



Better Health, Brighter Future



Annual Report 2016
CSR Data Book

Detailed information on Corporate Social Responsibility (CSR)

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CSR Data Book Editorial Policy

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 as a supplementary report to the integrated annual report. 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.

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 2015 (April 1, 2015 to March 31, 2016)

*Some fiscal 2016 activities are included.

Issue Date

October 2016 (Previous issue: September 2015)

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)

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As a patient-focused global pharmaceutical company, we will contribute to the realization of a sustainable society.

1781

Takeda's Foundation
Year

Takeda's management has been firmly grounded on the core principle of putting the patient at the center since its foundation in 1781, and we conduct our business based on the unchanging values of Takeda-ism (Integrity: Fairness, Honesty and Perseverance). These values will help us to always do the right things for the patient, reinforce trust with society, reinforce Takeda reputation and develop our business, in that order. We believe that the essence of CSR for Takeda is the pharmaceutical business itself, which contributes to patients worldwide through leading innovation in medicine. In addition, we are stepping up our activities, guided by long-term international targets such as the Sustainable Development Goals (SDGs), which we subscribe to as a LEAD company within the United Nations Global Compact.

Improving access to healthcare has emerged as an important theme in this regard, and Takeda has formulated a new Access to Medicines (AtM) strategy. This new strategy builds on our existing provision of product and funding by focusing on the geographic and therapeutic areas where unmet medical needs are highest. We are also bolstering our corporate citizenship activities aimed at providing support for disease prevention in developing countries to contribute to the health of communities. In a new initiative, we have selected our global CSR program through a vote by all 30,000 Takeda employees.

Takeda has formulated its Vision 2025 with a clear strategy for becoming a best-in-class global pharmaceutical leader. As we advance steadily towards the realization of this vision, we will ensure to simultaneously create and sustain our corporate value through responsible business processes that are grounded in integrity. In doing so, we will realize our mission: to "strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine."



A handwritten signature in black ink, reading "Christophe Weber".

Christophe Weber
Representative Director, President & CEO

Takeda's Materiality

Corporate Strategy

Takeda focuses on materiality in line with its strategic roadmap, which sets out steps for realizing Takeda's vision for sustainable growth in terms of Values, People, R&D, and Business Performance. The Dow Jones Sustainability Index (DJSI) is incorporated as a Strategic Roadmap KPI (fiscal 2016) for achieving the roadmap, with the evaluation items of the DJSI informing our discussion on materiality.

Strategic Roadmap KPIs

To achieve Takeda's sustainable growth, it has set 10 Strategic Roadmap KPIs (fiscal 2016) in accordance with the strategic roadmap, and uses them to keep track of progress. The DJSI has been incorporated as a KPI for measuring Takeda's performance.

DJSI Score Improvement

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Companies are assessed in terms of evaluation items established for each industry type, looking at economic, environment, and social aspects.

•Economic
9 items

•Environment
4 items

•Social
9 items



Society's Demands and Expectations

Takeda's discussion of materiality is informed by international frameworks such as the Sustainable Development Goals (SDGs), by which it assesses society's demands and expectations while striving to see how these relate to business activities.

See P.13 CSR Guidelines for Reference
P.18 Action Mapping for SDGs



In promoting CSR initiatives, Takeda considers materiality with regard to corporate strategy and society's demands and expectations.

Takeda's Approach to Materiality

After referring to SDGs and other materials, Takeda selects items that it will focus on from the DJSI evaluation items, and applies the DJSI classification to its efforts. Specific initiatives are presented on pages shown in parenthesis.



Materiality 1 Access to Healthcare

Access to innovative medicines and quality healthcare is vital to the well-being of people, yet it remains a significant issue around the world, particularly in countries with evolving healthcare systems. According to the World Health Organization, about 30% of the world's population lacks regular access to essential medicines and, in certain parts of Africa and Asia, this figure rises to more than 50%.*

Access to Medicines

Takeda is continuing to expand its commitment to global health by furthering access to care. With our bold, new Access to Medicines (AtM) strategy, we will expand on our existing commitments to enhance global health, so that eligible patients in less developed and evolving healthcare systems in regions such as South-East Asia, Latin America and Sub-Saharan Africa to have access to our innovative and potentially life-saving medicines, even if their ability to pay for the full cost of treatment is limited. We are developing innovative and sustainable approaches to tackle the many barriers patients face

in some of our areas of therapeutic focus such as oncology and specialty gastroenterology, as well as through our vaccine candidates for communicable diseases such as dengue and chikungunya. In this way, we can amplify our impact on patients in parts of the world with the highest unmet medical needs.

AtM Governance

Takeda's AtM strategy is guided by a strong internal framework designed to ensure the greatest possible impact for patients, who are at the center of everything we do. A multidisciplinary Global AtM Committee moves our AtM strategy from plans to actions with the aim of improving the lives of patients. Additionally, a dedicated AtM Forum has been put in place consisting of several Takeda Executive Team (TET) members, who review and guide the overall AtM strategy and its direction. The AtM Forum seeks input and counsel from leading external experts in the fields of Access to Medicines and global health.

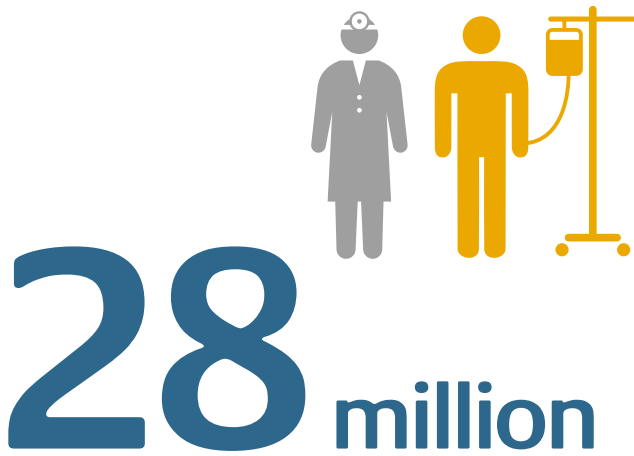
* Equitable access to essential medicines: a framework for collective action. WHO Policy Perspectives on Medicines. World Health Organization. March 2004. <http://apps.who.int/medicinedocs/pdf/s4962e/s4962e.pdf>



In line with our patient-centric mindset and guided by our Values, Takeda's AtM strategy will expand on our existing commitments to enhance global health, and 'go beyond medicines' in a sustainable way, to address patients' unmet medical needs.

Giles Platford
President, Emerging Markets Business Unit





Number of people who die from non-communicable diseases (NCDs) in low-/middle-income countries each year

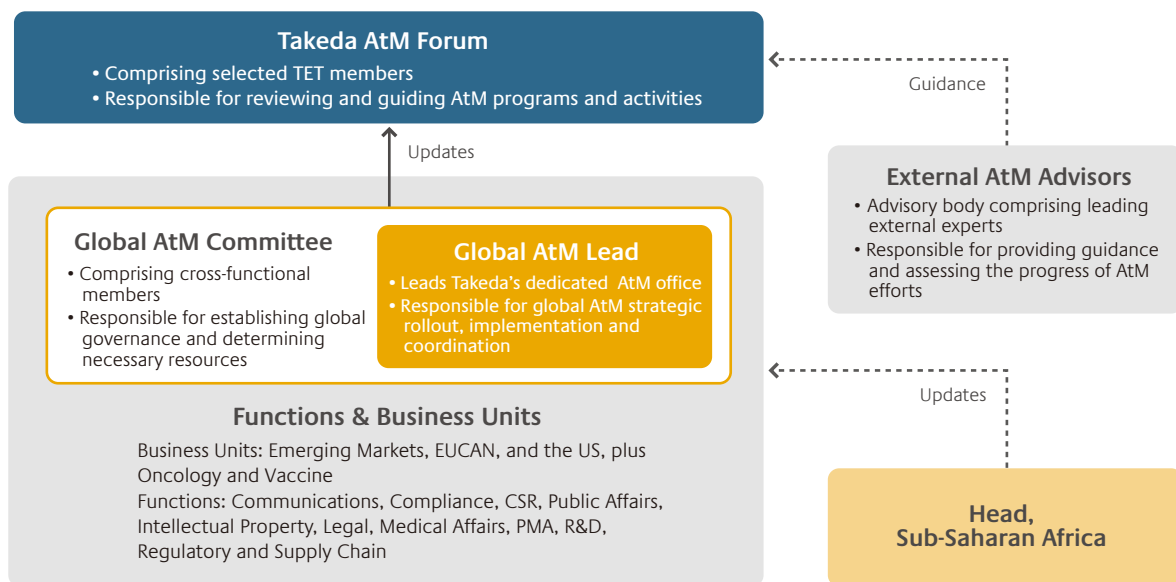
Source: WHO <http://www.who.int/mediacentre/factsheets/fs355/en/>
http://www.who.int/ncd_surveillance/strategy/en/



Number of people worldwide infected with the dengue virus each year

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

AtM Governance Organizational Structure



Materiality 1 Access to Healthcare

AtM Projects

Takeda's bold, new AtM strategy is not limited to addressing the affordability of medicines – it also aims to address a wide range of access barriers that negatively impact patients' lives. To do so, we will 'go beyond medicines' by encompassing efforts in areas such as Research & Development, philanthropy, donations and healthcare capacity building. We are also implementing a not-for-profit approach in Sub-Saharan Africa, where, in partnership with others, we aim to build cancer management capacity, improve access to selected Takeda specialty care medicines and increase access to treatment. We also aim to improve access to selected primary care medicines for the treatment of diabetes and cardiovascular diseases. Some examples are included on page 7 (facing).

Contributions through CSR Programs

In parts of the world and disease areas where our healthcare capability is not enough, we partner with other organizations and engage in corporate social responsibility (CSR) programs that help improve health and enrich lives for the most vulnerable. Takeda conducted a worldwide employee vote to select three CSR programs that best exemplified our goal of increasing disease prevention in developing and emerging countries.

Global Measles Vaccination for Children, in partnership with the United Nations Foundation, serving approximately 40 countries in Africa, Asia and Latin America. This program creates the potential to vaccinate 5.4 million children against measles over ten years.

Community Health Workers Training for Maternal and Child Health, in partnership with World Vision, in India, Bangladesh, Nepal and Afghanistan. This program aims to build capacity for 1,400 community health workers to reduce preventable child deaths by providing health education to some 500,000 people over five years.

Maternal and Newborn Health for Ethnic Minorities, in partnership with Save the Children Japan, in Myanmar, Vietnam and Laos. This program aims to improve access and quality of healthcare for marginalized minority populations in Asia. Working in close collaboration with related health authorities, it provides 150,000 people in local villages, including 40,000 women and children from ethnic minorities, with health education, training and services over five years.

In addition, Takeda is also working in partnership with Plan International Japan to support the Government of Kenya in promoting **Digital Birth Registration** for three years, an essential step to ensure that children enjoy full rights and gain access to healthcare and education.

See P.16 Global Health
P.60 Corporate Citizenship Activities



Vaccines

- Develop vaccines that address some of today's most challenging infectious diseases such as dengue fever, norovirus, hand, foot and mouth disease, and chikungunya.
- Develop a polio virus vaccine in partnership with the Bill & Melinda Gates Foundation.
- Develop a Zika Vaccine with up to \$312 million in funding from the U.S. Government.

1. Affordability-Based Patient Assistance Programs (PAPs)

- Our PAPs in countries with evolving healthcare systems are specifically designed to ensure that eligible patients, prescribed some of our potentially life-saving medicines, are able to access them in a sustainable way, through innovative, affordability-based approaches.

2. Capacity Building That 'Goes Beyond Medicines' in Emerging Markets

- Takeda is developing new programs that 'goes beyond medicines' in countries such as the Philippines, Brazil, and Ukraine, in an effort to overcome some of the barriers that negatively impact patients' lives. These three Emerging Markets countries reflect the region's varied and complex healthcare systems.



Initiatives to Improve AtM

3. A Sustainable, 'Not-for-Profit' Approach in Sub-Saharan Africa

- Takeda aims to establish Nairobi, Kenya, as a center of excellence in oncology/haematology diagnosis, care and treatment as part of our not-for-profit approach.
- One of the major objectives in Nairobi will be to support educational exchanges and training for African oncologists and pathologists.

4. Innovative New R&D Programs

- Increasing participation in our clinical trials, in partnership with local health authorities, so our innovative medicines are potentially approved faster.
- Accelerating registration of our medicines.
- Establishing early access programs, where allowed, and through AtM-targeted life cycle management of our existing medicines.

5. Expanding Our CSR Outreach

CSR programs designed to prevent diseases and build local capacity in countries with evolving healthcare systems:

- Takeda Initiative
- HERhealth
- Global Relay for Life
- Digital Birth Registration
- Global Measles Vaccination for Children
- Community Health Workers Training for Maternal and Child Health
- Maternal and Newborn Health for Ethnic Minorities

Evolving Our Intellectual Property (IP) Policy

- In Least Developed Countries* (LDCs), Takeda will either not file or not enforce its patents for its innovative and potentially life-saving medicines.

* Least Developed Country (LDC) as defined by the United Nations, October 2014. http://www.un.org/en/development/desa/policy/cdp/lldc_criteria.shtml.

Materiality 2 Supplier Management

Takeda believes that building a Sustainable Procurement framework in collaboration with its suppliers is essential to delivering high-quality pharmaceuticals to patients and fulfilling its mission: “We strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine.” Moreover, Takeda recognizes that initiatives encompassing our suppliers and value chain are also crucial to achieving the Sustainable Development Goals (SDGs). With this in mind, Takeda is undertaking a wide range of supplier activities.

Takeda Supplier Code of Conduct

Takeda has prepared a Supplier Code of Conduct that covers areas including the environment, human rights, labor practices, safe work, data privacy, anti-corruption, business practices, animal welfare and management systems. The Supplier Code of Conduct has been translated into 25 languages and is made known to Takeda’s suppliers around the world. The Supplier Code is generally aligned to the Pharmaceutical Supply Chain Initiative (PSCI) Principles. PSCI is a group of around 20 global pharmaceutical companies, including Takeda, committed to promoting the CSR activities of suppliers. In fiscal 2015, nearly 1,000 suppliers, including over 120 of the company’s major

suppliers, committed to advancing Sustainable Procurement at Takeda based on the Supplier Code. In collaboration with Takeda, these suppliers are working to realize a sustainable business in line with the principles of the UN Global Compact. In fiscal 2016, Takeda will continue to further integrate sustainability into its procurement practices.

Supplier Engagement in Sustainable Business Practices

Takeda is working to engage suppliers in a proactive dialogue with a view to building relationships with them. Takeda’s Sustainable Procurement team along with other Procurement team members are actively visiting supplier sites and discussing supplier sustainability and business issues. Additionally, in fiscal 2015, Takeda participated with its suppliers in webinars focused on managing active pharmaceutical ingredients in waste water in collaboration with PSCI. Moreover, in September 2016, Takeda invited Chinese suppliers to a three-day PSCI training event in Shanghai, China that included Environment, Health and Safety (EHS), Labor and Ethics topics. At the seminar, Takeda discussed environmental protection issues in China, and a Takeda Compliance team member provided training on Ethics.



Procurement’s role with suppliers is critical for ensuring value generated from supplier relationships are based on sustainable business practices, and that together, with suppliers, we strive to achieve better health outcomes for our patients.

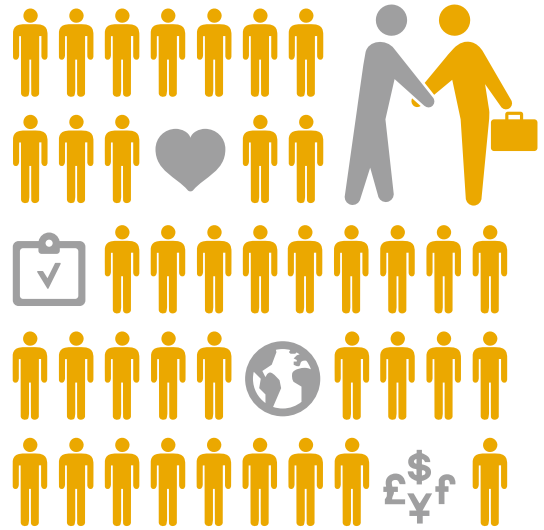
Phillip Duncan
Chief Procurement Officer



Approx.

¥940bn

Annual spending on goods and services by Takeda



Approx. 1,000

Suppliers committed to advancing Sustainable Procurement in fiscal 2015

Supplier Management for Sustainability

Items in Takeda Supplier Code of Conduct

Adherence to Applicable Laws, Regulations & Supplier Code
Business Practices
Animal Welfare
Data Privacy
Human Rights, Labor & Employment Practices, Health & Safety
Environment



Materiality 2 Supplier Management



Supplier Diversity

At Takeda, our supplier diversity program allows us to invest in the communities in which we live, work and serve by purchasing goods and services from a diverse range of businesses. Partnering with small or diverse suppliers contributes to our mission by giving Takeda access to new and innovative products and services and supports our overall values and corporate commitment to responsibility and sustainability. It also provides overall value within our procurement process by optimizing price, quality and availability of products and services.

As part of this program, Takeda builds relationships with small, women and minority-owned businesses, and works to promote understanding among other suppliers. In November 2016, Takeda plans to hold the Diverse Supplier Day event. By leveraging the diversity of its suppliers, Takeda seeks to procure and utilize goods and services that address the diverse needs of its patients.

Takeda was awarded Corporation of the Year by Diversity Alliance for Science, which promotes economic growth of small and diverse businesses and improving the quality of patient care. Nominated by one of our suppliers, we were recognized for our contribution to the development of small and diverse suppliers. We are proud of this recognition and the social impact our procurement has on the economy.

Supplier Due Diligence

As a crucial initiative for delivering high quality pharmaceuticals to patients, Takeda integrates Sustainable Procurement supplier due diligence into the sourcing process. A six-step standard diligence serves as Takeda's basic approach to assessing supplier practices from a holistic perspective, including sustainability and business continuity risks. If specific risks are triggered, Takeda implements enhanced diligence as needed.

Moreover, if the standard diligence indicates potential risks to Takeda's Supplier Code of Conduct principles, Takeda implements on-site supplier assessments based on PSCI protocols. In fiscal 2016, supplier assessments have already been carried out in Brazil, Russia, China, and India. Takeda aims to complete 30 supplier assessments by the end of fiscal 2016. These activities are conducted by third-party auditors, who are qualified to perform PSCI assessments. Takeda also plans to launch an on-line supplier collaboration CSR scorecard system, to help understand and monitor the CSR performance of strategic, risky or other types of suppliers.

In addition, Takeda plans to provide information on its measures to address the UK Modern Slavery Act.

Supplier Management Focused on Performance & Innovation

Supplier Management is critical to sustain the value of our supplier relationships, identify and remediate performance issues, and also to identify external sources of innovation for Takeda. Procurement undertakes these supplier management practices in the context of our patients as well as business challenges. One example of how Takeda is demonstrating its values of keeping patients central to our supplier relationships is by implementing the Fly with IBD program in collaboration with its travel suppliers for patients with Inflammatory bowel disease (IBD). Takeda is encouraging airlines to address the needs of IBD patients, from providing menu options to assigning seating with close access to toilets. This program is contributing to the well-being of 110,000 IBD patients.



Procurement-Facing Training

Takeda recognizes that improving the awareness of its employees around the world is crucial to advancing supplier management. Mindful of this, Takeda actively conducts training events on its Supplier Code of Conduct and approach to Sustainable Procure-

ment. Takeda's Sustainable Procurement team has already conducted training events attended by around 350 individuals in 31 countries (as of September 1, 2016). These efforts will continue to expand in fiscal 2016 and fiscal 2017 to enable more awareness by Takeda's business teams.

Sustainable Procurement Supplier Diligence Process



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

► Basic Policy on CSR

For Takeda, CSR is rooted in putting the patient at 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. By creating and preserving value through CSR, we 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 (UNGC)'s ten principles, and long-term international targets, such as the Sustainable Development Goals (SDGs).



Creating and Sustaining Value through CSR

1 Patient

Putting the patient at the center

2 Trust

Building trust with society

3 Reputation

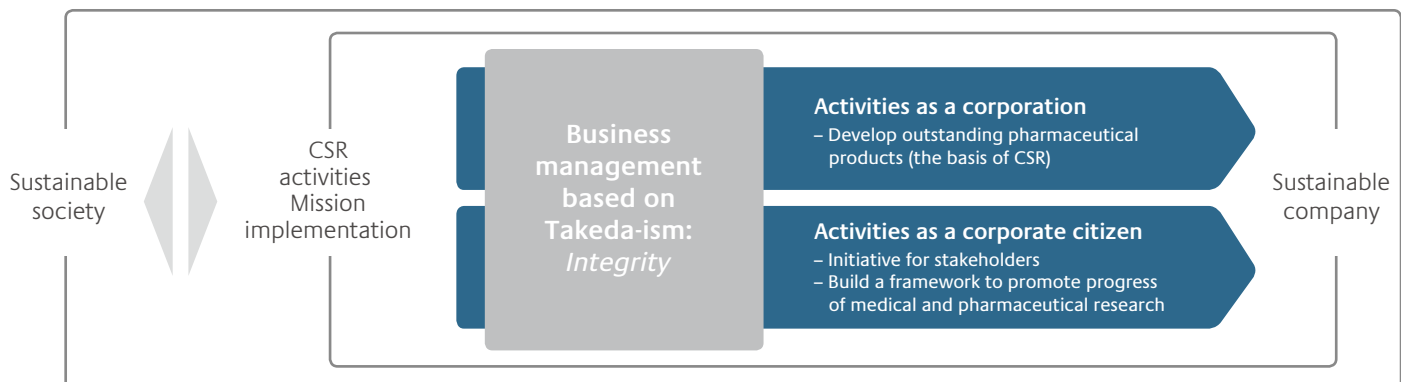
Reinforcing our reputation

4 Business

Developing the business

Social value

Corporate value



CSR Guidelines for Reference

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

IIRC

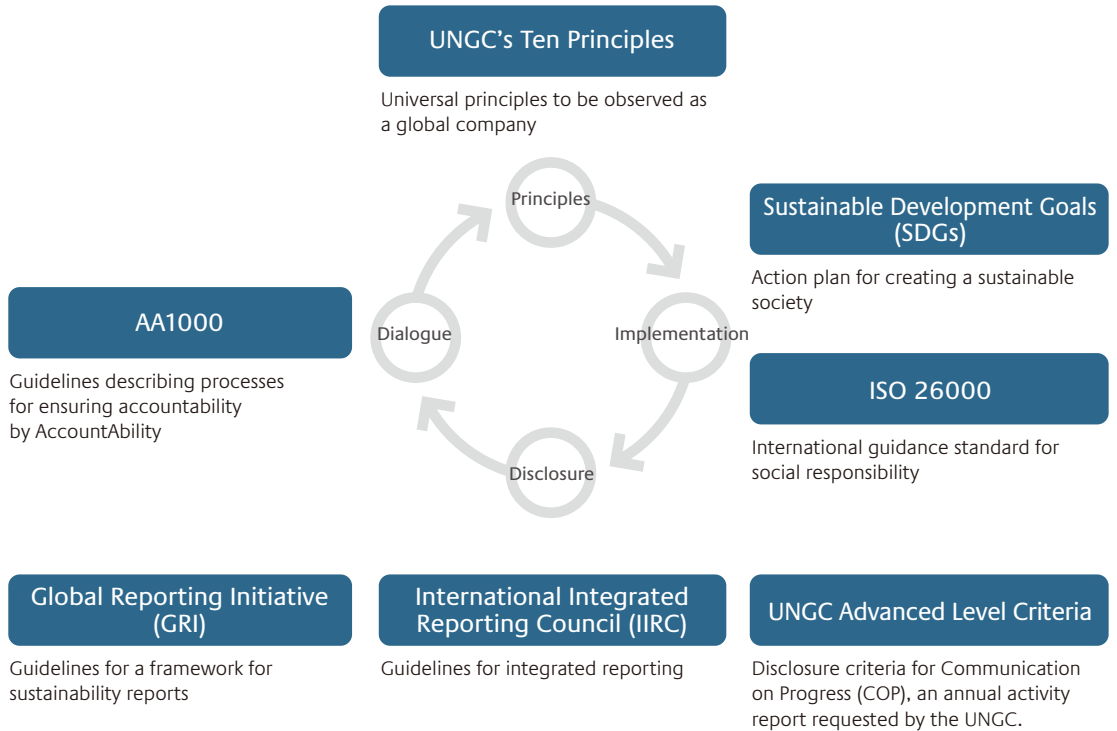
The International Integrated Reporting Council (IIRC) was established in 2010 by private-sector companies, investors, accounting associations, government agencies, and others, as an organization for developing an international corporate reporting framework.

GRI

Global Reporting Initiative (GRI) is a non-profit organization whose mission is to formulate international standards associated with sustainability. As an accredited group of the United Nations Environment Programme (UNEP), it has formulated the international standards of the "Sustainability Reporting Guidelines."

AA1000

AA1000 are the guidelines issued by British firm AccountAbility aimed at elevating accounting auditing and reporting systems through a systematic stakeholder engagement process.



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 UNGC 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

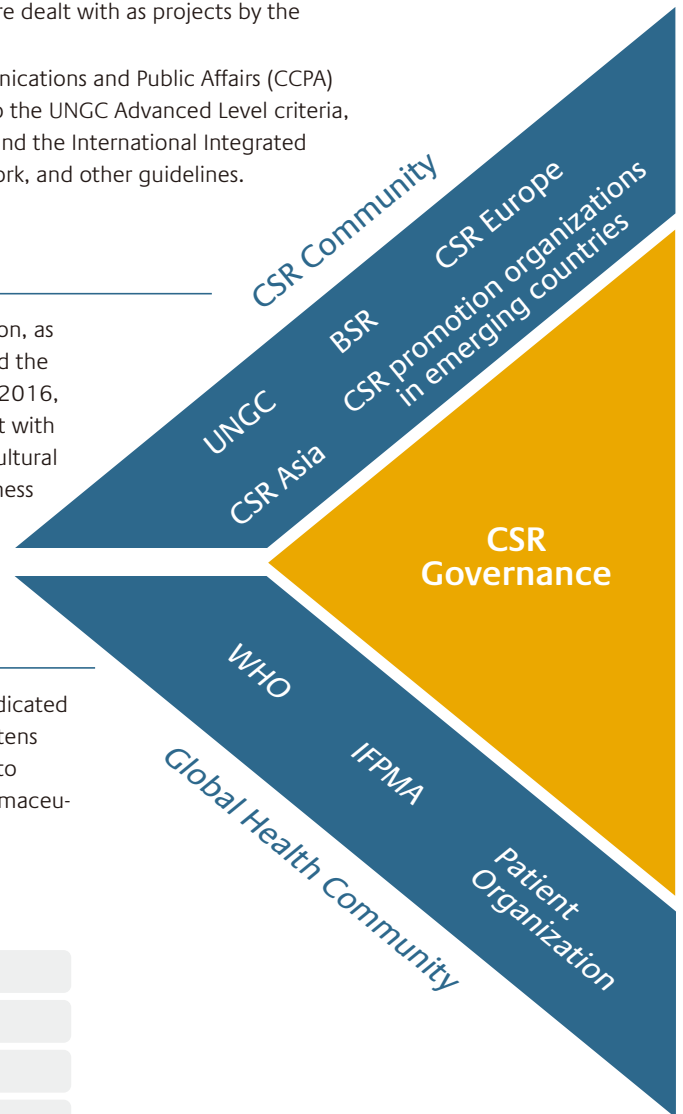
Takeda has participated in the UNGC LEAD program since its inception, as well as research conferences related to SDGs. In 2015, Takeda joined the Business for Social Responsibility (BSR)'s HERhealth* and CSR Asia. In 2016, we joined CSR Europe. Moreover, we are increasing our engagement with CSR promotion 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

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



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.



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 in Singapore. The department responds to surveys from institutions that evaluate healthcare access, such as the Access to Medicine Foundation.

Inclusion Status in SRI (Socially Responsible Investment) Indices (as of June 30, 2016)

- 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.)



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.

Stakeholders

Patients and Medical Professionals	Shareholders and Investors	Society
Environment	Business Partners	Employees

Global Health

Key Focus on Prevention for Health in Developing and Emerging Countries

Takeda constantly puts the patient at the center of all its business activities. This approach also underpins management's discussions of our CSR activities. From fiscal 2016, we have decided to focus on prevention for health in developing and emerging countries as part of our global CSR program.

New Global CSR Program with International NGOs and Other Partners

Takeda is promoting prevention of diseases to contribute to better health for people in developing and emerging countries as a key focus for its activities. As part of this effort, we established a new global CSR program, reflecting the results of a vote held among all employees. Looking ahead, we will work with international NGOs and other partners to promote long-term sustainable initiatives.

STEP 1

Select candidate global CSR programs led by a dedicated department

We selected several candidate programs, led by a dedicated department for global health-related stakeholder engagement, established within Corporate Communications and Public Affairs (CCPA).



STEP 2

Invite Takeda employees around the world to vote

In May 2016, we posted information about candidate programs on the company intranet and held a vote, inviting all of our 30,000 employees to participate.



Takeda is working to resolve global healthcare issues with people around the world.



STEP 3

Decide on three global CSR programs

Partner

Program content



United Nations Foundation

Global Measles Vaccination for Children

- Supports operations in 40 countries in Africa, Asia and Latin America
- Creates the potential to vaccinate 5.4 million children against measles over ten years

10
years



World Vision

Community Health Workers Training for Maternal and Child Health

- Operates in India, Bangladesh, Nepal and Afghanistan
- Builds capacity of 1,400 community health workers to reduce preventable death of children by providing some 500,000 people with health knowledge and services over five years

5
years



Save the Children Japan

Maternal and Newborn Health for Ethnic Minorities

- Operates in Myanmar, Vietnam and Laos
- Provides 150,000 village people, including 40,000 women and children in ethnic minorities, with health education, training and services over five years

5
years

Action Mapping for SDGs

Achieving SDGs

In September 2015, the UN General Assembly adopted SDGs, which outline a plan of action for people, planet and prosperity. All stakeholders are tasked to act in partnership to implement this plan with the aim to free the human race from poverty and secure our planet's future. Takeda is committed to SDGs – in particular, Goal 3, which calls for ensuring healthy lives and promoting well-being for all at all ages, and aligns with our overall CSR strategy of delivering better health to people worldwide.

Over the decade, through partnerships and collaborations with nonprofits, nongovernmental organizations (NGOs) and CSR organizations globally, we have developed numerous programs that address all of the 17 SDGs.



As a UNGC LEAD company, Takeda will work toward the achievement of SDGs together with partners in the international community to promote better health for people.



Prevention for Health in Developing and Emerging Countries

As a UNGC Lead company, we have created a Takeda Action Map for SDGs based on the SDG industry matrix, Healthcare and Life Sciences. In terms of the corporate citizenship programs, Takeda has established a mid-term strategy, “Prevention for Health in Developing and Emerging Countries” which will meet the needs of the international community.



UN Global Compact Leaders Summit 2016



Equities

- Digital Birth Registration (Plan International Japan)



Climate Action

- Caring for Climate (UNGC/UNEP)



Institutions

- The Global Health Innovative Technology Fund (The GHIT Fund)



Other

- Response to Natural Disasters for Resilient Society (IVOAD)
- Global Relay for Life (American Cancer Society)
- Biodiversity Conservation Initiatives (Takeda Garden for Medicinal Plant Conservation, Kyoto, Japan)



Good Health

- Pharmaceutical Business (Medicines and Vaccines)
- Prevention-focused partnership programs in developing and emerging countries
 - Vaccination for Children
 - Maternal and Child Health
- Environmental Protection



► Corporate Governance

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

Transitioning for Global Strength

Takeda’s mission is to “strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine.” In line with this mission, Takeda is establishing a management framework appropriate for a world-class pharmaceutical company that operates on a global scale. We are establishing a structure that will allow rapid decision-making that is also sound and transparent, and strengthening internal controls, including rigorous compliance and risk management. Through these efforts, we will further improve our corporate governance, thereby maximizing corporate value.

In June 2016, Takeda transitioned its corporate governance system from a “Company with Board of Corporate Auditors” to a “Company with Audit and Supervisory Committee,” and increased the proportion of outside directors as well as enhancing the diversity of the Board of Directors.

In the new structure, Audit and Supervisory Committee members own voting rights as Directors in the Board of Directors meetings, and will properly

exercise those rights. Outside Directors, of which the proportion in the Board of Directors is more than Internal Directors, work to further strengthen the management oversight function and hence improve the transparency and objectivity of our decision making process.

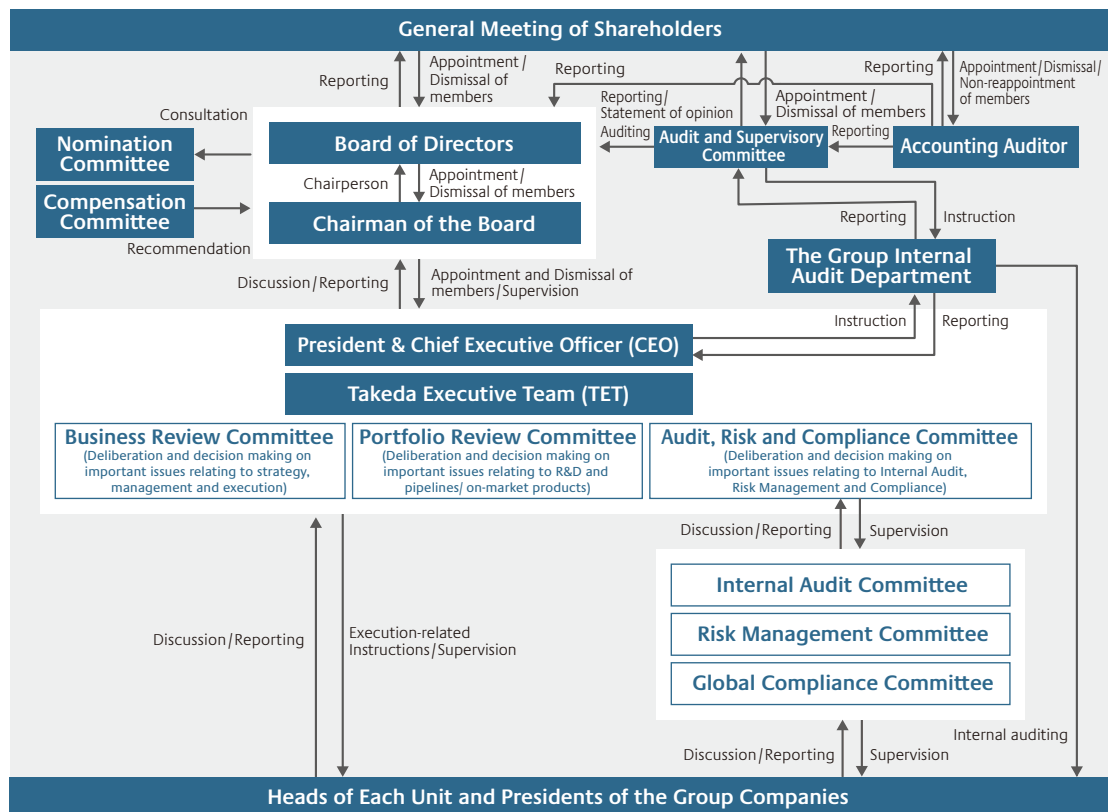
In addition, decision-making authority will be delegated to Directors regarding the execution of the operations allowed for the Board of Directors of a company with Audit and Supervisory Committee. Accordingly, the Board of Directors meetings will focus only on top priority matters or significant strategic matters, allowing sufficient time for discussion.

Through these attempts, Takeda aims to realize the proper and efficient division of roles between the Board of Directors and Representative Director, and improve the decision-making structure so that it is comparable to major global companies that are expanding their business globally.

Takeda’s Corporate Governance System

The Board of Directors determines the fundamental

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



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 the Audit and Supervisory Committee. 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, the company is establishing the Takeda Executive Team – members who manage and supervise each function of Takeda Group under the President & CEO – as well as a Business Review Committee responsible for general management matters, Portfolio Review Committee responsible for R&D and products-related matters, and Audit, Risk and Compliance Committee responsible for internal audit, risk management and compliance matters. These groups review important matters to facilitate faster and more flexible work execution and deeper cooperation among the various Takeda functions.

Compensation

Takeda has formulated the following “Directors Compensation Policy,” and based on this policy and the decision-making process, the Directors’ Compensation Level and Mix are determined.

- To attract, retain and motivate managerial talents to realize Global One Takeda
- To improve the company’s performance and leverage awareness of contributions toward increasing corporate value
- To be closely linked with company performance, highly transparent and objective
- To support shared sense of profit with shareholders or improving managerial mind-set focusing on shareholders
- To encourage directors to exemplify the “perseverance” at the heart of Takeda-ism

In terms of compensation level, Takeda aim to be competitive not only in Japan but also in the global marketplace to transform into a “best-in-class” global

pharmaceutical company. Directors’ compensation should be competitive with major global companies. The Compensation Committee, with the chairperson and majority of members being outside directors, serves as an advisory organization for the Board of Directors to ensure the appropriateness of the compensation etc., and transparency in the decision-making process. The compensation of directors who are Audit and Supervisory Committee members and outside directors consists of basic compensation which is paid in a fixed amount, and long-term incentive (stock compensation). Long-term incentive is not linked to financial performance results and it is designed to ensure the adequate supervisory functions which judge the validity of the execution of the duties from an objective standpoint, and to enhance the awareness to contribute to Takeda’s mid- to long-term corporate value.

Internal Controls

Takeda is promoting the creation of a disciplined and sound corporate culture, and has implemented the various measures for the internal control system, taking it as an important component of corporate governance functioning alongside risk management.

With respect to any risks we 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.

Takeda also clarifies the roles and responsibilities of each function based on the “Takeda Group’s Management Policy.” We ensure compliance and appropriate business operations through implementation of periodic internal audits and the Compliance Monitoring Program to each company and each function in Takeda.

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)	1,679	501	550	627	8
Corporate auditors (excl. outside corporate auditors)	109	109	—	—	3
Outside directors and outside corporate auditors	83	83	—	—	5

Note: The figures above include three Directors and one Corporate 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/>

► **Compliance**

The Takeda Global Code of Conduct and Reinforcement 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 (putting the patient at the center), Trust (building trust with society), Reputation (reinforcing our reputation), and Business (developing 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 as well as Global Policies.

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

Reinforcement 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.

Global Compliance Helpline

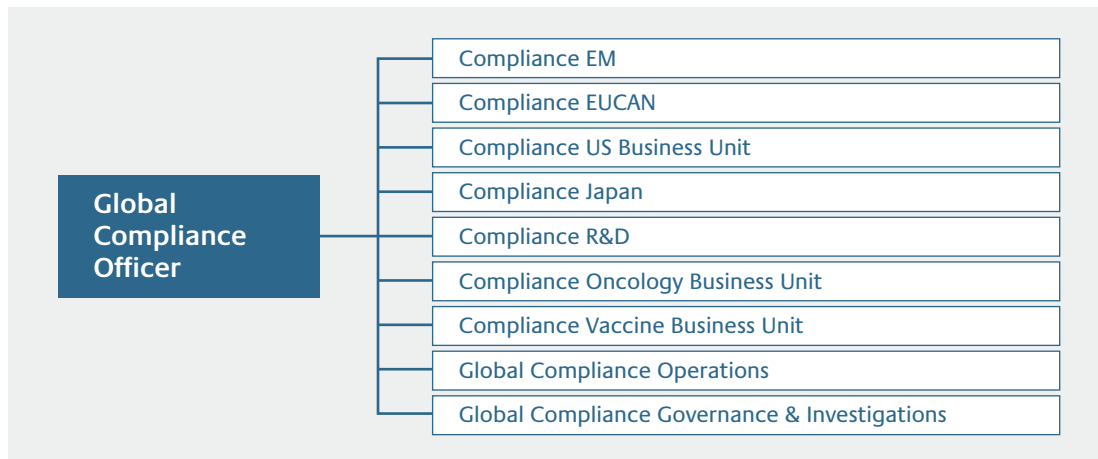
Takeda aims to maintain the highest level of corporate ethics. We have established the Global Compliance Helpline, which is available to all employees around the world 24 hours a day. Employees can contact the Helpline and ask a question or voice a concern. We have contracted an external organization to operate the Helpline. No retaliatory action is taken against any employee who raises a concern in good faith.

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

Global Compliance Organization



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/>

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.

▶ Risk & Crisis Management

Takeda's Approach to Risk Management

Takeda shares its Corporate Philosophy, which comprises its Vision, Mission, Values and Strategic Roadmap, with the entire Takeda Group and promotes the creation of a disciplined and sound corporate culture.

Based on the above mentioned principle, Takeda has created a risk management system, making risk management an important component of corporate governance, functioning coordinated with internal control:

Takeda promotes construction of a system in which each group company responds adequately to risks and crises and ensures business continuity, and facilitates disciplined management in the Takeda Group. With regard to risk management, the "Global Risk Management Policy," the "Global Crisis Management Policy" and "Takeda Group Global BCP (Business Continuity Plan) Policy," respectively lay out the structure of risk management system, crisis management systems and BCPs of the Takeda Group.

Management of Major Risks

The "Global Risk Management Policy" provides a uniform process of identifying, measuring, mitigating and reporting on significant risks with the objective of aligning risk appetite with strategy and improving risk responses.

Takeda's major potential risks include research and development, intellectual property rights, decline of sales due to the expiration of patents, etc.,

side-effects, drop in prices caused by measures for constraint of cost of medicines, fluctuation of foreign exchange rates, corporate acquisitions, country risks, stable supply, litigation, and IT security and information control. The person(s) in charge of each function control and manage these risk factors in each area of charge from the aspect of qualitative and quantitative criteria in designing and implementation of mid-range and annual plans and shall take all necessary measures or remedies available to avoid and minimize such risk factors, depending on the degree and content of the risk the company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans.

Approach to Crisis Management

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

The Takeda 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.

► **Quality Management System**

For patients who take our high-quality products around the world, Takeda has established a comprehensive quality management system to meet the requirements and expectations of a global pharmaceutical company.



Transforming the Global Quality Organization

Takeda continues to drive rapid globalization of its business, and has established a Global Quality organization capable of supporting this growth. Gerard Greco, Ph.D., is the Global Quality Officer (GQO) reporting to the President & CEO. The GQO designed the transformation of Global Quality around a vision built upon three pillars: Science, Systems and People. In addition, Global Quality has been restructured to fully align with related functions and business partners, such as R&D, Global Manufacturing and Supply (GMS), Commercial, and the Vaccine and Oncology Business Units. Our approach to Quality reflects our commitment to put the patient at the center of all we do, build trust with society, reinforce our reputation, and develop our business.

The Global Quality structure supports the scope and needs of Takeda while harmonizing the approach to these responsibilities in the organization. This approach ensures we standardize practices across the company with One Quality Management System throughout Takeda. In addition, there is a concerted effort to drive change through the business by incorporating innovation, continuous improvement, knowledge and best-practice sharing into the organizational concept. We have also established regional Quality oversight for sites, Local Operating Companies (LOC) and functional Quality teams, as well as a Global Quality Council to provide oversight on global performance, trends and opportunities. 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.

1. Science

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

2. Systems

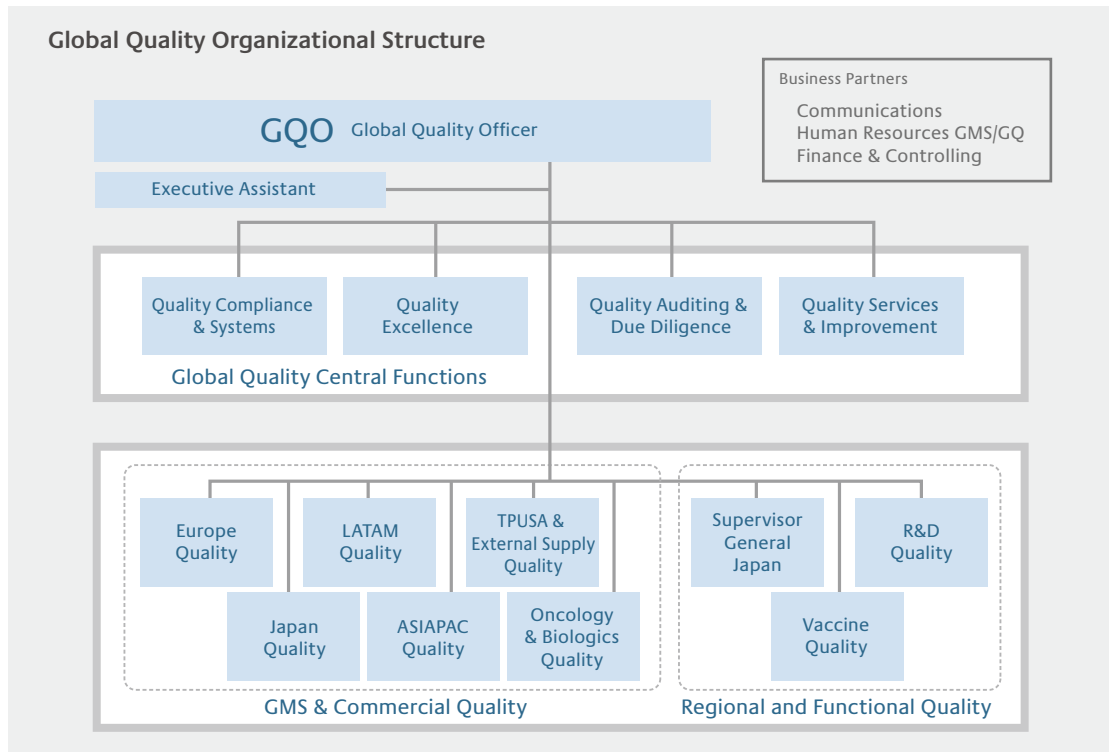
- Integrated quality systems
- Supplier quality management

3. People

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

Strategic Execution of Transformation

Transitioning to a Global Quality organization is complex and requires 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 Excellence, Quality Compliance & Systems, Quality Auditing and Due Diligence, and Quality Services and Improvement – will drive our activities in this respect. These roles will ensure a consistent, harmonized approach in each specific area and will provide global strategy, oversight and governance to enable us to successfully support, monitor, audit and change our business. All of these functions support our commitment to keep the patient at the center of all we do.



Our Mission, Takeda-ism and Our Values

During the journey of Global Quality, we remain focused on our mission to strive towards Better Health and a Brighter Future 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. We support our strategic roadmap and its four pillars of Values, People, R&D and Business Performance on a foundation of Takeda-ism.

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 of patients, trust, reputation and business as a guidance to making key decisions:

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

As we continue to grow in our transformation journey, there is a shared positive energy and excitement about what comes next in Global Quality. For us, a Quality Culture is personal. It's about doing the right thing, and doing things right. Significant time and resources are dedicated toward educating colleagues throughout Takeda on our approach to Quality Culture. It is driven by Quality but a shared mindset and responsibility in all of Takeda.



Quality Compliance

The Global Quality organization is designed to fully support Takeda in its objective of being a world class pharmaceutical company. The most immediate focus has been to fully implement the new organization, global systems and architecture, with a global approach to projects that support, enhance, and improve the business in the most 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 a consistent mindset of doing the right thing each and every time for patients.

Global Quality Auditing and Due Dilligence

Risk management is a key component of the quality governance function at Takeda, Audits, both internal and external, are a method to identify quality risks that have the potential to adversely affect Takeda's business. Global Quality Auditing and Due Dilligence uses audits to identify these quality risks at our sites and at our suppliers. Therefore it is important that the audits are conducted in an efficient and professional manner. To achieve this objective, Global Quality auditors recently completed the Lead Auditor course run by the International Register of Certificated Auditors (IRCA). IRCA certification is a recognized global standard for management system auditors

which demonstrate that the auditor has the required standard of training, technical and work experience to effectively manage the audit process. Successfully passing the course ensures auditors have the skills to efficiently audit our manufacturing sites, distribution hubs and our external suppliers. This ensures that the audit process supports the business at Takeda.

Program AGILE

Quality is actively engaged in Program AGILE, a strategic Global Manufacturing and Supply Program which is designed to develop organizational agility and a continuous improvement culture, with impact on performance, people and quality. The core focus is on efficiency and flexibility through lean production, optimized end-to-end supply chain network and a continuous improvement culture in the entire GMS organization to ensure the timely supply of quality products to Takeda markets, with the primary objective to become best-in-class for patients.

Quality Spanning the Entire Product Life-Cycle

Takeda's mission statement is "We strive towards Better Health and a Brighter Future 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.

Holistic Anti-Counterfeiting Measures

We are aggressively partnering with others to take innovative measures against the growing global problem of counterfeit drugs.

■ MISSION

Counterfeit and illicit medicines present a significant threat to consumers and patients around the globe. With the growing trend of counterfeiters targeting medicines used to treat complex diseases, the industry continues to face increasing challenges in safeguarding its products and its patients' safety.

As part of Takeda's mission to improve lives worldwide, Global Product Protection (GPP) is committed to protecting patients by seeking innovative solutions to secure the supply chain and partner with others to combat the illegal activity.

■ 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. Additionally, rogue on-line pharmacies continue to deliver unexpected patients falsified medicines and by focusing on monitoring websites, in fiscal 2015 GPP successfully helped shut down thousands of illegal online pharmacies.

[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 and protect against theft 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.

[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 through a risk based approach, 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.

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. 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.



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.

Guidelines for Reference

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

Guiding Principles on Business and Human Rights
Principles on business and human rights, approved by the United Nations Human Rights Council in 2011, to be respected by all countries and companies to contribute to sustainable globalization

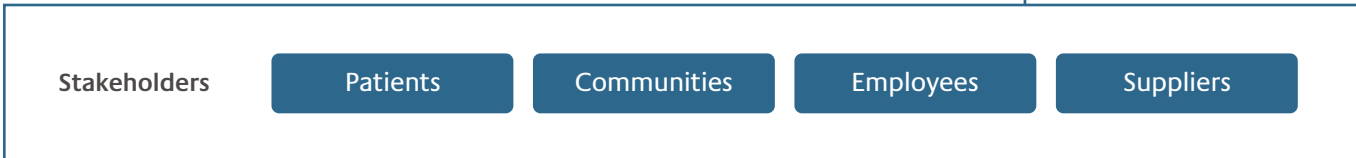
The Declaration of Helsinki
A statement of ethical principles for research and clinical trials involving human-derived specimens, adopted by the World Medical Association (WMA) in 1964

The Ten 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

Takeda’s Internal Standards

- Basic Rules of Compliance: The Takeda Global Code of Conduct
- Risk and Crisis Management: Global Risk Management Policy, Global Crisis Management Policy
- Quality Assurance: Global Policy: Quality
- 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



Major Human Rights Issues and Initiatives throughout the Value Chain

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

See P.22 Compliance P.38 Environment P.56 Anti-Corruption

Human Rights At a Glance

KEY FIGURES

4

Number of human rights-related meetings* held in fiscal 2015 (Japan)

* The Research Ethics Investigation Committee and the Bioethics Committee concerning human genome and gene analysis research



Number of suppliers subject to Procurement assessment of CSR activities and Supplier Code of Conduct performance, including human rights issues (fiscal 2016 target)

30

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, based on the international norms and trends in human rights.

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 each countries' laws governing pharmaceutical affairs and the IFPMA Code of Practice

Takeda will continue to fulfill its responsibilities as a company involved in improving people's lives, based on the international norms and trends in human rights.

► 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.

Currently, each Takeda research laboratory has regulations based on the rules for each respective country and undertakes human rights-related initiatives. 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. Multiple staff consisting of both genders makes up this standing committee and more than half of the 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.

[Initiatives] Takeda is committed to high quality

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 performing human genome and gene analysis research



clinical research that is scientifically rigorous and ethically sound. Clinical studies are conducted to generate scientific and medical evidence supporting development for the purpose of registering new products, in compliance with legal and regulatory requirements and consistent with the principles that have their origins in the Declaration of Helsinki 2013, ICH-GCP, EFPIA/PhRMA Principles and other applicable international ethical principles and standards. 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.

Takeda is committed to transparency via disclosing trials and posting results on website*¹ and other registries, and providing patient-level data through another website.*²

*1 <http://www.takedaclinicaltrials.com/>

*2 <https://clinicalstudydatarequest.com/>

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 of Practice, and that it provides consistent pharmaceutical information around the world.

► 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.



To achieve our vision of helping patients around the world, we are creating an organization that can fully leverage diversity.

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.

Global Talent Management

Takeda is developing the talent required to enable it to advance the health and well-being of patients. In addition to global programs to nurture the next generation of leaders, many divisions and functions have their own Leadership Academies and development programs or courses tailored to specific capability needs.

To guide our transformation to the next level, we introduced Leadership Behaviors to define what Takeda leaders must do to drive our business forward now and into the future, and Global Core Competencies as a common set of conduct standards for all employees.

See P.34 Global Talent Management



Diversity & Inclusion

Takeda strives to have a diverse workforce and aims to offer every employee the opportunity to thrive, develop and grow based on merit, potential and ambition regardless of gender, age, nationality, race or sexual orientation. We are accelerating Diversity & Inclusion (D&I) activities in Japan and many other parts of the world and have introduced several initiatives to enhance gender, work-style, age and career diversity.

See P.36 Diversity & Inclusion



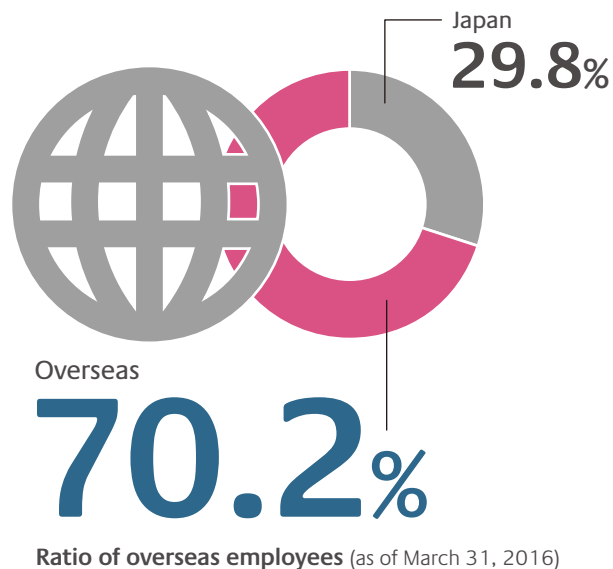
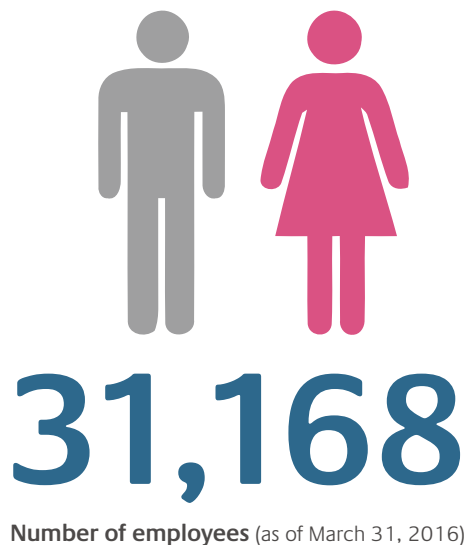
Occupational Health and Safety

For Takeda, building relationships of trust with society starts with providing a safe environment for employees and reducing the risk of accidents occurring in the workplace. In fiscal 2015, we launched a new global safety initiative, Safe Takeda, refreshing our medium-term targets for reducing workplace accidents and promoting initiatives.

See P.37 Occupational Health and Safety

Labor At a Glance

KEY FIGURES



Number of different language and dialect versions of the survey (Conducted June 2015)

33



Response rate for employee awareness survey (Conducted June 2015)

FUTURE OUTLOOK

Issues and Initiatives
Going Forward

To realize its vision of helping patients around the world and put its values of Takeda-ism into practice, Takeda will pursue D&I even further. As a research- and innovation-driven global company we will continue to improve our human resource systems and ensure sustainable growth by maximizing the potential offered by diverse employees' perspectives and capabilities.

Takeda recognizes talent development as vital management strategy and implements various initiatives.

► **Global Talent Management**

Takeda fosters a collaborative and stimulating work environment filled with opportunity and the chance to make a difference in people’s lives. It is a workplace driven by Takeda-ism, our long-held values that extends to both the patients we serve and our employees who develop and deliver medicines. Across our company, Takeda employees bring together many different elements – experiences, backgrounds, nationalities, cultures – that together create a stronger whole.

Investing in tomorrow’s leaders today, we have launched several initiatives to give our talented employees the skills, knowledge and support they need to advance the health and well-being of our patients and to lead the future of our company and our industry.

Talent Development

Our global programs include:

- **President’s Forum** Takeda’s executive management team personally nurture talented people to lead the company in the future (2015)
- **Accelerator Program** International cross-functional development for high potential employees early in their careers (2016)
- **Takeda Leadership Program** Elevating leadership capability through examination of internal and external perspectives on our business (2016)
- **Global Induction Forum** Induction training for recently hired senior leaders (2015)

In addition to global development programs, many divisions and functions have their own Leadership Academies and development programs or courses tailored to specific capability needs.

Employee Statistics (Number of people)

	FY2013	FY2014	FY2015
Total	31,225	31,328	31,168
Japan	9,554	9,612	9,291
Overseas	21,671	21,716	21,877
Ethical drugs	28,672	28,761	28,762
Consumer healthcare	461	457	500
Other businesses	2,092	2,110	1,906

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

Leadership Behaviors

As our company transforms to the next level, it is vital that our employees have an understanding of expectations, behaviors and decisions guiding strategy. In fiscal 2015, we introduced Takeda’s Leadership Behaviors. These four distinctive behaviors define what Takeda Leaders must do to drive our business forward into the future.

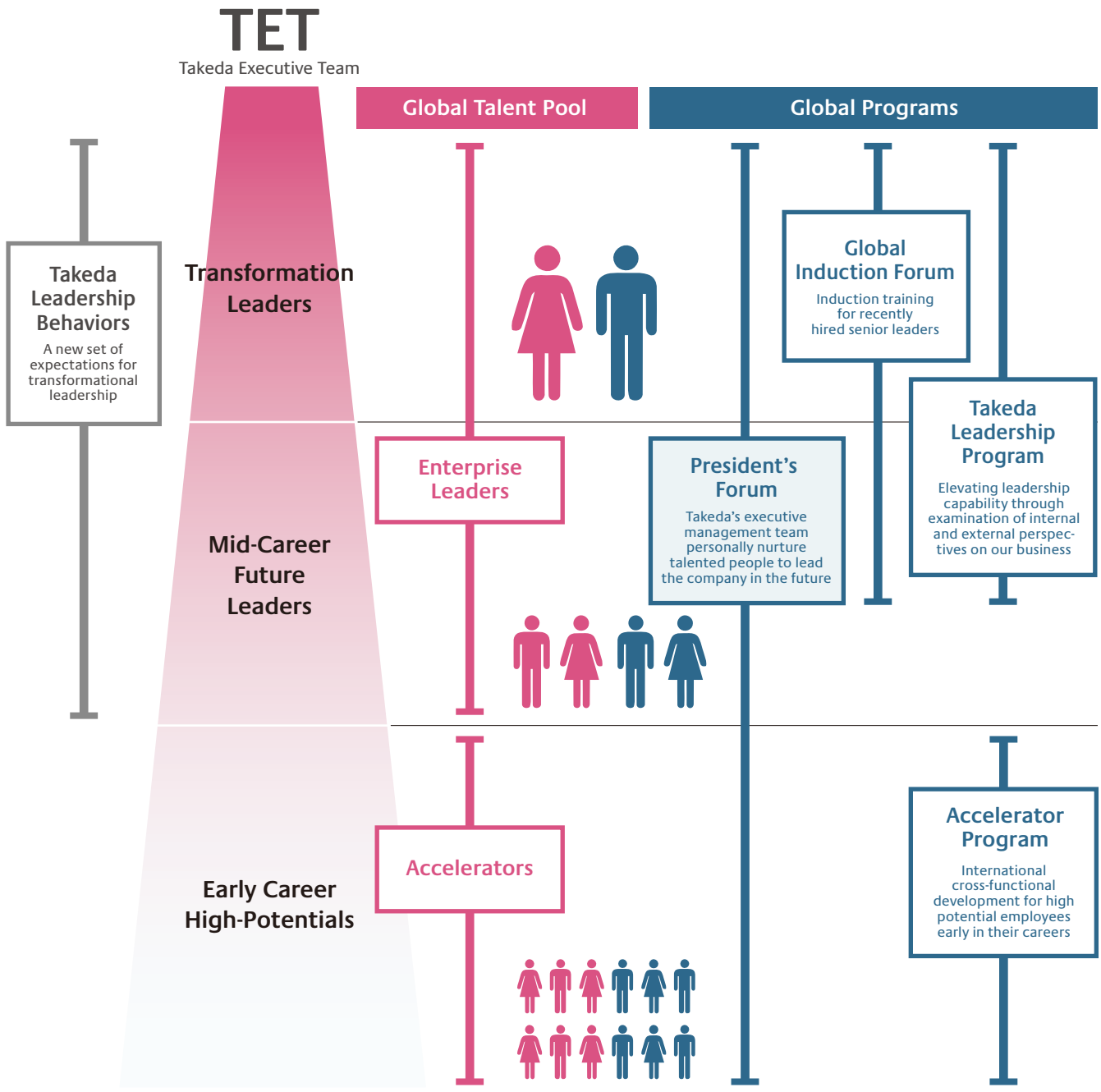
- Demonstrate strategic enterprise thinking to find innovative ways to serve patients, and build trust, reputation and business
- Create the environment that inspires and enables people to move the organization forward
- Focus on the few priorities that matter most and deliver superior results
- Elevate the capabilities of the organization for now and the future

Global Core Competencies

A common set of competencies have been identified for employee development that are vital to the achievement of Takeda’s vision and long-term success.



Identification of Priority Talent Populations and Key Programs



Leadership Academies and development programs tailored to individual divisions, functions, and regions are also available (e.g. R&D, Finance, Emerging Markets)

We are leveraging employee diversity to create a corporate culture based on Takeda-ism, and to create safe workplaces.

► Diversity & Inclusion

Our Global Diversity & Inclusion Statement (D&I)

We have drafted a global statement of our intention to be a diverse and inclusive company, and are promoting various global D&I initiatives.

We strive to have a workforce as diverse as the patients we serve. We are committed to embracing differences, exploring possibilities and developing our employees. Our success depends on fostering an inclusive environment where all employees are welcomed, empowered and inspired to use their unique voices and talents. This is how we will find innovative approaches to serve our patients, customers and communities. This is how we will reach our highest potential together.

D&I

Diversity has been proven to lead to more creativity and innovation. Companies with diverse leadership teams have been shown to respond more efficiently to a wide range of global challenges. For a research- and innovation-driven global company like Takeda, diversity is critical to our long-term success in delivering better health and a brighter future.

Our ultimate goal is to offer every employee at Takeda the opportunity to thrive, develop and grow based on merit, potential and ambition regardless of gender, age, nationality, race or sexual orientation. We are committed to leveraging the unique and diverse backgrounds, experiences and insights of all our employees to better serve patients worldwide with integrity, honesty, fairness and perseverance.

We are accelerating D&I activities in Japan and many other parts of the world, and have introduced several initiatives to enhance gender, work-style, age and career diversity.

These include:

- Launching *Hanamizuki*, a network where women can learn from each other, share knowledge and information, and help each other develop professionally (Japan).
- Introducing a flexible work-style program that gives employees the choice to select the work times and places that enable them to perform at their best (Japan).
- Enhancing career diversity by encouraging faster promotion of employees who are demonstrating high performance early in their career (Japan).
- Hosting the first Takeda U.S. Diversity & Leadership Symposium week in Deerfield, IL. This symposium included employee events, workshops and keynote speakers, and featured D&I leaders within Takeda (United States).



Fiscal 2016 targets for Japan

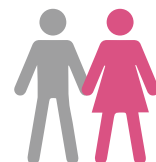
30% of new manager appointments will be filled by women

30%



10% of newly appointed managers will be less than 8 years into their careers

10%



▶ Occupational Health and Safety

Health and Safety

In fiscal 2015 Takeda launched its new global safety initiative, Safe Takeda. We have set new medium-term targets for fiscal 2020, aiming to reduce the occupational injury frequency rate by 30% compared with fiscal 2014 through various initiatives.

According to a 2014 survey of Takeda Pharmaceutical Company's lost-time injury, 60% of accidents occurred at Global Manufacturing and Supply (GMS) plants, with 34% occurring at offices and 5% at research laboratories. Accordingly, our top priority under Safe Takeda is to reduce the number of accidents at GMS plants. Initiatives are already in place, including safety week, worksite inspections, safety messages from people in charge and individuals, and sharing of best practices between sites.

We are also taking measures to prevent automotive accidents among offices and sales divisions and to reduce vehicle overturn and falling accidents,

✓	FY2014	FY2015
Lost time injury frequency rate	1.92	1.62
Occupational injury frequency rate (including those without lost workdays)	5.46	4.81

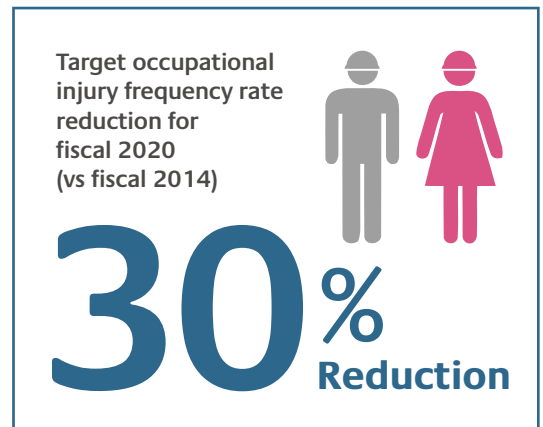
Data collection sites: Takeda's global sites



which are the most common type. The Safe Takeda initiative is designed to raise employee safety awareness and build a safety culture.

*Frequency rate refers to the number of fatalities or injuries per one million hours worked.

See ▶ P.41 Global EHS Policy



✓ Data assured by a third party

See ▶ P.75 Independent Assurance of Environmental and Social Performance Indicators



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

Takeda is engaged in proactive environmental protection activities based on global targets such as the Sustainable Development Goals (SDGs) and the Paris Agreement.

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 are making further progress on environmental protection measures both from global and local perspectives in a layer by layer fashion.

See P.40 Environmental Management

Support for the New “Paris Agreement” Framework for Global Warming Prevention

Takeda supports the Paris Agreement adopted by the 21st Conference of Parties to the United Nations Framework Convention on Climate Change (COP21). We have signed the Paris Pledge for Action to commit ourselves to working to achieve the Agreement targets. We are the only Japanese pharmaceutical company participating in Caring for Climate, the world’s largest corporate-led initiative on climate change.

See P.45 Initiatives to Deal with Climate Change



Takeda Garden for Medicinal Plant Conservation (Kyoto)

Fiscal 2020 Medium-Term Global Targets

Takeda has established an action plan with targets for fiscal 2020, aiming to reduce its environmental impact over the medium and long term. The plan sets out numerical targets for items including CO₂ emissions, fresh water used, NO_x emissions, SO_x emissions, and volumes of final waste disposal (in Japan), as part of Takeda’s ongoing efforts to address global environmental issues.

See P.42 Takeda Group Environmental Action Plan

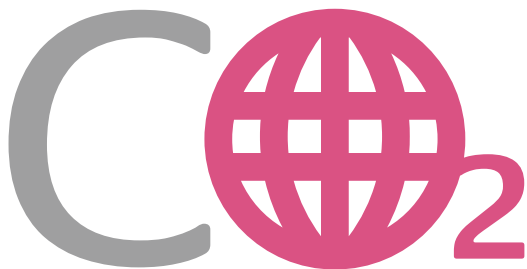
Biodiversity Conservation Initiatives

Takeda is actively engaged in biodiversity conservation. We have been helping to conserve endangered species since 1933 through ongoing research on plants with medicinal properties at Takeda Garden for Medicinal Plant Conservation (Kyoto) as well as promoting initiatives to cultivate medicinal plants in-house.

See P.49 Takeda Garden for Medicinal Plant Conservation (Kyoto)

KEY FIGURES

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



25% Reduction

CO₂ emissions



30% Reduction

The volume of fresh water used



20% Reduction

NO_x emissions



75% Reduction

SO_x emissions



60% Reduction

The volume of final waste disposal
(Japan)

FUTURE OUTLOOK

Issues and Initiatives
Going Forward

Takeda supports the Paris Agreement and has been responding to various concerns of the global community such as climate change. Through calculating Scope 3 emissions 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 medium- to long-term perspective based on global targets for the year of 2020.

Takeda is addressing global issues and 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 medium- to 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 medium- 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 recognizes that it has an important part to play as a global pharmaceutical company in working with the international community to protect the environment. We support the Paris Agreement adopted by COP21 and we have signed the Paris Pledge for Action to commit ourselves to working to achieve the Agreement targets. We are the only Japanese pharmaceutical company participating in Caring for Climate, the world's largest corporate-led initiative on climate change. Based on Takeda's history of manufacturing and supplying pharmaceuticals with integrity for over 230 years and the unchanging values of Takeda-ism, all Takeda employees are promoting EHS activities from a global perspective.



WE SUPPORT
Caring for Climate



Message

In 2015 Takeda has defined ambitious mid-term targets and initiatives for our corporate-wide Environment, Health, and Safety (EHS) performance such as reducing CO₂ emissions from energy sources by 25% compared with 2005 levels and taking the lead in tackling climate change by supporting the Paris Pledge for Action. The improvement of our EHS standards is at the heart of our efforts to create corporate value supported by the strong commitment of all Takeda employees around the world. Since then Takeda has made steady progress on these important strategic key performance indicators i.e. the reduction of lost time related incidents as well as water and natural resource savings. Based on these achievements Takeda has been recognized by Corporate Knights, a Toronto-based organization, as one of the "2016 Global 100 Most Sustainable Corporations in the World Index." We strive to foster the engagement of all our Takeda employees even further by asking them to provide us with their ideas how to make existing processes more efficient. We therefore have initiated the strategic program "AGILE" within Global Manufacturing and Supply, and Global Quality to adapt our mindset and culture and to become a lean and agile organization fully committed to continuous improvement.



Thomas Wozniowski
Global Manufacturing and Supply Officer (GMSO)

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. 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.

Validation of Activities Using an Index

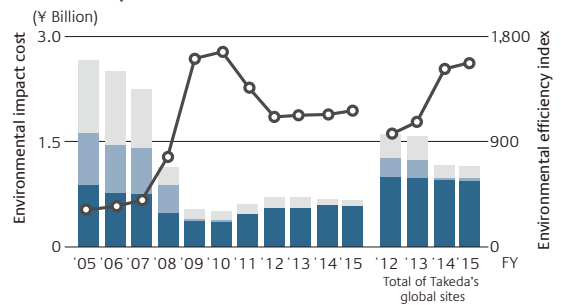
Takeda recognizes the importance of quantitative assessments of the impact of business activities on the environment. In fiscal 2012, we undertook environmental impact assessments for our operations in Japan and overseas by LIME.* Based on the results of these assessments, we identified issues to be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

* 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.

Trends in Environmental Impacts Due to Business Operations



Environmental impact cost: CO₂, SO_x, Others
 Environmental efficiency index (Net sales/environmental impact cost)
 Data collection sites: Takeda Pharmaceutical Company's production and research sites ('05-'15), including indirect emissions associated with purchased electricity. Takeda's production and research sites ('12-'15 Takeda's global sites), including indirect emissions associated with purchased electricity.



Examples of activities are introduced in the SDGs Industry Matrix (issued by United Nations Global Compact/KPMG)

<https://www.unglobalcompact.org/library/3111>



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 2015, environmental protection investments totaled ¥1,308 million and expenditures were ¥3,296 million. Upgrading environmental protection equipment accounted for the majority of the investments. In addition, there were about ¥2,500 million of investments to prevent accidents and make facilities resistant to earthquakes. The economic benefits of energy saving measures for Takeda Pharmaceutical Company totaled approximately ¥99 million.

Environmental Protection Costs

(Million yen)

Category	Investments	Expenditures	
Business area costs	Pollution prevention	622	1,669
	Environmental protection	295	199
	Resources recycling	384	1,090
Upstream and downstream costs	—	34	
Administrative costs	7	304	
Total	1,308	3,296	

- Data collection period: April 1, 2015 to March 31, 2016
- 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 97 out of 100 in CDP for 2015, a scoring system that evaluates the climate change response of companies based on a questionnaire jointly issued by global financial institutions.

In the 19th Environmental Management Survey conducted by Nikkei, Inc., (announced in January 2016), Takeda came third in Japan's pharmaceutical industry category, scoring 420 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.

In 2016, Takeda was selected for inclusion in the index of the Global 100 Most Sustainable Corporations in the World published by Corporate Knights Inc. of Canada, which was announced at the World Economic Forum (Davos meeting).

Takeda is promoting global 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 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 full-fledged Environment, Health and Safety Audits to ensure risk management through environmental and accident prevention risk assessments by internal specialists, 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 auditors assess the standard-format questionnaires submitted by each site. The audit results are detailed in the report, which is submitted to top management. Indications and recommendations to be improved found through the audit are followed up thoroughly, and a progress report providing details of countermeasures is mandatory. In fiscal 2015, Environment, Health and Safety Audits were implemented at six sites in Japan and seven sites overseas, including affiliated companies. As a result, two indications associated with safety were identified, but they were immediately addressed and improved.

We have conducted internal audits at all business sites based on the Global EHS Guideline Checklist.

Sites audited in the Environment, Health and Safety audit

■ In Japan

Takeda Pharmaceutical Company Limited (Osaka plant)/Wako Pure Chemical Industries, Ltd. (Tokyo plant, Mie plant, and Mie Komono plant)/Nihon Pharmaceutical Co., Ltd. (Osaka plant and Narita plant)

■ Outside Japan

Takeda GmbH (Oranienburg plant)/Takeda Pharmaceuticals Limited Liability Company/Takeda Austria GmbH/Takeda Mexico, S.A de C.V./P.T. Takeda Indonesia/Takeda Pharma A/S (Hobro plant)/Tianjin Takeda Pharmaceuticals Co., Ltd.

Accident Prevention Initiatives

Takeda is promoting accident prevention initiatives based on the Global EHS Guideline. All the sites establish accident prevention targets based on the annual EHS 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 result in 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 bag filters, flexible hoses, etc. conductive
- Wearing antistatic working clothes and shoes
- Floor coating with conductive resin, etc.

On the intangible side, we ensure comprehensive safety by conducting risk assessments to uncover potential risks. We also conduct education and training on response procedures in the event of a disaster or emergency.

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 early stages of research and development to ensure safety.

We also conduct thorough accident and disaster countermeasures 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.

See P.37 Occupational Health and Safety

13 sites

Number of sites covered in the fiscal 2015 Environment, Health and Safety audit

Since 1974 Takeda has systematically implemented energy conservation measures that help reduce CO₂ emissions. Takeda will continue to take a medium- to 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* and other means.

Takeda supports the Paris Agreement and has signed the Paris Pledge for Action to commit itself to working to achieve the Agreement targets. We are the only Japanese pharmaceutical company participating in Caring for Climate, the world's largest corporate-led initiative on climate change, and we are working together with the international community to tackle related issues.

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

Medium-Term Targets for Takeda in Japan and Overseas

Under the Takeda Group Environmental Action Plan, production and research sites worldwide strove to achieve the numerical target of "Reduce CO₂ emissions from energy sources across Takeda by 18% from fiscal 2005 levels by fiscal 2015."

In 2015 we formulated a new Environmental Action Plan with the following global CO₂ emissions target for fiscal 2020.

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

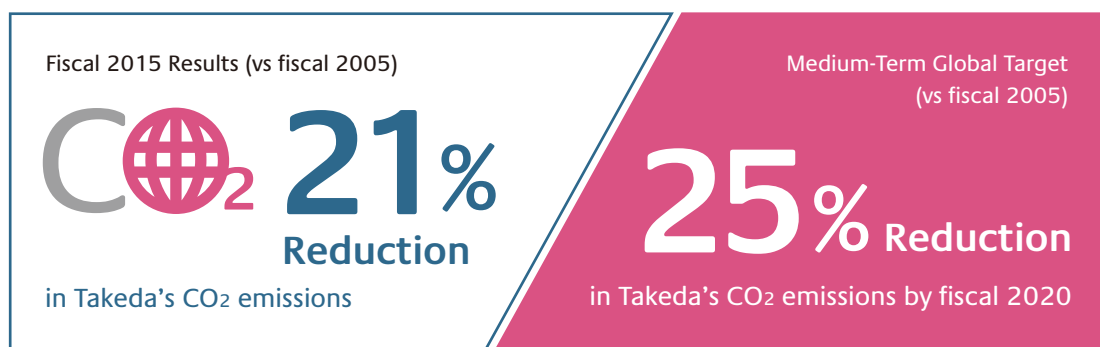
For Takeda Pharmaceutical Company on an unconsolidated basis, the plan's numerical targets are as follows:

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

Results for Fiscal 2015

For Takeda worldwide, fiscal 2015 CO₂ emissions were 407 kilotons (Scope 1: 161 kilotons , Scope 2: 246 kilotons) , down 21% from fiscal 2005 and achieving the target of the Environmental Action Plan. CO₂ emissions for Takeda Pharmaceutical Company alone were 257 kilotons, a 37% reduction from fiscal 1990 level.

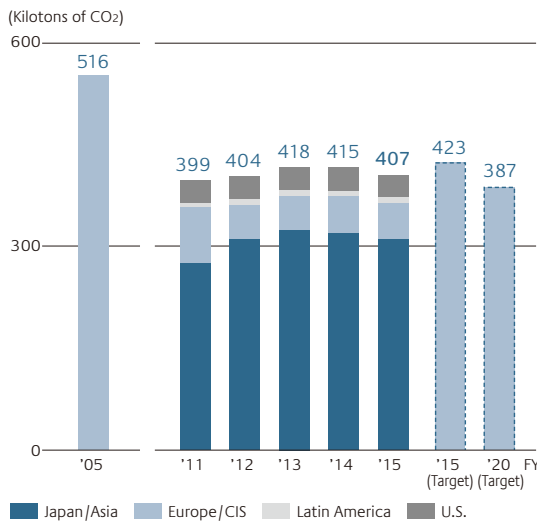
In fiscal 2015, we took measures to reduce energy usage, which also produced cost savings. Efforts included changing the settings of air conditioners at all business sites and introducing once-through boilers. At the head office building we revised the amount of gas used for air conditioning and converted to LED lighting, which significantly reduced electricity 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.



Data assured by a third party [See](#) P.75 Independent Assurance of Environmental and Social Performance Indicators

Takeda will continue working to reduce CO₂ emissions by examining the impact from the activities of suppliers and others as well.

CO₂ Emissions of Takeda ✓



Data collection sites: Takeda's production and research sites (Takeda Pharmaceutical Company Limited includes its headquarters and sales offices.) Figures for fiscal 2014 have been recalculated using the latest figure for the CO₂ emission factor for purchased electricity in Japan.

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 2015 are the actual figures from fiscal 2014). The CO₂ emission factors for electricity purchased outside Japan are based on country-specific factors stipulated in the GHG Protocol.

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 also went on to use the Bio-PE bottles for other products. Moreover, by changing our packaging we are working to reduce weight and the amount of waste.



Products for which Bio-PE bottles were adopted

✓ Data assured by a third party **See** P.75 Independent Assurance of Environmental and Social Performance Indicators

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.



Solar power generation facilities at Hikari plant

Promoting Energy Saving

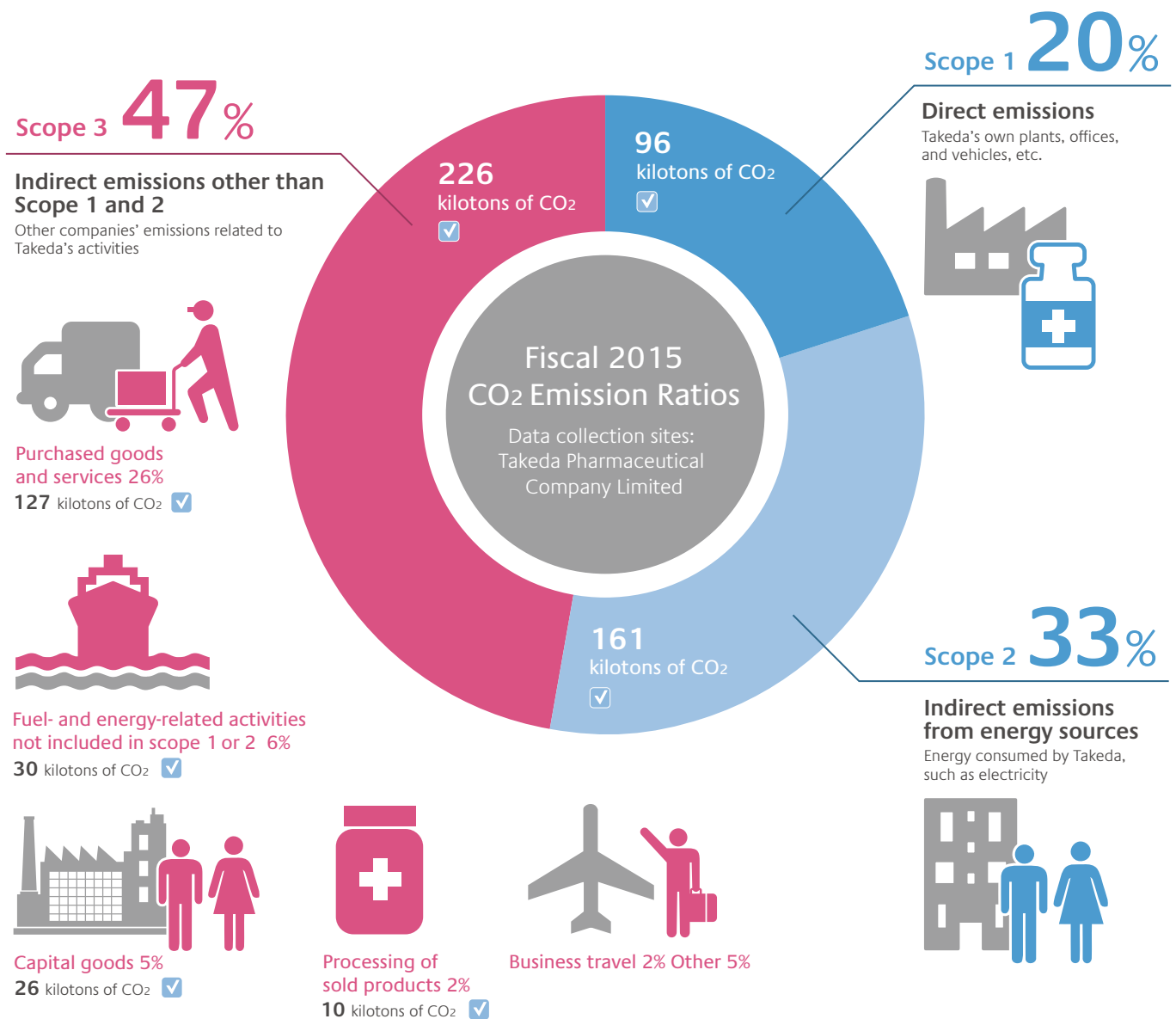
Based on the Guidelines for Environmental Consideration in Capital Investments that we formulated in fiscal 2011, we have been aggressively introducing facilities and adopting equipment and technologies with a view to saving energy. We have also had external experts perform energy-saving diagnostic tests at the Osaka and Hikari plants, and we are using the findings to plan and promote effective energy-saving measures.

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.

47%

Ratio of Scope 3 CO₂ emissions across the entire value chain relating to Takeda Pharmaceutical Company's business activities (fiscal 2015)



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

See P.77 Calculation Method for Scope 3 CO₂ Emissions

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

► **Water Resources Conservation Initiatives**

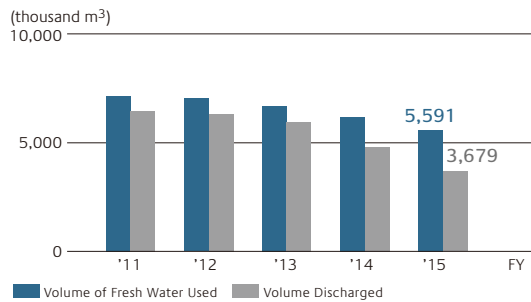
Reducing Water Usage

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. 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

Volume of Fresh Water Used and Discharged of Takeda ✓



Data collection sites: Takeda's production and research sites

✓ Data assured by a third party

See P.75 Independent Assurance of Environmental and Social Performance Indicators

Results for Fiscal 2015

Under the Takeda Group Environmental Action Plan, Takeda has set a target of reducing its global fresh water usage by 30% from fiscal 2005 levels by fiscal 2020. In fiscal 2015 we used 5,591 thousand m³ of fresh water, a reduction of 45% from fiscal 2005.

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 containing mixed substances, 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.

Results for Fiscal 2015 (vs fiscal 2005)

45%

Reduction
in the volume of fresh water used

Medium-Term Global Target (vs fiscal 2005)

30%

Reduction
in the volume of fresh water used by fiscal 2020

20.2%

Percentage of wild plants used in herbal medicines (based on volume) (fiscal 2015)



Takeda Garden for Medicinal Plant Conservation (Kyoto)



Takeda's in-house cultivation of medicinal plants and the Takeda Garden for Medicinal Plant Conservation (Kyoto) are introduced as activity examples in the SDG's Industry Matrix (issued by United Nations Global Compact/KPMG).

<https://www.unglobalcompact.org/library/3111>

► 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 Kampo 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	FY2013	FY2014	FY2015
Percentage of Wild Plants (based on volume)	20.3%	20.2%	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 2,435 have medicinal value. The garden currently has 174 endangered plant species including near threatened ones (as of August 31, 2016). Activities to collect more endangered species continue, with the goal of increasing the number for preservation to 200.

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.

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

174

Number of endangered plant species preserved in the Takeda Garden for Medicinal Plant Conservation (Kyoto) as of August 31, 2016 (including near threatened species)

Takeda is reducing its waste to help form a recycling society. We are also reducing our emissions of chemical substances and taking steps to conserve air and water quality.

► Waste Reduction

Fundamental Stance and Results in Fiscal 2015

Takeda is striving to reduce the amount of waste for final disposal first by curtailing the amount of waste generated, and then by promoting on-site reuse and waste reduction along with off-site recycling.

In Japan, Takeda has been taking steps to achieve a target of reducing the amount of waste for final disposal in fiscal 2015 to below fiscal 2010 levels.

Takeda in Japan generated 413 tons of waste for final disposal in fiscal 2015, an increase of 9% compared with fiscal 2010. The result reflected a spike in waste emissions generated in association with renovation work at a plant in Japan. If this factor is eliminated, the result corresponded to a 19% reduction. The final waste disposal amount for Takeda Pharmaceutical Company alone was 23 tons, reflecting waste reduction efforts such as promotion of zero-emission activities.

Under the newly formulated action plan, Takeda will continue its activities, aiming to reduce the amount of waste for final disposal for Takeda in Japan by 60% compared with fiscal 2005 levels by fiscal 2020.

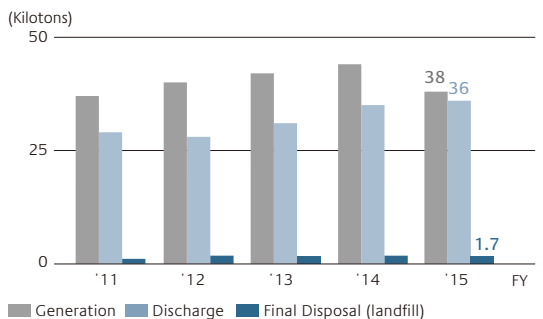
► Reduction in Releases of Chemical Substances

Fundamental Stance and Results in Fiscal 2015

Takeda is working to reduce environmental emissions of chemical substances under the Takeda Group Environmental Action Plan. 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.

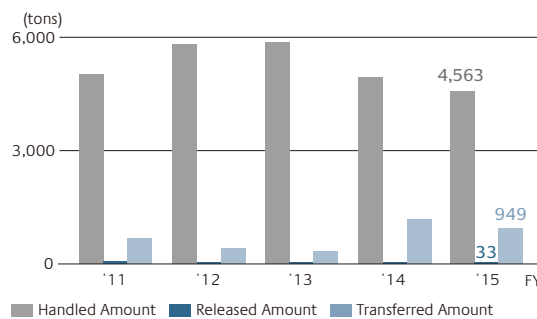
In fiscal 2015, Takeda in Japan handled 58 PRTR-designated substances with emissions of 33

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

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



Data collection sites: Takeda's production and research sites in Japan

Fiscal 2015 Results (vs fiscal 2010)

9% Increase

in the volume of final waste disposal (Japan)

Medium-Term Global Targets (vs fiscal 2005)

60% Reduction

in the volume of final waste disposal by fiscal 2020 (Japan)

tons, of which 32 tons were released into the atmosphere. Takeda's company-wide VOC emissions for fiscal 2015, including overseas, were 215 tons. ✓

► Air, Water, and Soil Quality Conservation

Fundamental Stance and Results in Fiscal 2015

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. In fiscal 2014, we reduced emissions of NOx, SOx, and dust from conversion of fuel oil to gas at our plant in India.

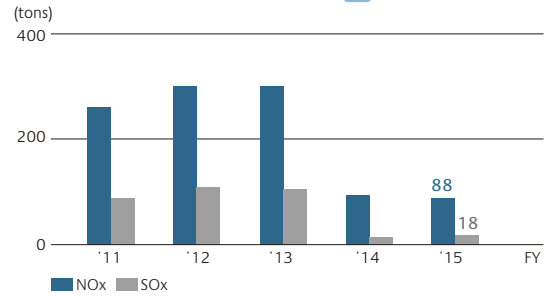
Under the Takeda Group Environmental Action Plan, Takeda aims to reduce its global NOx emissions by 20% from fiscal 2005 levels and SOx emissions by 75% by fiscal 2020. In fiscal 2015, we reduced NOx emissions by 76% from fiscal 2005 levels and SOx emissions by 95%.

Measures to Prevent Pollution

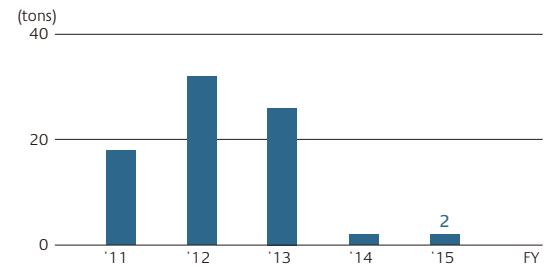
Based on our "Countermeasure Guidelines for Soil and Groundwater Contamination," we are working to prevent contamination of soil and groundwater at Takeda's sites. Groundwater monitoring is conducted at all sites periodically and we have confirmed there are no problems.

Moreover, in fiscal 2015 there were no environmental incidents such as leaks of substances that have an impact on the environment.

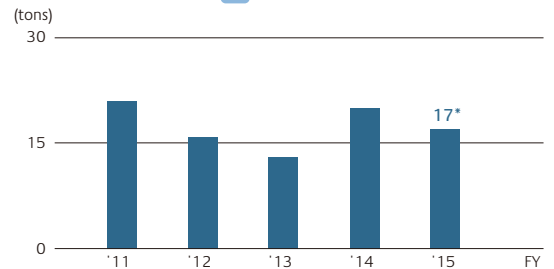
NOx and SOx Emissions of Takeda ✓



Dust Emissions of Takeda



COD Load of Takeda ✓



Data collection sites: Takeda's production and research sites

* Takeda reported its emissions into public water environment (sea, lakes, rivers) and sewers until fiscal 2014. From fiscal 2015 however, we have only reported our emissions into the sea. In line with this change, we have revised our figures for the years from fiscal 2011 to fiscal 2014. Emissions into rivers are managed based on the BOD load. (See p.53)

<p>Fiscal 2015 Results (vs fiscal 2005)</p> <p>NOx emissions 76% Reduction</p> <p>SOx emissions 95% Reduction</p>	<p>Medium-Term Global Targets (vs fiscal 2005)</p> <p>NOx emissions by fiscal 2020 20% Reduction</p> <p>SOx emissions by fiscal 2020 75% Reduction</p>
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✓ Data assured by a third party See P.75 Independent Assurance of Environmental and Social Performance Indicators

Takeda is engaging with local communities to promote business in harmony with the environment.

► Local Activities

Japan

At the Hikari plant, the Osaka plant, and the Shonan Research Center, Takeda conducts volunteer cleanup activities in the surrounding areas and holds festivals and other open-site events to engage with the local community. We also invite residents living near our business sites to become Environmental Monitors, conducting surveys to find out whether they are aware of any noise or nuisance odors from the plant. Site management responds meticulously to any feedback from these surveys, and we also hold plant tours and other events for Environmental Monitors.



Plant tours (Osaka plant)

U.S.

In alignment with our goal to become best-in-class in Environmental Health and Safety (EHS), a global Energy Reduction/Global Warming Countermeasures team is developing a library of “Best Practices in Energy Efficiency.” The team, comprised of representatives from all R&D sites, created an initial set of resources for Energy Management, Energy Efficient Facility Equipment, HVAC/Night Time Setbacks, Energy Conservation at Work, and Green Commuting Options. The project team challenged the U.S. region and global R&D sites to use these resources to establish one or more energy efficiency goals for fiscal 2016.



Energy Efficiency Project

Europe

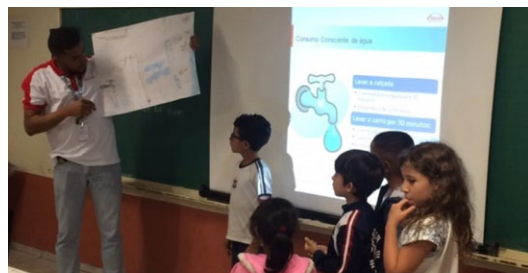
Our site in Oranienburg, Germany, celebrated its 20th anniversary of ISO 14001/EMAS certification. EMAS is the European Environmental Management Scheme, and Oranienburg was the first pharmaceutical company which implemented it in the German federal state of Brandenburg. A comprehensive environmental statement is part of the EMAS management system validation. This environmental report is validated by an independent and certified body, and disclosed for all interested parties. The plant in Oranienburg continuously reported and could show an impressive development and engagement in remediating and reducing the environmental footprint over the last 20 years continuously.



The EMAS certificate

Latin America

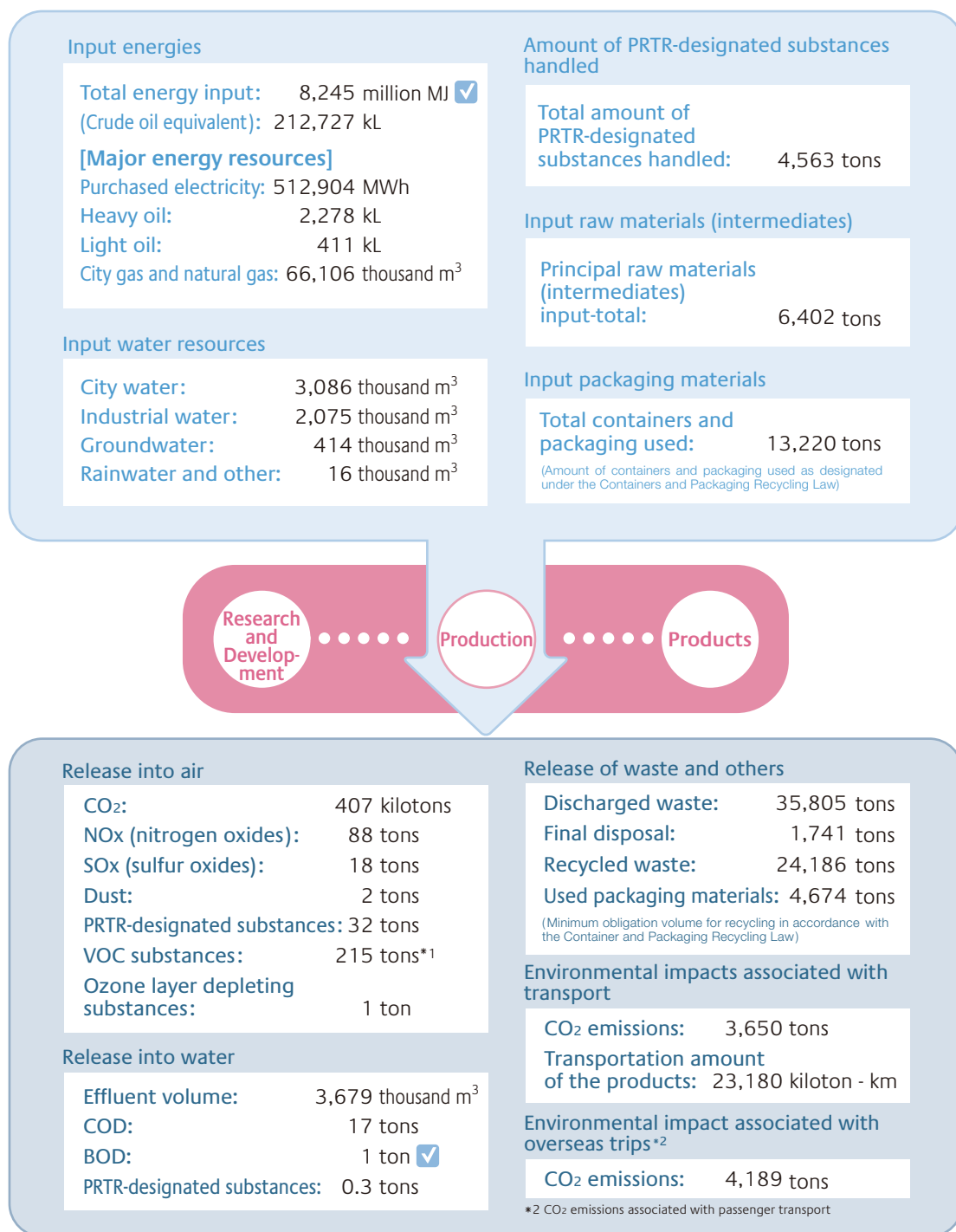
Takeda is promoting environmental education in public schools at primary level in Jaguariuna, Brazil. The initiative was started by the EHS team at the Jaguariuna site, with support from different areas such as the Legal Department, Compliance and Marketing. The second step involved holding meetings with the municipal administration in order to present the idea and get approval from them. The main idea behind of this project is environmental education on the theme of “rational use of water” and tailored to the children. The result was excellent, more than 380 children aged between 9 and 11 participated, learning the concepts, which they are able to share with their families and friends.



Environmental education activities

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, 2015 to March 31, 2016
- 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.75 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

(Unit: million MJ)

Total Input Energies	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	5,654	6,069	5,947	5,603	5,485
Europe/CIS	1,988	1,717	1,718	1,717	1,636
Latin America	273	369	366	386	435
U.S.	637	657	693	681	689
Total	8,553	8,811	8,725	8,387	8,245

(Unit: tons)

CO ₂ Emissions	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	276,081	310,790	325,038	317,640	309,655
Europe/CIS	81,936	50,949	50,003	54,992	52,312
Latin America	6,159	8,846	8,301	7,955	10,459
U.S.	34,929	33,559	35,134	34,665	35,034
Total	399,106	404,144	418,476	415,251	407,460

Note: The figure in Japan/Asia in fiscal 2014 has been recalculated using the latest figure for the CO₂ emission factor for purchased electricity in Japan.

(Unit: thousand m³)

Fresh Water Used	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	6,013	6,019	5,658	5,132	4,512
Europe/CIS	826	681	712	735	570
Latin America	180	210	164	176	319
U.S.	130	120	139	143	190
Total	7,150	7,029	6,673	6,186	5,591

Note: The volume of fresh water used in Europe/CIS in fiscal 2014 has been restated following a revision.

(Unit: tons)

NO _x	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	205	229	227	60	45
Europe/CIS	53	65	68	28	37
Latin America	0.5	4	3	3	4
U.S.	2	1	1	3	3
Total	260	300	300	94	88

SOx	(Unit: tons)				
	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	21	9	13	4	2
Europe/CIS	67	100	92	10	15
Latin America	0.7	0.6	0.4	0.5	0.6
U.S.	0.04	0.03	0.03	0.04	0.02
Total	89	110	106	14	18

Waste Generation	(Unit: tons)				
	FY2011	FY2012	FY2013	FY2014	FY2015
Japan/Asia	22,707	24,239	25,839	26,818	24,467
Europe/CIS	11,539	13,289	14,142	15,212	11,642
Latin America	829	1,207	1,251	1,224	1,155
U.S.	630	773	770	704	802
Total	35,705	39,508	42,002	43,957	38,066

Final Waste Disposal	(Unit: tons)				
	FY2011	FY2012	FY2013	FY2014	FY2015
Osaka plant	13	7	5	4	4
Hikari plant	0	0	0	0	0
Shonan research center	11	22	16	18	19
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	369	282	233	282	390
Total	392	311	254	305	413

Atmospheric Release of PRTR Substances	(Unit: tons)				
	FY2011	FY2012	FY2013	FY2014	FY2015
Osaka plant	0.5	0.2	0.2	0.2	0.2
Hikari plant	16.6	14.8	11.3	11.7	11.6
Shonan research center	0.5	0.8	0.7	0.5	0.4
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	39.1	18.3	22.2	27.2	20.1
Total	56.6	34.0	34.4	39.6	32.3



Takeda has established a framework of global policies on anti-corruption and is working to strengthen compliance.

Takeda is committed to observing the laws of each country, as well as applying high ethical and moral standards based on Takeda-ism 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. We have also established a system of global policies to provide specific guidelines on appropriate interactions across various business activities.

[See](#) P.22 Compliance

Fair Promotion Activities

Takeda has established the Global Policy on Interactions with Healthcare Professionals and Healthcare Entities to ensure that its interactions with Healthcare Professionals (HCPs) and Healthcare Entities (HCEs) comply with applicable Laws, regulations, industry codes and Takeda's applicable global standards. In addition, Takeda 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.

Global Policies for Anti-Corruption

Takeda Global Code of Conduct

Compliance standards to which executives and employees in each Takeda company should adhere.

Takeda Anti-Corruption Global Policy

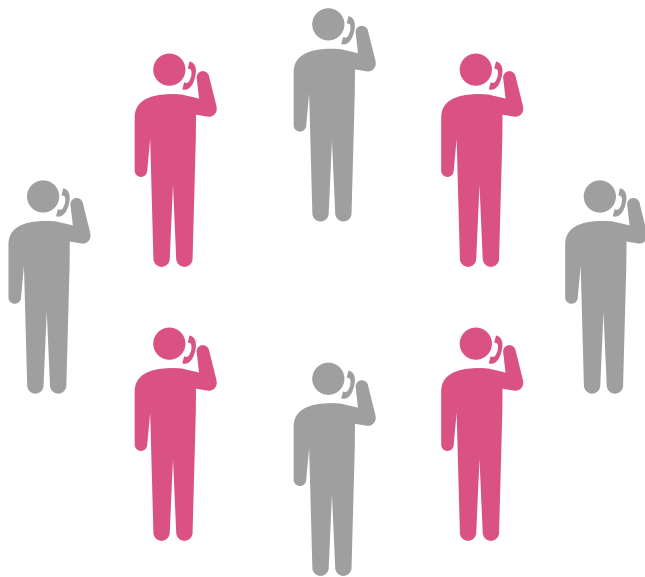
Detailed policy on "Anti-corruption/Anti-bribery" provided in Takeda Global Code of Conduct.

Global Investigations Policy

Outlines the process for handling investigations within Takeda.

Anti-Corruption At a Glance

KEY FIGURES



22 languages

Number of languages available for the global compliance Helpline

See P.22 Global Compliance Helpline

FUTURE OUTLOOK

Issues and Initiatives Going Forward

In order 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. Starting in January 2015, we implemented a comprehensive monitoring program to evaluate adherence with our policies and procedures in the conduct of our high risk business activities. Going forward, we will take even further measures to ensure rigorous compliance, promoting our compliance-related risk assessment programs to ensure we continue to build a best-in-class sustainable company that puts the patient at the center.

Global Policy on Interactions with Patient Organizations and Patients

Establishes Takeda's compliance standards with respect to interactions with Patient Organizations, Patients and Caregivers to ensure that all such interactions comply with applicable Laws, regulations, industry codes and Takeda's applicable global standards.

Global Policy on Interactions with Healthcare Professionals and Healthcare Entities (Scheduled to take effect in January 2017)

Establishes Takeda's compliance standards with respect to interactions with HCPs and HCEs to ensure that all such interactions comply with applicable Laws, regulations, industry codes and Takeda's applicable global standards.

Global Policy on Interactions with Government Officials and Government Entities (Scheduled to take effect in January 2017)

Establishes Takeda's compliance standards with respect to interactions with Government Officials (GOs) and Government Entities (GEs) to ensure that all such interactions comply with applicable Laws, regulations, industry codes and Takeda's applicable global standards.

We observe and practice the Takeda Global Code of Conduct in our daily business activities and strive to prevent corruption throughout the entire Takeda Group.



▶ Anti-Corruption

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

The United Nations Global Compact principle on anti-corruption is principle 10: “Businesses should work against corruption in all its forms, including extortion and bribery.” Companies are expected to establish policies and programs to counter corruption.

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 government officials and private-sector employees. More detailed guidelines are set out in the Takeda Anti-Corruption Global Policy. Furthermore, we will establish the Global Policy on Interactions with Government Officials and Government Entities to ensure that interactions with government officials or government organizations comply with applicable Laws, regulations, industry codes and Takeda’s applicable global standards.

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

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

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

▶ Transparency Guideline

Relationship with Medical Institutions and Patient Groups

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

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

independence. Takeda has a Global Policy on Interactions with Patient Organizations and Patients, and will strive to ensure that its exchanges are based on integrity, honesty, fairness, and transparency.

Furthermore, international society is calling for greater transparency and disclosure of information from pharmaceutical companies about their activities. In the U.S., the Affordable Care Act (ACA) of 2010 created the “Sunshine Act,” which aims to increase public awareness of financial relationships between drug and device manufacturers and healthcare providers. 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. Furthermore, in Europe the European Federation of Pharmaceutical Industries and Associations (EFPIA) requires disclosure of transfers of value starting from June 2016 in the markets under its jurisdiction.

In line with these requirements, Takeda discloses related information such as provision of funds in accordance with the situation in each country.

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

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

► Fair Promotion Activities

Put the Patient at the Center and Act with Integrity

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. Our Global Policy on Interactions with Patient Organizations and Patients also stipulates that promotions of our products must be appropriate for areas where they are approved, and must comply with conditions set out by governing authorities. We also strive to conduct promotion activities with integrity to improve patients’ lives.



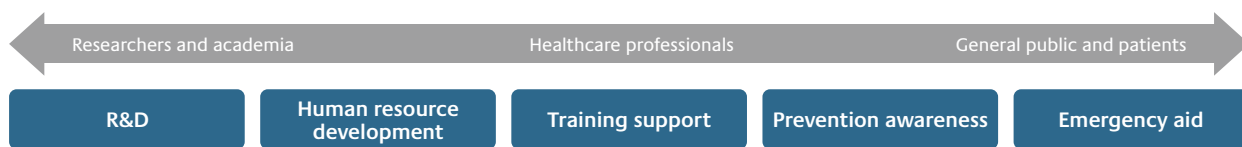


We will cooperate with international organizations, NGOs, and others to carry out activities focused on the healthcare field.

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.

Global Healthcare Issues

We are engaged in various programs that reflect the calls of international society, such as the United Nations Sustainable Development Goals (SDGs) and WHO appeals. These activities also play an important part in our Access to Medicines initiative. In 2016, we held a vote among all employees to promote activities in line with the key focus of "prevention for health in developing and emerging countries." Based on the results of this vote, we formulated the new Global CSR Programs.



See P.4 Access to Healthcare P.18 Action Mapping for SDGs P.62 Global Healthcare Issues



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.

See P.64 Activities in Local Communities

Support for Areas Affected by the Great East Japan Earthquake and the Kumamoto 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. We are also supporting areas affected by the Kumamoto Earthquake by a donation by employees with a matching gift from the company, along with OTC products and other support supplies.

See P.65 Support for Disaster-Affected Areas

Corporate Citizenship Activities At a Glance

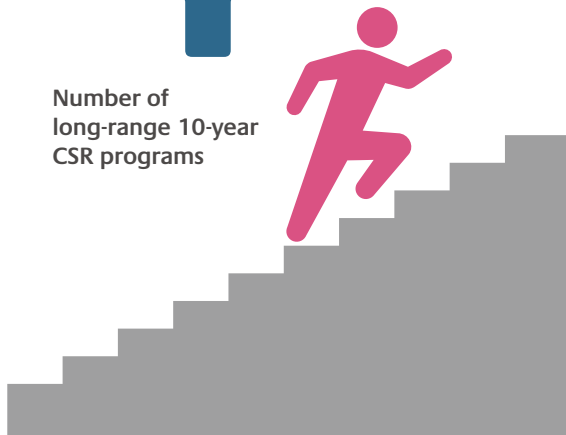
KEY FIGURES



Number of CSR programs focused on disease prevention in developing countries to contribute to the health of communities

4

Number of long-range 10-year CSR programs



Donation amount for Great East Japan Earthquake assistance

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

¥4.2bn

FUTURE OUTLOOK

Issues and Initiatives Going Forward

Over the decade, through partnerships and collaborations with nonprofits, nongovernmental organizations (NGOs) and CSR organizations globally, we have developed numerous programs that address all of the 17 SDGs. Looking ahead, we will respond to the demands of the international community in the medium-term strategic domain of “prevention for health in developing and emerging countries.”

Through the new Global CSR Program, we will engage in prevention for health in developing and emerging countries.

► Global Healthcare Issues

Takeda has been working to enhance its CSR programs aimed at improving access to healthcare. In 2016, we held a vote among all employees worldwide, aiming to realize our target of “prevention for health in developing and emerging

countries.” As a result of the vote, we decided on the following three Global CSR Programs.

See P.4 Access to Healthcare
P.16 Global Health

Global Measles Vaccination for Children

115,000

Deaths worldwide among children due to measles (2014)

Source: WHO
<http://www.who.int/mediacentre/factsheets/fs286/en/>

• Partner



United Nations Foundation

• Regions

40 developing countries (Africa, Asia, Latin America, etc.)

10
years


Measles is highly contagious diseases that killed nearly 115,000 children worldwide in 2014, which could have been prevented with measles immunization. In this program, Takeda is targeting approximately 40 countries in Africa, Asia, and Latin America with plans to immunize 5.4 million children with measles vaccine over 10 years in cooperation with the United Nations Foundation.

Takeda has positioned Vaccines as a core therapeutic area, and is actively engaged in the development and sales of vaccines in response to the most serious challenges in global public health. This program is therefore closely aligned with our business activities.



Community Health Worker Training for Maternal and Child Health


- Partner



World Vision
- Regions

India, Bangladesh, Nepal, Afghanistan

5 years



South Asia has a high infant mortality rate compared with other regions. In India, especially, the number of infant deaths accounts for 21%* of the global total.

In this program, Takeda is working in partnership with World Vision in India, Bangladesh, Nepal, and

Afghanistan. The program will build the capacity of 1,400 community health workers to reduce preventable deaths among mothers and children by providing some 500,000 people with knowledge and services related to healthcare over five years.

* Source: *Levels & Trends in Child Mortality*
[http://www.unicef.org/media/files/Levels_and_Trends_in_Child_Mortality_2014\(1\).pdf](http://www.unicef.org/media/files/Levels_and_Trends_in_Child_Mortality_2014(1).pdf)

Maternal and Newborn Health for Ethnic Minorities

- Partner



Save the Children Japan
- Regions

Myanmar, Vietnam, Laos

5 years



Minority tribes living in remote areas of developing countries in Asia are particularly disadvantaged in terms of access to healthcare.

Takeda will conduct this program in partnership with Save the Children Japan in Myanmar, Vietnam, and Laos. The program aims to improve healthcare

access and quality for minority populations in Asia. Working in close collaboration with the relevant health authorities, the program will provide 150,000 local residents, including 40,000 women and children in ethnic minorities, with health education, training, and services over five years.

Takeda is dedicated to improving access to healthcare worldwide and is providing ongoing support for the recovery of disaster-affected areas.



Takeda Initiative

The “Takeda Initiative” is a 10-year grant program that will provide ¥100 million per year from 2010 to 2019 to support the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) in developing the capacity of healthcare providers in three African countries (Kenya, Nigeria, and Tanzania).

HERhealth

Working women in developing and emerging countries suffer from inadequate health knowledge. BSR (Business for Social Responsibility), a global nonprofit business network and consultancy dedicated to sustainability, established HERproject to address these issues in global supply chains. Takeda has supported HERhealth – the program pillar focused on women’s health – since 2015 in Bangladesh. In 2016, Takeda expanded its support for the program to include China, India, Kenya, and Ethiopia, and to strengthen the commitments of global companies and local businesses to support women’s health in the workplace.

Global Relay for Life Program

Relay for Life (RFL) is a global charity event for fighting cancer, currently held in 26 countries. Takeda is collaborating with RFL organizer the American Cancer Society (ACS) to increase RFL’s activity footprint to more than 46 countries over the next five years and strengthen its support for cancer patients across the globe. In Japan, Takeda employees throughout the country have been participating in RFL since 2010, helping to establish it as an event for supporting patients in their fight against cancer.

Digital Birth Registration

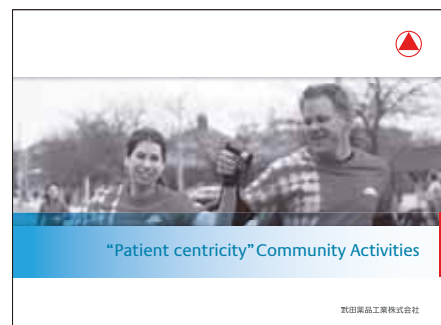
Takeda has partnered with Plan International Japan since 2016 to support efforts to introduce digital birth registration in rural areas in Kenya, where registration rates are low. The program will help to protect children’s basic human rights and will contribute to improving healthcare access by providing a system that enables them to receive healthcare services such as immunizations.

▶ Healthcare Issues in Each Business Area

Activities in Local Communities

In local communities in countries all over the world, Takeda employees have been conducting a range of corporate citizenship activities aimed at supporting patients. Examples of our activities in each country are posted on our website “Takeda Corporate Citizen Activities Photobook.”

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



Approx. **260**

Number of participants in the GCNJ* Collective Action for Recovery from the Great East Japan Earthquake Disaster (As of August 2016)

* GCNJ: Global Compact Network Japan

42

Number of In-House Marketplace events held for earthquake recovery support (As of August 2016)

55

Number of internal forums and CSR explanation meetings held (As of August 2016)

13

Number of programs supported in the “Support for Japan’s Vitality and Recovery” (fiscal 2011-2015)

Recipient Categories in the “Support for Japan’s Vitality and Recovery”



¥3.1 bn

Donation amount from part of the profits from ALINAMIN (Total amount of ¥3,110,330,342 for 3 years from one ALINAMIN tablet for ¥1 and one ALINAMIN drink bottle for ¥1)

► **Support for Disaster-Affected Areas**

Support for Disaster-Affected Areas of the Great East Japan Earthquake

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. Currently, the program is in Phase II (September 2014 – September 2021), and we are conducting 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, such as support for employee volunteers and our In-House

Marketplace events, where local specialties from the disaster-affected areas are sold within the company, which are operated jointly by management and employees. In addition, we have been running internal forums and CSR explanation meetings where we report on support activities with employees.

Support for Disaster-Affected Areas of the Kumamoto Earthquake

Takeda has been supporting the areas affected by the April 2016 Kumamoto Earthquake. Initiatives to date include a donation of ¥22.3 million to an aid organization, including a donation by employees with a matching gift from the company, as well as provision of OTC products and other support supplies during the emergency response period immediately following the earthquake.

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 National Evacuee Support Program	Central Community Chest of Japan	5 years (2014-2018)	¥290,087,207
	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	6 years (2013-2018)	¥10,522,223
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)
Policy Proposals	OECD TOHOKU SCHOOL	Fukushima University	1 year (2013)	¥10 million
	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: ¥3,205,330,342

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/>

GRI Guidelines Content Index

Takeda's Annual Report 2016 CSR Data Book was 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 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.	1
2	Provide a description of key impacts, risks, and opportunities.	4-11,23,27,28-31,44,56-59
Organizational Profile		
3	Report the name of the organization.	74
4	Report the primary brands, products, and services.	–
5	Report the location of the organization's headquarters.	74
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.	52,54-55
7	Report the nature of ownership and legal form.	74
8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	–
9	Report the scale of the organization, including: <ul style="list-style-type: none"> •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 	33-34,74,76
10	<ul style="list-style-type: none"> •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). 	34,36,76
11	Report the percentage of total employees covered by collective bargaining agreements.	–
12	Describe the organization's supply chain.	8-11,28-29
13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> •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 	8-11
14	Report whether and how the precautionary approach or principle is addressed by the organization.	15,23,24-27,44-51,58-59
15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	13-19,26-27,28-29,38,43,60-64
16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> •Holds a position on the governance body •Participates in projects or committees •Provides substantive funding beyond routine membership dues •Views membership as strategic 	13-14,27
Identified Material Aspects and Boundaries		
17	<ul style="list-style-type: none"> •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, 74
18	<ul style="list-style-type: none"> •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, 2-3
19	List all the material Aspects identified in the process for defining report content.	3-11
20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> •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: <ul style="list-style-type: none"> – 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 	Inside Front Cover, 14-15
21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> •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 	14-15
22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	–
23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	–

Standard Disclosures		Relevant Pages in Report
		CSR Data Book
Stakeholder Engagement		
24	Provide a list of stakeholder groups engaged by the organization.	15,28
25	Report the basis for identification and selection of stakeholders with whom to engage.	14-15
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.	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.	15
Report Profile		
28	Reporting period (such as fiscal or calendar year) for information provided.	Inside Front Cover
29	Date of most recent previous report (if any).	Inside Front Cover
30	Reporting cycle (such as annual, biennial).	Inside Front Cover
31	Provide the contact point for questions regarding the report or its contents.	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. 	Inside Front Cover, 66-69
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. 	75
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.	14-15,20-21
35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	20
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.	22,25,41
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.	14,20
38	Report the composition of the highest governance body and its committees by: <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 	20-21
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	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: <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 	20-21
41	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: <ul style="list-style-type: none"> •Cross-board membership •Cross-shareholding with suppliers and other stakeholders •Existence of controlling shareholder •Related party disclosures 	20-23,28-29,56-59
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.	14-15,20-21
43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	14-15
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. 	14-15
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. 	14-15,20-23
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.	14-15,20
47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	20,23
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.	14-15,20
49	Report the process for communicating critical concerns to the highest governance body.	14-15,20
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 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. 	20-21
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.	20-21
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.	20-21
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.	12-13,25
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.	15,22,57
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.	15,22,57
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 	4-7,8-11,20-21, 23,24-25,28, 34,37,40-42,45, 56,60
Economic		
EC1	Direct economic value generated and distributed	17,34,37,39,43, 45-46,60-65
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	60-65
EC8	Significant indirect economic impacts, including the extent of impacts	60-65
EC9	Proportion of spending on local suppliers at significant locations of operation	–
Environmental		
EN1	Materials used by weight or volume	53
EN2	Percentage of materials used that are recycled input materials	50,53
EN3	Energy consumption within the organization	53-55,76
EN4	Energy consumption outside of the organization	47
EN5	Energy intensity	–
EN6	Reduction of energy consumption	54,76
EN7	Reductions in energy requirements of products and services	–
EN8	Total water withdrawal by source	48,53-54,76
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	49
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)	45,53-54
EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	45,53-54
EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	47,53
EN18	Greenhouse gas (GHG) emissions intensity	–
EN19	Reduction of greenhouse gas (GHG) emissions	39,45,54,76
EN20	Emissions of ozone-depleting substances (ODS)	53
EN21	NOx, SOx, and other significant air emissions	51,54-55,76
EN22	Total water discharge by quality and destination	48,53
EN23	Total weight of waste by type and disposal method	50,53,55,76
EN24	Total number and volume of significant spills	–

Standard Disclosures		Relevant Pages in 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	49
EN27	Extent of impact mitigation of environmental impacts of products and services	38-39,42,45-46,49
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	47,53
EN31	Total environmental protection expenditures and investments by type	43
EN32	Percentage of new suppliers that were screened using environmental criteria	8-9
EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	28-31,56-59
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	–
LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	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	–
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	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	20-21,32-33,36
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	8-11
LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	8-11,28-31
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	8-11
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	8-11
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	11
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	8-11
HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	28-31
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	22-23,58-59
SO5	Confirmed incidents of corruption and actions taken	–
SO6	Total value of political contributions by country and recipient/beneficiary	–
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	–
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–
SO9	Percentage of new suppliers that were screened using criteria for impacts on society	8-11
SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	28-31
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	26-27
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	27
PR5	Results of surveys measuring customer satisfaction	–
PR6	Sale of banned or disputed products	–
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 (December 2015 Version)

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report CSR Data Book
Implementing the Ten Principles into Strategies & Operations			
Criterion 1	The COP describes mainstreaming into corporate functions and business units	Message from the President & CEO	1
		Takeda's Materiality	2-3
		Basic Policy on CSR	12-13
		CSR Governance and Strategic Engagement	14-15
		Compliance	22-23
		Risk & Crisis Management	23
Criterion 2	The COP describes value chain implementation	Supplier Management	8-11
		Dialogue with Stakeholders	15
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Fair Promotion Activities	59
Robust Human Rights Management Policies & Procedures			
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	International Human Rights Standards	28
		Future Outlook (Human Rights)	29
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Supplier Management	8-11
		Compliance	22-23
		Human Rights Issues and Initiatives	30-31
		Treatment of Employees	31
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Supplier Due Diligence	10-11
		Dialogue with Stakeholders	15
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report CSR Data Book
Robust Labour Management Policies & Procedures			
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	Achieving SDGs	18-19
		Global Talent Management	34-35
		Future Outlook (Labor)	33
Criterion 7	The COP describes effective management systems to integrate the labour principles	Compliance	22-23
		Diversity & Inclusion	36
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Supplier Management	8-11
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Global Talent Management	34-35
		Diversity & Inclusion	36
		Occupational Health and Safety	37
		Labor (Key Social Responsibility Data)	76

Robust Environmental Management Policies & Procedures			
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	Takeda Supplier Code of Conduct	8
		Fiscal 2020 Medium-Term Global Targets (from fiscal 2005 level)	39
		Future Outlook (Environment)	39
		Reorganizing the Company-Wide Management Structure	40
		Global EHS Policy/Global EHS Guideline	41
		Takeda Group Environmental Action Plan	42
		Environmental Management System	43
		Fundamental Stance on Reducing Environmental Risks	44
		Initiatives to Deal with Climate Change	45
		Initiatives for Waste Water Management	48
		Results for Fiscal 2015 (CO ₂ emissions, fresh water used, waste, Chemical Substances, Air, Water, and Soil)	45-51
Criterion 10	The COP describes effective management systems to integrate the environmental principles	Supplier Due Diligence	10
		Reinforcement of the Global Compliance Program	22-23
		Environment and Safety Management Structure	41
		Environmental Management System	43
		Reducing Environmental Risks	44
		Initiatives in Products	46
		Water Resources Conservation Initiatives	48

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report
			CSR Data Book
Criterion 11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Validation of Activities Using an Index	42
		Environmental Management System	43
		Environmental Accounting	43
		External Evaluation of Environmental Initiatives	43
		Environment, Health and Safety Audit	44
		Initiatives for Sustainable Use of Biological Resources	49
		Waste Reduction	50
		Reduction in Releases of Chemical Substances	50
		Air, Water, and Soil Quality Conservation	51
		Environmental Impacts Associated with Takeda's Business Activities	53
		Data by Region	54-55
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Environment (Key Social Responsibility Data)	76

Robust Anti-Corruption Management Policies & Procedures			
Criterion 12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	AtM Governance Organizational Structure	5
		Compliance	22-23
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Global Policies for Anti-Corruption	56-57
		Anti-Corruption	58
		Transparency Guideline	58-59
		Future Outlook (Anti-Corruption)	57
Criterion 13	The COP describes effective management systems to integrate the anti-corruption principle	The Takeda Global Code of Conduct and Reinforcement of the Global Compliance Program	22
		Reinforcement of Compliance at Takeda Companies	22
		Promotion of Compliance in Research	22
		Management of Major Risks	23
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Quality Management System	24-27
		Relationship with Medical Institutions and Patient Groups	58
Criterion 14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Dialogue with Stakeholders	15
		Global Compliance Helpline	22
		Major Human Rights Issues and Initiatives throughout the Value Chain	28-31
		Future Outlook (Anti-Corruption)	57

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report CSR Data Book
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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	14
		Achieving SDGs	18-19
		Fundamental Stance Regarding Climate Change	45
		Future Outlook (Corporate Citizenship Activities)	61
		Global Healthcare Issues	62-64
		Healthcare Issues in Each Business Area	64
Criterion 16	The COP describes strategic social investments and philanthropy	Partnership	18
		Takeda Garden for Medicinal Plant Conservation (Kyoto) (Biodiversity Conservation Initiatives)	49
		Cooperate with international organizations, NGOs	60
		Global Healthcare Issues	65
		Support for Disaster-Affected Areas	60,65
		Corporate Citizenship Activities (Key Social Responsibility Data)	76
Criterion 17	The COP describes advocacy and public policy engagement	Achieving SDGs	18-19
		Global Measles Vaccination for Children	62
		Corporate Citizenship Activities (Key Social Responsibility Data)	76
Criterion 18	The COP describes partnerships and collective action	Future Outlook (Corporate Citizenship Activities)	61
		Global Healthcare Issues	62-64

Corporate Sustainability Governance and Leadership			
Criterion 19	The COP describes CEO commitment and leadership	Message from the President & CEO	1
Criterion 20	The COP describes Board adoption and oversight	Corporate Governance	20-21
Criterion 21	The COP describes stakeholder engagement	Supplier Engagement in Sustainable Business Practices	8
		Stakeholders	15
		Global Compliance Helpline	22
		Local Activities (Environment)	52
		Takeda Garden for Medicinal Plant Conservation (Kyoto)	49

Corporate Information

As of March 31, 2016

Company Name: Takeda Pharmaceutical Company Limited

Founded: June 12, 1781

Incorporated: January 29, 1925

Paid-In Capital: ¥64,766 million

Representative: Christophe Weber
Representative Director, President & CEO

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

Number of Employees: 31,168 (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

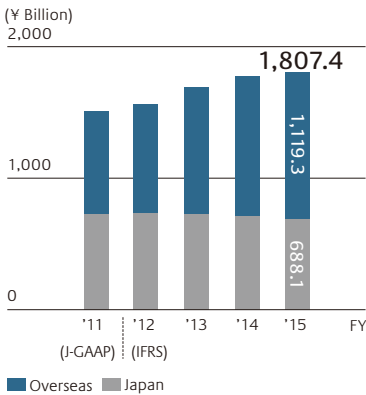
Tokyo Head Office:

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

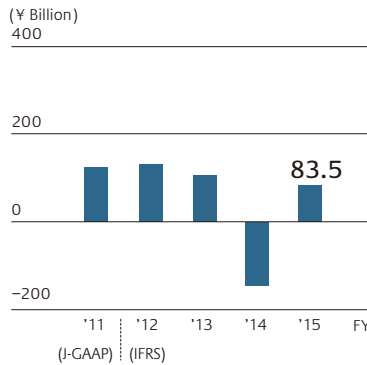
Tel: +81-3-3278-2111

Fax: +81-3-3278-2000

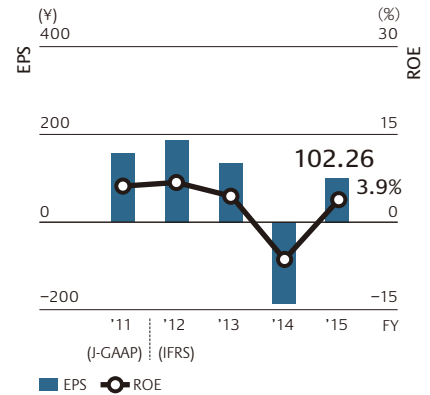
Revenue/Net Sales



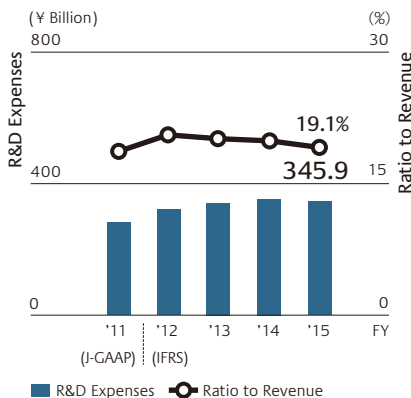
Net Profit Attributable to Owners of the Company/Net Income



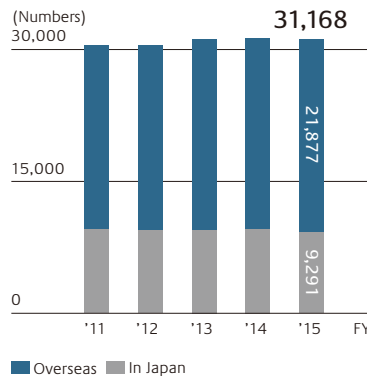
EPS and ROE



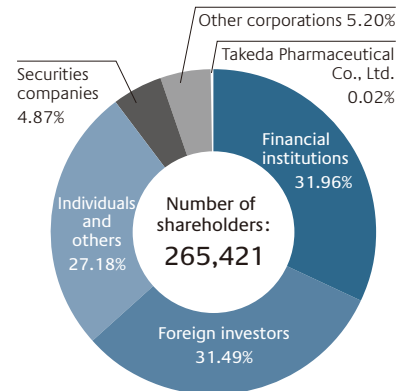
R&D Expenses and Ratio to Revenue



Number of Employees



Proportion of Shareholders




► 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, 2015 to March 31, 2016 included in its CSR Data Book 2016 (the "Data Book") for the fiscal year ended March 31, 2016 (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 G4 Sustainability Reporting Guidelines 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 Shonan Research Center 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 26, 2016

▶ Key Social Responsibility Data

Takeda Pharmaceutical Company Limited and Subsidiaries

Labor		FY2015	FY2014	FY2013
Number of employees	Total	31,168	31,328	31,225
	Japan	9,291	9,612	9,554
	Overseas	21,877	21,716	21,671
	Ethical drugs	28,762	28,761	28,672
	Consumer healthcare	500	457	461
	Other businesses	1,906	2,110	2,092

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

Environment

Total input energies	8,245 million MJ	8,387 million MJ	8,725 million MJ
Fresh water used	5,591 thousand m ³	6,186 thousand m ³	6,673 thousand m ³
CO ₂ emissions	407 kilotons of CO ₂	415 kilotons of CO ₂	418 kilotons of CO ₂
NO _x (nitrogen oxides) emissions	88 tons	94 tons	300 tons
SO _x (sulfur oxides) emissions	18 tons	14 tons	106 tons
Dust emissions	2 tons	2 tons	26 tons
Amount of waste generated	38 kilotons	44 kilotons	42 kilotons
PRTR-designated substances released into the atmosphere (Japan)	32 tons	40 tons	34 tons

Corporate Citizenship Activities

Cash donations	¥2,442 million	¥1,489 million	¥3,220 million
Takeda Science Foundation research grants	¥1,663 million	¥1,516 million	¥1,520 million
Shoshisha Foundation scholarships	¥85 million	¥105 million	¥102 million
Institute for Fermentation, Osaka, research grants	¥404 million	¥396 million	¥407 million

▶ Calculation Method for Scope 3 CO₂ Emissions

Calculation Methods for Each Category

Scope 3 emissions were calculated as follows, making reference to the “Basic guideline for calculating greenhouse gas emissions through the supply chain (ver. 2.2)” (Ministry of the Environment, March 2015).

Purchased Goods and Services (Category 1)	\sum (value of purchased raw material × emission factor of purchased raw material per unit of economic value at purchasers' price based on input-output table of Japan) (Source of emission factor: Ministry of the Environment database*1; value of purchased raw material does not include purchased finished products for resale)
Capital Goods (Category 2)	Value of capital investment × emission factor per unit of price of capital (Source: Ministry of the Environment database)
Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2 (Category 3)	\sum (fuel, electricity and steam purchased × upstream emission factor for each energy source) (Sources of emission factors: electricity and steam from Ministry of the Environment database; other fuel from CFP database*2)
Upstream Transportation and Distribution (Category 4)	\sum [(mass of goods and products transported × distance traveled in transport) × emission factor by transport mode (ton CO ₂ e/ton-kilometer)] (Source of emission factor: CFP database) This category covers transportation of goods and products for which the company is a cargo owner.
Waste Generated in Operations (Category 5)	\sum (waste produced × waste type and waste treatment specific emission factor) (Source of emission factor: Ministry of the Environment database)
Business Travel (Category 6)	\sum (amount spent on transportation in domestic business travel × emission factor per unit of economic value of transport mode) + \sum (total number of air travel to overseas × emission factor per passenger by destination) (Sources of emission factors: per unit of economic value of transport mode from Ministry of the Environment database; per passenger by destination from ICAO*3)
Employee Commuting (Category 7)	\sum (amount spent on employee commuting × emission factor per unit of economic value of transport mode) (Source of emission factor: Ministry of the Environment database)
Upstream Leased Assets (Category 8)	Quantity of fuel consumed for leased vehicle × emission factor for the fuel (Source of emission factor: CFP database)
Downstream Transportation and Distribution (Category 9)	\sum [(mass of products sold × distance traveled in transport) × emission factor by transport mode (ton CO ₂ e/ton-kilometer)] (Source of emission factor: CFP database). This category covers transportation for which the company is not a cargo owner.
Processing of Sold Products (Category 10)	\sum (mass of intermediate products × emission factor of processing of sold intermediate products)
Use of Sold Products (Category 11)	Not included in the calculation as there are no corresponding products.
End-of-Life Treatment of Sold Products (Category 12)	Total mass of packaging of products used in fiscal 2014 × emission factor of processing of sold products (Source of emission factor: Ministry of the Environment database)
Downstream Leased Assets (Category 13)	Not included in the calculation as there are no corresponding products.
Franchises (Category 14)	Not included in the calculation as there are no corresponding franchises.
Investments (Category 15)	\sum (scope 1 and scope 2 emissions*4 of equity investment*5 × share of equity (%)) *4: The adjusted emissions in fiscal 2013 disclosed under the Act on Promotion of Global Warming Countermeasures are used. *5: The investee companies for which the company's shareholding ratios are 5% or above are covered.

Source of emission factors

*1 Ministry of the Environment database: Emission Factor Database for Calculating Greenhouse Gas Emissions of Organizations throughout the Supply Chain (Ver. 2.3)

*2 CFP Database: CFP (Carbon Footprint of Products) Communication Program Database

*3 ICAO: Sourced from the calculation tool provided by ICAO (International Civil Aviation Organization) (emission factor as of August 26, 2016)

CSR Data Book Survey

Thanks for taking the time to read our Annual Report 2016 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"/> Message from the President & CEO (P.1) | <input type="checkbox"/> Initiatives to Deal with Climate Change (P.45-47) |
| <input type="checkbox"/> Takeda's Materiality (P.2-3) | <input type="checkbox"/> Water Resources Conservation Initiatives (P.48) |
| <input type="checkbox"/> Access to Healthcare (P.4-7) | <input type="checkbox"/> Biodiversity Conservation Initiatives (P.49) |
| <input type="checkbox"/> Supplier Management (P.8-11) | <input type="checkbox"/> Waste Reduction (P.50) |
| <input type="checkbox"/> Takeda's CSR Activities (P.12-15) | <input type="checkbox"/> Reduction in Releases of Chemical Substances (P.50) |
| <input type="checkbox"/> Global Health (P.16-17) | <input type="checkbox"/> Air, Water, and Soil Quality Conservation (P. 51) |
| <input type="checkbox"/> Action Mapping for SDGs (P.18-19) | <input type="checkbox"/> Local Activities (P.52) |
| [Responsible Business] | <input type="checkbox"/> Environmental Impacts Associated with Takeda's Business Activities (P.53) |
| <input type="checkbox"/> Corporate Governance/Compliance/Risk & Crisis Management (P.20-23) | <input type="checkbox"/> Data by Region (P.54-55) |
| <input type="checkbox"/> Quality Management System (P.24-27) | [Anti-Corruption] |
| [Human Rights] | <input type="checkbox"/> Global Policies for Anti-Corruption (P.56-57) |
| <input type="checkbox"/> Human Rights Issues and Initiatives (P.30-31) | <input type="checkbox"/> Anti-Corruption (P.58) |
| [Labor] | <input type="checkbox"/> Transparency Guideline (P.58) |
| <input type="checkbox"/> Global Talent Management (P.34-35) | <input type="checkbox"/> Fair Promotion Activities (P.59) |
| <input type="checkbox"/> Diversity & Inclusion (P.36) | [Corporate Citizenship Activities] |
| <input type="checkbox"/> Occupational Health and Safety (P.37) | <input type="checkbox"/> Global Healthcare Issues (P.62-64) |
| [Environment] | <input type="checkbox"/> Healthcare Issues in Each Business Area (P.64) |
| <input type="checkbox"/> Environmental Management (P.40-43) | <input type="checkbox"/> Support for Disaster-Affected Areas (P.65) |
| <input type="checkbox"/> Reducing Environmental Risks (P.44) | |

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.