



Better Health, Brighter Future



Annual Report 2015

CSR Data Book

Detailed information on Corporate Social Responsibility (CSR)

Takeda Pharmaceutical Company Limited

Contents

2	Takeda's Value Creation
4	Access to Healthcare
6	Links with the CSR Community in Emerging Countries
8	Supplier Management
	Takeda's CSR Activities
10	Basic Policy on CSR
12	CSR Governance and Strategic Engagement
	Corporate Governance
14	Fundamental Policy and Structure
15	Takeda Executive Team
17	Compliance
19	Messages from Outside Directors
21	Crisis Management Risk Factors in Business
26	CSR Activity Targets and Results
	Human Rights
28	Key Figures/Topics/Future Outlook
30	Human Rights Issues and Initiatives
	Labor
32	Key Figures/Topics/Future Outlook
34	Global Talent Management
35	Promotion of Diversity/Cultivating Employees
36	Work-Life Balance
37	Employment of People with Disabilities/ Health and Safety of Employees/Union Relationship
	Environment
38	Key Figures/Topics/Future Outlook
40	Environmental Management
44	Reducing Environmental Risks
46	Initiatives to Deal with Climate Change
48	Water Resources Conservation Initiatives
49	Biodiversity Conservation Initiatives
50	Waste Reduction
51	Reduction in Releases of Chemical Substances
52	Air, Water, and Soil Quality Conservation
53	Environmental Communication/Environmental Monitors
54	Raising Environmental Awareness
55	Environmental Impacts Associated with Takeda's Business Activities
56	Data by Region
58	Progress on the Takeda Group Environmental Action Plan Views of an Independent Expert on Takeda's Environmental Activities
	Anti-Corruption/Fair Operating Practices/ Consumer Issues
60	Key Figures/Topics/Future Outlook
62	Anti-Corruption/Transparency Guideline Fair Promotion Activities/Global Procurement Incorporating CSR
64	Intellectual Property
66	Manufacturing and Supply
67	Quality Management System

	Corporate Citizenship Activities
72	Key Figures/Topics/Future Outlook
74	The Takeda-Plan Healthcare Access Program
75	Takeda Well-Being Program
76	Support for Disaster-Affected Areas
77	Corporate Foundations
78	Corporate Information
79	Key Social Responsibility Data
80	GRI Guidelines Version 4.0 (G4) Reference Table
84	Reference Table for United Nations Global Compact Advanced Level COP (March 2013 Version)
88	Independent Assurance of Environmental and Social Performance Indicators

Reporting Boundary

Consolidated subsidiaries of Takeda

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

Period of Reporting

Fiscal 2014 (April 1, 2014 to March 31, 2015)

*Some fiscal 2015 activities are included.

Issue Date

September 2015 (Previous issue: September 2014)

Reference Guidelines

•The International Integrated Reporting Council (IIRC)

International Framework for Integrated Reporting

•United Nations Global Compact (GC) Advanced Level Criteria

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

Inquiries

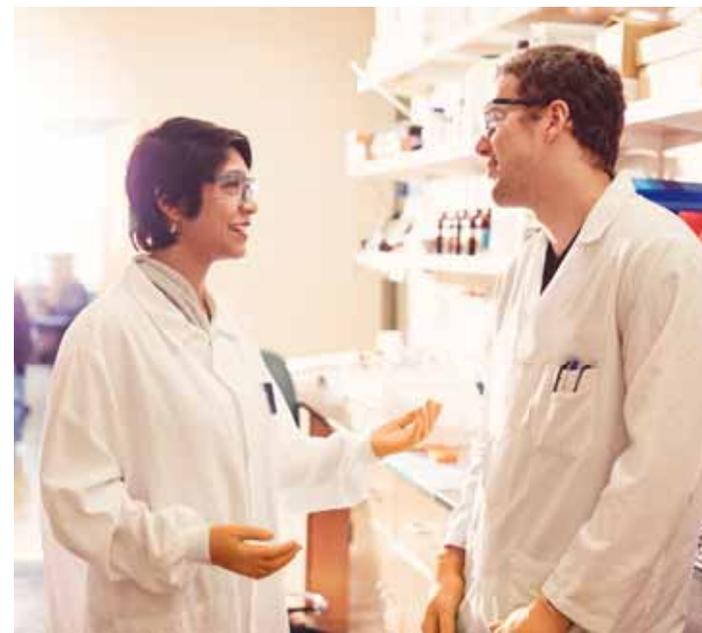
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Website

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



1781

Takeda's Foundation Year

CSR Data Book Editorial Policy

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

Integrated Thinking

Takeda 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 CSR Data Book, 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.

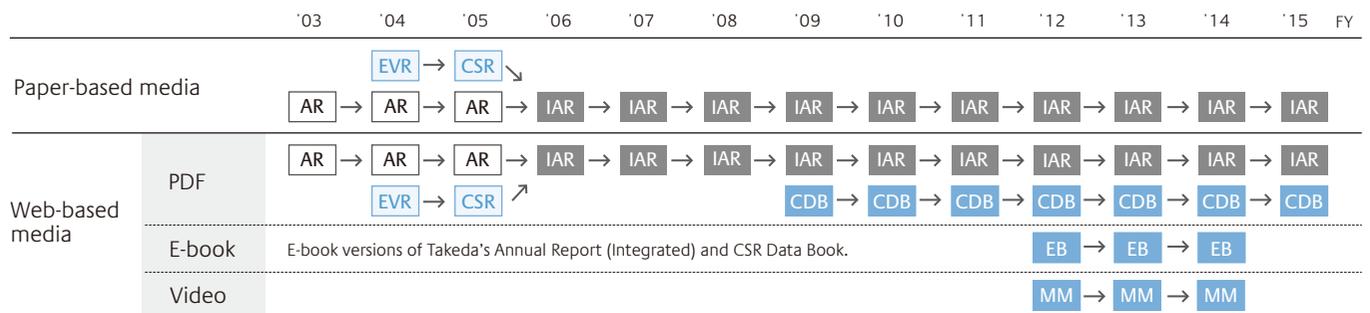
Creating and Sustaining Corporate Value

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.

See P.2 Takeda's Value Creation
P.10 Takeda's CSR Activities



Transition in Disclosure Media



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

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.



People

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

[See](#) P.4 Access to Healthcare P.15 Global Business Operating Structure P.32 Labor

R&D

- Focused world class R&D innovation engine

Business Performance

- Sustaining sales growth
- Financial discipline to deliver growth

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

Patient

Put the patient at the center

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

Access to Healthcare

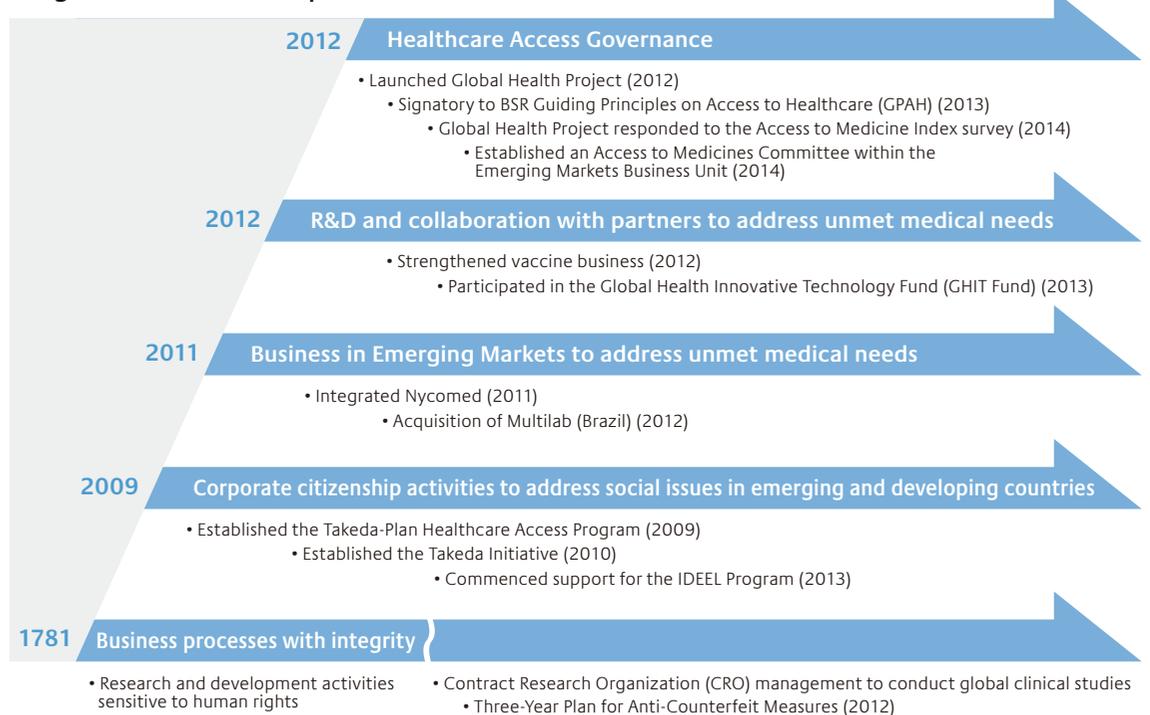
Integrated Initiatives to Improve Access to Healthcare

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.

Integrated Initiatives to Improve Access to Healthcare



The Global Health Innovative Technology Fund (GHIT Fund)

The Global Health Innovative Technology Fund (GHIT Fund) is a pioneering non-profit public-private partnership established in Japan by the Government of Japan, a consortium of six Japanese pharmaceutical companies including Takeda, and the Bill & Melinda Gates Foundation, aimed at promoting the discovery and development of new drugs to fight communicable diseases (CDs) in developing countries. Takeda is involved in various related initiatives and has entered into agreements with Medicines for Malaria Venture (MMV) to develop DSM265 and formulate ELQ300, both anti-malarial compounds. MMV was selected in December 2013 as the first project to be subsidized by the GHIT Fund. Furthermore, in July 2015, Takeda

entered into an agreement with the Drugs for Neglected Diseases initiative (DNDi) to collaborate in a program funded by the GHIT Fund to develop an innovative drug for the treatment of visceral leishmaniasis (VL).

See P.72 Corporate Citizenship Activities

WIPO Re:Search

In 2015, Takeda has participated in the “WIPO Re:Search,” a consortium established by World Intellectual Property Organization (WIPO) to accelerate the research and development of new drugs, vaccines, and diagnostics for diseases including NTDs, with an aim to make a concrete contribution to strengthening the foundation of healthcare in developing countries.

1bn

Number of people suffering from neglected tropical diseases worldwide

Source: “Working to overcome the global impact of neglected tropical diseases” (WHO: 2010)



Trust

Build trust with society

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

Links with the CSR Community in Emerging Countries

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.



CSR Summit Dubai

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



A panel discussion at CSR Summit Dubai (Dubai)

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



A panel discussion at World CSR Congress (Mumbai)

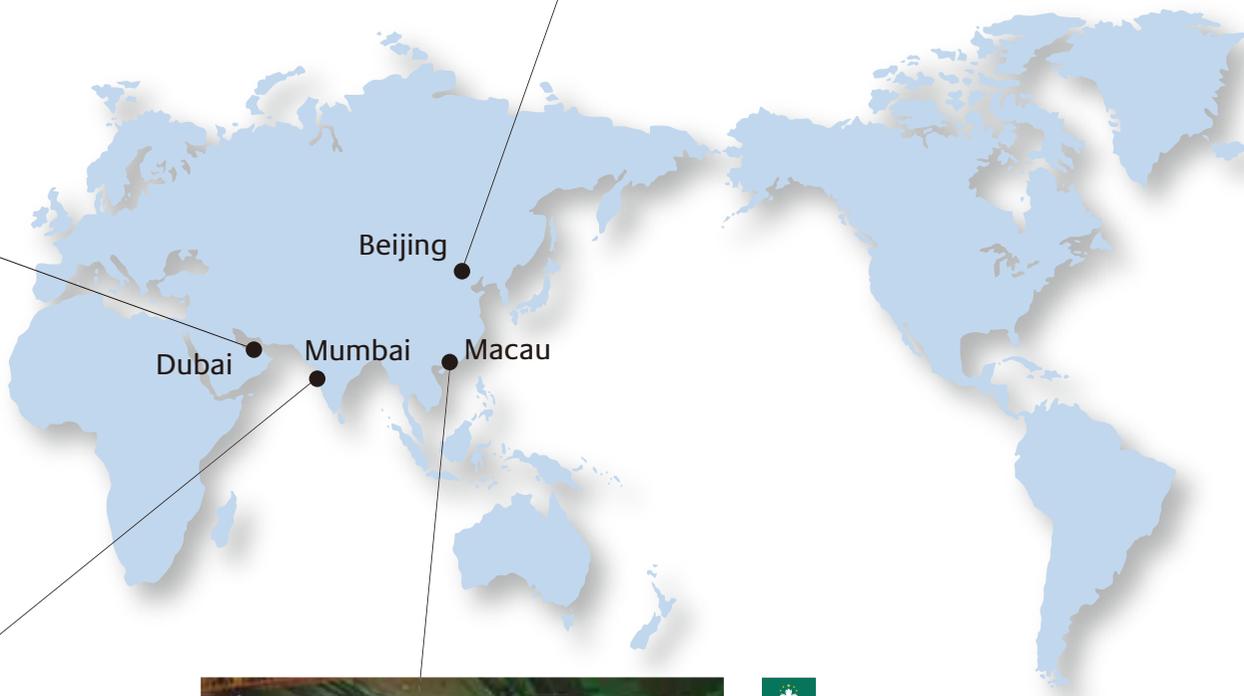


International CSR Forum

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



International CSR Forum (Beijing)



International CSR Summit (Macau)



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



Reputation

Reinforce our reputation

Takeda has strengthened its CSR initiatives by understanding the risks within the supply chain.

Supplier Management

Sustainable Procurement

To strengthen its Sustainable Procurement 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 Global Compact (GC) and the PSCI Principles. Through these and other activities, we have been participating actively in global initiatives.

See P.63 Takeda Supplier Code of Conduct



Takeda's Voice

Takeda's suppliers are a critical part of our value chain, ultimately contributing to the better health outcome of our patients that rely on our products every day. Therefore, Takeda's commitment to sustainability, including to the United Nations GC, naturally means we need to focus on our suppliers to ensure responsible and sustainable business practices. Integrating CSR through our Sustainable Procurement Program – balancing the risks and opportunities with our supplier community – ensures Takeda has a more resilient supply chain that aligns with Takeda's values and that will generate more sustainable long-term value for Takeda and society.

Julie Brautigam

Head of Risk and Corporate Social Responsibility, Procurement



Supplier Risk Evaluation & Opportunities

Takeda's large, global supplier base presents both risks and opportunities, and Takeda aims to understand and balance the risks while seizing opportunities to enhance the sustainability of our suppliers. Takeda uses a holistic framework and approach to evaluating supplier risks – from sustainability to financial, operational, strategic and other risks – to provide a basis for informed decisions and ongoing risk management. The Sustainable Procurement team convenes stakeholders throughout the company to address supplier risks and handles the sustainability related risks directly with suppliers. The Sustainable Procurement team works collaboratively with suppliers, for example, to improve supplier working conditions, safety and environmental practices in a way that creates value for both the supplier and Takeda. With Takeda's extensive supply chain, it is critical to take



both a risk-based approach and a relationship-centric approach to prioritizing these activities. This process of evaluating potential supplier risk is the first step in creating a well-managed supply chain and suppliers.

Holistic Approach to Supplier Risk & Opportunity



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.2 Takeda's Value Creation

P.72 Corporate Citizenship Activities

Basic Policy on CSR

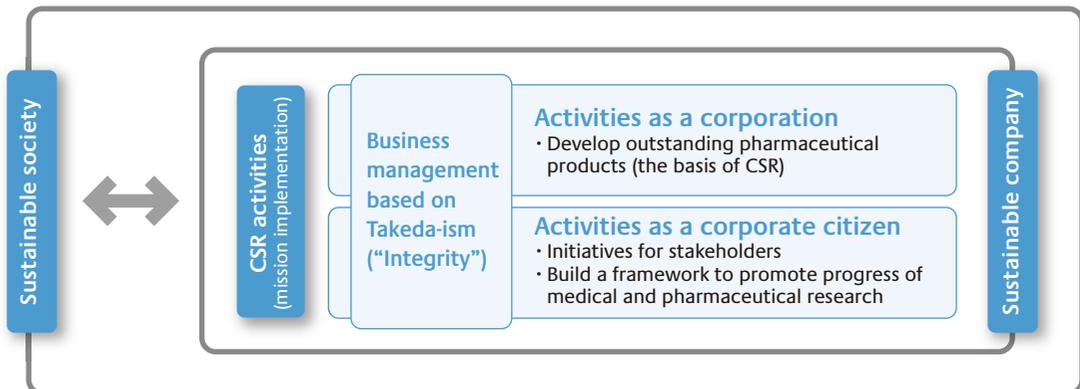
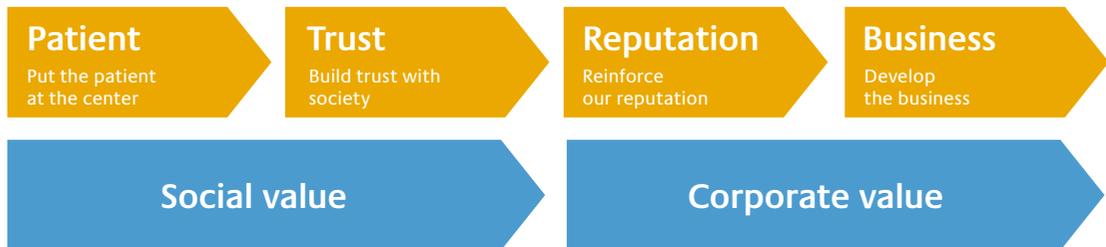
For Takeda, CSR is rooted in putting the patient in the center and operating a pharmaceutical business that creates outstanding products. In addition, we strive to maintain and improve sound business processes, and to engage in activities to promote a sustainable society as a good corporate citizen. 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

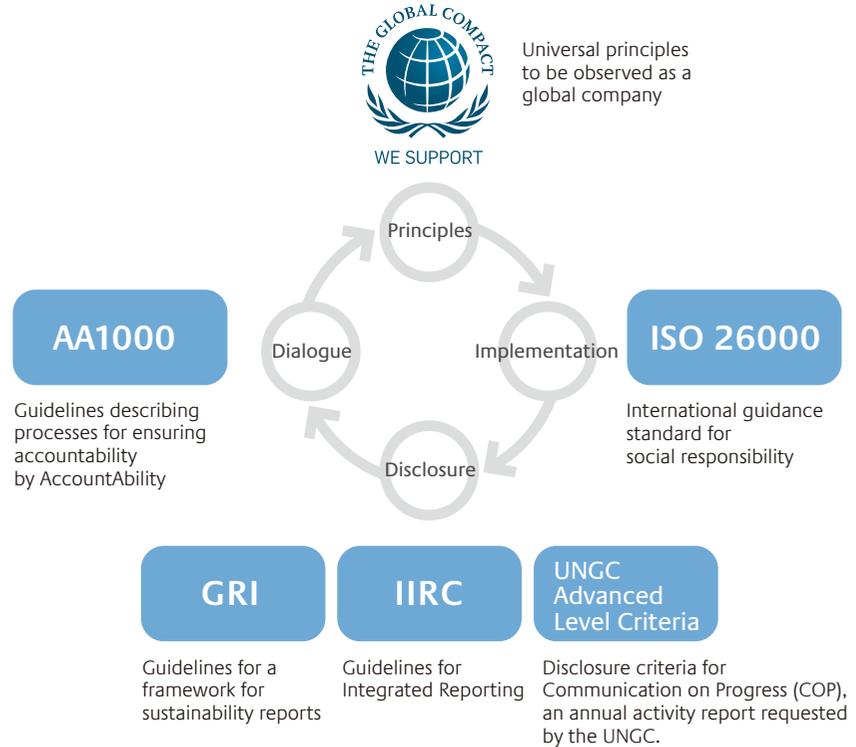
* A 10-year endowment program launched in 2010 to support the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), by developing the capacity of healthcare providers in Africa.

Creating and Sustaining Value through CSR



CSR Guidelines for Reference

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



Promotion of CSR Activities

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

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

Promotion of CSR Activities



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

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.

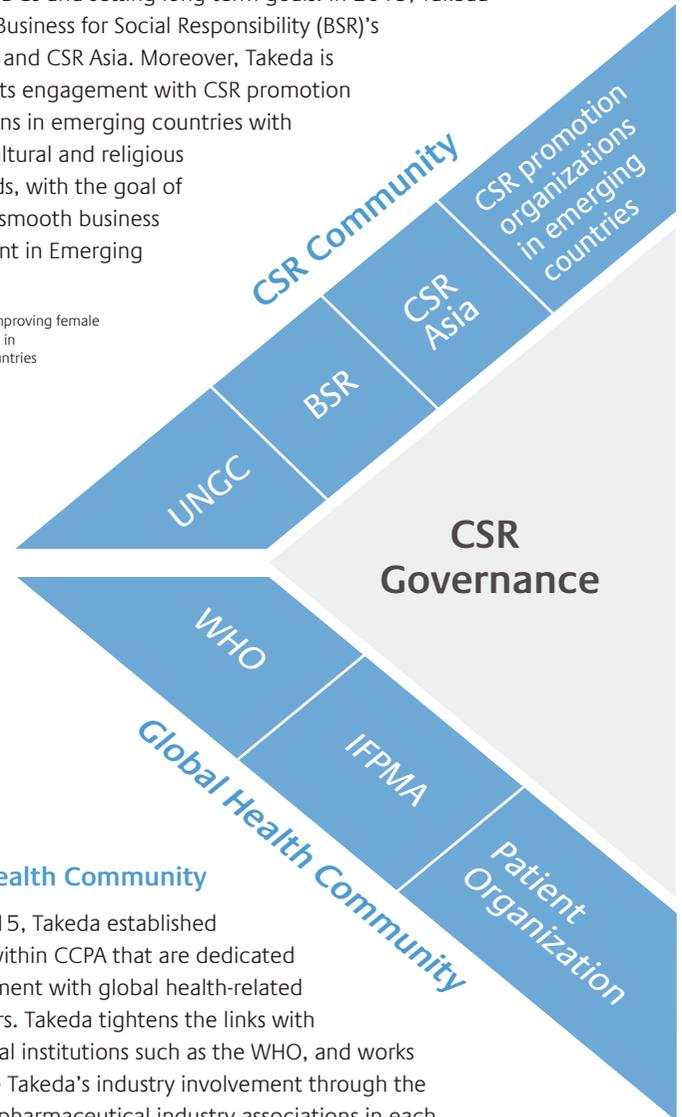
Implementation: Material issues identified through engagement activities are categorized into quality, human rights, labor, environment, procurement, supply chain management, compliance and community, making reference to standards such as ISO 26000. Then they are dealt with as projects by the relevant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

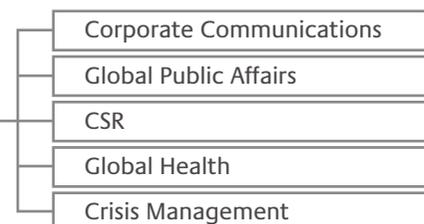
For Takeda, stakeholder engagement means understanding the position and concerns of stakeholders and then reflecting these in corporate activities and decision making.

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.

■ Fundamental Policy and Structure

Policy toward Corporate Governance

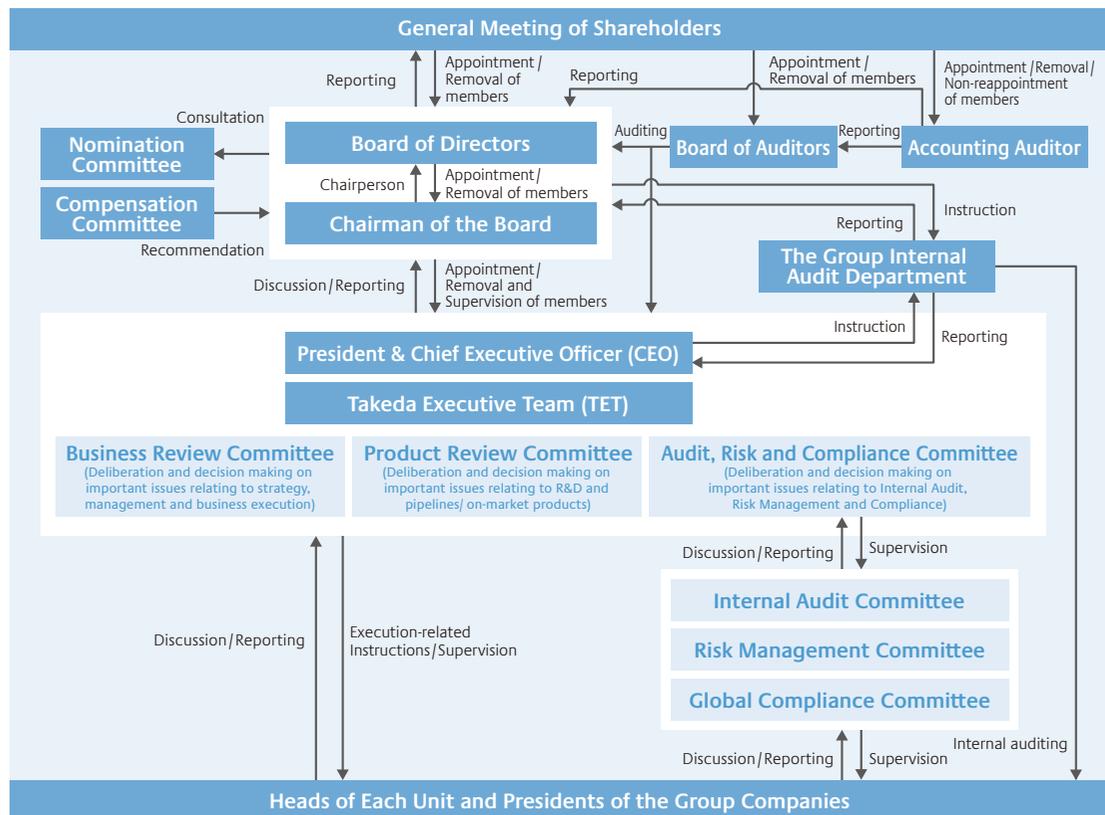
Takeda’s management mission is to “strive towards better health for people worldwide through leading innovation in medicine.” In line with this mission, Takeda is working to establish a management framework befitting a world-class pharmaceutical company that operates on a global scale. We are strengthening 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



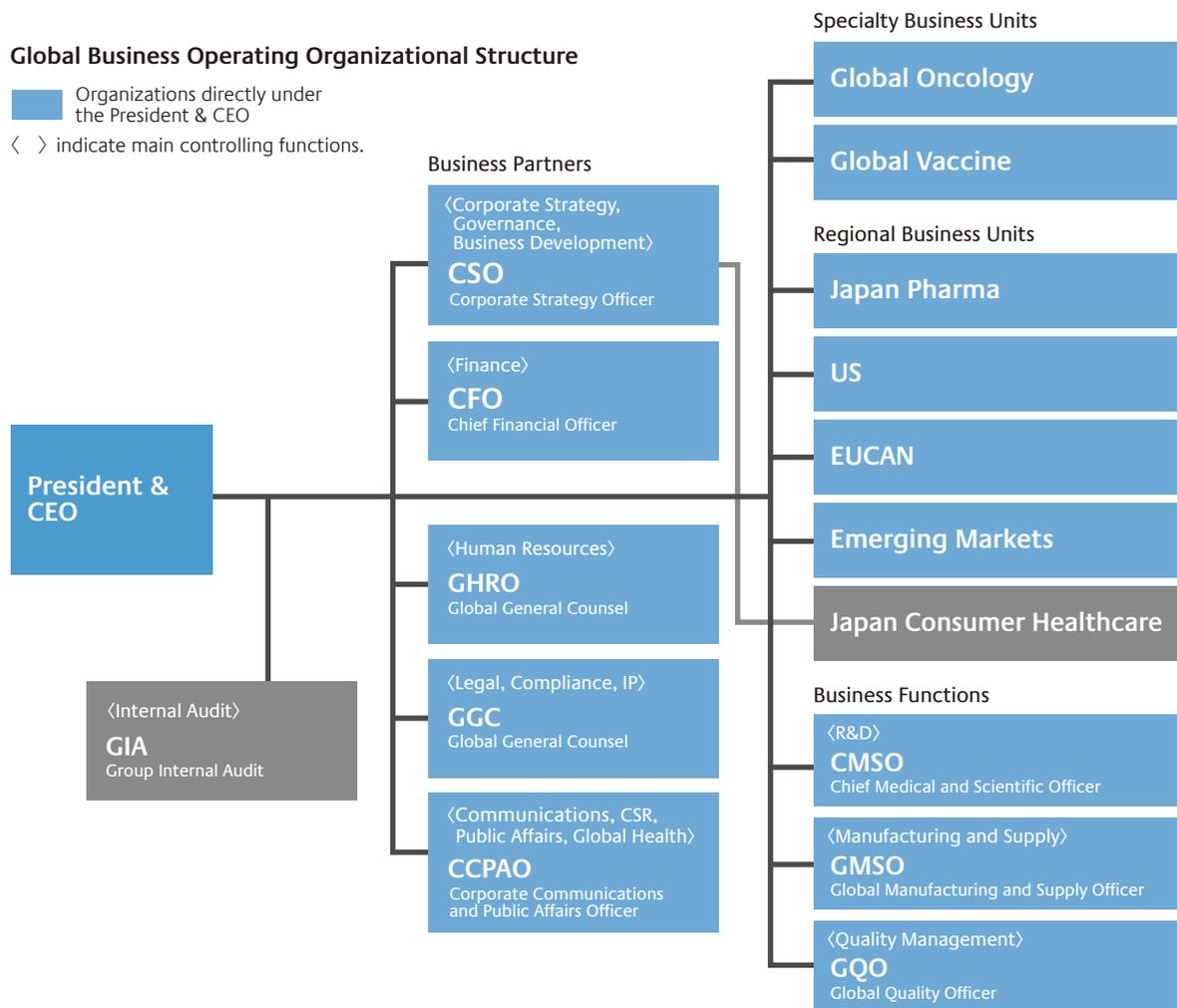
Takeda Executive Team

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.

Global Business Operating Organizational Structure

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



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.
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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

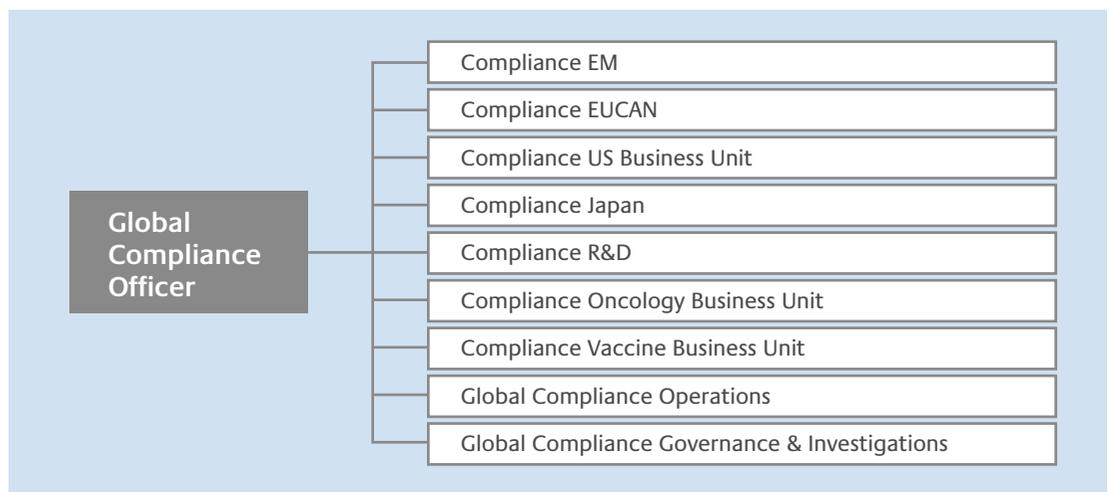
The Takeda Global Code of Conduct and Promotion of the Global Compliance Program

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.

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	Consumer Issues	Assess the effectiveness of the Three-Year Plan by employing numerical indicators	Enabled 9,933 illegal online pharmacies to be shut down. Overall, outcome of the Three-Year Plan exceeded expectation
		Continue to raise disease awareness through Takeda website and advertising	Revised our internal review system for promotional materials for healthcare professionals to ensure that the information we provide complies with current regulations
		Continue to provide information spanning treatments and preventative measures	Provided information on treatments and preventative therapies through website, seminars, and various other media
 Community Involvement and Development	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 CSR Data Book
○	Continue to increase knowledge and awareness of CSR among employees	→ P.10 Takeda's CSR Activities
○	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.10 Links with the CSR Community in Emerging Countries → P.14 Corporate Governance
○	Continue to strengthen the promotion of diversity	→ P.28 Human Rights → P.17 Compliance → P.32 Labor
○	Continue to promote accelerated development of global leaders	
○	Continue to promote work-life balance	
○	Continue to promote the Takeda Group Environmental Action Plan	→ P.32 Global Talent Management Promotion of Diversity Global Survey on Best-in-Class Cultivating Employees Work-Life Balance Employment of People with Disabilities → P.38 Environmental Management Reducing Environmental Risks Initiatives to Deal with Climate Change Water Resources Conservation Initiatives Biodiversity Conservation Initiatives Waste Reduction Reduction in Releases of Chemical Substances Air, Water, and Soil Quality Conservation Environmental Communication
○	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.60 Anti-Corruption Transparency Guideline Fair Promotion Activities Global Procurement Incorporating CSR Intellectual Property
○	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.8 Supplier Management → P.17 Compliance → P.66 Manufacturing and Supply Quality Management System → P.70 Global Anti-Counterfeit Measures
○	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.4 Access to Healthcare → P.6 Links with the CSR Community in Emerging Countries → P.72 Global Healthcare Issues Healthcare Issues in Each Business Area HERhealth Takeda Initiative The Takeda-Plan Healthcare Access Program Takeda Well-Being Program Support for Areas Affected by the Great East Japan Earthquake Corporate Foundations
○	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	



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.

International Human Rights Standards

Universal Declaration of Human Rights

A declaration adopted by the United Nations General Assembly in 1948, as a common standard of achievement for all peoples and all nations

The Declaration of Helsinki

A statement of ethical principles for research and clinical trials involving human-derived specimens, adopted by the World Medical Association (WMA) in 1964

10 Principles of the United Nations Global Compact

A voluntary set of principles for corporations to realize sustainable development of society, advocated by the Secretary-General of the United Nations in 1999

The BSR "Guiding Principles on Access to Healthcare"

A set of principles for improving access to healthcare globally, set out in 2013 by the BSR, an global association of member companies for CSR

Guidelines for Reference

Takeda's Internal Standards

Basic Rules of Compliance
The Takeda Global Code of Conduct

Crisis Management
The Takeda Group Global Crisis Management Policy

Quality Assurance
Takeda Corporate Quality Policy

Environment, Health, and Safety
Global EHS policy

R&D
Human Rights-Related Rules for Research and Development Activities

Procurement
Takeda Supplier Code of Conduct and Global Procurement Policy

Stakeholders

Patients

Communities

Employees

Suppliers

Major Human Rights Issues and Initiatives throughout the Value Chain

Research

Issues

- Obtaining the voluntary agreement (informed consent) of all individuals who provide human-derived specimens beforehand

Initiatives

- Conduct research activities based on a framework of policies and rules that respect the dignity of life and human rights

Development (Clinical Trials)

Issues

- Obtaining the voluntary agreement (informed consent) of all individuals who participate in clinical trials beforehand

Initiatives

- 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

Procurement

Issues

- Human rights problems for workers at suppliers primarily in emerging and developing countries

Initiatives

- 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.17 Compliance P.38 Environment P.60 Anti-Corruption/Fair Operating Practices/Consumer Issues

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.

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

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



Human Rights Issues and Initiatives

Research

[Issues] When conducting research to create new drugs, we need to use human-derived specimens (such as blood, tissue, cells and other substances) in order to predict safety and efficacy prior to the start of clinical trials. Advances in research and analysis of the human genome and genes are enabling us to make greater use of knowledge gained from tests using human tissues and samples. Takeda obtains the voluntary agreement (informed consent) of all individuals prior to collecting specimens from them. We also rigorously protect personal information, including genetic data. Actions like these demonstrate our awareness of the importance of human rights.

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

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

In Japan, Takeda has a Research Ethics Investigation Committee to handle issues associated with human-derived specimens (such as blood, tissue, cells and

other substances). Committee members confirm whether or not specimens are used for research in line with the Declaration of Helsinki. Another ethics committee is responsible for research that uses human genome and gene analysis. Six staff consisting of both genders make up this committee and more than half of the permanent members must come from outside the company.

To reduce our environmental risk profile, we conduct our research activities in adherence with the Global EHS Guideline. We also take steps to manage human rights-related issues, such as taking particular care when using the genetic sample library.

Development (Clinical Trials)

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

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

Major Human Rights-Related Rules for Research and Development Activities

Rules for the Research Ethics Investigation Committee

Rules for the Bioethics Committee concerning human genome and gene analysis research

Rules for the Committee for Safety of Gene Recombination Experiments

Rules for the Clinical Specimen Experiment Committee

Rules for performing human genome and gene analysis research

Rules for performing gene recombination experiments

[Initiatives] When performing clinical trials, Takeda follows International Conference on Harmonisation – Good Clinical Practice (ICH-GCP) guidelines, which are international standards consistent with the spirit of the Declaration of Helsinki. We always receive the patient’s informed consent, follow government regulations and our internal standards and adhere to protocols. In addition, we take care to protect the human rights of individuals participating in clinical studies in developing and emerging countries, trial participants who are socially underprivileged, and other cases requiring special attention.

Procurement, Production and Distribution

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

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

[Initiatives] Takeda is strengthening its initiatives to respond to issues across the entire value chain through the establishment of the “Global Procurement Policy” and “Takeda Supplier Code of Conduct” and the formulation of its own standards for conduct. In addition, we are communicating with our suppliers, clearly sharing with them what we expect of them and providing them with a code of conduct.

To reduce exposure to environmental risks, we established the “Global EHS Policy” and “Global EHS Guideline” and are making steady progress with associated activities. We are also safeguarding our products and securing the supply chain by engaging in risk-based and holistic product protection activities to prevent the spread of counterfeit drugs throughout Takeda.

Sales and Marketing

[Issues] Since pharmaceutical products are vital to maintaining health, improper administration methods can cause problems for patients as well as society as a

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

[Initiatives] Takeda ensures that its activities in the global market comply rigorously with the pharmaceutical laws of each country and the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) Code, and that it provides consistent pharmaceutical information around the world.

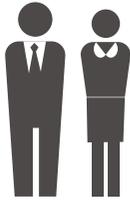
In Japan, we have created the Policy on Promotion of the JPMA Code of Practice and detailed SOP to implement the Policy. At the same time, we have also established our own Transparency Guideline for the Relation between Corporate Activities and Medical Institutions in an effort to ensure fair promotion activities, and we conduct high-quality activities providing information on medicines based on high ethical standards along with respect for the human rights of patients.

■ Treatment of Employees

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

Takeda takes a global perspective on respecting human rights and observes the employment laws and regulations in each country. Furthermore, every Takeda company is committed to operating in line with the Takeda Global Code of Conduct, which provides compliance standards including the treatment of employees.

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



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.

See P.34 Global Talent Management

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

See P.35 Promotion of Diversity

Data assured by a third party

KEY FIGURES

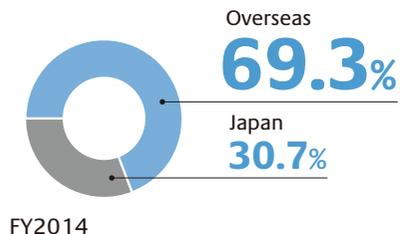
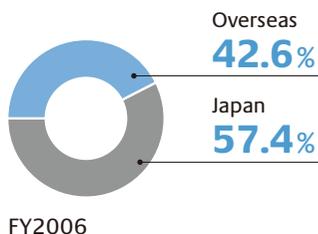
31,328

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.88 Independent Assurance of Environmental and Social Performance Indicators

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

Global Talent Management

Attraction and Development of Diverse Talent

Takeda has positioned attraction and development of diverse talent as one of the important policies to realize sustainable growth. We are focusing on enhancement of the pipeline of talent who will lead Takeda's global business now and in the future.

In 2015, the "President Forum" was established under the concept of "Leaders Coaching Leaders." In the President Forum, there were several discussions, presentations, and dialogues between the senior management leaders and selected talent from all over the world on several topics related to industry challenges and opportunities, Takeda's long-term strategy, leadership, and career development as a leader. We utilized the President Forum as a developmental opportunity for our future leaders.

We also have development programs for future leaders in each region and function, owned by the

current senior management leaders. Combining these regional and functional programs with global programs in a multi-layered system, we are accelerating the development of the Takeda's future global leaders from diverse talent pools.

Center for Learning and Innovation "CLI"

At the Center for Learning and Innovation (CLI), Takeda's global talent development center in Suita, Osaka Prefecture, we offer a range of training programs. The multi-purpose facility is fully equipped to promote diversity, with a hall that can seat 408 people, conference rooms with video conferencing equipment and simultaneous interpreting facilities, optimally-stepped lecture theaters designed to facilitate two-way communication, and on-site accommodation for up to 294 guests, including two barrier-free rooms.

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

CLI

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

Employee Statistics (Number of people)

		FY2012	FY2013	FY2014
Takeda Group Consolidated		30,481	31,225	31,328
Takeda Pharmaceutical Company Limited	Full-time employees	6,544	6,578	6,780
	Contract employees	659	625	618
	Of which, part-time employees	39	35	160
	Temporary employees	516	395	460
Consolidated subsidiaries		23,937	24,647	24,547
Japan		2,981	2,976	2,831
Overseas		20,956	21,671	21,716

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

Performance Indicators for Labor Practices

			FY2012	FY2013	FY2014
Takeda Pharmaceutical Company Limited	Average age of employees	Male	38.9	39.3	39.9
		Female	37.0	37.4	38.0
		Total	38.4	38.8	39.4
	Average years of service	Male	13.8	14.1	14.4
		Female	13.5	13.9	14.0
		Total	13.7	14.1	14.3
	New graduates employed	Male	142	109	56
		Female	61	70	53
		Total	203	179	109
Average yearly salary (thousand yen)		9,555	9,435	9,455	

Data assured by a third party

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



Training center (CLI)

■ Promotion of Diversity

Leveraging Employee Diversity for Our Growth

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

Initiatives in Japan

Diversity Vision

In Japan, we are working to “attract and develop global talent,” “support career development for female employees,” “expand the work horizons of people with disabilities,” “promote understanding and acceptance of diversity at each workplace and among individuals,” and “support work-life balance.” We continue to address these issues throughout the company. In 2011, we set out the Diversity Vision in Japan, and we continue to strengthen our initiatives going forward.

Participation in Diversity Study Group

In its approach to diversity, Takeda has established links outside of the corporate group, such as participating with around 30 other companies in the Diversity Western-Japan Study Group, which works to promote networking and information sharing related to diversity promotion.

■ Cultivating Employees

Training Programs

At Takeda, we actively provide programs to promote the autonomous growth of our employees. We conduct business core training, which is designed to equip employees with the necessary knowledge, skills, and mindset for conducting business in a global environment. One of these programs is “Schola Cogito,” which was launched in fiscal 2014 and includes some sessions with live video connecting with each working sites. On top of this, we provide a full range of departmental programs aimed at developing specialist knowledge or building specific technical skills needed for each division. There is a six-month training program for new employees who

will become Takeda medical representatives (MRs) in Japan. After completing this program, prospective MRs are assigned to sales offices nationwide, where they refine their MR skills through a combination of e-learning courses, on-the-job training and stratified training.

We offer many other opportunities to learn. For example, employees can participate in external training or study on their own. By providing a diverse array of training programs, Takeda is powerfully building the capabilities of its employees and the organization as a whole.

The Training Program System in Fiscal 2014

Training Program on Corporate Philosophy and Strategy	◎Takeda-ism session (also part of new employee training and leadership development programs)
Leadership Development Program	◎Selective-intake management training program ◎HR development programs provided at educational institutions in Japan and overseas
Business Core Program	◎Training for new employees ◎Training for new managers ◎Schola Cogito
Departmental Programs	◎Department-funded professional education
Support for Self-Development	◎e-learning, etc.
Others	◎Training programs relating to workplace harassment (sexual/managerial), mental health, etc. ◎Career development and life-planning support

Number of Participants in Training Programs

		FY2012	FY2013	FY2014
Stratified Training Program (excluding training for new employees)	Male	389	236	45
	Female	105	83	7
	Total	494	319	52
New Hire On-Boarding Training	Male	142	112	57
	Female	61	71	57
	Total	203	183	114
Task-Specific Programs (Business skills, English)	Male	1,013	653	210
	Female	455	243	87
	Total	1,468	896	297
Leadership Development Program	Male	38	3	39
	Female	36	32	42
	Total	74	35	81
Career Development and Life-Planning Support	Male	56	55	61
	Female	36	26	20
	Total	92	81	81

Data collection sites: Takeda Pharmaceutical Company Limited



Diversity Promotion Symbol

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

Takeda is promoting a better “work-life balance” to create a better working environment for diverse employees.



Next generation accreditation mark

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

Onsite child care facility “Takeda Kids”

In fiscal 2011, we established the “Takeda Kids” onsite child care facility at the Shonan Research Center to support employees who are balancing work and child-rearing.

73

Number of male employees who took child care leave (fiscal 2014)

Work-Life Balance

Promoting Measures to Support Diverse Working Styles

One of Takeda’s key strategies for promoting diversity is to enhance work-life balance. As part of a vigorous and sustained effort to reduce overtime work and improve operational efficiency and productivity, we have created a checklist of successful examples for each division, which we are disseminating throughout the company, and we have also introduced a flextime working system and expanded eligibility for the work-at-home system. We are also proactively providing information on work-life balance to employees, including setting up a “Life Balance Up Navi” section on the company intranet, and we have created ways to make in-house systems easier to use. In addition, we systematically encourage people to use their paid leave. The company has also been offering support to employees’ volunteer activities by providing special paid leave and covering their



volunteer insurance premium and part of their expenses.

Takeda is dedicated to giving employees the opportunity to fulfill their responsibilities at work with confidence while also caring for their children. In recognition of this stance, in 2012, Takeda received its third “Kurumin” certification under Japan’s Law for Measures to Support the Development of the Next Generation. Initiatives include making it easier for male employees to take child care leave by allowing part of such time to be paid time off, and by publicizing opinions and feedback from people who have used the child care leave system. In fiscal 2014, 73 male employees took time off for child care leave.

Utilization of Takeda’s Employee Benefit Programs

		FY2012	FY2013	FY2014
Paid vacation	Utilization rate	53.9%	53.7%	58.1%
	Avg. days used	10.3	9.9	10.8
Users of reduced working hours for child care*1		39	136	151
Child care leave	Users (female)	74	165	196
	Users (male)	61	69	73
Maternity leave users		58	112	129
No overtime work system*2 users		1	1	1
No late-night work system*2 users		0	1	2
Child nursing care leave*2 users		7	4	7
Users of reduced working hours for nursing care		0	0	0
Nursing care leave users		3	6	3
Re-employment of former employees system re-hires		1	1	4
Post-retirement re-employment system re-hires		161	34	16
Volunteer leave users		83	66	17
Philanthropy leave users		Aggregate until FY2014: 7		

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

Working Hours Program and Employee Benefit Program

Discretionary working hours

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

Outside de facto working hours

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

Flextime and work-at-home

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

Consecutive holidays

Employees can combine company vacation days with two days or more of paid leave to arrange vacations of five or more consecutive days in order to provide opportunities for refreshment with having clear distinction between working and vacation time.

Hourly use of annual paid vacation and reserved paid vacation

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

Special paid leave for spouse’s childbirth

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

Child care leave

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

Nursing care leave

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

Re-employment of former employees

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

Volunteer leave

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

Philanthropy leave

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

1995

LI Takeda established

LI Takeda was established as a special subsidiary for offering employment for people with disabilities. It was the first of its kind in the Japanese pharmaceutical industry.

The L in LI Takeda stands for "Labor" and the I is the phonetic equivalent of the Japanese word for "Love." The intention is to reflect the company's management mission of "being a friendly company for workers with disabilities," by supporting each employee in achieving independence in society.

Employment of People with Disabilities

LI Takeda Ltd.

At LI Takeda Ltd., Takeda employees overcome various hurdles, including communication barriers posed by intellectual, hearing, and other disabilities, to fulfill their duties with a positive attitude. The company's operations support Takeda's R&D and sales and marketing functions through production of business cards, pamphlets, booklets, posters and other printed materials, forwarding of direct mail, and cleaning and laundry services. We are expanding employment opportunities for LI Takeda employees: we have undertaken cleaning of the onsite accommodation facility at the Center for Learning and Innovation (CLI) training facility in Suita, Osaka Prefecture, and laundry services in the Shonan district of the Shonan Research Center. In March, 2015, four of Takeda's wholly owned subsidiaries in Japan (Takeda Rabics, Ltd., Takeda Giken Service, Ltd., Takeda Pharmaceutical Data Service, Ltd. and Takeda Healthcare Products Co., Ltd.) received designation as special associate companies to promote better work opportunities for disabled employees throughout Takeda.

✓		FY2012	FY2013	FY2014
	Ratio of people with disabilities employed at Takeda*3	2.02%	2.02%	2.09%
	Number of people with disabilities employed at Takeda*4	Severe	60.5	63
		Mild	28.5	34
		Total	89	97

*3 As of March 1 of each fiscal year

*4 Employees with disabilities on reduced work hours (between 20 and 29 hours per week) are counted as 0.5 for statistical purposes

Data collection sites: Takeda Pharmaceutical Company Limited and LI Takeda Ltd.

Health and Safety of Employees

Mental Healthcare

Takeda Pharmaceutical Company Limited has introduced the Takeda Total Human Safety Net (THS) support system to enhance its initiatives relating to mental health management and disease prevention for employees. The THS supports activities such as prevention, early detection and treatment with regard to mental healthcare in particular. In addition to the usual periodical medical examinations and provision of

	FY2012	FY2013	FY2014
Percentage of employees using the medical examination service	96%	95%	95%

Data collection sites: Takeda Pharmaceutical Company Limited

a medical staff of industrial physicians, the company employs a system that gives employees in need access to consultations with specialists such as doctors and clinical psychotherapists outside the company. The THS also has a system for supporting employees who need to take long-term medical leave, ensuring their livelihood and facilitating their return to work.

Health and Safety

In accordance with its basic principle of "protect people," Takeda strives to secure the participation of all employees in ensuring health and safety based on its Global EHS Policy. The company has been promoting establishment of Safety and Health Committees at the head office and branch offices as well as at plants and research centers. In addition, Takeda takes steps to prevent occupational accidents and improve the health of employees based on the Global EHS Guideline. In fiscal 2014, the lost time injury frequency rate*5 for Takeda was 1.92. Including occupational accidents not involving lost workdays, the occupational injury frequency rate was 5.46.

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

✓		FY2013	FY2014
	Lost time injury frequency rate	1.86	1.92
	Occupational injury frequency rate (including those without lost workdays)	6.13	5.46

Data collection sites: Takeda's global sites

Union Relationship

Development of Healthy Industrial Relations

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

✓ Data assured by a third party

See P.88 Independent Assurance of Environmental and Social Performance Indicators



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.

See P.40 Environmental Management



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.

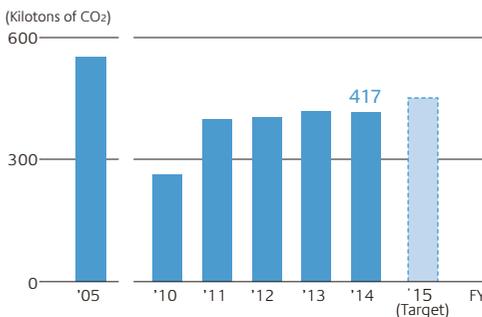
750m

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



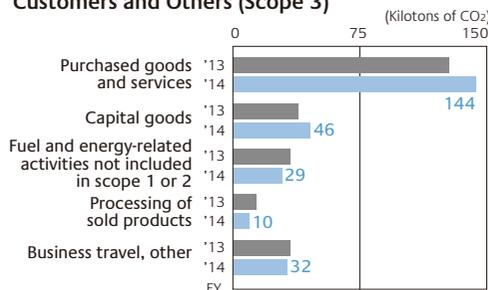
Data collection sites: Takeda's production and research sites (Takeda Pharmaceutical Company Limited includes its headquarters and sales offices.) Due to a divestment, past data has been restated.

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.

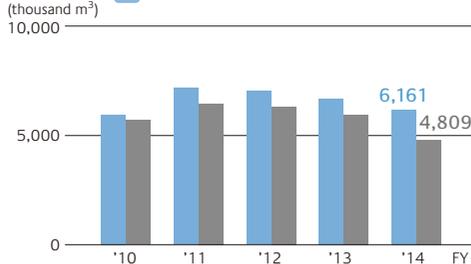
• CO₂ emission factor
Emissions of Takeda in Japan are calculated based on the "Law Concerning the Rational Use of Energy," and the CO₂ emission factor for purchased electricity is the adjusted emission factor for each electric power provider in each fiscal year (figures for fiscal 2014 are the actual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

See P.46 Initiatives to Deal with Climate Change
P.48 Water Resources Conservation Initiatives

✓ 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)

127

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

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 continue to measure our environmental impact and disclose highly transparent and reliable information. Our EHS management in the critical areas will proceed with a long-term perspective based on global targets for the year of 2020.

See P.88 Independent Assurance of Environmental and Social Performance Indicators

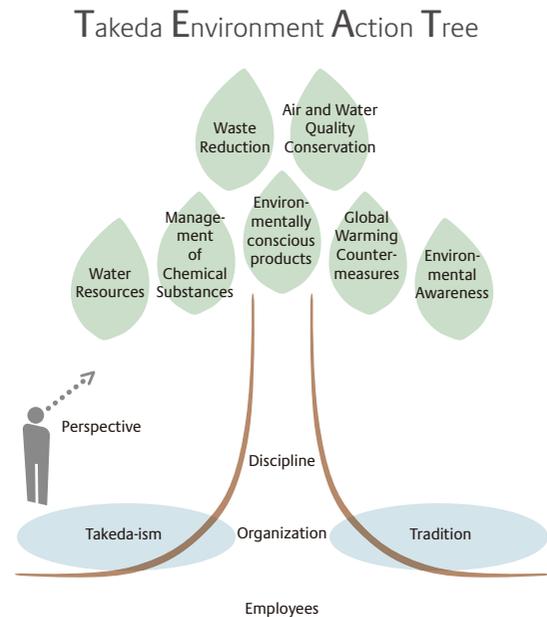
Takeda is strengthening its environmental protection structure following the direction set out by the Global EHS Policy.

Environmental Management

Reorganizing the Company-Wide Management Structure

Since establishing the Environmental Protection Committee in 1970, Takeda has engaged in environmental protection activities from a long-term perspective. Under the Takeda Group Environmental Action Plan, Takeda has set targets for measures to combat global warming, waste reduction, and other initiatives over the mid- and long-term. We review and evaluate our progress each year, and plan our future activities. In order to make concerted efforts as a Global One Takeda on environment as well as health and safety, we formulated the Global EHS Policy in 2012, followed by the Global EHS Guideline, which sets out specific measures for the policy, and a checklist which ascertains our EHS implementation progress. In 2015, we reorganized the corporate EHS system to enable agile and efficient management at the global level, giving our activities a dramatic boost.

Takeda has devised the concept of the Takeda Environment Action Tree (TEA Tree) to be nurtured by each individual employee from a global perspective. This initiative is based on Takeda's history of manufacturing and supplying pharmaceuticals with integrity for over 230 years and the unchanging values of Takeda-ism.



Message

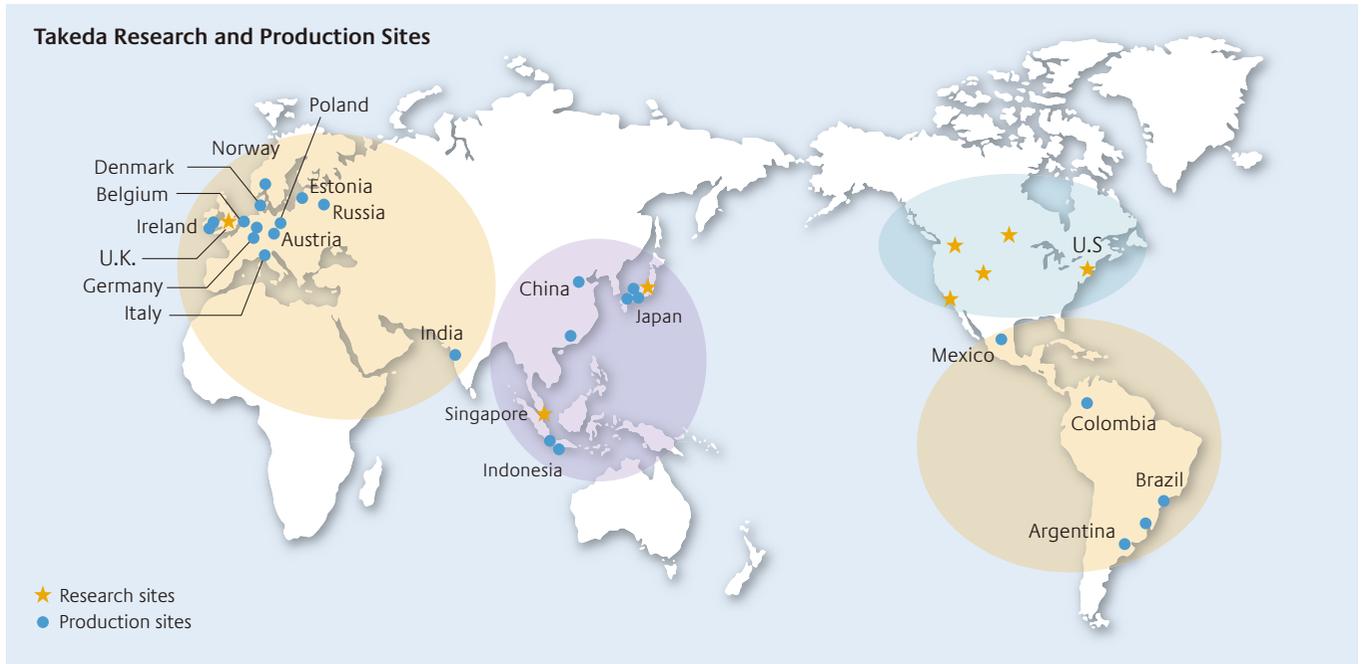
Takeda has promoted various efforts to become a “best-in-class” pharmaceutical company. Takeda-ism and other basic policies, Patient (put the patient at the center), Trust (build trust with society), Reputation (reinforce our reputation), and Business (develop the business), clearly show our direction in terms of environment (E), health (H) and safety(S). EHS is also an important consideration in terms of providing a sustainable supply of outstanding pharmaceutical products to patients.

We have established a framework such as the “Global EHS Guideline” to promote EHS throughout Takeda. We also set a medium- to long-term target in 2015 of “reduce CO₂ emissions from energy sources by 25% from fiscal 2005 levels by fiscal 2020.” All of Takeda is committed to this and to fulfilling our responsibility as a global pharmaceutical company trusted by society.

Shinji Honda

Senior Managing Director and Chairperson of the Environmental Committee





Environment and Safety Management Structure

Takeda has established an Environmental Committee, consisting of representatives in charge of environmental activities from each division, to promote our business operations based on the Global EHS Policy. In the Environmental Committee, various issues regarding the environment, including company-wide environmental protection, energy conservation and accident prevention are deliberated and the annual environmental policies are determined. Under the Environmental Committee, three subcommittees—for the environment, energy conservation and accident prevention—have been established, and measures related to each issue are devised and implemented at the practical operation level. Moreover, personnel in charge of environmental activities are appointed at production sites and research centers, promoting activities based on the medium-term implementation plan, as well as the annual plan.

The matters deliberated by the Environmental Committee are relayed properly to all Takeda companies around the world through our global management structure.

Global EHS Policy/Global EHS Guideline

To provide specific direction to the activities required by the Global EHS Policy, Takeda formulated the Global EHS Guideline for Production and Research Sites in 2013, and the Global EHS Guideline for Office Sites in 2014. The office sites version incorporates the required items from the production and research sites version, while providing enhanced content on information gathering and recording, and other matters in order to adapt it for office operations.

Global EHS Guideline Checklist

In fiscal 2014, Takeda created the Global EHS Guideline Checklist to serve as a tool for disseminating the Global EHS Guideline and evaluating adherence to the guideline. The checklist is deployed as a tool at every business site related to production and research for use in internal audits conducted each year.

We formulate a yearly policy from a medium- to long-term perspective to advance the activities of Takeda.

Takeda Group Environmental Action Plan

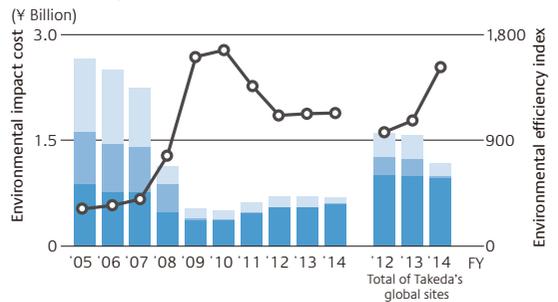
In fiscal 2010, Takeda formulated the Takeda Environmental Action Plan to specify environmental issues and targets for the medium and long term. At the same time, we created the Takeda Group Environmental Action Plan for Takeda’s global sites. To fulfill our social responsibilities as a global pharmaceutical company, we have set concrete numerical targets to combat global warming and reduce waste. We review our progress toward these targets annually and quantify our evaluation for each item. By tracking our performance each year, we continuously promote activities for achieving the targets. Furthermore, in an effort to reduce our environmental footprint from a medium- to long-term perspective, in 2015 we formulated an action plan with targets for fiscal 2020.

See P.58 Progress on the Takeda Group Environmental Action Plan

Validation of Activities Using an Index

Takeda recognizes the importance of quantitative assessments of the impact of business activities on the environment. In fiscal 2012, we undertook environmental impact assessments for our operations in Japan and overseas by LIME.*1 Based on the results of these assessments, we identified issues to be addressed and we are now using the expertise we have acquired in

Trends in Environmental Impacts Due to Business Operations



Environmental impact cost: CO2, SOx, Others. Environmental efficiency index (Net sales/environmental impact cost)

Data collection sites: Takeda Pharmaceutical Company’s production and research sites ('05-'14), including indirect emissions associated with purchased electricity. Takeda’s production and research sites ('12-'14 Takeda’s global sites), including indirect emissions associated with purchased electricity.

Japan to reduce our environmental impact globally.

Recognizing that business growth tends to increase the environmental impact, Takeda has defined an internal “environmental efficiency index,” equal to net sales divided by the total environmental impact cost as measured by the LIME assessment. The index had been decreasing because environmental impact costs had increased in line with the start of operations at new manufacturing and research facilities, but recently it has stabilized. Takeda will use the index to help assess the relationship between Takeda’s business activities and the environment.

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

Message



For Takeda, patients and customers are at the very center of all our activities. In addition it is our ambition to become a best-in-class company in the eyes of our main stakeholders. In Global Manufacturing and Supply we are striving to deliver high quality products. At the same time the health and safety of our employees and of our neighbors, who are living close to our sites and facilities, is of paramount importance for us. During the last couple of years Takeda has established and executed on very ambitious environment, health and safety (EHS) action plans to reduce our environmental footprint. These activities are ongoing. For 2015 our key focus is on improving the safety of our employees by starting “Safe Takeda” – an internal campaign to prevent work-related accidents. As further area of focus we are embedding Supplier Risk Management as a Business Process into our Sustainable Procurement efforts.

Thomas Wozniewski
Global Manufacturing and Supply Officer (GMSO)

Responsible Care Activities

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



Environmental Management System

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

ISO 14001-Certified Sites

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

Environmental Accounting

Takeda has been monitoring and supervising environmental protection investments and expenditures since fiscal 1980. The table right above shows the costs in business areas for Takeda in Japan, upstream and downstream costs, and the cost of administrative activities. In fiscal 2014, environmental protection investments totaled ¥1,171 million and expenditures were ¥3,199 million. Upgrading and replacing aging environmental protection

equipment accounted for the majority of the investments. In addition, there were about ¥3,000 million of investments to prevent accidents, such as by replacing aging equipment and making facilities resistant to earthquakes. The economic benefits of energy conservation measures for Takeda Pharmaceutical Company totaled approximately ¥290 million.

Environmental Protection Costs (Million yen)

Category		Investments	Expenditures
Business area costs	Pollution prevention	949	1,531
	Environmental protection	123	166
	Resources recycling	70	963
Upstream and downstream costs		—	39
Administrative costs		25	501
Total		1,171	3,199

- Data collection period: April 1, 2014 to March 31, 2015
- Data collection sites: Takeda's production and research sites in Japan
- Reference guidelines: The Ministry of the Environment's 2005 Environmental Accounting Guidelines, The Japan Chemical Industry Association's Environmental Accounting Guidelines for Chemical Companies

External Evaluation of Environmental Initiatives

Takeda uses the results from external evaluations of its environmental initiatives as a starting point for examining points for improvement and enhancing its activities even further.

We achieved a score of 96 out of 100 in CDP for 2014, a scoring system that evaluates the climate change response of companies based on a questionnaire jointly issued by global financial institutions.

In the 18th Environmental Management Survey conducted by Nikkei, Inc., (announced in January 2015), Takeda came second in the pharmaceutical industry category, scoring 430 points out of a maximum of 500. Moreover, our environmental activities are evaluated by an external evaluating organization, and we continue to be selected for investment by SRI funds such as the SNAM Sustainable Investment Fund.

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

■ Reducing Environmental Risks

Fundamental Stance on Reducing Environmental Risks

Takeda is well aware of its responsibilities as a company that handles a variety of chemical substances, including its pharmaceutical products. We have therefore established a structure to reduce environmental risks as much as possible from both environmental and accident prevention perspectives. We continue to upgrade our efforts to reduce risks from the perspective of environment, health and safety (EHS) based on the Global EHS Guideline, by carrying out environmental protection and accident prevention procedures at each stage of operations, and by continuing to conduct Environment, Health and Safety Audits.

Environment, Health and Safety Audit

Takeda conducted company-wide Environmental Protection and Accident Prevention Audits, which are designed to ensure thorough risk management and risk assessment by internal specialists. Since fiscal 2013, we have conducted full-fledged Environment, Health and Safety Audits that include health and safety matters within the scope of the audit, based on the Global EHS Guideline.

The Environment, Health and Safety Audit is conducted over a number of days during visits to each site by personnel in charge of the audit. Prior to the visits, our internal auditor assesses the standard-format questionnaires submitted by each site. The audit results are detailed in the report, which is submitted to top management. Indications and recommendations to be improved found through the audit are

followed up thoroughly, and a progress report providing details of countermeasures is mandatory. In fiscal 2014, Environment, Health and Safety Audits were implemented at six sites in Japan and seven sites overseas, including affiliated companies. No critical indication was identified as a result of the audits.

Since fiscal 2014 we have conducted internal audits at all business sites based on the Global EHS Guideline Checklist.

Green and Sustainable Chemistry

Takeda develops environmentally-friendly production processes for medical products considering a variety of aspects: how to make efficient use of all materials, the use of materials that have minimum harmful effects on humans and the environment, and reduction of the number of steps in the process to decrease overall energy consumption. In order to assess each of our processes, we use the Process Mass Intensity (PMI),*1 a general index to measure environmental load, along with our own environmental impact assessment chart. In the development of the active pharmaceutical ingredient of TAKECAB (vonoprazan) for treatment of acid-related diseases at Chemical Development Laboratories, R&D CMC Center, we achieved a much improved production process compared to the original research route regarding the PMI, through modification of the synthetic route, simplification of the purification and reduction of the solvents and metallic catalysts required.

We have also undertaken research on flow chemistry*2 to further pursue improvement of the process through reduction of the reaction steps, raw materials and energy consumption.

*1 Total amount of materials required to produce 1kg of products

*2 An effective and safe synthetic method using a flowing stream of liquids or gases

16sites

Number of sites covered in the fiscal 2014 Environment, Health and Safety audit

Sites audited in the Environment, Health and Safety audit

■ In Japan

Takeda Pharmaceutical Company Limited (Shonan Research Center and Hikari plant)/Wako Pure Chemical Industries, Ltd. (Harima plant and Aichi plant)/Daiwa Special Glass Co., Ltd. (Ichijima plant, Niitaka plant)

■ Outside Japan

Takeda California, Inc./Takeda Italia S.p.A./Zydus Takeda Healthcare Pvt. Ltd./Takeda Nycomed AS/Takeda Pharma Sp.z o.o./Takeda Pharma Ltda./Takeda Pharma S.A.



Apparatus for flow chemistry

Accident Prevention Initiatives

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

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

Countermeasures against Static Electricity

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

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

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

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

Risk Assessment of Candidate Compounds and Processes

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

Enhancement of Earthquake Countermeasures

Learning from the Great East Japan Earthquake, we have been upgrading all disaster countermeasures, including tsunami countermeasures. We have been enhancing our disaster countermeasures facilities at production sites in Japan, while at our Head Office, branches, and sales offices we have been working to prepare countermeasures including stockpiling emergency supplies, helping employees to return to their homes, means of communication during an emergency, and back-up facilities.

Takeda’s Voice

The Jaguariuna plant, inaugurated in 2002, is one of the most modern in Latin America. Health, safety, environmental protection and sustainability are the priorities also in Takeda Pharma Ltda.

In 2014, Brazil suffered from water shortage, so we put focus on the actions to help. We organized the Water Day in which participants learned about how to save water in quizzes. There were also workshops to experience the latest technologies for water treatment and recycling. Other educational activities such as demonstrations on waste reduction and One Minute without Energy campaign took place to raise environmental awareness.

The Jaguariuna City hall gave us recognition on these actions and initiatives for bringing good impacts to the environment and the community. Not being satisfied with the achievement, we continue to look for opportunities to improve our environmental performance.

Luiz Antonio da Rocha

Engineering Manager, Takeda Pharma Ltda., Jaguariuna plant



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

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

Initiatives to Deal with Climate Change

Fundamental Stance Regarding Climate Change

We make efforts to reduce greenhouse gas (GHG) emissions from Takeda. Takeda Pharmaceutical Company established an Energy Conservation Committee in 1974, and for more than 40 years since, it has conducted energy conservation activities to help reduce GHG emissions. We actively publicize our progress through our Annual Report, CDP,*1 and other means.

*1 CDP aims to evaluate the status of companies' climate change initiatives based on a questionnaire jointly issued by global financial institutions.

Mid-Term Targets for Takeda in Japan and Overseas

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

- Reduce CO₂ emissions from energy sources across Takeda by 18% from fiscal 2005 level by fiscal 2015

Our newly formulated Environmental Action Plan includes the following global CO₂ emissions target for fiscal 2020.

- Reduce CO₂ emissions from energy sources by 25% from fiscal 2005 levels by fiscal 2020

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

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

Results for Fiscal 2014

Takeda is promoting its 11th Energy Conservation Program covering the years from FY2013-FY2015. CO₂ emissions for Takeda Pharmaceutical Company alone in fiscal 2014 were 266 kilotons, a 35% reduction from fiscal 1990 level. For Takeda worldwide, fiscal 2014 CO₂ emissions were 417 kilotons (Scope 1: 164 kilotons, Scope 2: 254 kilotons), down 19% from fiscal 2005.

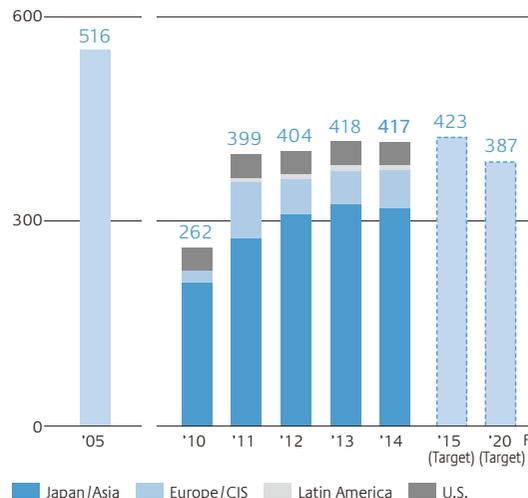
In fiscal 2014, we took measures to reduce the amount of water supplied to our exhaust gas treatment unit (scrubber) at the Shonan Research Center, which resulted in a 421,000 kWh electricity

19%
reduction

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

CO₂ Emissions of Takeda

(Kilotons of CO₂)



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

See P.38 Calculation Method of CO₂ Emissions

saving as well as a reduction in water usage.

In line with the advance of Takeda's global activities, its energy consumption has risen over time. In response to that, we continue to curb this rise as much as possible by urging the participation of all employees in energy-saving measures.

Initiatives in Products

In June 2013, Takeda adopted bio-polyethylene bottles for the primary packaging container for the antihypertensive agent AZILVA (azilsartan). This is the first time in the Japanese pharmaceutical industry that such bottles, known as Bio-PE bottles, have been used for primary packaging. The use of Bio-PE bottles has enabled us to reduce CO₂ emissions compared to conventional petroleum-derived polyethylene bottles. We went on to use the Bio-PE bottles for other products such as ZACRAS Combination Tablets and TAKECAB.



Products for which Bio-PE bottles were adopted

Use of Renewable Energy Sources

Takeda is promoting the uptake of renewable energy sources, and examining options for introducing solar power generation facilities when newly constructing plants, research laboratories, training facilities and other buildings. Solar power generation facilities have been installed in Takeda Italia S.p.A.'s Cerano Plant, Takeda GmbH Oranienburg plant, the Osaka and Hikari plants and some company housing.

Takeda Receives National Energy Management Award in India

Zydus Takeda Healthcare Pvt. Ltd., one of Takeda's global production sites, has been working to reduce its energy footprint and improve the efficiency of its manufacturing processes through a "Continuous improvement Program (CIP)." Its achievements have been recognized by the Confederation of India Industries (CII), which presented an Award for Excellence to Zydus Takeda Healthcare in the Energy Efficient Unit category at the 15th National Award for Excellence in Energy Management Award 2014.



National Award for Excellence in Energy Management Award 2014 trophy (India)

Promoting Energy Saving

Based on the Guidelines for Environmental Consideration in Capital Investments that we formulated in

fiscal 2011, we have been aggressively introducing facilities and adopting equipment and technologies with a view to saving energy. We have also had external experts perform energy-saving diagnostic tests at the Osaka and Hikari plants, and we are using the results to plan and promote effective energy-saving measures.

Company-Wide Initiatives

The Takeda Eco Project started in fiscal 2008 and covers offices and sales departments. Under the project we are pursuing a number of detailed measures to prevent global warming, such as controlling room temperatures by implementing "Cool Biz," a summer dress code, using low-emission vehicles, and converting waste cooking oil from our canteen into biodiesel. The ratio of low-emission sales vehicles has reached 100%. We are now working on replacing them with hybrid vehicles. The hybrid vehicle adoption rate in fiscal 2014 was 68%.

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

49%

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

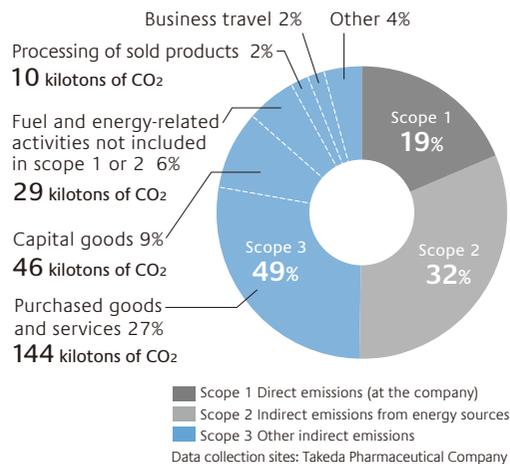
* Refers to the scope for calculation and reporting on emissions as stipulated by GHG Protocol, an international standard for calculating GHG emissions.

The Environmental Impact throughout the Entire Value Chain

Since fiscal 2012, Takeda has been calculating the greenhouse gas (GHG) emissions at the Takeda Pharmaceutical Company, not only for its own activities (Scope 1 and 2), but for the entire value chain including the activities of its suppliers, customers and others (Scope 3). This enables us to ascertain the emissions at each step in the chain. Going forward, we will consider the entire value chain in our efforts to reduce CO₂ emissions.

See P.38 CO₂ Emissions (Scope 3)

CO₂ Emission Ratios across the Entire Value Chain at Takeda Pharmaceutical Company (Fiscal 2014)



✓ Data assured by a third party See P.88 Independent Assurance of Environmental and Social Performance Indicators

Takeda approaches water resource conservation from a global viewpoint and promote long-term, continuous activities for biodiversity.

Water Resources Conservation Initiatives

Reducing Water Usage

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

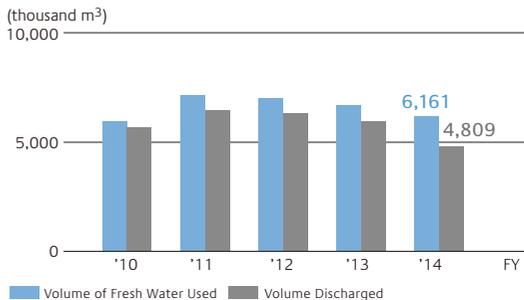
Takeda has taken steps to grasp actual water use in each of the approximately 70 countries where it has operations. Based on a Global Water Tool,*¹ question sheets, and water usage, we have classified our sites into three categories in terms of water risk as shown in the table below.

We are currently taking steps to address water issues and reduce water usage at each Takeda production and research site in Japan and overseas, based on their respective water risk levels.

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

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

Volume of Fresh Water Used and Discharged of Takeda



Legend: ■ Volume of Fresh Water Used ■ Volume Discharged
 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

See P.88 Independent Assurance of Environmental and Social Performance Indicators

Setting Targets for Water Resource Conservation

Under the newly formulated Environmental Action Plan, Takeda has set a target of reducing its global fresh water usage by 30% from fiscal 2005 levels by fiscal 2020. Takeda is focusing on the following measures in accordance with water risk levels.

Common Measures

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

Water Risk Level A

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

Water Risk Level B

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

Water Risk Level C

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

Initiatives for Waste Water Management

Takeda is managing the quality of effluent waste water in line with the following principles.

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

Takeda will strive to minimize the impact of chemical substances on public water environments by using discharge treatment such as separation and detoxification.

We cannot totally exclude the possibility that unregulated or unidentified chemical substances are included in waste water, and there exist chemical substances whose environmental impacts are unknown. Takeda has performed WET*² tests since fiscal 2012 to directly evaluate the combined impact of its waste water, which is a mixed substance, using a bio-response test.

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



Takeda Garden for Medicinal Plant Conservation (Kyoto)

Biodiversity Conservation Initiatives

Fundamental Stance Regarding Biodiversity Conservation

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

Initiatives for Sustainable Use of Biological Resources

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

Sources of Herbal Medicines	FY2012	FY2013	FY2014
Percentage of Wild Plants (based on volume)	20.3%	20.3%	20.2%

Promoting In-House Cultivation of Medicinal Plants

Takeda started early with in-house cultivation of medicinal plants, which is connected to conserving biodiversity. For over 20 years from 1939 onwards, we conducted research on rhubarb cultivation, developing a new variety called Shinshu-Daio, which is an ingredient for Kampo herbal medicine to treat constipation. As part of its efforts to ensure stable supplies of medicinal

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

Takeda Garden for Medicinal Plant Conservation (Kyoto)

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

For over 80 years, Takeda Garden for Medicinal Plant Conservation (Kyoto) has collected, grown and used herbal and other plants with medicinal value from around the world. Currently, the garden grows about 2,800 species of plant, of which 2,214 have medicinal value. The garden currently has 127 endangered plant species including near threatened ones. Activities to collect more endangered species continue, with the goal of increasing the number for preservation to 150.

In 2010, for its 75th anniversary, the garden upgraded its facilities and embarked on new activities as a facility for preserving medicinal plants and supporting education. One aspect of that is to hold symposiums and formal classes for students of pharmaceutical college three times a year. Additionally, the Takeda Garden for Medicinal Plant Conservation (Kyoto) continued to run a series of Fun with Nature Programs for students of local elementary schools and their parents, and in fiscal 2014 it received the judges' commendation award in the Award for Companies Promoting Experience-Based Learning Activities for Youth.

See P.54 Raising Environmental Awareness

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

20.2%

Percentage of wild plants used in herbal medicines (based on volume) (fiscal 2014)

127

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

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

Waste Reduction

Fundamental Stance Regarding Waste Reduction

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

Continuing the 5th Waste-Reduction Program

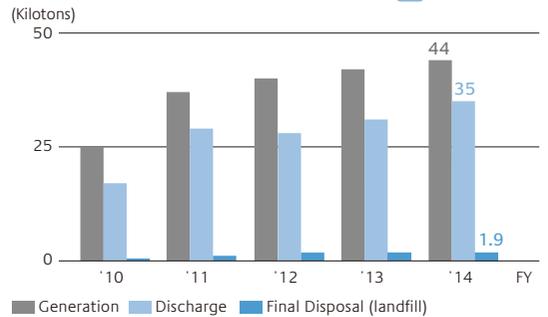
Takeda has been continually promoting waste-reduction activities since fiscal 1993. The 5th Waste-Reduction Program started in fiscal 2011 with the aim of reducing the amount of waste for final disposal in fiscal 2015 to below fiscal 2010 level. The entire company has been working to reduce waste disposal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

In fiscal 2014 the company strove to reduce waste by promoting zero-emission activities and other means.

20%
reduction

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

Trends in Waste Generation, Discharge and Final Disposal of Takeda



Data collection sites: Takeda's production and research sites
Waste: The total sum of hazardous and non-hazardous waste and valuable resources
Due to a divestment, past data has been restated.

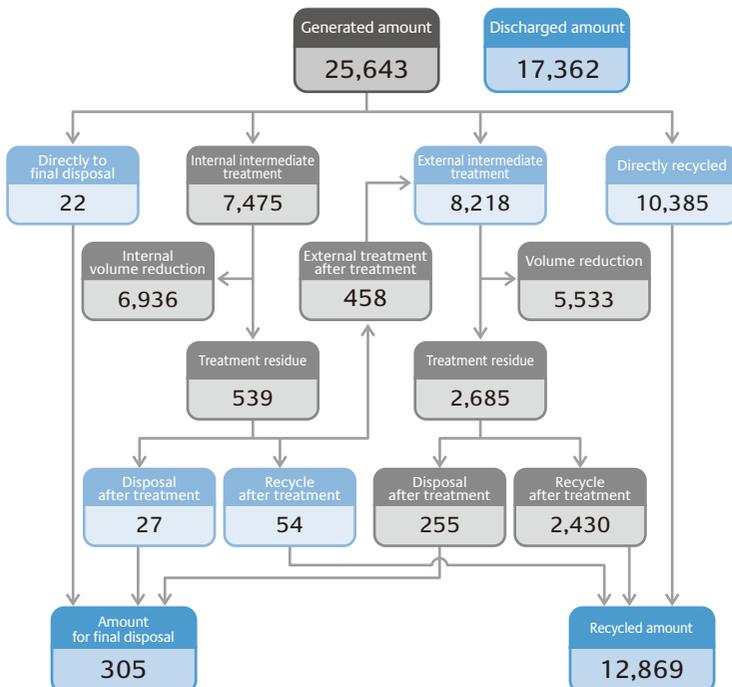
Data assured by a third party

These efforts reduced the amount of waste for final disposal at Takeda Pharmaceutical Company alone to 22 tons (down 53% compared with fiscal 2010). The amount for final disposal for Takeda in Japan was 305 tons, down 20% compared with fiscal 2010.

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

Waste Treatment Flow in Fiscal 2014

(Unit: tons)



Waste Product Breakdown and Amounts

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Sludge	2,855	3,175	5,164	3,729	3,255
Waste oil	5,333	4,700	5,851	6,573	7,707
Waste acid/waste alkali	9,970	9,843	8,818	10,459	10,727
Waste plastics	690	777	757	661	817
Metal scrap	399	582	376	355	365
Glass and ceramics	873	837	784	787	765
Other industrial waste	1,448	1,424	1,409	1,388	1,276
General waste	585	744	816	744	732
Total	22,153	22,083	23,975	24,697	25,643

Data collection sites: Takeda's production and research sites in Japan
Due to a divestment, past data has been restated.

18%
reduction

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

Reduction in Releases of Chemical Substances

Fundamental Stance Regarding Management of Chemical Substances

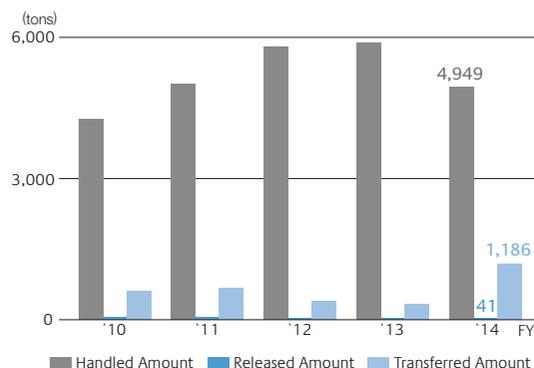
Takeda is working to reduce environmental emissions of chemical substances under the Takeda Group Environmental Action Plan formulated in fiscal 2010. Risk assessments are used to prioritize emissions-reduction efforts. With PCBs and asbestos, we took steps to remove materials properly and systematically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

To advance our management of chemical substances even further, we developed a centralized SDS (Safety Data Sheet) system for managing our own products and OELs (Occupational Exposure Limits) set by a specially appointed in-house committee to manage the level of chemical substances that can safely be handled at production sites to promote initiatives for maintaining an appropriate work environment. We take a comprehensive approach to chemical substance management, including quantifying the concentrations of pharmaceutical products in our factory waste water and conducting WET test.

Emissions and Transferred Amount of PRTR-Designated Substances

In fiscal 2014 Takeda Pharmaceutical Company handled 11 substances subject to notification under

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



Data collection sites: Takeda's production and research sites in Japan
Due to a divestment, past data has been restated.

✓ Data assured by a third party (Handled Amount and Released Amount)

the PRTR scheme. Releases into the atmosphere came to 12 tons, a 2% increase from the previous fiscal year. However, compared to fiscal 2005, the overall releases decreased 72%, beating the target of a 70% reduction from fiscal 2005 levels by fiscal 2015. Overall, Takeda in Japan handled 63 PRTR-designated substances, with emissions of 41 tons, of which 40 tons were released into the atmosphere, a reduction of 18% from fiscal 2010. Takeda's company-wide VOC emissions for fiscal 2014, including overseas, were 211 tons ✓. Takeda will continue to take steps to reduce the environmental impact posed by chemical substances, based on risk assessments.

Totals for PRTR-Designated Substance Data in Fiscal 2014

(Unit: tons)

Substance	Releases				Transfers		
	Atmosphere	Public water area	Soil	Total	Sewerage	Off-site	Total
Toluene	15.9	0.0	0.0	15.9	0.0	168	168
Dichloromethane	11.7	0.0	0.0	11.7	0.0002	267	267
1,2-Dichloroethane	6.5	0.0	0.0	6.5	0.0	4.0	4.0
n-Hexane	2.1	0.0	0.0	2.1	0.0001	426	426
Formaldehyde	0.7	1.4	0.0	2.0	0.0	0.0	0.0
Acetonitrile	1.4	0.0	0.0	1.4	0.0002	50	50

Data collection sites: Takeda's production and research sites in Japan. Substances with a total release amount less than one ton are not shown.

See P.88 Independent Assurance of Environmental and Social Performance Indicators

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



Hikari plant in Japan

Air, Water, and Soil Quality Conservation

Fundamental Stance Regarding Air, Water, and Soil Quality Conservation

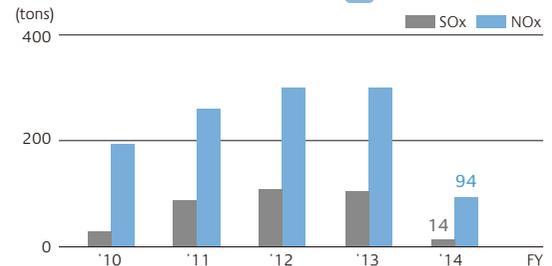
At each of its operating sites around the world, Takeda has established in-house standards more stringent than those required by laws, state government regulations, and local agreements in an effort to reduce NOx (nitrogen oxides), SOx (sulfur oxides), and dust emissions, and the chemical oxygen demand (COD) load. When a measurement exceeding the level of the in-house standard emerges in regular monitoring, we immediately determine and rectify the causes to prevent damage. We also regularly check for excessive noise and nuisance odors, and consider our impact on the lives of our neighbors or the surrounding environment. In fiscal 2014, we reduced emissions of NOx, SOx, and dust from conversion of fuel oil to gas at our plant in India.

Reduction Targets for NOx and SOx Emissions

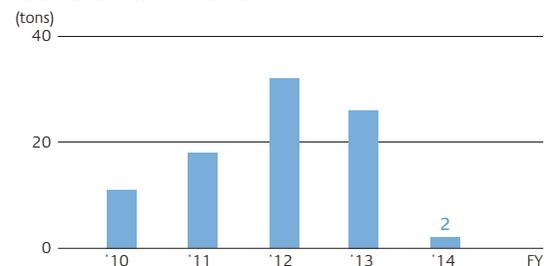
To further strengthen its efforts to conserve air, water, and soil quality, Takeda has set the following new targets for global NOx and SOx emissions for fiscal 2020 under its newly formulated Environmental Action Plan.

- Reduce NOx emissions by 20% from fiscal 2005 levels by fiscal 2020.
- Reduce SOx emissions by 75% from fiscal 2005 levels by fiscal 2020.

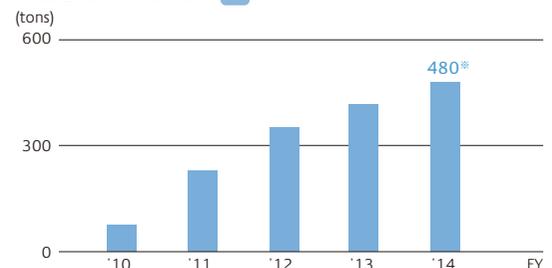
SOx and NOx Emissions of Takeda



Dust Emissions of Takeda



COD Load of Takeda



Data collection sites: Takeda's production and research sites
 Due to a divestment, past data has been restated.

* Total of 459 tons discharged into off-site treatment systems and 21 tons emitted into public water areas.

Data assured by a third party

Measures to Prevent Pollution

Based on our "Countermeasure Guidelines for Soil and Groundwater Contamination," we are working to prevent contamination of soil and groundwater at Takeda's sites. Groundwater monitoring is conducted at all sites periodically and we have confirmed there are no problems.

Moreover, in fiscal 2014 there were no environmental incidents such as leaks of substances that have an impact on the environment.

■ Environmental Communication

■ Shonan Research Center

At the Shonan Research Center, Takeda reports regularly on the status of its environmental protection initiatives to local community representatives and to the local governments of Fujisawa and Kamakura cities and exchanges opinions with them. Takeda has also continued conducting volunteer cleanup activities in the area surrounding the center around the time of locally-organized neighborhood cleanup days. In April 2015, the Shonan Research Center planted and paved an adjacent plot of land to create a disaster-readiness area, which it loaned free of charge to Fujisawa City. This move was undertaken with the intention of cooperating with the local community on disaster readiness.



No. 1 Disaster Readiness Area (Muraoka District)

■ Bogota Plant

At the Bogota plant (Colombia), one of Takeda's global production sites, we participated in a CSR initiative promoted by Punto Azul, an organization dedicated to reduce the negative environmental impact of discarded pharmaceuticals. We placed the provided medicine return container onsite in the plant to collect discarded house medicines from employees. The process of proper treatment of these collected medicines can be traced in Punto Azul's website.



A return container to collect discarded medicines

■ Takeda California, Inc.

Takeda is engaged in environmental protection activities at its business sites around the world as a member of local communities. At Takeda California, Inc. (TCAL), we cooperated with a local river protection group to plant trees native to the area along the stretch of San Diego River. It contributes to the restoration of the local environment by increasing the native plants. In February 2015, we planted 2,015 trees. This is equivalent to 20 times more trees than were consumed to make paper for TCAL in 2014.



A tree planting initiative by TCAL employees

■ Environmental Monitors

Takeda invites residents living near the Hikari plant, the Osaka plant, and the Shonan Research Center to become Environmental Monitors, conducting surveys to find out whether they are aware of any noise or nuisance odors from the plant. The site's management is meticulous about responding to any feedback from these surveys. We also hold plant tours and other events for Environmental Monitors. In fiscal 2014, we took appropriate measures to respond after receiving complaints regarding noise and other aspects related to the demolition work at the Osaka plant.



Plant tours (Osaka plant)

Through initiatives to raise environmental awareness, we are enhancing environmental management.

■ Raising Environmental Awareness

Award for Encouragement: ChemoBio Integrated Management Society

In September 2014, Takeda received the Award for Encouragement: ChemoBio Integrated Management Society in recognition of its efforts to contribute to the advancement of comprehensive management of chemical substances as well as to the advancement of related education. In connection with this, Takeda gave a lecture to commemorate the receipt of the award, entitled “Takeda Pharmaceuticals Environmental and Chemical Substance Management Initiatives – Aiming for Evidence-Based Management.”

The Take-Eco Point System

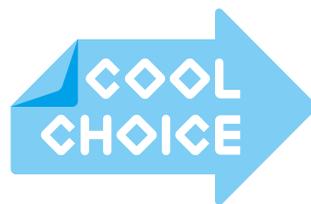
Since April 2012, Takeda has been operating the Take-Eco Point System (Takeda’s Eco-Activity Pointing System), which awards points for eco-activities undertaken by employees and their families. Various daily eco-activities are eligible for points, such as participating in environmental activities, growing a “green-curtain” outside of a window, or setting the air conditioner to an appropriate level for saving power. Employees can apply for points through a website on the company’s intranet. The points can be exchanged for eco-products or used to make a donation in support of environmental conservation groups. Take-Eco-san, the mascot character supporting the Take-Eco point program, was included in the biodiversity support team of the Japan Committee for the United Nations Decade of Biodiversity. The Take-Eco points program is also aligned with the COOL CHOICE program, led by the Ministry of the Environment, for residents of Japan to promote smart choices with regard to countering global warming.

Approx.
2,500

Number of people who have applied for Take-Eco Points (As of August, 2015)



“Take-Eco-san”
– a mascot for the Take-Eco Point System



未来のために、いま選ぼう。
COOL CHOICE logo mark

Received the Judges’ Commendation Award at the 2014 Award for Companies Promoting Experience-Based Learning Activities for Youth

The Award for Companies Promoting Experience-Based Learning Activities for Youth program was established by the Ministry of Education, Culture, Sports, Science and Technology to promote experiential activities for young people. Takeda’s “Fun with Nature” program, which has been operated at the Takeda Garden for Medicinal Plant Conservation (Kyoto) since 2011, was highly evaluated under the award program and received the judges’ commendation award. Under the program, Takeda invites students and parents from local elementary schools to experience sowing seeds, raising seedlings, observation over time, and processing and disposal stages. The program is held five times in all throughout the year. With new ideas each year, such as making a traditional beverage from purple common perilla grown by the participants themselves, the program has received positive feedback from participants.



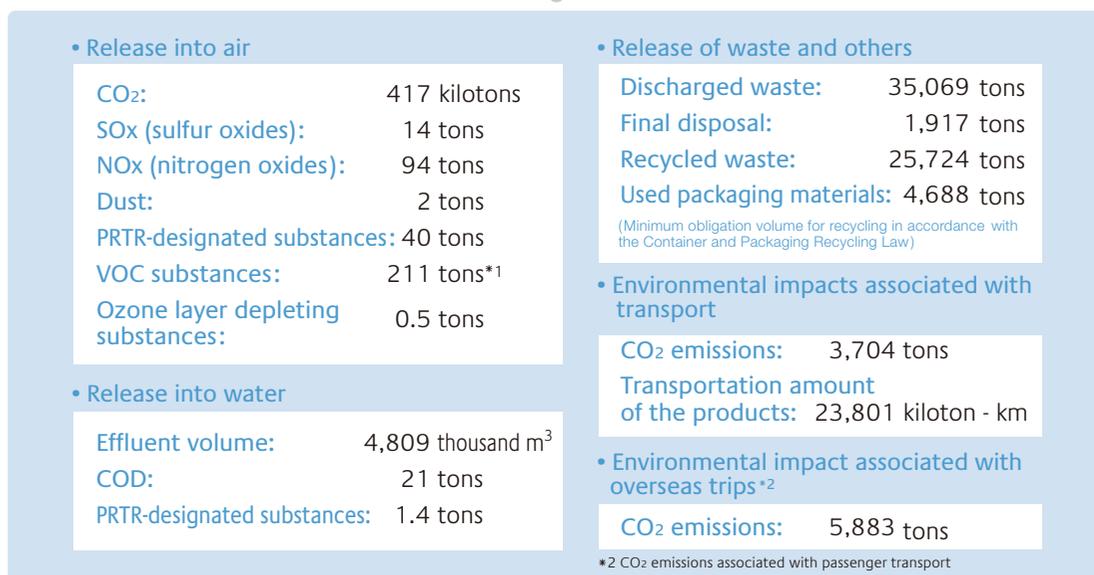
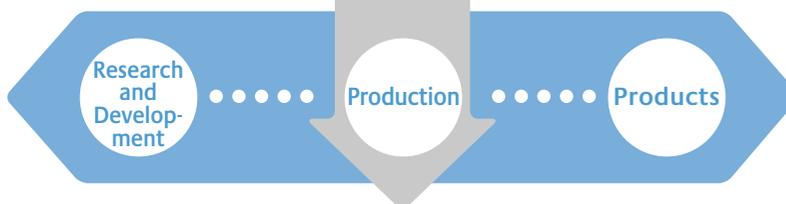
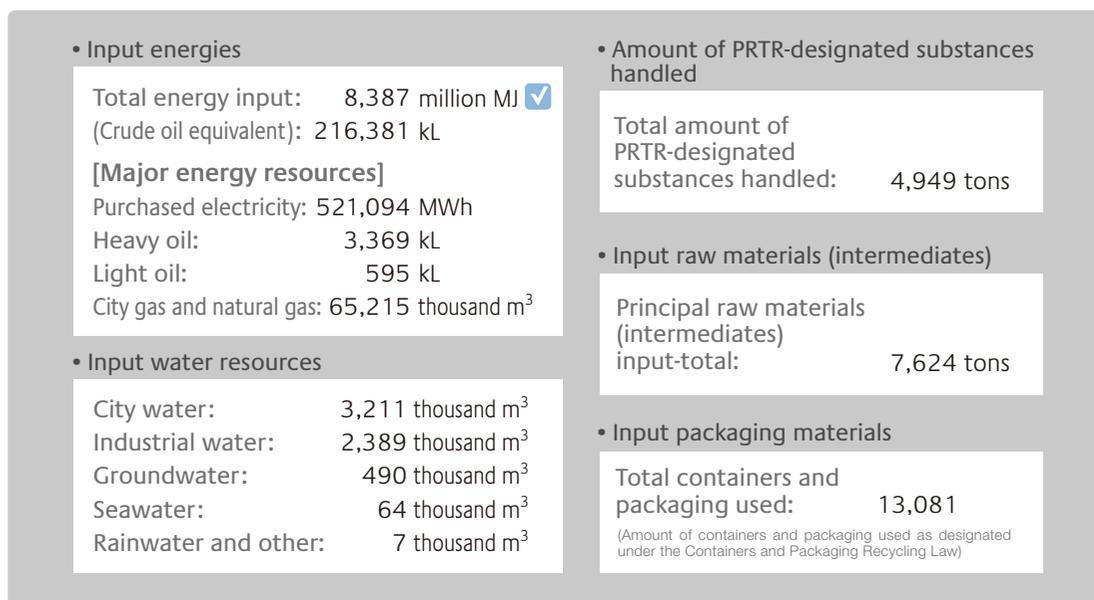
Fun with Nature Program



2014 Award for Companies Promoting Experience-Based Learning Activities for Youth presentation ceremony

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

Environmental Impacts Associated with Takeda's Business Activities



Compilation Method of Environmental Data

- Data collection period: From April 1, 2014 to March 31, 2015
- Data collection sites: Takeda's production and research sites. The scope of energy and CO₂ data includes Takeda Pharmaceutical Company's head offices and sales offices. However, data on PRTR-designated substances and environmental impacts from transport come from production and research sites in Japan only. The environmental impact associated with overseas trips is for all business sites of Takeda Pharmaceutical Company. Input raw materials (intermediates) data refers to Takeda Pharmaceutical Company's production sites.

*¹ The figures for VOCs are for 101 substances comprising the typical 100 substances of VOC listed by the Ministry of the Environment, Japan with the addition of 1-propyl alcohol.

Data assured by a third party

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

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

■ Data by Region

Due to a divestment, past data has been restated.

Total Input Energies

(Unit: million MJ)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	4,938	5,654	6,069	5,947	5,603
Europe/CIS	372	1,988	1,717	1,718	1,717
Latin America	—	273	369	366	386
U.S.	634	637	657	693	681
Total	5,944	8,553	8,811	8,725	8,387

CO₂ Emissions

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	210,174	276,081	310,790	325,038	319,880
Europe/CIS	17,427	81,936	50,949	50,003	54,992
Latin America	—	6,159	8,846	8,301	7,955
U.S.	34,993	34,929	33,559	35,134	34,665
Total	262,594	399,106	404,144	418,476	417,492

Fresh Water Used

(Unit: thousand m³)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	5,716	6,013	6,019	5,658	5,132
Europe/CIS	62	826	681	712	709
Latin America	—	180	210	164	176
U.S.	125	130	120	139	143
Total	5,903	7,150	7,029	6,673	6,161

SO_x

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	29	21	9	13	4
Europe/CIS	0.3	67	100	92	10
Latin America	—	0.7	0.6	0.4	0.5
U.S.	0.02	0.04	0.03	0.03	0.04
Total	29	89	110	106	14

NOx

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	183	205	229	227	60
Europe/CIS	11	53	65	68	28
Latin America	—	0.5	4	3	3
U.S.	1	2	1	1	3
Total	195	260	300	300	94

Waste Generation

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Japan/Asia	22,209	22,707	24,239	25,839	26,818
Europe/CIS	1,994	11,539	13,289	14,142	15,212
Latin America	—	829	1,207	1,251	1,224
U.S.	571	630	773	770	704
Total	24,773	35,705	39,508	42,002	43,957

Final Waste Disposal

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Osaka plant	20	13	7	5	4
Hikari plant	0.1	0	0	0	0
Shonan research center	0.1	11	22	16	18
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	331	369	282	233	282
Total	351	392	311	254	305

Atmospheric Release of PRTR Substances

(Unit: tons)

	FY2010	FY2011	FY2012	FY2013	FY2014
Osaka plant	0.9	0.5	0.2	0.2	0.2
Hikari plant	11.1	16.6	14.8	11.3	11.7
Shonan research center	—	0.5	0.8	0.7	0.5
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	36.5	39.1	18.3	22.2	27.2
Total	48.5	56.6	34.0	34.4	39.6

Takeda has formulated policies based on the Takeda Group Environmental Action Plan, and it continues to upgrade its environmental protection and accident prevention activities.

■ Progress on the Takeda Group Environmental Action Plan in Fiscal 2014

Theme	Item	Fiscal 2014 Achievements
T-EMS (Takeda Group Environmental Management System)	All Takeda production and research sites, on the basis of the "Takeda Group's Standard for Environmental Protection and Accident Prevention Work," execute their autonomous environmental protection and accident prevention activities in utilization of ISO 14001 related activities, environmental protection and accident prevention audit, and environmental protection and accident prevention internal audit.	<ul style="list-style-type: none"> • Promoted environmental protection and accident prevention activities based on the Global EHS Guideline • Continued ISO 14001 activities at 30 business sites, including the recently certified Zydus Takeda Healthcare Pvt. Ltd. • Have not attained management system qualifications at some research divisions, the head offices and sales divisions • Designated environmental managers at business sites and sales divisions, including Takeda's overseas sites
	The business offices in Takeda establish their environmental management systems corresponding to their business places and scales to execute their activities.	
Countermeasures for global warming	The CO ₂ emissions resulting from energy use are reduced in FY2015 by 18% from those in FY2005.	<ul style="list-style-type: none"> • Established targets for each Takeda company and business site in Japan and overseas, and promoted energy saving activities • FY2014 Takeda CO₂ emissions of 417,000 tons were 19% less than those in FY2005 • Although emissions are increasing, the 2015 target is considered achievable
	The use of renewable energy is promoted.	<ul style="list-style-type: none"> • Installed solar power generation facilities at Takeda Italia S.p.A., the Osaka plant, the Hikari plant and other sites • Considered current situations and cost efficiency to install solar power generation at other sites
Waste reduction	The amount of final disposal in FY2015 is decreased to the amount in FY2010 or less.	<ul style="list-style-type: none"> • Established targets for each company and business site to reduce waste generation, promoted recycling of waste into valuable resources, and conducted other activities to reduce the amount of waste for final disposal • Amount of waste for final disposal for Takeda in Japan in FY2014 was 305 tons, down 20% from FY2010
	3R activities are promoted, namely, to Reduce the generation of wastes, Reuse the wastes, and Recycle the wastes.	<ul style="list-style-type: none"> • Promoted recycling through rigorous waste separation. Converted waste into recyclable and valuable resources • Continued zero-emission activities at the Osaka plant and the Hikari plant
Protection of water resources	Efforts are paid in endeavor to make effective use of water resources, and the amount of water use is reduced.	<ul style="list-style-type: none"> • Assessed water use at each business site, used proprietary method to assess water resource risk • Moved ahead with initiatives responding to the risk level for each business site • Established water risk assessments, set targets for water use and implements activities for meeting them • At Shonan Research Center, timer operation was applied to water supplied to the scrubber, resulting to a significant decrease in water usage
	The recycle use of water is promoted.	<ul style="list-style-type: none"> • Promoted initiatives to reuse waste water • Initiatives included reusing equipment cooling water effluent as industrial water, storing rainwater for use in spaying, reusing condensation water from reverse osmosis membrane system as water for toilets, and using recycled water for toilets and sprinkling water onsite
Managing chemical substances	Efforts on the reduction of the emission amount of chemical substances to the environment are promoted. In the process of the reduction, target of the reduction is prioritized based on the risk assessment.	<ul style="list-style-type: none"> • Assessed chemical substance emissions at each business site, set reduction targets for each site, and took steps to steadily reduce emissions • Examples of initiatives include reducing usage of formaldehyde and considering substitute materials for hydrogen peroxide as a way of reducing environmental risk. We also continue to investigate ways to reduce the usage of chemical substances, such as improving processes
	PCB and asbestos are appropriately disposed of in a systematic manner by following regulations.	<ul style="list-style-type: none"> • Assessed the management of PCB and asbestos use at each business site, ensured appropriate storage in accordance with laws and regulations, and continued steady disposal

Theme	Item	Fiscal 2014 Achievements
Protection of ozone layer	The equipment used with ozone depleting substances is renewed in a systematic manner.	<ul style="list-style-type: none"> Assessed status (quantity) of air conditioners and other equipment using ozone depleting substances such as CFC-type refrigerants at business sites, formulated a plan for renewing the equipment, and disposed of it appropriately Based on the Act for Rationalized Use and Proper Management of Fluorocarbons, completed a listed of equipment containing fluorocarbons and developed a system for management
Air and water quality Conservation	Emission standards and total amount control are observed, and the reduction of NOx and SOx emissions and the reduction of COD are promoted.	<ul style="list-style-type: none"> Set in-house standards that are more stringent than applicable laws, regulations, and local agreements, and managed emissions accordingly Achieved reduction targets for Takeda Pharmaceutical Company
Biodiversity	The influence of business activities on biodiversity is understood, and the activities contributing to the conservation of biodiversity and the sustainable use of bioresources are promoted.	<ul style="list-style-type: none"> We continue to promoted biodiversity conservation activities according to the characteristics of each company and business site. Initiatives include the following: <ul style="list-style-type: none"> Raising 122 species of endangered herbal plants designated by the Ministry of the Environment for preservation outside of their natural habitat. Of these, 93 were medicinal plants (Takeda Garden for Medicinal Plant Conservation (Kyoto)) In addition to in-house cultivation of raw material for Kampo medicines, investigated switching from wild to cultivated varieties Continued activities to preserve rare plant varieties growing on business sites
	In the use of genetic resources or the like, the Convention on Biological Diversity is considered.	<ul style="list-style-type: none"> Recognized the need to observe laws based on the Cartagena Protocol on Biosafety, and to give consideration to ABS when using biological resources and trained employees performing the experiments about these matters
Environmental activities in offices	Efforts on the reduction of the use of energy at the head offices and representative offices are promoted.	<ul style="list-style-type: none"> Promoted "Cool Biz," a summer dress code to accommodate reduced air conditioning use and reduced the number of lights, set numerical targets, and took other steps to save electricity and other resources at office locations
	The reduction of wastes and the reduction of the use of copy paper are promoted at the offices.	<ul style="list-style-type: none"> Promoted thorough separation of waste and recycling Reduced consumption of copier paper by encouraging double-sided printing and paperless alternatives, and set numerical targets
	The green procurement of office supplies is promoted.	<ul style="list-style-type: none"> Promoted green procurement, including by set numerical targets for ratio of green procurement

Message

Views of an Independent Expert on Takeda's Environmental Activities

It gives me great pleasure in writing this opinion to be able to share that Takeda's environment, health and safety (EHS) initiatives are proceeding globally. The company is to be highly commended for setting aggressive medium-term global targets on key environmental performance indicators such as CO₂ emissions, aiming towards fiscal 2020. In addition, as shown on pages 56-57, most of the key environmental performance indicators have been listed by global area and with five-year trends. This represents a steady advance in disclosure, and would not have been possible without a significant effort over several years.

The company achieved a significant improvement in terms of reducing emissions of SO_x, NO_x, and dust in fiscal 2014, which has been explained with trend graphs and an article on page 52. I believe Takeda's environmental communication could be further enhanced by including a fuller disclosure of the background and decision-making processes for the initiatives that lead to such improvements. Furthermore, since the medium-term global targets are set against fiscal 2005 as a reference year, I would like to see the trend data also including fiscal 2005.



Takashi Fukushima

President, Sustainability Accounting Co., Ltd.



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.17 Compliance

Global Anti-Counterfeit Measures

In fulfilling a part of Takeda's mission to strive towards better health for people worldwide, Global Product Protection (GPP), 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.

See P.70 Anti-Counterfeit Measures

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 (PSCI), a group of some 20 global pharmaceutical companies who 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 who serve Takeda.



A Supplier Diversity pamphlet

See P.8 Supplier Management

- 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.

- 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 promote fair operating practices across Takeda while encouraging our suppliers to implement CSR too.

■ Anti-Corruption

We Will Ensure Compliance with Our Policy for Anti-Corruption and Anti-Bribery

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

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

■ Transparency Guideline

Relationship with Medical Institutions and Patient Groups

International society is calling for greater transparency and disclosure of information from pharmaceutical companies about their activities in every country. In the U.S., the Affordable Care Act (ACA) of 2010 stipulated the “Sunshine Act,” while in Japan in 2011 a guideline was formulated for ensuring transparency in the relationship between corporate activities and medical institutions, and in 2012 a guideline was formulated on transparency in the relationship between corporate activities and patient groups.

Takeda referred to these guidelines to form its own Transparency Guideline for the Relation between Corporate Activities and Medical Institutions as well as the Transparency Guideline for the Relation between Corporate Activities and Patient Groups. We have disclosed related information such as provision of funds.

For further details about the Transparency Guideline, refer to Takeda’s website:

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

■ Fair Promotion Activities

The Policy on Promotion of the JPMA Code of Practice

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. Moreover, in Japan, in order to ensure strict adherence to the JPMA Code of Practice, Takeda has created the Policy on Promotion of the JPMA Code of Practice and detailed SOP to implement the Policy by incorporating the existing Takeda Promotion Code for Prescription Drugs. With regard to a series of issues surrounding the Candesartan Antihypertensive Survival Evaluation in Japan (CASE-J study), Takeda will implement measures to prevent recurrences of this kind of event in the future. These measures include ensuring transparency through clarifying the role of each department and strengthening each department’s checking systems, as well as thoroughly ensuring that Takeda employees are completely uninvolved in investigator-led clinical research related to Takeda products.

See P.18 Issues Surrounding the Candesartan Antihypertensive Survival Evaluation in Japan (CASE-J Study)

■ Global Procurement Incorporating CSR

Global Procurement Policy

Takeda established a Global Procurement Policy in early 2015 to introduce a common and compliant way of purchasing goods and services across Takeda. The Global Procurement Policy intends to ensure that the company’s annual spend of approximately ¥600 billion on goods and services achieves the best value for money while meeting compliance and corporate social responsibility objectives. The policy incorporates the Takeda Supplier Code of Conduct along with a number of internal governing policies and external industry principles on ethical business conduct, including the Pharmaceutical Supply Chain Initiative Principles. In addition, the policy establishes supplier diversity as an integral part of our Procurement commitment to CSR and provides the policy

16,000

Number of suppliers subject to the risk evaluation (fiscal 2015)

expectation that small and diverse suppliers (women-owned, minority-owned and others) have appropriate opportunity and consideration to compete and serve Takeda. Overall, the policy strengthens collaboration across Takeda business and functions and simplifies our engagement with suppliers, while ensuring competitive processes.

Takeda Supplier Code of Conduct

The foundation of the Sustainable Procurement Program is the Takeda Supplier Code of Conduct, which is a key document for communicating Takeda's position on the performance standards suppliers are expected to work toward as a part of doing business with Takeda. The Takeda Supplier Code of Conduct covers principles in business ethics and anti-corruption, human rights, fair labor and employment standards, data privacy, animal welfare, safety, health and environment, as well as general management systems covering the topics covered in the code. Takeda has incorporated the Takeda Supplier Code of Conduct as part of its procurement-managed supplier qualification process and uses its risk assessment model to prioritize suppliers for further review. The Sustainable Procurement team assesses potential supplier sustainability risk by evaluating supplier geographical locations, supplier sector risk, potential spend and a variety of data indices covering environmental, labor, safety, human trafficking, corruption and other risks. The result of the risk model drives the types and levels of diligence required, consistent with certain Takeda policies. Takeda plans to work collaboratively with suppliers to improve performance to the Takeda Supplier Code of Conduct. Takeda's Sustainable Procurement journey, starting with the Takeda Supplier Code of Conduct requires ongoing collaboration internally and externally to ensure our supplier community aligns

with Takeda and society's expectations for sustainable business practices.

Supplier Diversity

Our Supplier Diversity Program is a reflection of our Core Values—Diversity, Teamwork, Commitment, Transparency, Passion, and Innovation. These values describe who we are and the way we conduct ourselves in our company, our community and in our business environment.

As part of Takeda's Sustainable Procurement Program, the Supplier Diversity Program enables economic opportunities for the communities in which we live, work and serve by purchasing goods and services from economically and socially diverse businesses, specifically, small businesses and those businesses owned by women, minorities, and others. We see supplier diversity as an opportunity to make a positive impact and a way to contribute to the economic strength of those communities. Takeda advances supplier diversity by:

- purchasing from these businesses,
- mentoring small and diverse businesses,
- participating in trade shows and outreach events to identify small and diverse businesses for Takeda procurement opportunities.

In 2014, Takeda spent approximately \$169 million with small U.S. businesses including women-owned, minority-owned, and others. In 2015, Takeda is enhancing its U.S. based program and is developing its approach to global supplier diversity.

Supplier diversity provides overall value by giving Takeda access to new and innovative products and services while optimizing price, quality, and availability, and is in keeping with our overall corporate commitment to responsibility and sustainability.

Items in Takeda Supplier Code of Conduct



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

Intellectual Property

Intellectual Property Protecting Takeda's Business

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

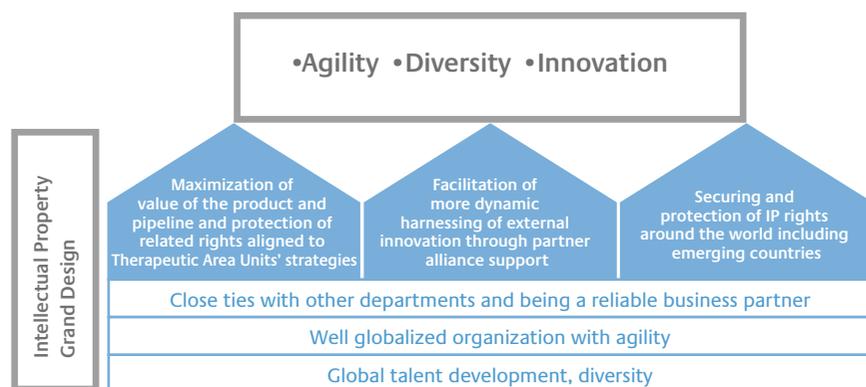
The IP aims to help Takeda's growth by supporting its increasingly global business activities, specifically by ensuring appropriate protection of Takeda's scientific ideas and inventions, and the goodwill of its products. At present, the IP has offices in Tokyo, Shonan (Japan), Deerfield, San Diego, 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

Up until several years ago, Takeda's IP operations focused primarily on the U.S., Europe, and Japan. However, with the expansion of our sales network and the strengthening of our business operations through the integration of Nycomed, an increasing proportion of our activities are now targeting Emerging Markets such as China, Russia and Brazil.

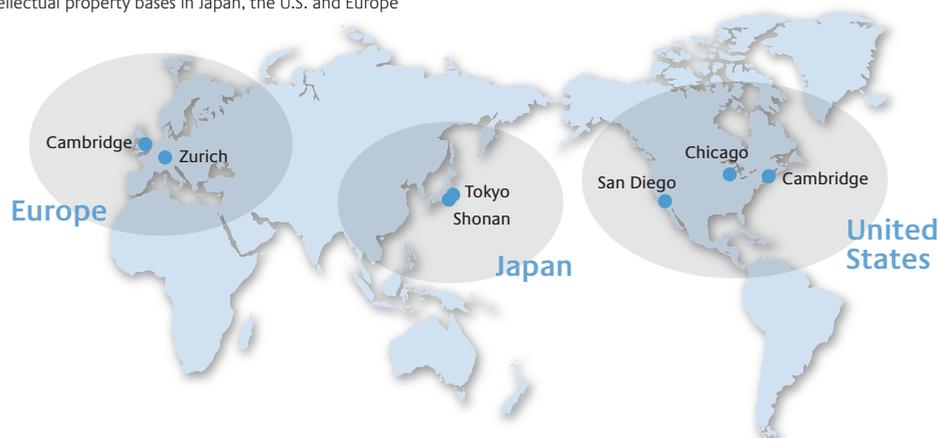
With interactive partnerships with the R&D and business functions, and with global teamwork within the organization, the IP demonstrates agility in quickly adapting to changes in the social landscape, business environment and business strategy. The IP will continue to evolve on a global scale to support Takeda's business as we strive towards our vision of "Better Health, Brighter Future."

The Three Central Themes of Intellectual Property Activities



The Global Intellectual Property Network

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



R&D Activities and Protection and Utilization of IP

Takeda's mission is to strive towards better health for people worldwide through leading innovation in medicine. To achieve this, the IP ensures appropriate protection of the results of Takeda's continuous research activities. Through appropriate protection and utilization of IP rights, the IP supports the stable supply of Takeda's products to patients.

Contribution toward Global Health

Takeda makes IP available for specified use to improve people's access to healthcare primarily in developing countries.

Since 2013, Takeda has been actively participating in R&D related to specific communicable diseases through product development partnerships funded by the Global Health Innovative Technology Fund (GHIT Fund), which Takeda helped to establish. Our objective has been to make our research results available for the advancement of research mainly on the communicable diseases that have been epidemic in developing countries. In 2015, Takeda has participated in the "WIPO Re:Search," a consortium established by World Intellectual Property Organization (WIPO) to accelerate the research and development of new drugs, vaccines, and diagnostics for diseases including neglected tropical diseases (NTDs), with an aim to make a concrete contribution to strengthening the foundation of healthcare in developing countries.

We will also look into opportunities for licensing certain IP rights to third parties where there is a need, enabling them to make, use, and import specific pharmaceutical products, among other appropriate rights, in order to contribute to sustainable improvement and development of access to healthcare in developing countries.

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

Issues and Initiatives Relating to the IP System

Takeda believes that further progress in R&D in the field of life sciences will require an IP system that reflects governmental policy on industries while allowing for protection of inventions and utilization of the rights to them. To accomplish these goals, we are cooperating and holding discussions with governmental ministries and agencies as well as industrial and business associations. A fundamental reform of the inventor remuneration system in patent law is being deliberated. Aiming to encourage innovation in Japan, we are working proactively with industry groups to revise the current system, which has many issues such as "unpredictability."

In addition, as an initiative to solve IP issues at the global level, we are cooperating with Pharmaceutical Research and Manufacturers of America (PhRMA) and patent offices in other countries (particularly the United States Patent and Trademark Office). By actively exchanging opinions with these organizations, we aim to maintain an international standard of IP rights protection in the legal system of each country and promote the harmonization of patent prosecution systems in the countries such as China, India and South Korea.

■ 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.62 Global Procurement Incorporating CSR



Hikari plant in Japan

18

Number of countries where Takeda has production sites

● Takeda's Production Sites



as of June 30, 2015

■ Quality Management System

For patients who take our high-quality products around the world, Takeda is establishing a comprehensive quality management system to meet the requirements and expectations of a global pharmaceutical company, recognizing that safety takes priority over everything in this industry.



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

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.

1. Science

- Product and process knowledge
- New technologies
- Robust analytical development

2. Systems

- Integrated quality systems
- Supplier quality management

3. People

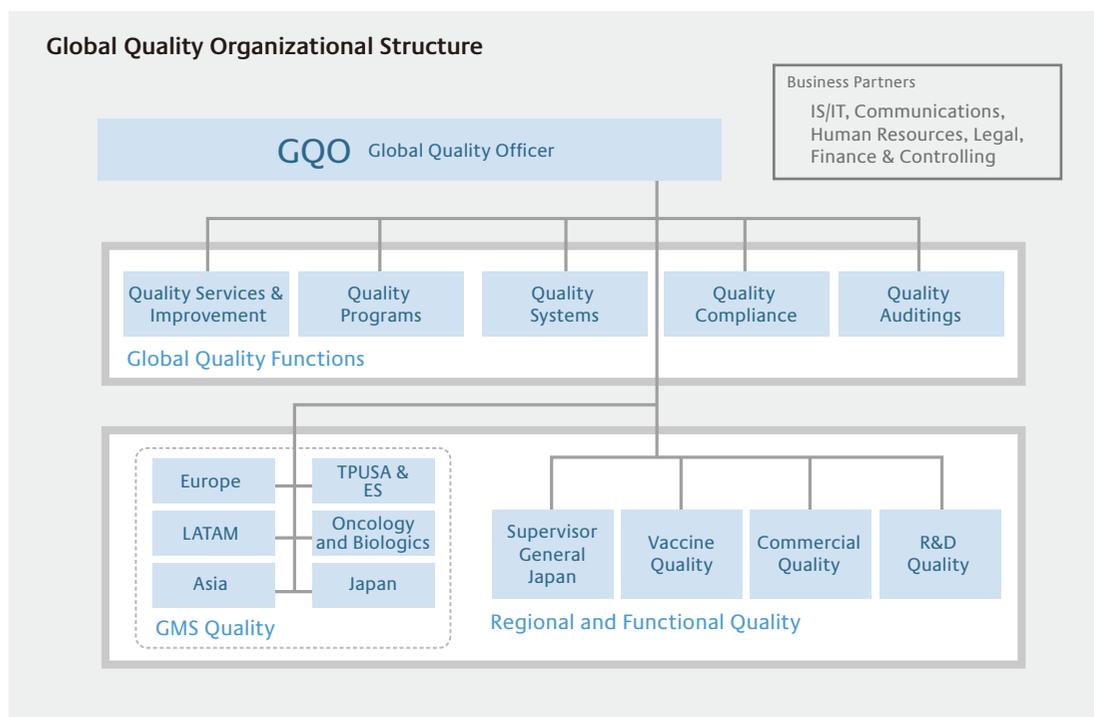
- Knowledge and skills development
- Performance management
- Talent pipeline construction to nurture next generation of leaders

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.

Strategic Execution of Transformation

Transitioning to a Global Quality organization is complex and needs a careful and deliberate approach. The progress made to date, including forming the new leadership team and the Global Quality structure, marks an exciting advancement for Takeda. Having a well-designed organization in place and clarifying roles and responsibilities are prerequisites for success. Alignment and harmonization are keys to our transition process. The newly introduced global Quality functions – Quality Services & Improvement, Quality Programs, Quality Systems, Quality Compliance and Quality Auditing – will drive our activities in this respect. These roles will ensure a harmonized approach in each specific area and will provide global strategy, oversight and governance to enable us to successfully change, support, monitor and audit our business. All of these support our commitment to put the patient at the center of all we do.

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



Our Mission, Takeda-ism and Our Values

During the transformation of Global Quality, we remain focused on our mission to strive towards better health for people worldwide through leading innovation in medicine. And our set of core values and Takeda-ism remains unchanged. 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.

In Global Quality, we not only believe in Takeda-ism and the values – we have built our organization and vision around them. They are at the heart of all we do and embedded in our Quality Culture as we go through the pillars to make key decisions:



Quality Culture is fundamental to the mindset of employees where decisions are always taken with the best interest of the patient and reinforcing the reputation of the company in mind. This way of thinking is second-nature to Takeda employees and relatable to our stakeholders alike.

As we continue to deliver on our transformation plans, there is a shared positive energy and excitement about what comes next in Global Quality.

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 Auditings 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 an independent yet fully integrated function within the business, Global Quality will establish and promote a quality culture that ensures consistent product safety and efficacy.

Quality Spanning the Entire Product Life-Cycle

Takeda's mission statement is "We strive towards better health for people worldwide through leading innovation in medicine." To realize this mission, we comply with all laws and regulations, as well as our own internal rules and standards, and strive to assure the "quality" of Takeda products from comprehensive perspectives through all our activities as follows:

■ Research and Preclinical Studies

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

■ Clinical Development

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

■ Manufacture of IMP and Pharmaceutical Products

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

■ Post-Marketing Quality Control

In the post-marketing stage, we carry out not only quality control before shipping out products but also the collection of quality-related information from the market. In this way, we strive to detect potential quality issues at an early stage and make continuous improvements in quality control.

■ Safety Surveillance of Pharmaceutical Products

Takeda implements pharmacovigilance activities, continuously collecting safety information from the

development phase of new drugs until after their launch, and providing this information to healthcare providers and companies marketing our products along with information on the appropriate use of the products.

Risk and Crisis Management as a Part of Quality's Initiatives

Even under the most stringent quality and safety control, unforeseen product defects or adverse drug reactions may occur. Takeda gathers and analyzes risk-related information appropriately on a global scale to prevent occurrence of health injury by Takeda products. For example, Takeda is establishing the Takeda Risk Intelligence Program to collect information on risks that could affect quality of Takeda products. Moreover, should such a health injury occur, Takeda would strive to contain the problem. Also, we have established a process for timely notification of critical quality events to senior management as well as for market actions or recalls of products that are found to not meet our quality standards.

Measures to Prevent Contamination from Radioactive Substance

Takeda is taking measures to prevent contamination of its products from radioactive substances in Japan. To help decide on the best measures to be taken, we survey the effect of the spread of radioactive material from the Fukushima Daiichi Nuclear Power Station on the manufacture and supply of products. We check drug substances, raw materials, and packaging materials that originate from areas considered to be at risk to ensure that we use only items that are not contaminated with radioactive substances. This prevents entry of such contaminated materials into our manufacturing facilities and environments. Furthermore, Takeda is timely and appropriately responding to inquiries on the radioactive substance contamination from regulatory authorities and Takeda companies to prove our products are safe.

We will take effective measures against the growing global problem of counterfeit drugs, based on the risk profile of each region.

Global Anti-Counterfeit Measures

■ MISSION

Counterfeit and illicit medicines present a significant threat to consumers and patients around the globe. In 2014, the Pharmaceutical Security Institute (for the details, see below) recorded 1,480 cases of counterfeit medicines across the globe. With the growing trend of counterfeiters shifting from targeting lifestyle drugs to high cost medicines used to treat complex diseases, the industry is facing increasing challenges in safeguarding its products and its patients' safety.

As part of Takeda's mission to improve lives, Global Product Protection (GPP) is committed to protecting patients by safeguarding our products and securing the supply chain. Its diverse team of subject matter experts strives to be a vital component in the effort to ensure the goals of the company are met by engaging in risk-based, holistic product protection activities throughout Takeda.

■ CORE ACTIVITIES

[Focusing on Criminal Activity]

GPP operates as the point-of-contact interfacing with international law enforcement and regulatory agencies to refer cases and intelligence collected during investigations. We proactively detect, investigate and collect evidence against transnational groups or individuals that engage in the production and trading of counterfeit and illicit Takeda products. GPP has increased the number of investigations over the years, conducting over 44 investigations last year alone. The majority of these were in Asia and the Middle East, along with a few in the Americas. Additionally, by focusing on monitoring websites, in fiscal 2014 GPP successfully helped shut down 9,933 illegal online pharmacies identified as selling Takeda products illicitly.

[Securing the Supply Chain]

The pharmaceutical supply chain has many touch points where counterfeit products can enter and reach our patients. GPP collaborates with internal functions to prevent the introduction of illicit traded products into the legitimate supply chain by assessing the risk and conducting due diligence, audits and threat assessments, as well as setting contractual requirements with logistic providers to ensure appropriate supply chain security standards are in place.



Warren Spivey, Regional Director: Europe/Middle East Africa, Global Product Protection, presenting at a Pharmaceutical Security Institute (PSI) seminar in Ankara, Turkey

[Anti-Counterfeiting Technologies]

GPP researches, evaluates and coordinates the application of appropriate anti-counterfeiting and security technologies on Takeda products aimed at preventing them being counterfeited and illicitly traded. By implementing a wide variety of overt, covert and forensic technologies, GPP is able to apply multiple layers of protection which help deter counterfeiting and instill confidence in the authenticity of Takeda's products among patients. As counterfeiters constantly seek to imitate current technologies GPP always seeks to add new and cost-effective technologies into its product protection scheme.

[Communication and Partnerships]

The GPP Team proactively partners with international law enforcement, regulatory agencies, other pharmaceutical companies and industry organizations to combat counterfeiting and illicit trading, while also educating consumers on the dangers associated with these activities. Some of the key collaborations that GPP is involved with include:

- Rx 360 – to assure the quality and authenticity of the products moving through the supply chain by sharing information and developing processes.
- ASOP (Alliance for Safe Online Pharmacies) – to ensure patient access to safe and legitimate online pharmacies in accordance with applicable laws.
- PSI (Pharmaceutical Security Institute) – to facilitate the sharing of information on the counterfeiting of pharmaceuticals among its members and initiates enforcement actions through the appropriate authorities.

- IFPMA (International Federation of Pharmaceutical Manufacturers & Associations) – to raise awareness about the dangers of fake medicines through the Fight the Fakes campaign.

Preventing Drug Disasters

Historically, lack of appropriate and timely safety monitoring of medicines has led to a number of serious, large-scale medication-related health disasters (drug disasters). During the 1960s, Takeda was one of the defendant companies in the SMON (Subacute Myelo-Optico-Neuropathy) accident that affected over 10,000 people, for which the company is still paying compensation today. In a final statement released in April 2010, the Investigative Committee on the State of Pharmaceutical Administration for Investigation of a Drug-Induced Hepatitis Accident and Measures to Prevent Reoccurrence, a Ministry of Health, Labour and Welfare expert working group, called for pharmaceutical companies to implement education about drug disasters to prevent them from recurring.

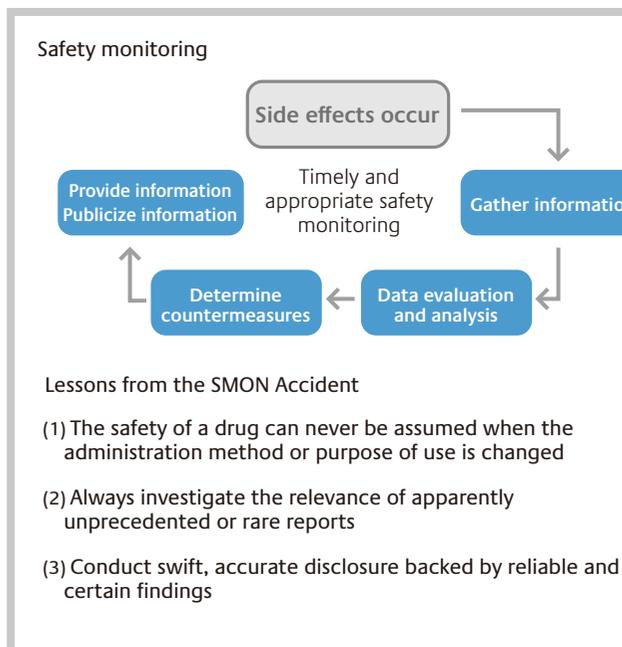
At Takeda, we are taking steps to ensure that we never forget the tragedy of drug disasters, the suffering of patients who fall victim to them, and the immeasurable social responsibility of the company.

For that reason, we run a training program on preventing drug disasters over again from various angles, targeting not only new recruits and mid-career hires who do not have sufficient knowledge on drug disaster, but also employees who have already taken the training program and who are involved in safety monitoring activities. Since fiscal 2013, an e-learning program for drug disasters has been implemented in conjunction with safety management and quality assurance. The program covers all employees and executives in Japan.

Voice of Employees Who Took e-Learning Program for Preventing Drug Disasters

- I realized that it is important to have a sense that “What if my family suffers from drug disaster,” when I engage in my work.
- Representing my generation which experienced a drug disaster case in real-time, I reaffirm my determination to hand the lessons learned on to the next generation.
- My knowledge on drug disasters had been limited to AIDS and Thalidomide cases. I learned for the first time that Takeda is responsible for a drug disaster case through this program.

Initiatives to Prevent Drug Disasters from Reoccurring



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

- Implementing timely and appropriate safety monitoring.
- Implementing education based on past drug disasters.



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



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.

¥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 *ALINAMIN*, 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/>

See P.76 Takeda Life and Livelihood Reconstruction Program

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



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

The Takeda-Plan Healthcare Access Program

Over five years from 2009 to 2014, we carried out the Takeda-Plan Healthcare Access Program in collaboration with Plan Japan. The program provided support for improved access to healthcare services for children in China, Indonesia, the Philippines, and Thailand. The program achieved various results, as shown in the table below. Besides providing donations, Takeda visited all the project sites and conducted activities such as stakeholder dialogues aimed at improving project quality.

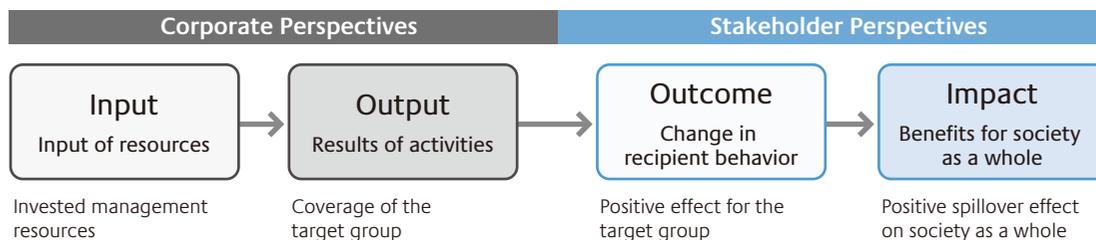


Holding a dialogue with stakeholders (Thailand)
Photograph: Plan Japan

Corporate Citizenship Activities Value Chain and Takeda's Focus

See

P.4 Access to Healthcare



Progress on the Takeda-Plan Healthcare Access Program (July 2009 – December 2014) ✓

Country/Activity	Input	Output	Outcome	Impact
Indonesia Community-led total sanitation to create open defecation-free villages <i>Targeted MDGs: Goals 4 and 7</i>	¥12.22 million	<ul style="list-style-type: none"> Trained facilitators (156 people in 36 villages). Conducted implementation workshops (about 1,100 people in 20 villages). Conducted follow-up monitoring of open defecation-free villages (5 villages in year two, 2 villages in year three, and 10 villages in year four). 	<ul style="list-style-type: none"> 25 target villages achieved open defecation-free villages. The number of diarrhea patients at clinics decreased by half. Toilets were installed at own cost (3,861 households). 	<ul style="list-style-type: none"> Of the 25 target villages, 2 adopted the 5 articles for achieving an open defecation-free village as village by-laws. The activity was recognized as a successful example case and has been promoted throughout the Lembata District and to neighboring districts also.
China Improvement of child nutrition <i>Targeted MDGs: Goals 1 and 2</i>	¥12.50 million	<ul style="list-style-type: none"> A workshop reviewing the 5 years of the project (attended by an officer of the county education bureau, teachers and more than 100 students from 27 schools including 4 target schools). Final evaluation of the project (an independent consultant compiled an evaluation report based on interviews with 1,207 students from both targeted and non-targeted schools, 4 school principals, 30 teachers, and 48 parents). 	<ul style="list-style-type: none"> The following reports were received from the principals of the 4 target schools <ul style="list-style-type: none"> Most of the children are now able to take 3 balanced meals a day and have stopped snacking. Children's habits around food preferences have improved and they now eat fruit and vegetables. The number of underweight and anemic children has declined, and student absences due to winter colds have declined to virtually zero. 	<ul style="list-style-type: none"> The project served as a model case for the system, which has been implemented by 40 neighboring schools. The county education bureau determined a policy of introducing the model to all boarding schools using the local government budget and expanding it laterally. The cooking recipes developed for the project under the guidance of professional nutritionists have been distributed to every household as a standard model.
Philippines Healthcare support for children <i>Targeted MDGs: Goals 2 and 8</i>	¥12.79 million	<ul style="list-style-type: none"> Conducted consultations, treatment, hospitalization, and surgery (126 individuals). Supplied assistive medical equipment (31 individuals). 	<ul style="list-style-type: none"> Donation activities for sick children have begun on a voluntary basis at schools. Certain doctors offered discounted fees for consultations and assistive medical equipment. Promoted understanding of the importance of early treatment, and increase in the number of medical consultations. 	<ul style="list-style-type: none"> Since the project has gained widespread recognition, children requiring urgent medical treatment are now identified quickly and given assistance, thereby preventing serious illness or death.
Thailand Prevention of the spread of HIV/AIDS among young people <i>Targeted MDGs: Goal 6</i>	¥11.48 million	<ul style="list-style-type: none"> Comprehensive sexuality education provided to a total of 10,186 people at 16 schools, including students, teachers, and guardians, as part of the regular curriculum or extra-curricular programs. A student representative group was formed to increase awareness of comprehensive sexuality education within school (approx. 480 individuals at 16 schools). 	<ul style="list-style-type: none"> Increased acceptance of the topic of sexuality to enable instruction to be provided on the risks of pregnancy, abortion, and sexual diseases including HIV/AIDS among young people, as well as correct knowledge of sexuality, as part of the curriculum. Consultation offices for students were voluntarily set up within 16 target schools. 	<ul style="list-style-type: none"> Having seen the impact of the project, another 4 provinces in addition to Srisaket Province have concluded a memorandum promising to introduce and bolster comprehensive sexuality education. The memorandum clearly details the contribution of THB26 million to the 203 districts of Srisaket Province.

MDGs: Millennium Development Goals ✓ Data assured by a third party

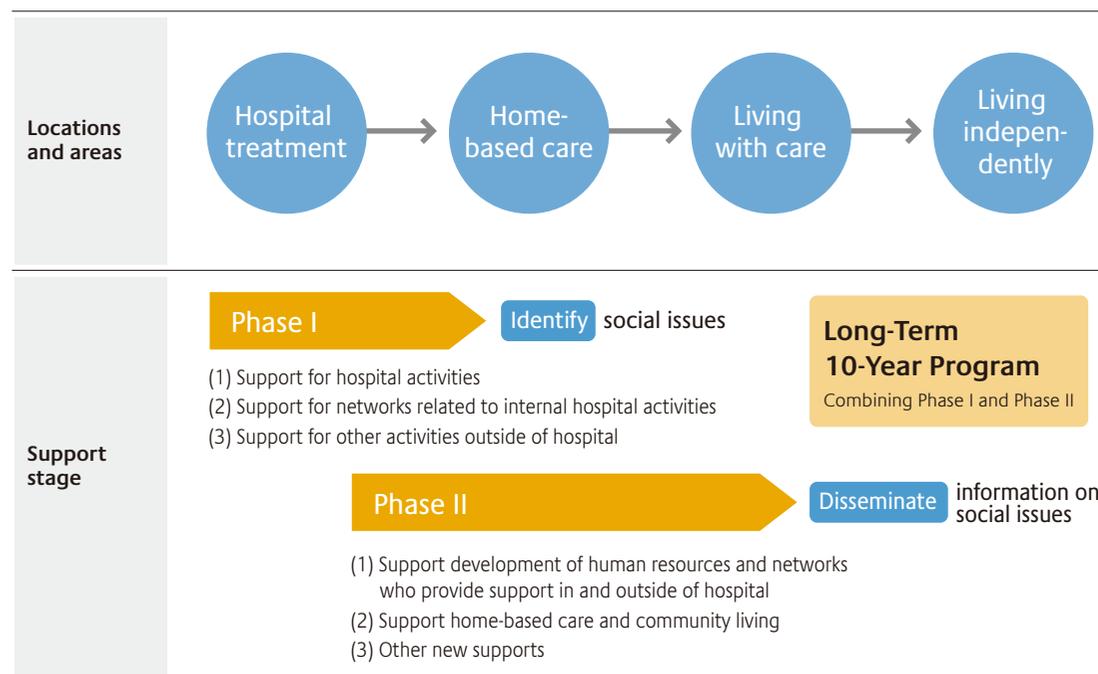
See P.88 Independent Assurance of Environmental and Social Performance Indicators

Takeda Well-Being Program

For five years from 2009 to March 2014, Takeda has conducted the Takeda Well-Being Program (Phase I) with the NPO Civil Society Initiative Fund to support the civil activities that provide support to children undergoing long-term treatment for diseases, as well as support for their families. Based on the steady results of Phase I of the program, Takeda has now commenced Phase II (fiscal 2014-2018). In Phase I, 26 projects were supported focusing on children who are hospitalized for long-term treatment. In Phase II, our assistance will cover a broader scope to

include children of junior and senior high school ages or older while working to support those under homecare in the community. With the implementation of Phase II, combined with Phase I the program will form a long-term project covering 10 years. Takeda will remain committed to its basic stance of putting the patient at the center, contributing to society by supporting patients who require more than just supply of pharmaceutical goods, as well as their families.

Phase I/Phase II Program Target Areas and Development



Comparing Phase I/Phase II Programs

	Phase I	Phase II
Implementation period	Fiscal 2009-2013 (five years) * Some projects continued activities until August 2015	Fiscal 2014-2018 (five years)
Cost	¥54.2 million Year 1-2: ¥9.1 million, Year 3-5: ¥12 million	¥50 million
Assistance achievements	Number of assisted projects: 26 Number of target organizations: 14	Envisaged about the same as Phase I
Main support target	Support focused mainly on organizations active inside hospitals	Support extended to organizations active outside of hospitals, such as NPOs supporting home-based care and community living

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

Support for Disaster-Affected Areas

Takeda Life and Livelihood Reconstruction Program

Takeda has been conducting activities to support the recovery of areas affected by the Great East Japan Earthquake. Our Takeda Life and Livelihood Reconstruction Program is one of the donation programs under the "Support for Japan's Vitality and Recovery" project, under which we donate part of the profits from sales of *ALINAMIN*. It is a long-term support program spanning 10 years with initiatives in Phase I (five years: October 2011 – September 2016) continued by initiatives in Phase II (seven years: April 2014 – March 2021). In Phase II, we have established a period for ascertaining the status of people living in areas

affected by the disaster and the challenges they are facing. Based on the result of this investigation, we will conduct support projects along the themes of "supporting increasing autonomy of residents" and "supporting networking."

In other initiatives, we are conducting a broad range of other activities to assist with post-quake recovery efforts, such as support for employees who have an intention to serve as volunteers and our In-House Marketplace events, where local specialties from the disaster-affected areas are sold within the company. In addition, we have been running internal forums and CSR explanation meetings where we report on support activities with employees.

See P.73 Support for Areas Affected by the Great East Japan Earthquake

Approx. **230**

Number of participants in the GC-NJ* Collective Action for Recovery from the Great East Japan Earthquake Disaster (As of August 2015)

* GC-JN: Global Compact Japan Network

33

Number of In-House Marketplace events held for earthquake recovery support (As of August 2015)

46

Number of internal forums and CSR explanation meetings held (As of August 2015)

13

Number of programs supported in the "Support for Japan's Vitality and Recovery" (fiscal 2011-2014)

Recipient Categories in the "Support for Japan's Vitality and Recovery"

Life and Livelihood	Industrial Revitalization
Empowering the Next Generation	Policy Proposals

Donation Amounts and Recipients in the "Support for Japan's Vitality and Recovery" Program

	Program	Recipient	Timeframes	Donation amount	
Life and Livelihood	 Takeda Life and Livelihood Reconstruction Program	Japan NPO Center	10 years (2011-2020)	¥1,200 million	
	 Takeda-Akaihan Nationalwide Evacuee Support Program	Central Community Chest of Japan	3 years (2014-2016)	¥200,087,207	
	 Disaster Relief Volunteer & NPO Support Fund		7th donation (2012)	¥20 million	
	 Takeda Capacity Building Initiative	Japan Earthquake Local NPO Support Fund	3 years (2012-2014)	¥20 million	
	 Psychological support by CliniClowns in Tohoku	Japan CliniClowns Association	3 years (2013-2015)	¥5,522,223	
Industrial Revitalization	 IPPO IPPO NIPPON Project	Keizai Doyukai (Japan Association of Corporate Executives)	4 years (2011.10-2015.7)	¥829,720,912	
	 Tohoku Future Creation Initiative	Tohoku New Business Council	5 years (2012-2016)	¥20 million	
Empowering the Next Generation	 TOMODACHI	U.S.-Japan Council	10 years (2011-2020)	¥180 million	
	 BEYOND Tomorrow	Global Fund for Education Assistance	3 years (2011-2013)	¥60 million	
	 ARK NOVA	ARK NOVA Music Program for Children	ARK NOVA Project	3 years (2013-2015)	¥40 million
	 OECD TOHOKU SCHOOL	Fukushima University	1 year (2013)	¥10 million	
Policy Proposals	 RJIF	Rebuild Japan Initiative Foundation	10 years (2011-2020)	¥500 million	
	 Integrated Health and Lifestyle Support Project for Elderly People Living in Yamada Town, Iwate Prefecture	Health and Global Policy Institute	2 years (2012.10-2014.9)	¥25 million	

Total: ¥3,110,330,342

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/>

¥2.02bn

Total grants/
scholarships provided
by Takeda Science
Foundation, Shoshisha
Foundation and
Institute for Fermenta-
tion, Osaka
(fiscal 2014)

■ Corporate Foundations

Takeda Science Foundation

The Takeda Science Foundation was established in 1963 with an endowment from Takeda. Major activities of the foundation and results for fiscal 2014 (in brackets) are as follows:

1. Research Grants for research centers and research scientists involved in scientific technology projects throughout Japan (431 grants totaling ¥1,516 million);
2. International Fellowship Program for foreign medical doctors and researchers conducting research in Japan (56 persons received a total of ¥87.7 million) and Scholarships for students taking doctorate courses at medical schools (35 persons received a total of ¥125.8 million);
3. The Takeda Prize for Medical Science, which recognizes outstanding achievements in scientific research (Yoshimi Takai, M.D., Ph.D., professor at Kobe University; Takashi Nagasawa, M.D., Ph.D., professor at Kyoto University; Osamu Nureki, professor at the University of Tokyo);
4. Holding of the Takeda Science Foundation Symposiums on Bioscience/PharmaSciences;
5. Publication of literature promoting scientific technologies; and
6. Storage, preservation, collection and exhibitions of oriental medical books and other documents at Kyo-U Sho-Oku, the foundation's library.

For further details about activities, refer to the following website (Japanese only):

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

Shoshisha Foundation

Shoshisha dates back to 1923 when Chobei Takeda V started using his own money to support deserving students with financial needs. The Shoshisha Foundation was established in 1960 to carry on this spirit, and in December 2012 it became a public interest incorporated foundation to further develop its operations. Since its establishment through fiscal 2014, the foundation has granted a total of 739 scholarships.

For further details about activities, refer to the following website (Japanese only):

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

Institute for Fermentation, Osaka

The Institute for Fermentation, Osaka (IFO) was established in 1944 with joint funding by the Japanese government and Takeda Chemical Industries, Ltd. Up until 2002, the Institute collected, preserved, and distributed microorganisms to support research around the world. Since fiscal 2003, the Institute has provided grants for research on microorganisms with the objective of contributing to the advancement of microbiology. In fiscal 2014, the Institute issued 41 grants totaling ¥396.8 million.

For further details about activities, refer to the following website (Japanese only):

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

Workers Union Activities

Members of The Takeda Pharmaceutical Workers Union are involved in many types of community and charitable activities. Union members serve as volunteers, participate in disaster relief programs, support campaigns for various charities and take part in many other activities. One of the union's ongoing activities is an educational and cultural program in Mongolia: based on the concept of "from hand to hand," union members visit local schools to donate stationery, hygiene products, and other supplies. The program also supports cultural exchange with children. Through these heartfelt activities, the program has been running for over 15 years. In addition, from fiscal 2013 in Thailand the union launched activities to prevent the spread of HIV/AIDS, which is one of the United Nations Millennium Development Goals (MDGs) being tackled by the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), with which Takeda is cooperating.



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

Corporate Information

As of March 31, 2015

Company Name: Takeda Pharmaceutical Company Limited

Founded: June 12, 1781

Incorporated: January 29, 1925

Paid-In Capital: ¥64,044 million

Representative: Christophe Weber
Representative Director, President & CEO

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

Number of Employees: 31,328 (consolidated)

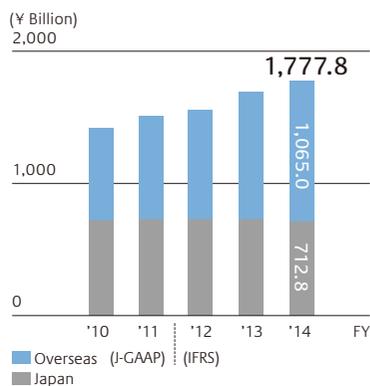
Head Office:

1-1, Doshomachi 4-Chome
Chuo-ku, Osaka-shi, Osaka 540-8645, Japan
Tel: +81-6-6204-2111
Fax: +81-6-6204-2880

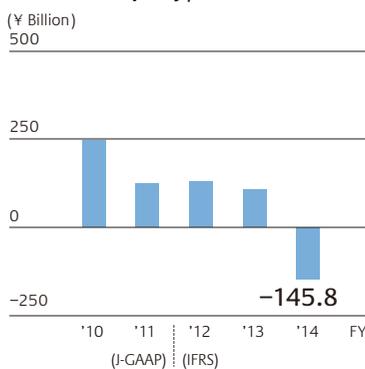
Tokyo Head Office:

12-10, Nihonbashi 2-Chome
Chuo-ku, Tokyo 103-8668, Japan
Tel: +81-3-3278-2111
Fax: +81-3-3278-2000

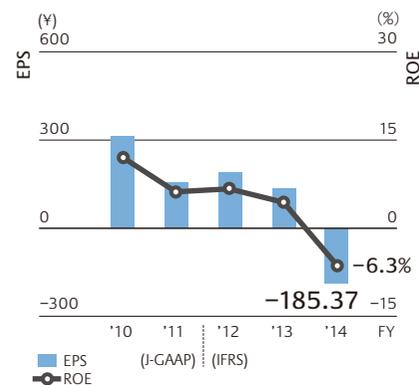
Revenue/Net Sales



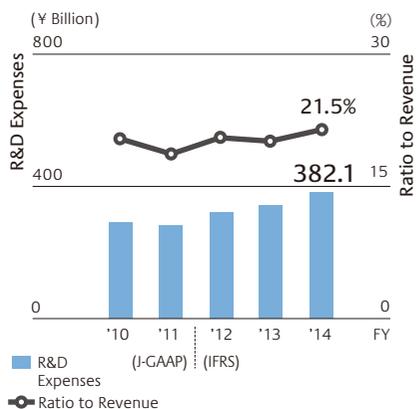
Net Profit Attributable to Owners of the Company/Net Income



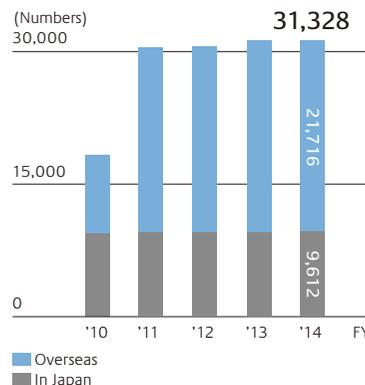
EPS and ROE



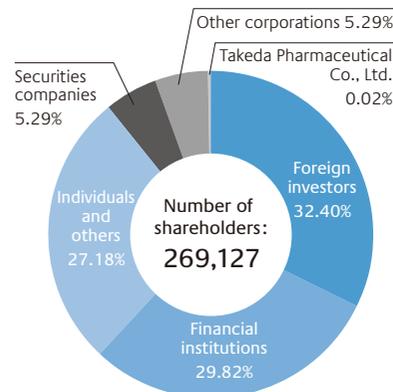
R&D Expenses and Ratio to Revenue



Number of Employees



Proportion of Shareholders



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	42 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

GRI Guidelines Version 4.0 (G4) Reference Table

GRI Guidelines Content Index

Takeda's Annual Report 2015 and Annual Report 2015 CSR Data Book were prepared with reference to the Sustainability Reporting Guidelines (Version 4.0) published by the Global Reporting Initiative (GRI). The guidelines provide a framework for sustainability reports that can be applied globally.

GRI Guidelines Version 4.0 (G4) Reference Table

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
Strategy and Analysis			
1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	3	–
2	Provide a description of key impacts, risks, and opportunities.	4-5,6-9,14-15, 48-49,50-51, 58,67-71	2-9,21-27, 44-45,58-59, 60-63,70-71
Organizational Profile			
3	Report the name of the organization.	81	78
4	Report the primary brands, products, and services.	36-37	–
5	Report the location of the organization's headquarters.	81	78
6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	27,34,38-43	41,65-66,74
7	Report the nature of ownership and legal form.	81	78
8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	16,38-43	–
9	Report the scale of the organization, including: •Total number of employees •Total number of operations •Net sales (for private sector organizations) or net revenues (for public sector organizations) •Total capitalization broken down in terms of debt and equity (for private sector organizations) •Quantity of products or services provided	3,5,10-13, 34,72-78,81	3,66,78-79
10	•Report the total number of employees by employment contract and gender. •Report the total number of permanent employees by employment type and gender. •Report the total workforce by employees and supervised workers and by gender. •Report the total workforce by region and gender. •Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. •Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	5,11,53, 76-77,79	3,33-34,78,79
11	Report the percentage of total employees covered by collective bargaining agreements.	–	–
12	Describe the organization's supply chain.	34	62-63,66
13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: •Changes in the location of, or changes in, operations, including facility openings, closings, and expansions •Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) •Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination	27,34	41,66
14	Report whether and how the precautionary approach or principle is addressed by the organization.	35,47,54-57	13,44-52, 62-63,67-71
15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	17-18,46-47, 50,52	4-7,11-13,28-29, 32,43,69,72
16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: •Holds a position on the governance body •Participates in projects or committees •Provides substantive funding beyond routine membership dues •Views membership as strategic	18,46,50,52	4-7,11-12, 32,69,72
Identified Material Aspects and Boundaries			
17	•List all entities included in the organization's consolidated financial statements or equivalent documents. •Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	Inside Front Cover,81	Inside Front Cover, 78
18	•Explain the process for defining the report content and the Aspect Boundaries. •Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Inside Front Cover, 46-47	1,12-13
19	List all the material Aspects identified in the process for defining report content.	4-5,48-49	2-3,26-27
20	For each material Aspect, report the Aspect Boundary within the organization, as follows: •Report whether the Aspect is material within the organization •If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: – The list of entities or groups of entities included in G4-17 for which the Aspect is not material or – The list of entities or groups of entities included in G4-17 for which the Aspects is material •Report any specific limitation regarding the Aspect Boundary within the organization	46-47	Inside Front Cover, 9,12-13
21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: •Report whether the Aspect is material outside of the organization •If the Aspect is material outside of the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified •Report any specific limitation regarding the Aspect Boundary outside the organization	46-47	12-13
22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	–	–
23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	–	–

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
Stakeholder Engagement			
24	Provide a list of stakeholder groups engaged by the organization.	47	13
25	Report the basis for identification and selection of stakeholders with whom to engage.	46-47	12-13
26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	47	13
27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	47	13
Report Profile			
28	Reporting period (such as fiscal or calendar year) for information provided.	Inside Front Cover	Inside Front Cover
29	Date of most recent previous report (if any).	Inside Front Cover	Inside Front Cover
30	Reporting cycle (such as annual, biennial).	Inside Front Cover	Inside Front Cover
31	Provide the contact point for questions regarding the report or its contents.	81	Inside Front Cover
32	<ul style="list-style-type: none"> Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines. 	46	1,12,80-83
33	<ul style="list-style-type: none"> Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. Report the relationship between the organization and the assurance providers. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report. 	80	88
Governance			
34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	20,46-47,61-62	12-13,14-16
35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	61	14
36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	–	41
37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	46,61	12,14
38	<p>Report the composition of the highest governance body and its committees by:</p> <ul style="list-style-type: none"> Executive or non-executive Independence Tenure on the governance body Number of each individual's other significant positions and commitments, and the nature of the commitments Gender Membership of under-represented social groups Competences relating to economic, environmental and social impacts Stakeholder representation 	21-23,61-62	14-16
39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	–	–
40	<p>Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> Whether and how diversity is considered Whether and how independence is considered Whether and how expertise and experience relating to economic, environmental and social topics are considered Whether and how stakeholders (including shareholders) are involved 	61-62	14-16
41	<p>Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> Cross-board membership Cross-shareholding with suppliers and other stakeholders Existence of controlling shareholder Related party disclosures 	56-57,61-64	14-18,60-62
42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	20-21,46-47,61-62	12-13,14-16
43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	46-47	12-13
44	<ul style="list-style-type: none"> Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice. 	46-47	12-13
45	<ul style="list-style-type: none"> Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities. 	46-47,61-62, 67-69	12-13,14-16, 21-23
46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	46-47,61	12-13,14
47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	61	14
48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	46-47,61	12-13,14
49	Report the process for communicating critical concerns to the highest governance body.	46-47,61	12-13,14
50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	–	–

GRI Guidelines Version 4.0 (G4) Reference Table

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
51	<ul style="list-style-type: none"> •Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration: <ul style="list-style-type: none"> – Fixed pay and variable pay: <ul style="list-style-type: none"> >Performance-based pay >Equity-based pay >Bonuses >Deferred or vested shares – Sign-on bonuses or recruitment incentive payments – Termination payments – Clawbacks – Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees •Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives. 	61-62	14-16
52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	61-62	14-16
53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	61-62	14-16
54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–	–
55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	–	–
Ethics and Integrity			
56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	4-5,19,45	2-3,10
57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	47,63-64	13,17-18
58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	47,63-64	13,17-18
Disclosures on Management Approach			
DMA	<ul style="list-style-type: none"> •Report why the Aspect is material. Report the impacts that make this Aspect material. •Report how the organization manages the material Aspect or its impacts. •Report the evaluation of the management approach, including: <ul style="list-style-type: none"> – The mechanisms for evaluating the effectiveness of the management approach – The results of the evaluation of the management approach – Any related adjustments to the management approach 	4-5,20-21,35,45-49,50-51,52-53,54-55,56-57,58-59,63-64	2-11,12-13,17-18,26-27,28-29,32-33,40-43,60-61,62-63,67-69,72-73
Economic			
EC1	Direct economic value generated and distributed	3,10-13,36-37,38-43,55,72-78,81	34,39,43,74-77,78,79
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	–	43
EC3	Coverage of the organization's defined benefit plan obligations	–	–
EC4	Financial assistance received from government	–	–
EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	–	–
EC6	Proportion of senior management hired from the local community at significant locations of operation	–	–
EC7	Development and impact of infrastructure investments and services supported	58-59	72-77
EC8	Significant indirect economic impacts, including the extent of impacts	58-59	72-73,74
EC9	Proportion of spending on local suppliers at significant locations of operation	–	–
Environmental			
EN1	Materials used by weight or volume	–	55
EN2	Percentage of materials used that are recycled input materials	–	50
EN3	Energy consumption within the organization	11,79	55-57,79
EN4	Energy consumption outside of the organization	–	55
EN5	Energy intensity	–	–
EN6	Reduction of energy consumption	11,79	56,79
EN7	Reductions in energy requirements of products and services	–	–
EN8	Total water withdrawal by source	11,54,79	48,55-56,79
EN9	Water sources significantly affected by withdrawal of water	–	48
EN10	Percentage and total volume of water recycled and reused	–	–
EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–	49
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	48	26,49,59
EN13	Habitats protected or restored	–	49
EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–	–
EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	54-55	38-39,56
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	54-55	38-39,56
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	54	38,47,55
EN18	Greenhouse gas (GHG) emissions intensity	–	–
EN19	Reduction of greenhouse gas (GHG) emissions	11,54-55,79	38-39,56,58,79
EN20	Emissions of ozone-depleting substances (ODS)	–	55
EN21	NOx, SOx, and other significant air emissions	55,79	52,55-57,79
EN22	Total water discharge by quality and destination	54	48,55
EN23	Total weight of waste by type and disposal method	55,79	50,55-57,79
EN24	Total number and volume of significant spills	–	–

Standard Disclosures		Relevant Pages in Reports	
		Annual Report	CSR Data Book
EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	–	–
EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	–	48
EN27	Extent of impact mitigation of environmental impacts of products and services	11,55,79	39,46-47,49,79
EN28	Percentage of products sold and their packaging materials that are reclaimed by category	–	–
EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–	–
EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	54	38,47,55
EN31	Total environmental protection expenditures and investments by type	–	43
EN32	Percentage of new suppliers that were screened using environmental criteria	–	–
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	56-57	60-61,62-63
EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Labor Practices and Decent Work)			
LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	–	34
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	52	32,36
LA3	Return to work and retention rates after parental leave, by gender	–	–
LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	–	–
LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	–	–
LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	–	37
LA7	Workers with high incidence or high risk of diseases related to their occupation	–	–
LA8	Health and safety topics covered in formal agreements with trade unions	–	37
LA9	Average hours of training per year per employee by gender, and by employee category	–	–
LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	52	32,34-35
LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	–	–
LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	22-23,52,61-62,79	14-16,32,34,37,79
LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	–	–
LA14	Percentage of new suppliers that were screened using labor practices criteria	–	–
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	56-57	60-61,62-63
LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Human Rights)			
HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	–	–
HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	–	–
HR3	Total number of incidents of discrimination and corrective actions taken	–	–
HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	–	–
HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	–	–
HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	–	–
HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	–	–
HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	–	–
HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	–	–
HR10	Percentage of new suppliers that were screened using human rights criteria	–	–
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	56-57	60-63
HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Society)			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	–	–
SO2	Operations with significant actual and potential negative impacts on local communities	–	–
SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	–	–
SO4	Communication and training on anti-corruption policies and procedures	56-57,63-64	17-18,60-62
SO5	Confirmed incidents of corruption and actions taken	64	18
SO6	Total value of political contributions by country and recipient/beneficiary	–	–
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–	–
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–	–
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	–	–
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	18,56-57	8-9,60-63,69-71
SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	–	–
Social (Product Responsibility)			
PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	–	–
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	–	–
PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	–	70-71
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	–	70-71
PR5	Results of surveys measuring customer satisfaction	–	–
PR6	Sale of banned or disputed products	36-37,69-71	23-25
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	–	–
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	–	–
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–	–

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

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Implementing the Ten Principles into Strategies & Operations				
Criterion 1	The COP describes mainstreaming into corporate functions and business units	Takeda's Value Creation	4-9	2-9
		Takeda's CSR Activities	45-49	10-13,26-27
		Corporate Philosophy	19	–
		CSR Governance	46	12
		Compliance	63-64	17-18
		Crisis Management	67	21
Criterion 2	The COP describes value chain implementation	Dialogue with Stakeholders	47	13
		Major Human Rights Issues and Initiatives throughout the Value Chain	47,50-51	13,28-31
		Global Procurement Incorporating CSR	56	60-63
		Fair Promotion Activities	57	61-62
Robust Human Rights Management Policies & Procedures				
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	CSR Activity Targets and Results	48-49	26-27
		International Human Rights Standards	50	28
		Future Outlook (Human Rights)	51	29
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Due Diligence	46	12
		Compliance	63-64	17-18
		Human Rights Issues and Initiatives	50-51	28-31
		Treatment of Employees	50,63	17,28,31
		Takeda Supplier Code of Conduct	56	61,63
		Supplier Diversity	56	61,63
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Dialogue with Stakeholders	47	13
		Major Human Rights Issues and Initiatives throughout the Value Chain	47,50-51	13,28-31

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Robust Labour Management Policies & Procedures				
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	CSR Activity Targets and Results	48-49	26-27
		Global Talent Management	52	32,34
		Future Outlook (Labor)	53	33
Criterion 7	The COP describes effective management systems to integrate the labour principles	Compliance	63-64	17-18
		Union Relationship	–	37
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Promotion of Diversity	52	32,35
		Global Talent Management	52	32,34
		Work-Life Balance	48-49	26-27,36
		Employment of People with Disabilities	–	37
		Health and Safety of Employees	–	37
		Major Human Rights Issues and Initiatives throughout the Value Chain	47,50-51	13,28-31
		Labor (Key Social Responsibility Data)	11,79	78,79

Robust Environmental Management Policies & Procedures				
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	CSR Activity Targets and Results	48-49	26-27
		Reorganizing the Company-Wide Management Structure	54	40
		Global EHS Policy/Global EHS Guideline	54,56	38,41,61
		Responsible Care Activities	–	43
		Future Outlook (Environment)	55	39
		Takeda Group Environmental Action Plan	55	39,42
		Environmental Management System	–	43
		Fundamental Stance on Reducing Environmental Risks	–	44
		Setting Targets for Water Resource Conservation	55	39,48
		Initiatives for Waste Water Management	–	48
		Initiatives to Deal with Climate Change	54-55	38-39,46-47
		Progress on the Takeda Group Environmental Action Plan in Fiscal 2014	–	58-59
Criterion 10	The COP describes effective management systems to integrate the environmental principles	Promotion of the Global Compliance Program	63-64	17-18
		Environment and Safety Management Structure	–	41
		ISO 14001-Certified Sites	–	43
		Reducing Environmental Risks	–	44
		Water Resources Conservation Initiatives	54	38,48
		Initiatives in Products	–	46

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Criterion 11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Validation of Activities Using an Index	—	42
		ISO 14001-Certified Sites	—	43
		Environmental Accounting	—	43
		Environment, Health and Safety Audit	—	44
		External Evaluation of Environmental Initiatives	—	43
		Initiatives for Sustainable Use of Biological Resources (Biodiversity Conservation Initiatives)	—	49
		Waste Reduction	55	39,50
		Reduction in Releases of Chemical Substances	55	39,51
		Air, Water, and Soil Quality Conservation	—	52
		Environmental Impacts Associated with Takeda's Business Activities	—	55
		Data by Region	—	56-57
		Major Human Rights Issues and Initiatives throughout the Value Chain	47,50-51	13,28-31
		Environment (Key Social Responsibility Data)	11,79	79

Robust Anti-Corruption Management Policies & Procedures				
Criterion 12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	CSR Activity Targets and Results	48-49	26-27
		The Takeda Global Code of Conduct	56	60
		Strengthening Compliance	57,63-64	17-18,61
		Anti-Corruption	56	60,62
		Transparency Guideline	—	62
		Global Procurement Incorporating CSR	56	60,62-63
		Global Procurement Policy	56	60,62
		Future Outlook (Fair Operating Practices)	57	61
		Intellectual Property	29	64-65
Criterion 13	The COP describes effective management systems to integrate the anti-corruption principle	The Takeda Global Code of Conduct and Promotion of the Global Compliance Program	63	17
		Promotion of Compliance at Takeda Companies	64	18
		Promotion of Compliance in Research	64	18
		Fair Promotion Activities	57	61,62
		Relationship with Medical Institutions and Patient Groups	57	61,62
		Global Anti-Counterfeit Measures	56-57	60-61,70
		Quality Management System	35	67-71
		Production and Supply Chain	34	66
Criterion 14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Dialogue with Stakeholders	47	13
		Issues Surrounding the Candesartan Antihypertensive Survival Evaluation in Japan (CASE-J Study)	64	18
		Major Human Rights Issues and Initiatives throughout the Value Chain	47,50-51	13,28-31

Criteria for the GC Advanced Level		Contents	Relevant Pages in Reports	
			Annual Report	CSR Data Book
Taking Action in Support of Broader UN Goals and Issues				
Criterion 15	The COP describes core business contributions to UN goals and issues	CSR Community	46-47	12-13
		IDEEL Program (Initiatives to Improve Access to Healthcare)	58	72
		Future Outlook (Corporate Citizenship Activities)	59	73
Criterion 16	The COP describes strategic social investments and philanthropy	Takeda Garden for Medicinal Plant Conservation (Kyoto) (Biodiversity Conservation Initiatives)	55	39,49,54
		Cooperation with international organizations, NGOs, and others	58	72
		The Takeda-Plan Healthcare Access Program	–	74
		Support for Disaster-Affected Areas	59	73,76
		Takeda Science Foundation	79	77,79
		Shoshisha Foundation	79	77,79
		Corporate Citizenship Activities (Key Social Responsibility Data)	79	79
Criterion 17	The COP describes advocacy and public policy engagement	The Global Health Innovative Technology Fund	58	5,72
		Institute for Fermentation, Osaka	79	77,79
Criterion 18	The COP describes partnerships and collective action	Takeda Well-Being Program	–	75
		The Takeda-Plan Healthcare Access Program	–	74
		Future Outlook (Corporate Citizenship Activities)	59	73
Corporate Sustainability Governance and Leadership				
Criterion 19	The COP describes CEO commitment and leadership	CEO Message	3	–
Criterion 20	The COP describes Board adoption and oversight	Corporate Governance	61-63	14-17
Criterion 21	The COP describes stakeholder engagement	Stakeholder Engagement	47	13
		Environmental Communication	–	53
		Environmental Monitors	–	53
		Raising Environmental Awareness	–	54

■ 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 included in its Annual Report 2015 CSR Data Book (the "Data Book") for the fiscal year ended March 31, 2015, except for the Input, Output and Outcome indicators in the 'Progress on the Takeda-Plan Healthcare Access program', whose figures from July 1, 2009 to December 31, 2014 are the subject of this assurance engagement (the "Indicators").

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 Data Book, 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 Data Book, 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 Data Book 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 reviews of the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and also recalculating the Indicators.
- Visiting to the Company's Hikari 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 Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data Book.

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

September 7, 2015

CSR Data Book Survey

Thanks for taking the time to read our Annual Report 2015 CSR Data Book.
We would greatly appreciate it if you could answer a few questions in the following survey
to help us plan future CSR activities and reports.

<https://www.takeda.com/csr/enq-en/>

Fax: +81-3-3278-2000
Takeda Pharmaceutical Company Limited

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

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

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

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

- | | |
|---|--|
| <input type="checkbox"/> Takeda's Value Creation (P.2-3) | <input type="checkbox"/> Reduction in Releases of Chemical Substances/Air, Water, and Soil Quality Conservation (P.51-52) |
| <input type="checkbox"/> Access to Healthcare (P.4-5) | <input type="checkbox"/> Environmental Communication/Raising Environmental Awareness (P.53-54) |
| <input type="checkbox"/> Links with the CSR Community in Emerging Countries (P.6-7) | <input type="checkbox"/> Environmental Impacts Associated with Takeda's Business Activities (P.55) |
| <input type="checkbox"/> Supplier Management (P.8-9) | <input type="checkbox"/> Data by Region (P.56-57) |
| <input type="checkbox"/> Takeda's CSR Activities (P.10-13) | <input type="checkbox"/> Progress on the Takeda Group Environmental Action Plan/ Views of an Independent Expert on Takeda's Environmental Activities (P.58-59) |
| <input type="checkbox"/> Corporate Governance (P.14-25) | |
| <input type="checkbox"/> CSR Activity Targets and Results (P.26-27) | |
| [Human Rights] | [Anti-Corruption/Fair Operating Practices/Consumer Issues] |
| <input type="checkbox"/> Human Rights Issues and Initiatives (P.30-31) | <input type="checkbox"/> Global Anti-Counterfeit Measures (P.60) |
| [Labor] | <input type="checkbox"/> Anti-Corruption/Transparency Guideline (P.62) |
| <input type="checkbox"/> Global Talent Management (P.34) | <input type="checkbox"/> Fair Promotion Activities (P.62) |
| <input type="checkbox"/> Promotion of Diversity (P.35) | <input type="checkbox"/> Global Procurement Incorporating CSR (P.62-63) |
| <input type="checkbox"/> Work-Life Balance (P.36) | <input type="checkbox"/> Intellectual Property (P.64-65) |
| [Environment] | <input type="checkbox"/> Quality Management System (P.67-71) |
| <input type="checkbox"/> Environmental Management (P.40-43) | [Corporate Citizenship Activities] |
| <input type="checkbox"/> Reducing Environmental Risks (P.44-45) | <input type="checkbox"/> Global Healthcare Issues (P.72) |
| <input type="checkbox"/> Initiatives to Deal with Climate Change (P.46-47) | <input type="checkbox"/> Healthcare Issues in Each Business Area (P.72) |
| <input type="checkbox"/> Water Resources Conservation Initiatives (P.48) | <input type="checkbox"/> Support for Disaster-Affected Areas (P.76) |
| <input type="checkbox"/> Biodiversity Conservation Initiatives (P.49) | <input type="checkbox"/> Corporate Foundations (P.77) |
| <input type="checkbox"/> Waste Reduction (P.50) | |

Q3 From what perspective did you read the report?

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

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

Thank you for your cooperation.