales network, Takeda is strengthening its global supply chain. However, in the event of technical or legal / regulatory problems in Takeda's production or distribution facilities, or other disruption due to natural disasters or accidental reasons, Takeda may have a suspension of or substantial delay in the supply of products. As a result, there may be an impact on the financial results and financial condition of Takeda.

10) Risk related to litigation and other legal matters

In addition to existing litigation, there is a possibility that a suit may be brought to court related to Takeda's operational activities, in terms of an adverse effect of a pharmaceutical product, product liability, labor issues, fair trade, etc. As a result, there may be an impact on the financial results and financial condition of Takeda.

Litigation and Other Legal Matters

1) U.S. AWP litigation

In the U.S., civil lawsuits have been filed by patients, insurance companies and state governments against numerous pharmaceutical companies, including major enterprises, over the sale of certain pharmaceutical products. The complaints seek, among other things, damages resulting from price discrepancies between the average wholesale price (AWP) as published and the actual selling prices. Thus, these types of lawsuits are sometimes called "AWP litigation". Actions are pending against TAP Pharmaceutical Products Inc.* in three state courts over lansoprazole (U.S. product name: *Prevacid*). In one case, Takeda is also named as a defendant.

Takeda is diligently defending itself in each of the remaining aforementioned lawsuits.

* TAP was merged into Takeda Pharmaceuticals North America, Inc. (hereinafter "TPNA") in June 2008 and TPNA changed its name to Takeda Pharmaceuticals U.S.A., Inc. ("TPUSA") in January 2012. TAP marketed *Prevacid* before its merger with TPNA.

2) Product liability litigation regarding pioglitazone-containing products

Takeda Pharmaceutical Company Limited, Takeda Pharmaceuticals U.S.A., Inc. ("TPUSA"), and certain Company Affiliates located in the U.S. have been named as defendants in lawsuits pending in U.S. federal and state courts in which plaintiffs allege to have developed bladder cancer or other injuries as a result of taking products containing type 2 diabetes treatment pioglitazone (U.S. brand name: *ACTOS*) (hereafter, "*ACTOS*" is used to refer generally to Takeda products containing pioglitazone). Eli Lilly & Co. ("Eli Lilly") is a defendant in many of these lawsuits. Also, proposed personal injury class action lawsuits have been filed in Canada, a claim seeking compensation for bladder cancer has been filed in Germany. A claim seeking compensation for bladder cancer in France was resolved.

Of the nine lawsuits tried to-date in the U.S. or state courts, five cases have resulted in judgments in favor of Takeda. Plaintiffs in those cases are challenging the judgments in post-trial motions or appeals.

In 2014, the first trial was conducted in the federal multi-district litigation (“MDL”)*, in the case of Terrence Allen, et al. v. TPNA, et al. On April 7, 2014, the jury reached a verdict in favor of plaintiffs and awarded \$1.475 million in compensatory damages against Takeda defendants and Eli Lilly, allocating liability 75% to Takeda defendants and 25% to Eli Lilly. The jury also assessed \$6 billion in punitive damages against Takeda defendants and \$3 billion in punitive damages against Eli Lilly. In June, Takeda and Eli Lilly filed post-trial motions challenging the verdict. In August, the court denied the post-trial motion for judgment in favor of Takeda and Eli Lilly and in September, entered a judgment on the jury verdict mentioned above. The compensatory damages award was reduced from \$1.475 million to \$1.27 million under New York law as the result of this judgment. On October 27, 2014, the court ruled on the post-trial motion to reduce the punitive damage award, entering an amended judgment to reduce the punitive damage award against Takeda defendants to \$27.65 million and against Eli Lilly to \$9.22 million. Takeda and Eli Lilly appealed this judgment to the Fifth Circuit Court of Appeals.

In October 2014, the jury in a state court located in Philadelphia County, Pennsylvania, found in favor of the plaintiff and awarded \$2.05 million in compensatory damages, and the trial court thereafter entered judgment on this award. Takeda has appealed this judgment. In a separate trial in the same court in February 2015, the jury found in favor of the plaintiff and awarded \$2.318 million in compensatory damages and \$1.334 million in punitive damages. Takeda’s post-trial motions challenging the verdict are pending. In November 2014, the jury in a state court located in Berkeley County, West Virginia found in favor of Takeda on plaintiffs’ claims that Takeda failed to warn about the risks of bladder cancer or that *ACTOS* caused plaintiffs’ bladder cancer. However, the jury found in favor of plaintiffs on their claim for spoliation of evidence and awarded \$155,000 in compensatory damages. The trial court thereafter entered judgment on this award. Takeda has appealed this judgment.

In April 2015, Takeda Pharmaceutical Company Limited and TPUSA reached agreement that is expected to resolve the vast majority of *ACTOS* product liability lawsuits pending against Takeda in the U.S., and this agreement was announced on April 29 (U.S. time April 28). The settlement would cover all bladder cancer claims pending in any U.S. court as of the date of settlement, and claimants with unfiled claims represented by counsel as of the date of settlement and within three days thereafter are also eligible to participate. The settlement will become effective if 95% of current litigants and claimants opt in, and once that threshold is achieved, Takeda agrees to pay \$2.37 billion into a settlement fund. That figure will rise to \$2.4 billion if more than 97% of the current litigants and claimants opt to participate in the settlement. Under the settlement, current litigants and claimants who meet prescribed criteria would receive payouts from the fund. In light of the settlement, the Fifth Circuit Court of Appeals entered an order dismissing the appeal in the *Allen* case without prejudice to reinstate the appeal within 180 days.

Takeda believes that the claims made in this litigation are without merit, and does not admit liability. Takeda believes that the company acted responsibly with regard to *ACTOS*. Takeda will continue to vigorously defend through all available legal means any cases that continue or are newly filed after the settlement.

Upon reaching agreement towards settlement, Takeda booked a \$2.7 billion (324.1 billion yen) provision in the fourth quarter of fiscal year 2014 to cover the settlement, costs associated with defending the remaining cases and for other related litigation.

Takeda stands behind the substantial data that confirm a positive benefit/risk profile for *ACTOS*, which includes more than 14 years of clinical and patient experience with the product. Takeda’s decision to settle does not change the company’s continued commitment to *ACTOS*. *ACTOS* has been approved for use in 95 countries, including the U.S., Japan, several in Europe, Australia, Brazil, Canada and Russia, and continues to be available as a treatment option in the U.S. and other countries.

* An MDL consolidates similar cases filed in federal courts under one federal jurisdiction primarily for pre-trial and discovery purposes.

3) Patent infringement litigation and administrative litigation regarding colchicine product

On September 30, 2014, the U.S. Food and Drug Administration (“FDA”) granted approval to Hikma Pharmaceuticals PLC (“Hikma”) for colchicine capsules, to be marketed under the name Mitigare. In response Takeda filed a patent infringement lawsuit against Hikma and Hikma subsidiaries in the District Court for the District of Delaware asserting that their colchicine product infringes several Takeda patents applicable to *Colcrys*, the first single-ingredient oral colchicine product approved by the FDA. Takeda also filed a request for a temporary restraining order (“TRO”) and a preliminary injunction prohibiting the launch of Mitigare. On October 9, the court granted a TRO pending its decision on Takeda’s motion for a preliminary injunction. On November 4, the court denied Takeda’s motion for a preliminary injunction. The court further ruled, however, that the TRO would remain in place, provided Takeda filed an immediate, expedited appeal. In response, Takeda filed a notice of appeal in the Federal Circuit Court of Appeals. On January 9, 2015, the Federal Circuit Court of Appeals affirmed the denial of the preliminary injunction, allowing Hikma to launch its product. Takeda intends to proceed with its patent infringement claims against Hikma in the trial court, where Takeda will seek a permanent injunction and damages, including lost profits caused by the launch of Hikma’s product.

In parallel, shortly after filing the patent infringement lawsuit in October 2014, Takeda filed a lawsuit against the FDA in the District Court for the District of Columbia seeking an order rescinding or staying approval of Mitigare. The lawsuit claims that the FDA violated the Administrative Procedure Act in approving Hikma’s Mitigare. On January 9, 2015, the court denied Takeda’s claims. Takeda has appealed the court’s ruling.

Results of Operations

Revenue

Consolidated revenue in fiscal 2014 grew 5.1% year on year to ¥1,777.8 billion.

In Japan, sales of antihypertensive agent *AZILVA* (azilsartan) and the hyperlipidemia treatment *LOTRIGA* (omega-3-acid ethyl esters 90) increased significantly over the previous year.

In the U.S., in addition to an increase in sales of *VELCADE* (bortezomib) for patients with multiple myeloma, *ENTYVIO* (vedolizumab) for ulcerative colitis and Crohn's disease has experienced outstanding sales uptake since its launch in 2014. Furthermore, in Europe, the sales of *ADCETRIS* (brentuximab vedotin) for treatment of malignant lymphoma have continued to expand.

The depreciation of the yen also had a positive impact on revenue. On the other hand, there were also negative factors, including the penetration of generic products after the patent expiry of blockbuster products such as candesartan (Japanese product name: *BLOPRESS*), a drug for hypertension, and lansoprazole (Japanese product name: *TAKEPRON*), a drug for peptic ulcers, as well as the impact of a National Health Insurance price reduction in Japan. In total, consolidated revenue increased by ¥86.1 billion. Underlying revenue growth*1 increased by 2.8% compared to the previous year.

*1 Underlying revenue growth: Constant currency and without divestments

Operating Profit

Consolidated operating profit declined by 192.8% from the previous fiscal year to an operating loss of ¥129.3 billion.

The significant decline in profits reflects the company's recognition of a provision of \$2.7 billion (¥324.1 billion) to cover the *ACTOS* settlement and estimated costs associated with remaining cases and other related litigation, as well as other temporary factors such as recognition of impairment losses of ¥53.2 billion on intangible assets associated with products.

Consolidated Net Profit for the Year (Attributable to Owners of the Company)

Consolidated net profit for the year (attributable to owners of the Company) declined by 236.7% year on

year to a net loss of ¥145.8 billion. Net profit deteriorated dramatically due to a significant decrease in operating profit. In addition, net financial income and expenses deteriorated, mainly due to a decrease in gains on sales of financial assets compared to the previous year. Furthermore, tax expenses increased due to a revaluation of the recoverability of deferred tax assets and a reduction of the effective tax rate in Japan.

Basic earnings per share deteriorated to a loss per share of ¥185.37, a decrease of 237.2% compared to the previous year.

Core Earnings

Core Earnings*2 was ¥288.3 billion, a decrease of 8.2% compared to the previous year. Fiscal 2014 was positioned as a year of investment, with higher expenses to support the launch of new products and the development of our late-stage pipeline.

Core Net Profit*3 was ¥176.7 billion, a decrease of 15.9% compared to the previous year.

Core EPS*4 was ¥224.73, a decrease of 15.6% compared to the previous year.

*2 Core Earnings is calculated by excluding temporary items from operating profit such as impacts from business combination accounting and amortization/impairment losses of intangible assets, etc.

*3 Core Net Profit is calculated by deducting items of the same type as deducted in the calculation of Core Earnings as well as any tax effects associated with them from net profit.

*4 Earnings per share calculated based on Core Net Profit.

Main Operating Results

(¥ Billion)

| | FY 2014 | FY 2013 | Change |
|---|---------|---------|----------|
| Revenue | 1,777.8 | 1,691.7 | 5.1% |
| R&D expenses | 382.1 | 341.6 | 11.9% |
| Operating profit | -129.3 | 139.3 | (192.8%) |
| Net profit for the year (attributable to owners of the Company) | -145.8 | 106.7 | (236.7%) |
| EPS (¥) | -185.37 | 135.10 | (237.2%) |
| Core Earnings | 288.3 | 314.2 | (8.2%) |
| Core Net Profit | 176.7 | 210.2 | (15.9%) |
| Core EPS (¥) | 224.73 | 266.25 | (15.6%) |

■ Financial Position

Assets

Total assets as of March 31, 2015 were ¥4,296.2 billion, a decrease of ¥273.0 billion compared to the previous fiscal year end.

Financial assets (current) decreased, mainly due to the decrease in intangible assets resulting from the recognition of depreciation and impairment loss and the redemption of bonds. On the other hand, the company and its subsidiaries in U.S. are most likely to reach agreement to resolve the vast majority of *ACTOS* product liability lawsuits pending against Takeda. Accordingly, other financial assets (current) increased due to recording an amount for insurance income which has largely been confirmed to be paid out by product liability insurance.

Liabilities

Total liabilities as of March 31, 2015, were ¥2,090.0 billion.

Total liabilities increased by ¥61.5 billion from the previous fiscal year end due to the provision of ¥324.1 billion made for the *ACTOS* litigation, which includes settlement costs, legal fees and other associated costs. The increase was partially offset by the redemption of bonds.

Equity

Total equity decreased by ¥334.5 billion from the previous fiscal year end to ¥2,206.2 billion as of March 31, 2015, due to the significant net loss recorded for the year, in addition to dividend payments.

The ratio of equity attributable to owners of the Company to total assets decreased by 4.3 percentage points to 49.7% from the previous fiscal year end.

Cash Flows

Cash flow for the current fiscal year resulted in a net cash outflow of ¥10.8 billion.

Net cash provided by operating activities was ¥182.5 billion, net cash provided by investing

activities was ¥91.3 billion, and net cash used in financing activities was ¥301.0 billion, the latter mainly for redemption of bonds.

■ Basic Policy for Profit Distribution and Dividends

Basic Policy for Profit Distribution

In order to maximize the enterprise value of Takeda, we strive towards a sustainable improvement in earning capacity through essential investment in R&D and the steady implementation of our growth strategies. In addition, we are maintaining and strengthening our sound financial base under a flexible financial strategy, improving the efficiency of working capital by optimizing the balance sheet and allocating generated free cash flow into investments for sustainable growth and repayment of debt.

Regarding the distribution of profits resulting from our sustainable increase in profitability, in fiscal 2015 we will maintain an annual dividend of ¥180 per share. Moving forward we will continue to emphasize returns to shareholders, striving at minimum to maintain the ¥180 annual dividend per share after fiscal 2015.

Dividend for Fiscal 2014

The annual dividend per share for fiscal 2014 was the same as the previous year at ¥180.

Dividend for Fiscal 2015

For fiscal 2015, Takeda plans to pay an annual dividend of ¥180 per share, the same amount as fiscal 2014.

Refer to the "Consolidated Financial Statements Under IFRSs and Independent Auditor's Report" for more details:

<http://www.takeda.com/investor-information/>

Consolidated Statement of Operations

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|--------------|---------------------------|
| | 2015 IFRS | 2014 IFRS | 2015 IFRS |
| Revenue | ¥ 1,777,824 | ¥ 1,691,685 | \$ 14,815,200 |
| Cost of sales | (520,990) | (490,263) | (4,341,583) |
| Gross profit | 1,256,834 | 1,201,422 | 10,473,617 |
| Selling, general and administrative expenses | (612,613) | (556,210) | (5,105,108) |
| Research and development expenses | (382,096) | (341,560) | (3,184,133) |
| Amortization and impairment losses on intangible assets associated with products | (176,402) | (143,202) | (1,470,017) |
| Other operating income | 107,181 | 23,861 | 893,175 |
| Other operating expenses | (322,158) | (45,038) | (2,684,650) |
| Operating profit (loss) | (129,254) | 139,274 | (1,077,117) |
| Finance income | 15,357 | 49,297 | 127,975 |
| Finance expenses | (32,878) | (30,720) | (273,983) |
| Share of profit of associates accounted for using the equity method | 1,337 | 1,000 | 11,142 |
| Profit (loss) before tax | (145,437) | 158,851 | (1,211,975) |
| Income tax benefit (expenses) | 2,403 | (49,292) | 20,025 |
| Net profit (loss) for the year | (¥ 143,034) | ¥ 109,558 | (\$ 1,191,950) |
| Attributable to: | | | |
| Owners of the Company | (¥ 145,775) | ¥ 106,658 | (\$ 1,214,792) |
| Non-controlling interests | 2,741 | 2,900 | 22,842 |
| Net profit (loss) for the year | (¥ 143,034) | ¥ 109,558 | (\$ 1,191,950) |
| Earnings per share | | Yen | U.S. dollars |
| Basic earnings (loss) per share | (¥ 185.37) | ¥ 135.10 | (\$ 1.54) |
| Diluted earnings (loss) per share | (185.37) | 134.95 | (1.54) |

Note: •The U.S. dollar amounts in this report represent translations of Japanese yen, solely for the reader's convenience, at the rate of ¥120=US\$1, the approximate exchange rate on March 31, 2015.

•Takeda has adopted International Financial Reporting Standards (IFRS) from Fiscal 2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS.

For consolidated financial statements and notes to consolidated financial statements, refer to the "Consolidated Financial Statements Under IFRSs and Independent Auditor's Report":

<http://www.takeda.com/investor-information/>

Consolidated Statement of Financial Position

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2015 and 2014

| | Millions of yen | | Thousands of U.S. dollars |
|---|--------------------|--------------------|------------------------------|
| | 2015 | 2014 | 2015 |
| | IFRS | IFRS | IFRS |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | ¥ 526,162 | ¥ 542,253 | \$ 4,384,683 |
| Goodwill | 821,911 | 814,671 | 6,849,258 |
| Intangible assets | 939,381 | 1,135,597 | 7,828,175 |
| Investment property | 30,218 | 32,083 | 251,817 |
| Investments accounted for using the equity method | 10,425 | 10,001 | 86,875 |
| Other financial assets | 241,323 | 192,806 | 2,011,025 |
| Other non-current assets | 52,192 | 40,772 | 434,933 |
| Deferred tax assets | 154,506 | 208,424 | 1,287,550 |
| Total non-current assets | 2,776,120 | 2,976,607 | 23,134,333 |
| CURRENT ASSETS | | | |
| Inventories | 262,354 | 254,329 | 2,186,283 |
| Trade and other receivables | 444,681 | 430,620 | 3,705,675 |
| Other financial assets | 61,275 | 184,981 | 510,625 |
| Income taxes recoverable | 22,148 | 12,044 | 184,567 |
| Other current assets | 63,225 | 43,510 | 526,875 |
| Cash and cash equivalents | 652,148 | 666,048 | 5,434,567 |
| Subtotal | 1,505,830 | 1,591,531 | 12,548,583 |
| Assets held for sale | 14,243 | 1,005 | 118,692 |
| Total current assets | 1,520,072 | 1,592,536 | 12,667,267 |
| Total assets | ¥ 4,296,192 | ¥ 4,569,144 | \$ 35,801,600 |
| LIABILITIES AND EQUITY | | | |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Bonds and loans | ¥ 629,416 | ¥ 704,580 | \$ 5,245,133 |
| Other financial liabilities | 70,105 | 110,129 | 584,208 |
| Net defined benefit liabilities | 91,686 | 76,497 | 764,050 |
| Provisions | 47,075 | 14,399 | 392,292 |
| Other non-current liabilities | 78,778 | 39,555 | 656,483 |
| Deferred tax liabilities | 156,132 | 280,595 | 1,301,100 |
| Total non-current liabilities | 1,073,191 | 1,225,755 | 8,943,258 |
| CURRENT LIABILITIES | | | |
| Bonds and loans | 99,965 | 155,404 | 833,042 |
| Trade and other payables | 170,782 | 184,900 | 1,423,183 |
| Other financial liabilities | 42,105 | 48,817 | 350,875 |
| Income taxes payable | 41,071 | 52,332 | 342,258 |
| Provisions | 418,587 | 125,349 | 3,488,225 |
| Other current liabilities | 238,469 | 235,953 | 1,987,242 |
| Subtotal | 1,010,978 | 802,754 | 8,424,817 |
| Liabilities held for sale | 5,846 | — | 48,717 |
| Total current liabilities | 1,016,824 | 802,754 | 8,473,533 |
| Total liabilities | 2,090,016 | 2,028,509 | 17,416,800 |
| EQUITY | | | |
| Share capital | 64,044 | 63,562 | 533,700 |
| Share premium | 59,575 | 39,866 | 496,458 |
| Treasury shares | (18,203) | (621) | (151,692) |
| Retained earnings | 1,601,326 | 1,901,307 | 13,344,383 |
| Other components of equity | 430,305 | 466,624 | 3,585,875 |
| Equity attributable to owners of the Company | 2,137,047 | 2,470,739 | 17,808,725 |
| Non-controlling interests | 69,129 | 69,896 | 576,075 |
| Total equity | 2,206,176 | 2,540,635 | 18,384,800 |
| Total liabilities and equity | ¥ 4,296,192 | ¥ 4,569,144 | \$ 35,801,600 |

For consolidated financial statements and notes to consolidated financial statements, refer to the "Consolidated Financial Statements Under IFRSs and Independent Auditor's Report":

<http://www.takeda.com/investor-information/>

■ Eleven-Year Summary of Selected Financial Data

Takeda Pharmaceutical Company Limited and Subsidiaries

| | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|------------|------------|
| | IFRS | IFRS | IFRS | J-GAAP |
| Revenue | ¥1,777,824 | ¥1,691,685 | ¥1,557,005 | ¥1,508,932 |
| Research and development expenses | 382,096 | 341,560 | 321,323 | 281,885 |
| Operating profit (loss) | (129,254) | 139,274 | 64,994 | 265,027 |
| Profit (loss) before tax | (145,437) | 158,851 | 133,068 | 252,478 |
| Net profit (loss) attributable to owners of the Company | (145,775) | 106,658 | 148,583 | 124,162 |
| Per share amounts (Yen and U.S. dollars) | | | | |
| Basic earnings (loss) | (¥185.37) | ¥135.10 | ¥188.21 | ¥157.29 |
| Diluted earnings (loss) | (185.37) | 134.95 | 188.17 | 157.26 |
| Cash dividends | 180.00 | 180.00 | 180.00 | 180.00 |
| Non-current assets | ¥2,776,120 | ¥2,976,607 | ¥2,821,151 | ¥2,298,034 |
| Current assets | 1,520,072 | 1,592,536 | 1,231,405 | 1,278,996 |
| Total assets | 4,296,192 | 4,569,144 | 4,052,556 | 3,577,030 |
| Non-current liabilities | 1,073,191 | 1,225,755 | 1,080,423 | 753,433 |
| Current liabilities | 1,016,824 | 802,754 | 633,847 | 751,731 |
| Equity | 2,206,176 | 2,540,635 | 2,338,286 | 2,071,866 |
| Number of shareholders | 269,127 | 308,360 | 278,845 | 304,628 |
| Number of employees | 31,328 | 31,225 | 30,481 | 30,305 |

Note: •The U.S. dollar amounts in this report represent translations of Japanese yen, solely for the reader's convenience, at the rate of ¥120=US\$1, the approximate exchange rate on March 31, 2015.

•Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries. From fiscal 2010, ended March 31, 2011, the numbers are indicated on a full time equivalent basis.

•Takeda has adopted International Financial Reporting Standards (IFRS) from fiscal 2013 ended March 31, 2014 and the disclosure information in this material is based on IFRS. According to this adoption, the previous year's information is also based on IFRS.

•Account names under IFRS. Names in J-GAAP correspond to names in IFRS as follows: •Net sales/Revenue •Operating Income/Operating profit •Income before income taxes and minority interests/Profit before tax •Net income/Net profit attributable to owners of the Company •Earnings per share/Basic earnings per share •Diluted net income per share/Diluted earnings per share •Net assets/Equity

| Millions of yen | | | | | | | Thousands of U.S. dollars |
|-----------------|------------|------------|------------|------------|------------|------------|------------------------------|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2015 |
| J-GAAP | J-GAAP | J-GAAP | J-GAAP | J-GAAP | J-GAAP | J-GAAP | IFRS |
| ¥1,419,385 | ¥1,465,965 | ¥1,538,336 | ¥1,374,802 | ¥1,305,167 | ¥1,212,207 | ¥1,122,960 | \$14,815,200 |
| 288,874 | 296,392 | 453,046 | 275,788 | 193,301 | 169,645 | 141,453 | 3,184,133 |
| 367,084 | 420,212 | 306,468 | 423,123 | 458,500 | 402,809 | 385,278 | (1,077,117) |
| 371,572 | 415,829 | 398,546 | 576,842 | 625,379 | 517,957 | 441,102 | (1,211,975) |
| 247,868 | 297,744 | 234,385 | 355,454 | 335,805 | 313,249 | 277,438 | (1,214,792) |
| ¥314.01 | ¥377.19 | ¥289.82 | ¥418.97 | ¥386.00 | ¥353.47 | ¥313.01 | (\$1.54) |
| 313.96 | 377.14 | 289.80 | — | — | — | — | (1.54) |
| 180.00 | 180.00 | 180.00 | 168.00 | 128.00 | 106.00 | 88.00 | 1.5 |
| ¥1,200,150 | ¥1,250,400 | ¥1,284,604 | ¥605,487 | ¥714,788 | ¥670,324 | ¥575,520 | \$23,134,333 |
| 1,586,252 | 1,572,874 | 1,475,584 | 2,243,792 | 2,357,713 | 2,371,970 | 1,969,915 | 12,667,267 |
| 2,786,402 | 2,823,274 | 2,760,188 | 2,849,279 | 3,072,501 | 3,042,294 | 2,545,435 | 35,801,600 |
| 213,150 | 230,051 | 234,242 | 98,035 | 168,978 | 158,444 | 133,685 | 8,943,258 |
| 436,596 | 428,477 | 472,106 | 428,711 | 442,407 | 488,227 | 365,500 | 8,473,533 |
| 2,136,656 | 2,164,746 | 2,053,840 | 2,322,533 | 2,461,116 | 2,395,623 | 2,046,250 | 18,384,800 |
| 256,291 | 236,480 | 196,437 | 149,478 | 112,113 | 108,111 | 118,042 | — |
| 18,498 | 19,654 | 19,362 | 15,487 | 14,993 | 15,069 | 14,510 | — |

■ Ethical Drugs: Revenue by Region

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2015 and 2014

| | | | (Billions of Yen) | |
|---|----------------|----------------|-------------------|-----------------------|
| | 2015 | 2014 | YoY | % change 2015/2014 |
| | IFRS | IFRS | | |
| Revenue in Japan | 553.2 | 580.0 | (26.8) | (4.6)% |
| Revenue Overseas | 974.3 | 863.3 | 111.1 | 12.9 |
| United States | 394.9 | 318.9 | 76.0 | 23.8 |
| Europe and Canada | 287.1 | 265.6 | 21.5 | 8.1 |
| Russia/CIS | 79.5 | 89.5 | (10.0) | (11.2) |
| Latin America | 80.1 | 80.6 | (0.5) | (0.7) |
| Asia | 102.4 | 80.5 | 21.9 | 27.2 |
| Other | 30.3 | 28.1 | 2.3 | 8.1 |
| Royalty income and service income | 86.9 | 85.8 | 1.1 | 1.3 |
| Japan | 8.1 | 2.1 | 6.0 | — |
| Overseas | 78.8 | 83.7 | (4.9) | (5.8) |
| Total ethical drugs revenue | 1,614.5 | 1,529.1 | 85.4 | 5.6 |
| Ratio of overseas ethical drugs revenue | 65.2% | 61.9% | 3.3pt | |

* Revenue amount is classified into countries or regions based on the customer location.

** Effective from fiscal 2014, the company changed the regional classification to ensure consistency with its global organizational structure (previous "North America" was divided into "United States" and "Canada," and "Canada" and previous "Europe" were integrated into "Europe and Canada"). For fair comparison purpose, the amounts reported in the periods of fiscal 2013 were modified according to the new classification.

*** Other region includes Middle East, Oceania and Africa.

■ Ethical Drugs: Global Major Products' Sales

Takeda Pharmaceutical Company Limited and Subsidiaries
Years ended March 31, 2015 and 2014

| Product | | | (Billions of Yen) | |
|--------------|-------|-------|-------------------|-----------------------|
| | 2015 | 2014 | YoY | % change 2015/2014 |
| | IFRS | IFRS | | |
| VELCADE | 152.7 | 131.3 | 21.4 | 16.3% |
| CANDESARTAN | 125.7 | 157.1 | (31.4) | (20.0) |
| LEUPRORELIN | 124.0 | 126.8 | (2.8) | (2.2) |
| PANTOPRAZOLE | 103.7 | 103.7 | 0.1 | 0.1 |
| LANSOPRAZOLE | 102.9 | 119.7 | (16.8) | (14.0) |
| DEXILANT | 62.3 | 50.3 | 12.0 | 23.9 |
| COLCRY | 58.8 | 51.9 | 6.9 | 13.3 |
| NESINA | 44.3 | 40.4 | 3.9 | 9.7 |
| ULORIC | 33.2 | 26.9 | 6.3 | 23.4 |
| AMITIZA | 32.0 | 25.7 | 6.3 | 24.5 |
| PIOGLITAZONE | 31.0 | 36.8 | (5.7) | (15.6) |
| ENTYVIO | 27.8 | — | 27.8 | — |
| ADCETRIS | 22.9 | 13.6 | 9.3 | 68.7 |
| CALCIUM | 21.3 | 19.7 | 1.6 | 8.4 |
| ACTOVEGIN | 20.9 | 26.4 | (5.5) | (20.9) |
| TACHOSIL | 17.9 | 17.0 | 0.9 | 5.4 |

* Royalty income and service income are included in 2014 and 2015.

Key Social Responsibility Data

Takeda Pharmaceutical Company Limited and Subsidiaries

| Labor | | 2015 | 2014 | 2013 |
|---------------------|---------------------|--------|--------|--------|
| Number of employees | Total | 31,328 | 31,225 | 30,481 |
| | Japan | 9,612 | 9,554 | 9,525 |
| | Overseas | 21,716 | 21,671 | 20,956 |
| | Ethical drugs | 28,761 | 28,672 | 27,947 |
| | Consumer healthcare | 457 | 461 | 450 |
| | Other businesses | 2,110 | 2,092 | 2,084 |

Note: Employees working in Takeda Pharmaceutical Company Limited and its consolidated subsidiaries on a full time equivalent basis

Environment

| | | | |
|---|---------------------------------|---------------------------------|---------------------------------|
| Total input energies | 8,387 million MJ | 8,725 million MJ | 8,811 million MJ |
| Fresh water used | 6,161 thousand m ³ | 6,673 thousand m ³ | 7,029 thousand m ³ |
| CO ₂ emissions | 417 kilotons of CO ₂ | 418 kilotons of CO ₂ | 404 kilotons of CO ₂ |
| SOx (sulfur oxides) emissions | 14 tons | 106 tons | 110 tons |
| NOx (nitrogen oxides) emissions | 94 tons | 300 tons | 300 tons |
| Dust emissions | 2 tons | 26 tons | 32 tons |
| Amount of waste generated | 44 kilotons | 43 kilotons | 40 kilotons |
| PRTR-designated substances released into the atmosphere (Japan) | 40 tons | 34 tons | 34 tons |

Note: Due to a divestment, 2013 and 2014 data has been restated.

Corporate Citizenship Activities

| | | | |
|--|----------------|----------------|----------------|
| Cash donations | ¥1,489 million | ¥3,220 million | ¥2,839 million |
| Takeda Science Foundation research grants | ¥1,516 million | ¥1,520 million | ¥2,261 million |
| Shoshisha Foundation scholarships | ¥105 million | ¥102 million | ¥78 million |
| Institute for Fermentation, Osaka, research grants | ¥396 million | ¥407 million | ¥400 million |

■ Independent Assurance of Environmental and Social Performance Indicators



Independent Assurance Report

To the President and CEO of Takeda Pharmaceutical Company Limited

We were engaged by Takeda Pharmaceutical Company Limited (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with for the period from April 1, 2014 to March 31, 2015 (the "Indicators") included in its Annual Report 2015 (the "Report") for the fiscal year ended March 31, 2015.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report, which are derived, among others, from the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative and Environmental Reporting Guidelines of Japan's Ministry of the Environment.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have 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', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', 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. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical review 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 recalculating the Indicators.
- Visiting to the Company's Hilari factory selected on the basis of a risk analysis.
- 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 Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Report.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

July 15, 2015

Corporate Information as of March 31, 2015

Takeda Pharmaceutical Company Limited

Founded June 12, 1781
 Date of Incorporation January 29, 1925
 Share Capital ¥64,044 million
 Number of Shareholders 269,127
 Common Shares Issued 789,923,595
 Independent Certified KPMG AZSA LLC
 Public Accountants Ginsen Bingomachi Bldg. 3-6-5, Kawara-machi, Chuo-ku, Osaka-shi, Osaka 541-0048, Japan
 Stock Exchange Listings (#4502) Tokyo, Nagoya, Fukuoka, Sapporo
 Administrator of the Mitsubishi UFJ Trust and Banking Corporation
 Shareholders' Register 4-5 Marunouchi 1-chome Chiyoda-ku, Tokyo 100-8212, Japan

American Depositary Receipts (ADR) :

Ratio (ADR:ORD): 2:1
 Exchange: OTC (Over-the-Counter)
 Symbol: TKPYY
 CUSIP: 874060205

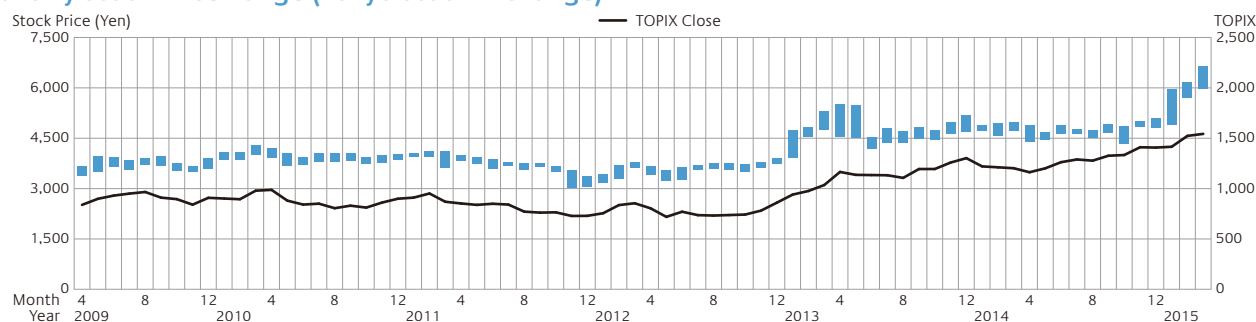
Depository :

The Bank of New York Mellon
 101 Barclay Street, New York,
 NY 10286, USA
 DR Shareowner Contact:
 Non-U.S. Callers: 201-680-6825
 U.S. Callers: (888) 269-2377
 URL: <http://www.adrbnymellon.com>

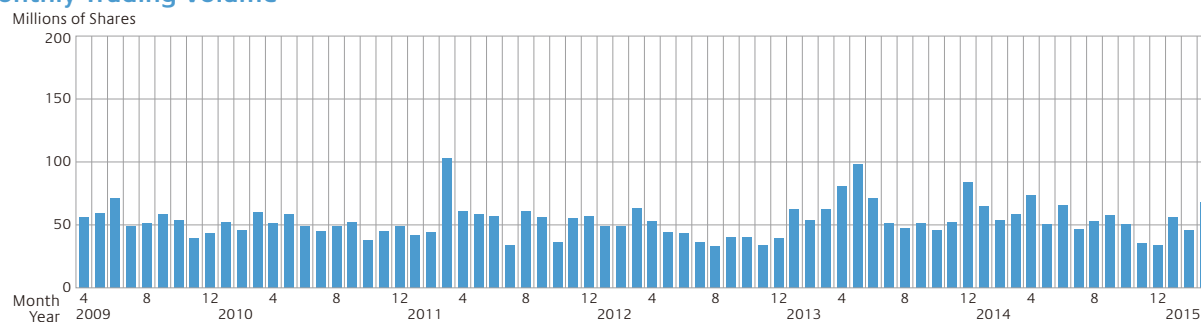
Principal Shareholders (10 largest shareholders)

| Shareholders | No. of shares held (1,000) | % of shares outstanding |
|--|----------------------------|-------------------------|
| Nippon Life Insurance Company | 50,760 | 6.43 |
| The Master Trust Bank of Japan, Ltd. (Trust account) | 31,046 | 3.93 |
| Japan Trustee Services Bank, Ltd. (Trust account) | 26,582 | 3.37 |
| JP Morgan Chase Bank 380055 | 19,341 | 2.45 |
| Takeda Science Foundation | 17,912 | 2.27 |
| Barclays Securities Japan Limited | 15,000 | 1.90 |
| JP Morgan Chase Bank 385147 | 13,381 | 1.69 |
| State Street Bank West Client-Treaty 505234 | 11,357 | 1.44 |
| State Street Bank and Trust Company 505225 | 10,176 | 1.29 |
| The Bank of New York Mellon Sa/Nv 10 | 9,496 | 1.20 |

Monthly Stock Price Range (Tokyo Stock Exchange)



Monthly Trading Volume



* TOPIX (Tokyo Stock Price Index) is an intellectual property that belongs to the Tokyo Stock Exchange, Inc. (TSE). All the rights to calculate, publicize, disseminate, and use the index value are reserved by the TSE.

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www.takeda.com

Takeda Pharmaceutical Company Limited

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