



Better Health, Brighter Future



Sustainable Value Report 2017

Creating value for patients around the world

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Editorial Policy

We will present Takeda's initiatives for sustainable value creation through a structure based on the principles of the United Nations Global Compact (GC).

This Sustainable Value Report explains Takeda's initiatives for sustainable value creation, mainly by presenting non-financial information such as CSR activities. We have referred to the international framework for integrated reporting of the IIRC, the UNGC Advanced level criteria, and the GRI Standards to create a comprehensive report targeting a broad range of stakeholders.

Reporting Boundary

Consolidated subsidiaries of Takeda

*In some places, we present non-consolidated data for Takeda Pharmaceutical Company Limited.

Period of Reporting

Fiscal 2016 (April 1, 2016 to March 31, 2017)

*Some fiscal 2017 activities are included.

Issue Date

October 2017

Reference Guidelines

- The International Integrated Reporting Council (IIRC) International Framework for Integrated Reporting
- United Nations Global Compact Advanced Level Criteria (December 2015 Version)
- GRI Sustainability Reporting Standards (GRI Standards)

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Hello and welcome to our 2017 Sustainable Value Report, formerly CSR Data Book.

In this publication, you'll learn more about our commitment to resolve global issues related to sustainability by partnering with organizations from around the world.

As a patient-focused, global pharmaceutical company, this Sustainable Value Report shows how we continue to support initiatives together with the global community for the realization of a sustainable society.

We have been unwavering in our commitment to bring Better Health and a Brighter Future to patients by translating science into life-changing medicines. We are guided by our Values in carrying out this commitment. They encompass Takeda-ism (Integrity, Fairness, Honesty, Perseverance), and our four priorities of Patient, Trust, Reputation and Business, in this order.

We're proud of our long-standing track record in Sustainability. We stepped up these activities, guided by long-term international targets such as the Sustainable Development Goals (SDGs) that we subscribe to as a LEAD company within the United Nations Global Compact.

One area we have been focusing on is improving access to healthcare. This is an important theme for patients in need, and we're making great progress on our Access to Medicines strategy and Global CSR Programs through various partnerships.

Our employees play an important part in choosing our Global CSR Programs. Over the past two years, they voted for initiatives that support disease prevention in developing countries. As a result, we have entered into partnerships with various non-profit organizations to address just this.

We continue to work on aspects of sustainability such as environmental protection, employee health and safety and supplier management and compliance. And thanks to these efforts, Takeda was selected for a second year running as one of the Global 100 Most Sustainable Corporations in the World Index.*

Takeda launched its Vision 2025 in 2016, with a clear strategy for becoming a best-in-class, global pharmaceutical leader by 2025 because of the way we put the patient and our Values first, above all else.

As we move ahead towards making this Vision a reality, we'll keep pursuing sustainable value creation for a sustainable society. I'm proud of our impact so far and look forward to the many ways we'll continue to make a difference to communities around the world in the years to come.

* An index of companies selected by Corporate Knights Inc. of Canada based on 14 activity indicators including energy productivity, innovation capacity, safety performance, and leadership diversity.

Christophe Weber

Representative Director, President & CEO

As a patient-focused, innovation-driven global pharmaceutical company with a 236-year history, we strive to realize sustainable value creation.

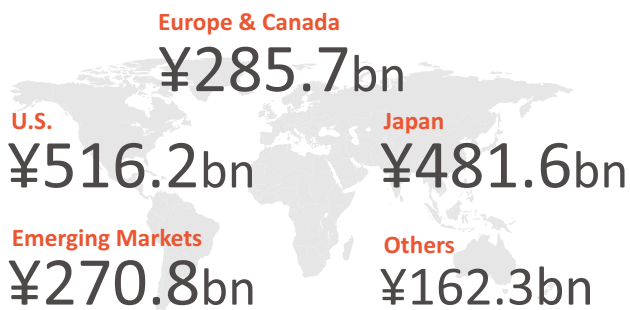


Value Created (Results for Fiscal 2016)

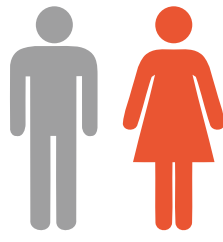
+14.7%

Gastroenterology
Oncology
Central Nervous System
Emerging Markets

Underlying revenue growth in Takeda's growth drivers (year on year)



Underlying revenue by region

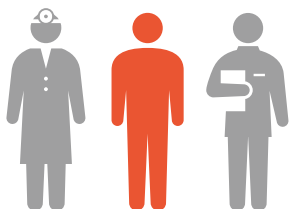
70+ 

Countries

30,000

Employees

Areas of business expansion and numbers of employees where work environments conform to the company's policies, such as the Takeda Global Code of Conduct



236 years

For over two centuries, Takeda has been contributing to the future of medicine and human health by putting the patient at the center

CO₂
25% reduction

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



8.45 million

Expected number of beneficiaries from Takeda's Global CSR Programs, selected by employee vote for fiscal 2016-2017

To achieve sustainable value creation, Takeda considers materiality based on its corporate strategy and society's demands and expectations through engagement activities.

Corporate Strategy



Strategic Roadmap KPIs for Realizing Vision 2025

Takeda has formulated "Vision 2025" as its vision for sustainable growth, and focuses on materiality in line with its strategic roadmap, which sets out steps for realizing this vision in terms of Values, People, R&D, and Business Performance. The Dow Jones Sustainability Index (DJSI) is incorporated as a part of Strategic Roadmap KPI (fiscal 2017) for achieving the roadmap, with the evaluation items of the DJSI informing our discussion on materiality.

To achieve Takeda's sustainable growth, it has set 10 Strategic Roadmap KPIs (fiscal 2017) in accordance with the strategic roadmap, and uses them to keep track of progress. The **DJSI** has been incorporated as a part of KPI for measuring Takeda's performance.

DJSI Score Improvement

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

MEMBER OF
Dow Jones Sustainability Indices
 In Collaboration with RobecoSAM

Economic	9 items
Social	9 items
Environment	4 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.6 Action Mapping for SDGs
P.19 CSR Guidelines for Reference



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.

See P.20 Strategic Engagement

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.

Economic

6 items / 9 items

- Corporate Governance (P.22)
- Risk & Crisis Management (P.25)
- Codes of Business Conduct (P.60)
- Innovation Management (Presented on Takeda's website, etc.)
- Supply Chain Management (P.14)
- Product Quality and Recall Management (P.28)



Social

5 items / 9 items

- Labor Practice Indicators and Human Rights (P.32)
- Human Capital Development (P.38)
- Corporate Citizenship and Philanthropy (P.64)
- Occupational Health and Safety (P.41)
- Strategy to Improve Access to Drugs or Products (P.8)



Environment

2 items / 4 items

- Environmental Policy & Management Systems (P.44)
- Climate Strategy (P.49)



As a company striving towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine, Takeda will work towards the achievement of the SDGs.

Collaboration with the Global Community **Activities to Achieve the SDGs**



Partnerships for the Goals

Targeting the sustainable growth of the pharmaceutical business, Takeda is advancing a wide range of partnerships with external biotechnology ventures and academia, along with actively promoting partnerships in corporate citizenship activities with the following international organizations and other bodies.

Main CSR-Related Partners



No Poverty/Zero Hunger

- “The First 1000 Days”: Health and Nutrition Program (P.13)
- Holistic Health Program for Refugees of South Sudan and Syria (P.13)
- Global Measles Vaccination for Children (P.66)



Quality Education

- Takeda Initiative (P.68)
- HERhealth (P.68)
- Community Health Workers Training for Maternal and Child Health (P.66)



Gender Equality

- Supplier Management (Supplier Diversity) (P.16)
- Diversity & Inclusion (P.40)



**Clean Water and Sanitation/
Life below Water/Life on Land**

- Water Resources Conservation Initiatives (P.52)
- Biodiversity Conservation Initiatives (P.53)
- Reduction in Waste and Releases of Chemical Substances (P.54)
- Air, Water, and Soil Quality Conservation (P.55)



Affordable and Clean Energy/Climate Action

- Initiatives to Deal with Climate Change (P.49)
- Promoting Energy Saving (P.50)
- Use of Renewable Energy Sources and Other Advances (P.51)

Details are presented on pages shown in parenthesis.

Achieving SDGs

In September 2015, the UN General Assembly adopted the SDGs, which are based on the principle of leaving no one behind. Accordingly, all stakeholders are tasked to act in partnership to implement this plan with the aim to free the human race from poverty and realize a sustainable society. As a company striving towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine, Takeda is committed to the SDGs – in particular, Goal 3, which calls for ensuring healthy lives and promoting well-being for all at all ages.





Decent Work and Economic Growth

- Work-Life Balance (P.40)
- Occupational Health and Safety (P.41)
- Supplier Management (Takeda Supplier Code of Conduct) (P.14)



Industry, Innovation and Infrastructure

- The Takeda-CiRA Joint Program (Presented on Takeda's website)
- Access to Healthcare (P.8)



Reduced Inequalities

- Access to Healthcare (P.8)
- Maternal and Newborn Health for Ethnic Minorities (P.66)
- Digital Birth Registration (P.68)



Sustainable Cities and Communities

- Reducing Environmental Impact During Transportation of Products (P.50)
- Support for Disaster-Affected Areas (P.69)



Responsible Consumption and Production

- Supplier Management (P.14)
- Quality Management System (P.28)
- Environmental Impacts Associated with Takeda's Business Activities (P.57)



Peace, Justice and Strong Institutions

- The Takeda Global Code of Conduct (P.60)
- Global Anti-Corruption Policy (P.62)
- Risk & Crisis Management (P.25)



Good Health and Well-Being

The goal of "Good Health and Well-Being" aligns with Takeda's Mission, which is "to strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine." Therefore, we believe that all of Takeda's business activities will contribute to achieving the aforementioned goal.

- Activities in the pharmaceutical business (supply of outstanding products)
- Access to Healthcare (P.8)
- Prevention-focused partnership programs in developing and emerging countries (P.66)



Promoting Global Activities as a UNGC Lead Company

As a UNGC Lead company, we are creating a Takeda Action Map for SDGs based on the SDG industry matrix, Healthcare and Life Sciences. Takeda has been actively undertaking global activities including Global CSR Programs based on Takeda's mid-term strategy, "Prevention for Health in Developing and Emerging Countries," to achieve the SDGs with emphasis on collaboration with various stakeholders, in keeping with "Goal 17: Partnerships for the Goals," one of the SDGs.



Materiality 1: Access to Healthcare



Related SDGs

1: No Poverty 2: Zero Hunger 3: Health and Well-Being
9: Industry, Innovation and Infrastructure 10: Reduced Inequalities

Putting patients at the center of everything we do through our Access to Medicines strategy.

Economic development and improvements in healthcare, life expectancy and quality of life have advanced. However, access to medicines and healthcare has trailed behind, with countries with evolving healthcare systems facing the greatest, unmet medical needs.

Takeda's Access to Medicines (AtM) strategy builds on our 236 year commitment to health by addressing a range of barriers and challenges that prevent patients from accessing the care and treatment they need.

Access to Medicines

Takeda's aspiration is that eligible patients can access our innovative medicines, even if their ability to pay for the full cost of treatment is limited. We are focused on increasing access to some of our 'best-in-class' oncology medicines and our specialty medicine for Inflammatory Bowel Disease (IBD). In the future, we plan to include some of our current vaccine candidates.

The strategy goes beyond medicines by encompassing efforts in areas such as Research & Development, philanthropy, donations and healthcare capacity building. In addition, we have a not-for-profit approach in Sub-Saharan Africa, and are working to establish Nairobi, Kenya as a regional center of excellence for oncology/haematology.

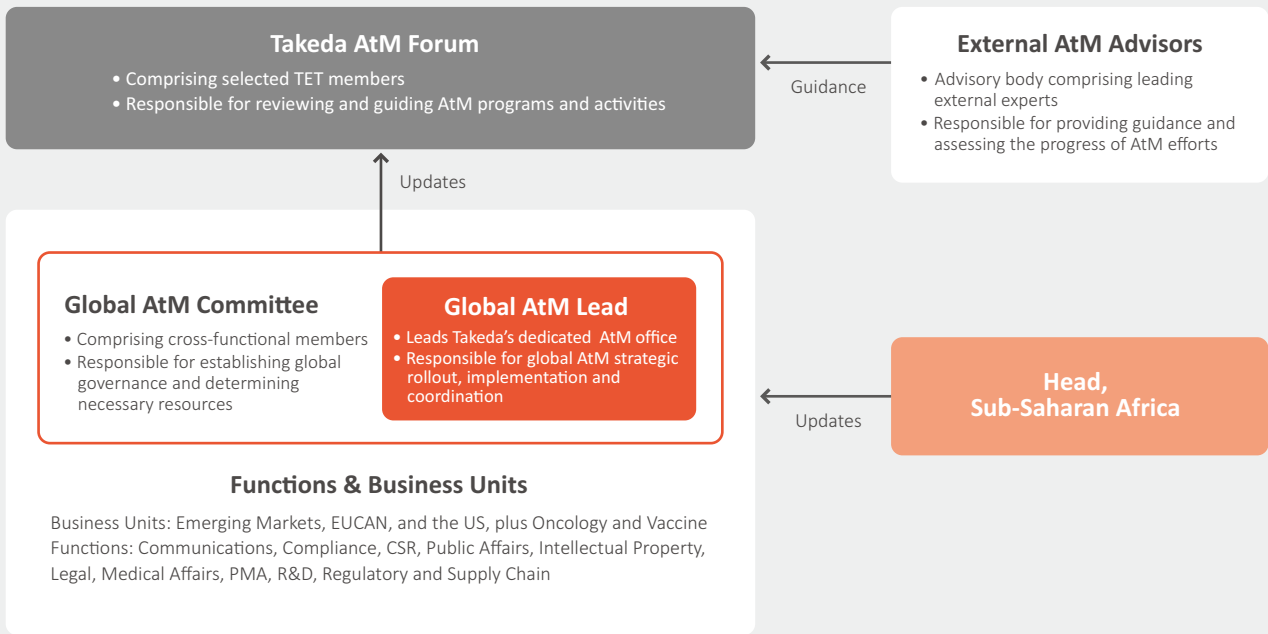
“We are developing innovative and sustainable approaches to tackle the many access challenges faced by patients. In this way, we can amplify our impact on the health and well-being of patients in parts of the world with the highest, unmet medical needs.”

Ricardo Marek

President, Emerging Markets Business Unit



AtM Governance Organizational Structure



175+

Healthcare professionals in Kenya trained in cancer awareness, diagnosis and care through Takeda's AtM programs

Materiality 1: Access to Healthcare



Related SDGs

1: No Poverty 2: Zero Hunger 3: Health and Well-Being
9: Industry, Innovation and Infrastructure 10: Reduced Inequalities

The Importance of Partnerships

We believe that the pharmaceutical industry has a critical role to play in increasing access to medicines. However, we cannot work alone and recognize that we can achieve more for patients in need by joining forces with others. That is why we are collaborating with international and local partners to implement our AtM strategy and make a sustainable contribution to global health.

Here are some examples of our initiatives.

Blueprint for Success Summit

Convened by Takeda, in partnership with Amref Health Africa and the Cancer Alliance, the Blueprint for Success Summit brought together over 100 health experts from around the world. Participants from about 70 organizations represented government, NGOs, foundations, supranational organizations, academia, the finance, healthcare and pharmaceutical industries, plus the broader business world.

The Summit explored and identified partnership opportunities, learning from the successes that have been achieved in tackling Communicable Diseases (CDs), such as HIV, TB and malaria, and considering how to translate that progress to deliver long-term, sustainable approaches that benefit patients with Non-Communicable Diseases (NCDs). This is important as:

- NCDs kill 40 million people each year, equivalent to 70% of all deaths globally*¹
- More than three quarters of NCD deaths - 31 million - affect people in low- and middle-income countries*¹

*¹ Source: World Health Organization Factsheet
<http://www.who.int/mediacentre/factsheets/fs355/en>



Access Accelerated

Access Accelerated is a first-of-its-kind, multi-stakeholder collaboration focused on improving care for NCDs (e.g. cancer, hypertension, diabetes) in low and lower-middle income countries.



Coalition for Epidemic Preparedness Innovations (CEPI)

Coalition for Epidemic Preparedness innovations (CEPI) is a partnership of public, private, philanthropic and civil organizations to stimulate, finance and coordinate vaccine development against priority threats, particularly when development is unlikely to occur through market incentives alone.



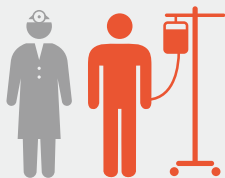
600+

Patients

120+

Infusion centers

Enrolled in Takeda's ENTYVIO® Patient Support Program in Brazil



10



Number of places funded by Takeda at the University of Nairobi for physicians to become Oncology specialists



Projects

Outline

Progress

Patient Assistance Programs (PAPs)

Takeda's Patient Assistance Programs (PAPs) are a cornerstone of our AtM strategy. Our PAPs are designed to enable eligible patients to complete their entire course of treatment, even if they cannot afford to pay for it in full.

Takeda's PAPs aim to increase access to some of our specialty medicines in a sustainable way, starting with *ADCETRIS*®. In the future, we aim to include other specialty medicines, as well as our vaccine candidates. The PAPs are tailored to address local needs via different collaborative models where patients, Takeda, and at times, local authorities, foundations, medical associations, charities and other parties, share the cost of treatment.

Takeda currently has PAPs in Malaysia, the Philippines and Singapore, with more to come in select countries in South East Asia, the Middle East, Eastern Europe, Africa and Latin America.

Going Beyond Medicines

Takeda is developing programs that go beyond medicines in an effort to overcome a broader range of challenges - beyond affordability - that prevent patients from accessing the care and treatment they need.

We are currently working on initiatives in Brazil, Ukraine and the Philippines - countries that represent the complex healthcare landscape of their respective regions.

In Brazil, for example, Takeda is making it easier for patients prescribed *ENTYVIO*® for Ulcerative Colitis (UC) and Crohn's Disease (CD) to manage their condition by mapping a network of available infusion clinics, and providing personalized support to patients post-infusion and treatment. More than 600 patients have enrolled and have access to over 120 infusion centers across the country that are participating in the program.

In Ukraine, Takeda is enabling improved diagnosis and awareness of Hodgkin's Lymphoma through the provision of CD30 testing and PET/CTs for eligible patients, as well as training for pathologists and clinicians. Since its launch in September 2016, approximately 60 patients and over 200 pathologists and clinicians have benefitted from the program.

Sub-Saharan Africa

Takeda became the first Japanese pharmaceutical company to have a physical presence in Sub-Saharan Africa (SSA), when we opened our office in Nairobi, Kenya, in 2016. From here, we focus on our not-for-profit approach for SSA.

To establish Nairobi as a center of excellence in oncology/haematology diagnosis, care and treatment in SSA, one of our major objectives is to support learning exchanges and training for oncologists and pathologists in the region. To that end, Takeda has supported the education of over 175 Healthcare Practitioners in SSA through partners such as the Elewa Foundation and Access to Innovative Care Foundation (AICF). Furthermore, Takeda is funding 10 places for physicians across SSA to become oncology specialists at the University of Nairobi.

We are also working with several partners to enhance local cancer management capacity and address access barriers for other chronic diseases such as diabetes, hypertension and, in future, IBD.

Takeda has also established a partnership with Amref Health Africa and the Pan Africa Heart Foundation (PANAHF) to deliver a comprehensive diabetes and hypertension program, starting in remote areas of Kenya and expanding across East Africa.

Policies and Positions

We are revising our policies to make sure that they effectively address the different challenges and needs of AtM countries, while keeping consistency in our approach and agility in our decision-making process.

At Takeda, we believe that intellectual property should not be a barrier to access. To that end, we have updated our position on Intellectual Property for Access to Medicines, which aims to expand access to our innovative medicines and vaccines in Least Developed Countries (LDCs)*² and / or Low Income Countries (LICs)*³. This is publicly available on <https://www.takeda.com>

Takeda has also developed a new Enhanced Patient Access Global Policy, that defines a company-wide approach to providing access to Takeda's investigational or marketed products outside of standard development (e.g. clinical trials) or commercial channels (e.g. healthcare systems).

*² Source: Least Developed Country (LDC) as defined by the United Nations, in 2015 http://www.un.org/en/development/desa/policy/cdp/ldc/ldc_criteria.shtml

*³ Low Income Countries (LICs) as defined by the World Bank FY2016: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

Materiality 1: Access to Healthcare



Related SDGs

1: No Poverty 2: Zero Hunger 3: Health and Well-Being
9: Industry, Innovation and Infrastructure 10: Reduced Inequalities

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

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 Programs.

New Global CSR Programs Decided by Worldwide Employee Vote

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 decide on new Global CSR Programs by a vote among employees worldwide. In fiscal 2017 we promoted various measures to encourage participation in the voting, and over 8,400 employees worldwide voted. Based on the results, we decided on three new Global CSR Programs. Looking ahead, we will continue to work with various non-profit organizations to promote long-term sustainable initiatives for contributing to better healthcare in developing and emerging countries.

Main Strategies for Encouraging Employee Participation in Voting

Group meetings	4 times
Online presentations from candidate NGOs	12 times
Town Hall Meetings	4 times
Development of multi-lingual voting website	10 languages

See P.64 Corporate Citizenship Activities



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©Plan International



©JOICFP

Global CSR Programs Decision Progress

STEP 1



Decide on candidate Global CSR Programs led by a dedicated department

Dedicated departments dealing with CSR cooperate with various non-profit organizations to decide on multiple candidate programs.

STEP 2






Invite Takeda employees around the world to vote

Information about the candidate programs is shared through online presentations by NGOs, other presentations, and specially set up websites on the company intranet. A vote is held among employees worldwide.

STEP 3

Decide on three Global CSR Programs

Partner	Program content	Period
	<p>“The First 1000 Days” Health and Nutrition Program</p> <ul style="list-style-type: none"> • Area: Benin, Madagascar, Rwanda <p>This program aims to achieve improvements in “The First 1,000 Days” of life, which serve as the foundation for health over the entire lifespan, through a comprehensive approach that targets pregnant women, newborns, and children under 5 years of age through integrated health and nutrition programs.</p>	5 years
	<p>Holistic Health Program for Refugees of South Sudan and Syria</p> <ul style="list-style-type: none"> • Area: Ethiopia, Uganda, Sudan, South Sudan, Egypt, Jordan, Lebanon <p>This program aims to improve the health of around 500,000 refugees who are mainly women and children, the most vulnerable of all refugees, by providing them with clean water, improving the nutrition of the children, and improving the health of pregnant/lactating mothers and their babies.</p>	5 years
	<p>Protecting the Lives of Pregnant Women in Africa</p> <ul style="list-style-type: none"> • Area: Kenya, Tanzania, Zambia, Ghana <p>This program aims to protect the lives of pregnant women and girls in Africa through community-led health initiatives, by empowering women with knowledge and providing basic reproductive healthcare at the grassroots level where access to services is limited.</p>	5 years

Materiality 2: Supplier Management



Related SDGs

5: Gender Equality 8: Decent Work and Economic Growth
12: Responsible Consumption and Production

Sustainable procurement ensures that Takeda's 60,000+ suppliers conduct business in line with our expectations with a focus on social, environmental and economic good. It helps maintain our pledge to act with integrity, fairness, honesty and perseverance, while reducing supply risk by delivering value beyond cost, enabling smart business decisions, and leveraging supplier innovation for sustainability.

Takeda's Sustainable Procurement framework is essential to ensuring patients receive high-quality pharmaceuticals and fulfilling its mission: "We strive towards Better Health and a Brighter Future for people worldwide through leading innovation in medicine." Sustainable Procurement supports Takeda's business priorities of putting patients at the center, while building trust with stakeholders and enhancing Takeda's Reputation. 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.

Positioned within the Global Procurement organization, supplier sustainability holds a fundamental place within our procurement vision, and is one of five core strategic pillars for the procurement organization. This strategic focus for procurement is led and implemented by the Procurement Risk, Sustainability, Performance and Innovation (RSPI) team. The RSPI team enables the Global Procurement organization to deliver two key strategic imperatives:

- Manage risk and enhance sustainability of the value chain
- Invest in and strengthen supplier relationships

Takeda Supplier Code of Conduct

Takeda has 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 which is shared with Takeda's suppliers around the world is aligned to the Pharmaceutical Supply Chain Initiative (PSCI) Principles, and has been translated into 25 languages. PSCI is a group of around 25 global pharmaceutical companies, including Takeda, committed to promoting the responsible supply chain practices. Takeda's Head of Procurement Risk, Sustainability and Performance serves as Chair of the PSCI. In fiscal 2016, over 1,400 suppliers, including over 70 of the company's major suppliers, committed to advancing Sustainable Procurement at Takeda based on the Supplier Code. Moving into fiscal 2017 and beyond, Takeda will continue to further integrate sustainability criteria into its procurement practices with the aim of covering 80% of its external spend related to supplier activity with its Sustainable Procurement program.

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 risks 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, Takeda conducted standard diligence on over 3,400 suppliers and enhanced sustainability on-site assessments at 28 suppliers across 7 countries. These assessments have delivered collaborative remediation plans which are periodically reviewed by Takeda and the supplier. During the year, Takeda also launched a virtual supplier sustainability scorecard system, Ecovadis, to help understand and monitor the sustainability performance of strategic, risky or other types of suppliers remotely, on an ongoing basis. Over 30 suppliers have shared their approach to sustainable business with Takeda via the system highlighting that the average Takeda supplier is 'engaged' in sustainable business initiatives. We aim to significantly expand the utilization of this platform throughout the year ahead to include over 100 prioritized suppliers.

Top Product Risk

In addition to the advancements in due diligence, Global Procurement has implemented a risk assessment process reviewing supplier related risks for all direct material suppliers for Takeda's top 20 products with the goal of ensuring supply continuity to our patients. These products represent approximately 60% of Takeda revenue and cover Takeda's core therapeutic areas. In doing so, Takeda can prioritize risk mitigation activities, drive remediation plans and ensure the suppliers continually improve, innovate and generate added value for Takeda's patients. Supplier sustainability/reputation risk results from supplier due diligence are integrated into this process, providing greater transparency to Takeda's supply chain and opportunities for enhancing the sustainability of Takeda's value chain.

Items in Takeda Supplier Code of Conduct



1,420

Suppliers acknowledged our Supplier Code of Conduct in fiscal 2016
Including 88 of our most strategically important suppliers



Core KPIs in Sustainable Procurement

Manage risks and enhance sustainability of the value chain

- Conduct 40 on-site sustainability assessments
- Top product supplier risk focus

Measure the CSR performance of 100 additional key and strategic suppliers in Ecovadis

- Enroll and monitor the CSR performance of 100 key and strategic suppliers in Ecovadis
- Strengthen cross-functional partnerships

Increase business with small and diverse suppliers

- Achieve U.S. plan commitments: achieving \$133 million U.S. addressable spend with small, minority and women-owned businesses.

	FY 2016	Achievement	FY 2017 Target
KPI 1	Obtain 50 SCoC acknowledgements from suppliers in the Top 500 (by spend)	Obtained 88	Additional 50 top spend, strategic and preferred suppliers
KPI 2	Conduct 30 Sustainable Procurement assessments	Conducted 28	Conduct 40
KPI 3	Implement a successful Ecovadis pilot	Pilot executed with 31 supplier profiles obtained and reviewed	100 new/additional Supplier CSR Scorecards on Ecovadis platform
KPI 4	Spend ¥17.8 billion with small and diverse suppliers	¥16.4 billion; \$136 million on small and diverse	\$190 million (small and diverse) ; \$133 million (small and diverse)

Materiality 2: Supplier Management



Related SDGs

5: Gender Equality 8: Decent Work and Economic Growth
12: Responsible Consumption and Production

Supplier Engagement in Sustainable Business Practices

Takeda is working to engage suppliers in a proactive dialogue with a view to building sustainable relationships. Takeda's Sustainable Procurement team along with other Procurement team members actively visit supplier sites to review supplier sustainability and in fiscal 2016, Takeda conducted 28 on-site supplier assessments according to the PSCI guidelines. These social, environment and health & safety focused assessments have delivered collaborative action plans which are periodically reviewed by Takeda and the supplier. 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 and also engaged suppliers in webinars focused on managing active pharmaceutical ingredients in waste water in collaboration.

In addition, Takeda periodically holds Supplier Days where sustainability and diversity are key topics for discussion. One such event was held by Takeda in China in September 2016 with several of its key suppliers following the PSCI supplier capability building training event.

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, woman-owned 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. 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 continues to advocate and promote the use of small, woman-owned and diverse suppliers within Takeda, through its participation with various advocacy groups and internal programs, such as mentoring these suppliers. In April 2017, Takeda's Supplier Diversity Lead was awarded the Greater New England Minority Development Council's Advocate of the Year award for advocacy efforts in 2016.

In fiscal 2016, Takeda held its first Supplier Diversity event on its campus in Deerfield, Illinois, U.S. The event provided over 57 diverse suppliers access to Takeda business leaders. Diverse suppliers had the opportunity to hear from Takeda's US BU President, Ramona Sequeira, our Chief Procurement Officer, and numerous Procurement and business teams.



“Our patients inspire us. We are urgently focused on delivering value that ensures our supplier community understands our ambition to provide the effective, sustainable and affordable medicines that improve our patients' health. This means our supplier relationships must be based on sustainable and compliant business practices, quality and meaningful innovation.”

Phillip Duncan

Chief Procurement Officer

Training & Engagement

Takeda recognizes that improving the awareness of its employees around the world is crucial to advancing supplier management. Mindful of this, in fiscal 2016, Takeda created course content and integrated the curriculum into a Procurement learning management system, and actively conducts training events on its Supplier Code of Conduct and approach to Sustainable Procurement.

In addition, Procurement partnered extensively with the business and other functions to improve Takeda's overall approach to Supplier Management, including with Quality, R&D, Global Manufacturing and Supply, EHS, Global Compliance, Legal and others. These collaborative cross-functional relationships that include training and co-creating supplier processes helps instill a culture and mindset of best practices in supplier relationship management.

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 relationship management practices in the context of our patients as well as business challenges. Takeda is demonstrating its values of keeping patients central to our supplier relationships by implementing the Travel with IBD in collaboration with Crohn's and Colitis UK and 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 better signage on accessible toilets at travel companies across the UK and Europe. This program is contributing to the well-being of 110,000 IBD patients.

Approx.

3,400

Suppliers went through standard diligence in fiscal 2016

28

On-site Sustainability Supplier Assessments in fiscal 2016



140

Employees

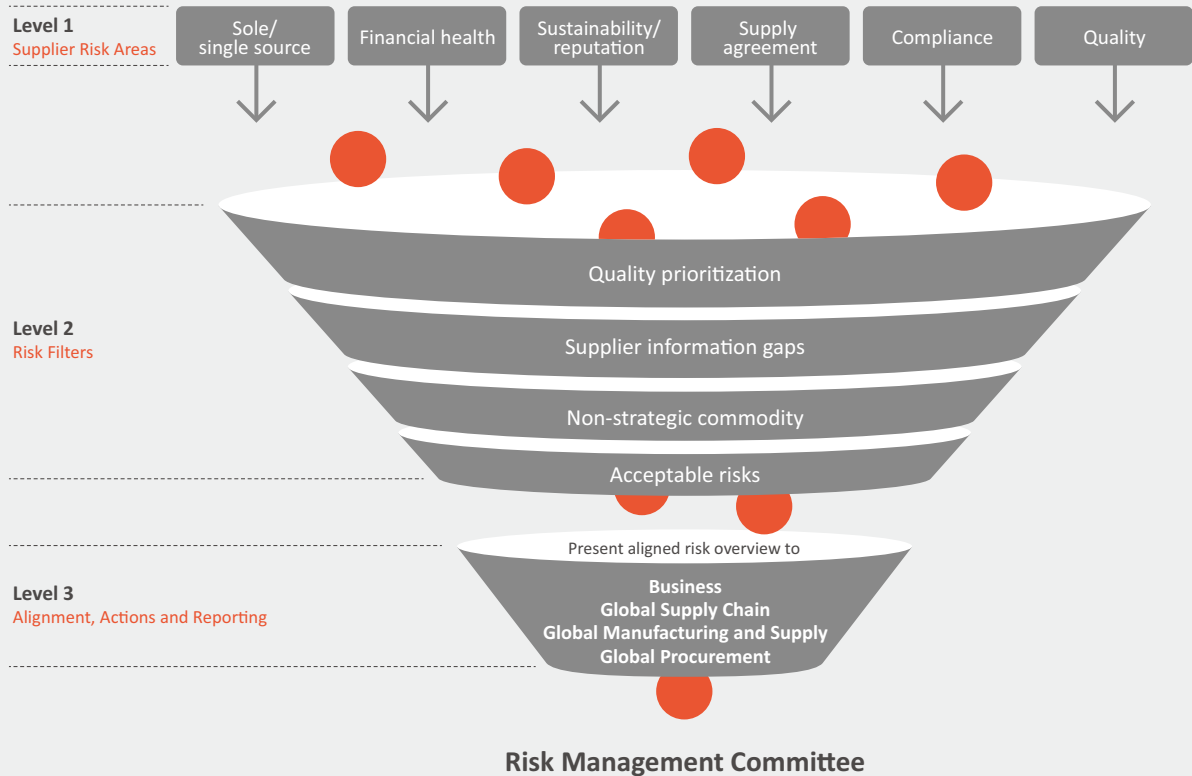
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Countries

Takeda conducted procurement-facing training in fiscal 2016



Top Product Supplier Risk Framework



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

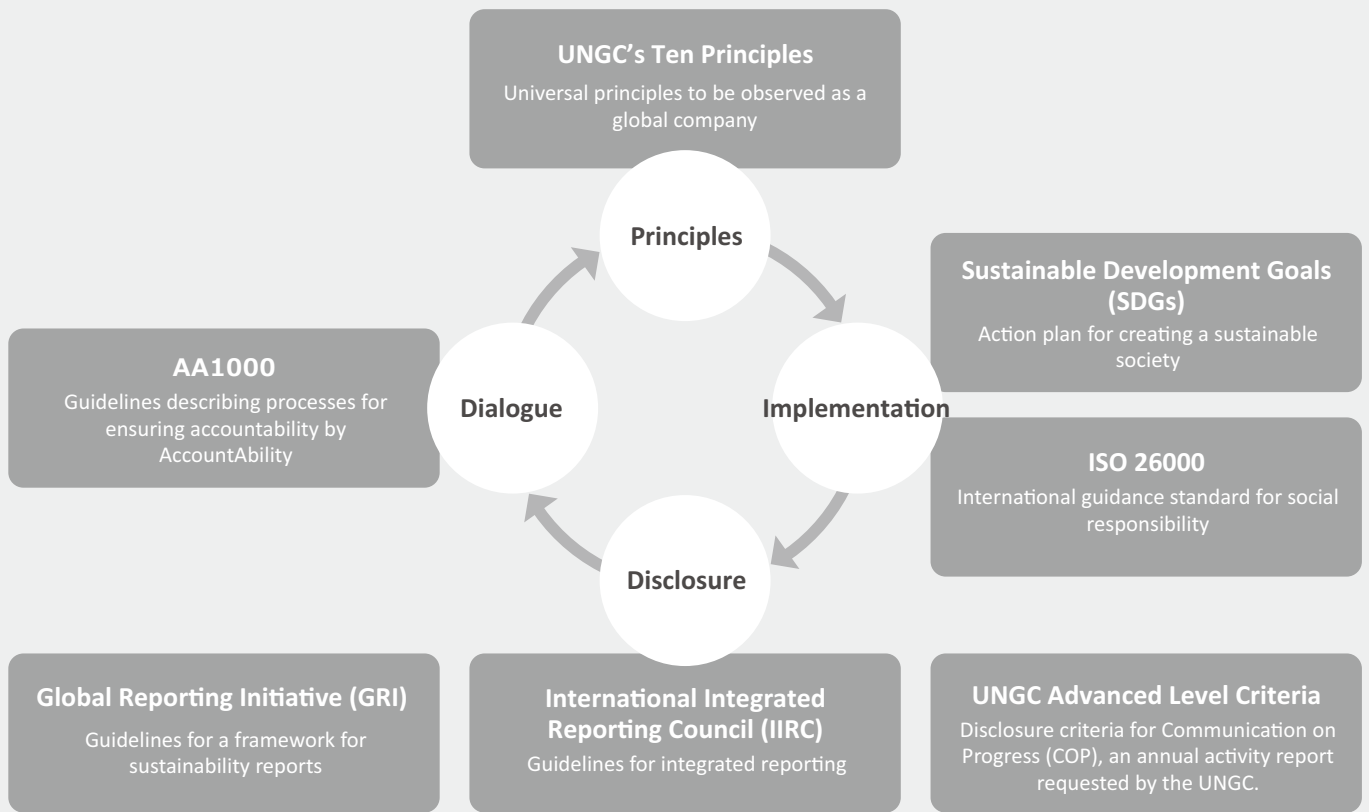
Takeda's Business Activities from a Sustainability Perspective



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 sustaining 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).



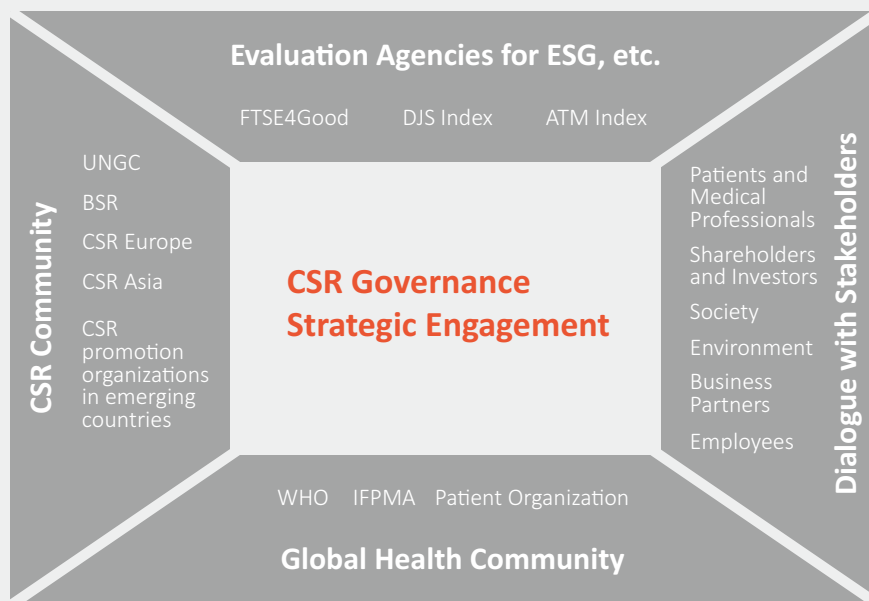


CSR Guidelines for Reference

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

CSR Governance and Strategic Engagement

Takeda works to understand issues of interest to diverse communities and stakeholders through strategic engagement, examines issues (materiality) that are important to Takeda, and promotes CSR governance based on the same kind of decision-making scheme used for business projects.



CSR Governance

Decision making: Just as with business matters, important CSR-related matters are handled by the Business Review Committee, the Takeda Executive Team Meeting, 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. 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 Standards, and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework, and other guidelines.

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.

CSR Community

Takeda has participated in the UNGC LEAD program since its inception, and is also a member of Business for Social Responsibility (BSR), CSR Asia and CSR Europe. Through active participation in related meetings, Takeda grasps what kind of themes are being discussed at the global level, thereby improving the quality of its CSR activities, including the examination of materiality.

Global Health Community

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



Environment, Social, and Governance (ESG) Evaluation Agencies

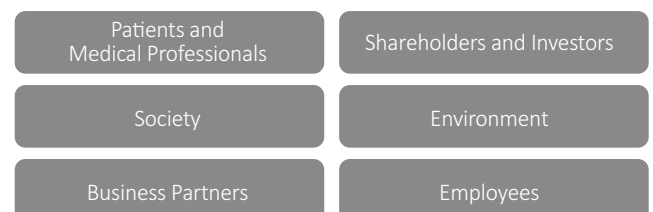
Takeda monitors the status of CSR trends and the expectations of investors and NGOs of pharmaceutical companies through surveys from socially responsible investment (SRI) indices. With respect to our response to the issue of access to healthcare, we have established a dedicated department in Singapore. The department responds to surveys from agencies that evaluate healthcare access, such as the Access to Medicine Foundation.

Inclusion Status in SRI Indices (as of September 2017)

Dow Jones Sustainability Asia Pacific Index (S&P Dow Jones Indices LLC of the U.S.)	8 consecutive years
FTSE4Good Global Index (FTSE Russell of the U.K.)	13 consecutive years
Ethibel EXCELLENCE Investment Register (Forum Ethibel of Belgium)	From July 2017
Prime Status (Oekom Research AG of Germany)	From June 2017
MSCI ESG Leaders Indexes (MSCI ESG Research LLC. of the U.S.)	8 consecutive years
Morningstar Socially Responsible Investment index (MS-SRI) (Morningstar Japan, Inc.)	11 consecutive years

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

Links with the CSR Community



Takeda has participated in the LEAD program for implementing and promoting the spread of the UN Global Compact (GC) principles since its inception in 2011.



Takeda has been a member of Business for Social Responsibility (BSR), a global association of member companies for CSR, since 2012. We actively participate in BSR's Healthcare Working Group and Human Rights Subcommittee, among other activities.



Takeda has participated in CSR Asia, which has the largest network of any CSR think tank in the Asia-Pacific region, since 2015.



Takeda has participated in CSR Europe, a group of corporations headquartered in Brussels, Belgium, that works to promote the spread of CSR and raise awareness, since 2016.



Related SDGs
17: Partnerships for the Goals

Inclusion in SRI Indices



6

Number of main SRI-related indices and universes in which Takeda is included as a constituent (as of September 2017)

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



MSCI 2017 Constituent
MSCI ESG
Leaders Indexes



Selected as One of the “Global 100 Most Sustainable Corporations” for the Second Consecutive Year

Takeda was selected for the “2017 Global 100 Most Sustainable Corporations in the World” by Canadian publisher Corporate Knights Inc. in January 2017. We achieved this distinction for the second consecutive year, based on 14 key performance indicators, including energy productivity, innovation capacity, safety performance and leadership diversity. Takeda achieved the highest ranking (67th) among the four Japanese companies selected.



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 external 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. External 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 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 external 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 that consists of President & CEO and members who manage and supervise each function of Takeda Group, and also establishing 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.

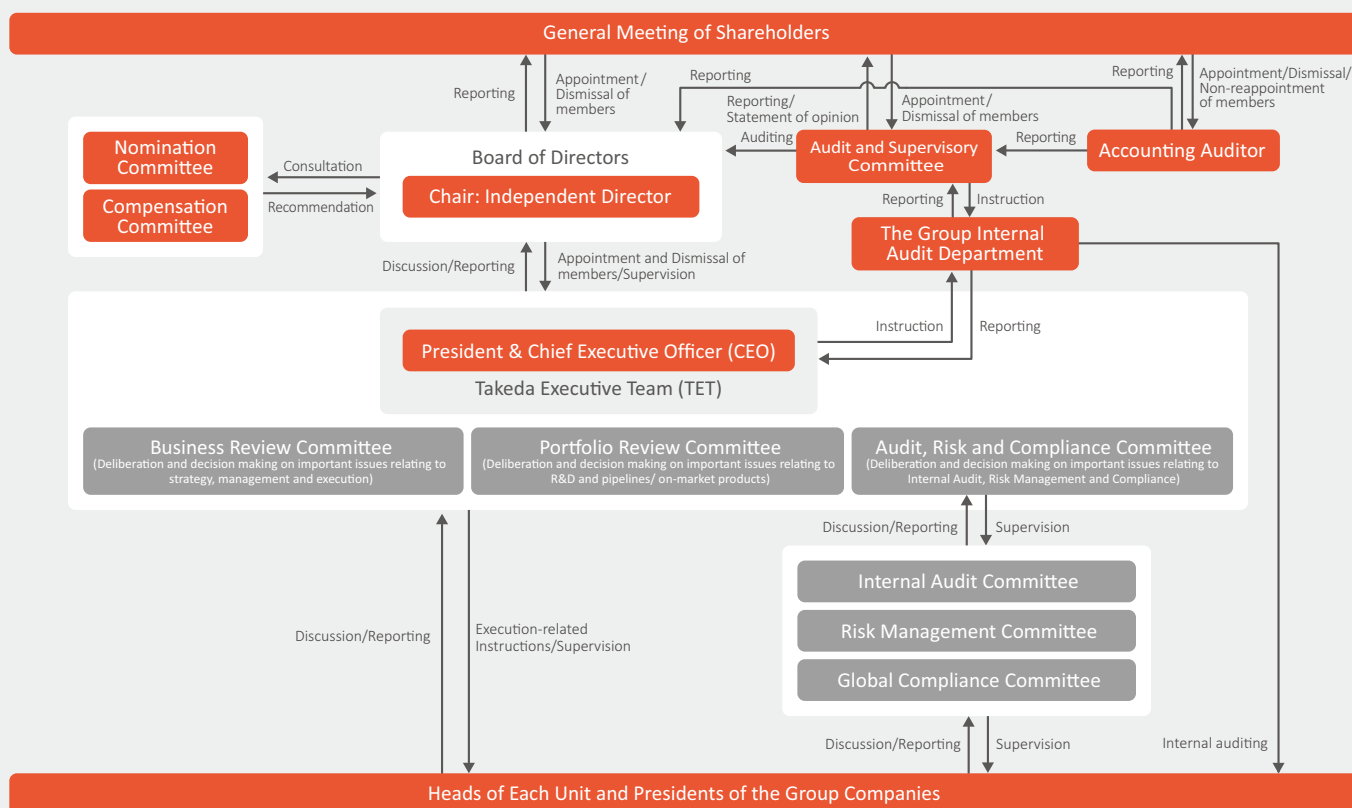
Compensation

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 external 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 external directors consists of basic

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



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 who are not Audit and Supervisory Committee Members (excl. external directors)	1,737	437	550	750	5
Directors who are Audit and Supervisory Committee Members (excl. external directors)	41	32	—	10	1
Corporate auditors (excl. external corporate auditors)	22	22	—	—	2
External directors and external corporate auditors	171	126	—	45	9

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

<https://www.takeda.com/who-we-are/corporate-Governance>



Related SDGs
16: Peace, Justice and Strong Institutions

Compliance

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



Takeda believes that, in addition to complying with all applicable laws and regulations, it is essential for Takeda Group employees and executives to conduct business in line with the highest ethical and moral standards. At Takeda, this is expressed through our Values - “Takeda-ism”, and our four priorities of Patient-Trust-Reputation-Business. Takeda has

also instituted the Takeda Global Code of Conduct as a core set of principles that guide the ethical behavior of everyone at Takeda.

To promote ethics and compliance across all Takeda operations, the company has appointed a Global Compliance Officer and established the Global Compliance Committee. The Global Compliance supports them in their efforts.

See P.60 Anti-Corruption

Promotion of Compliance at Takeda Group Companies

Under the global compliance organizational structure, all Takeda Group companies execute and reinforce their compliance programs in line with the Takeda Global Code of Conduct and applicable Global Policies.

The Global Compliance works with the compliance functions of all Takeda Group companies to ensure a globally coordinated approach on common ethics and compliance matters.

The Takeda Global Code of Conduct (Key Principles)

The Takeda Global Code of Conduct gives us a framework for achieving the ethical and moral standards we aspire to. It sets out the principles we must follow every day and helps us preserve the integrity that is ingrained in our heritage, and which underpins Takeda-ism and our priorities of Patient-Trust-Reputation-Business.

PATIENT

- We put the health, well-being and safety of patients first
- We respect patients and protect their privacy
- We have appropriate and fair relationships with patient organizations
- We provide objective and accurate information about our products and the diseases they treat or prevent
- We respect the relationships between patients and their healthcare professionals

TRUST

- We create a diverse, inclusive, safe, open and collaborative working environment in which employees can contribute, perform and grow as individuals
- We respect and protect the property and information of others
- We encourage honest conversations, as well as diversity of thoughts and opinions
- We speak up for integrity

REPUTATION

- We are objective and transparent when interacting with healthcare professionals
- We strive for the highest standards of integrity in our research activities
- We are honest and fair when interacting with external stakeholders
- We avoid actions that may conflict with the company’s interests
- We aim to make a positive impact on the communities in which we operate

BUSINESS

- We treat the company’s property and information with due care, and use it only for the purposes intended
- We conduct our business with integrity
- We act responsibly when communicating about the business of Takeda

The Takeda Global Code of Conduct can be viewed on Takeda’s corporate website.
<https://www.takeda.com/who-we-are/compliance>

Takeda Ethics Line

Takeda aims to maintain the highest level of corporate ethics. We have established the Takeda Ethics Line, which is available to all employees around the world 24 hours a day. Employees can contact the Ethics Line and ask a question or voice a concern, and Takeda has a policy of non-retaliation for 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 Takeda Global Policies 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 include external members (such as the Institutional Animal Care and Use Committee, etc.) to review and approve experiment plans. The committees comply with the Act on Welfare and Management of Animals and other laws and regulations, as we make every effort to practice the 3Rs,^{*1} the fundamental ethical and scientific principles for respecting life and caring for animals. Shonan Research Center, Takeda Boston 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 seamlessly in unison 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., potential 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 "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.

Takeda Management Board of Directors

Internal Directors



Christophe Weber
Representative Director
President & CEO



Masato Iwasaki
Director, President,
Japan Pharma Business Unit



Andrew Plump
Director, Chief Medical &
Scientific Officer



James Kehoe
Director,
Chief Financial Officer

External Directors



Masahiro Sakane
External Director
Board Meeting Chair
Nomination Committee Chair



Michel Orsinger
External Director



Toshiyuki Shiga
External Director
Compensation Committee
Chair



Emiko Higashi
External Director



Yoshiaki Fujimori
External Director

Audit & Supervisory Committee (A&SC) Directors



Yasuhiko Yamanaka
Director, A&SC Member



Shiro Kuniya
External Director,
A&SC Chair



Koji Hatsukawa
External Director,
A&SC Member



Jean-Luc Butel
External Director,
A&SC Member

CC Compensation committee
NC Nomination committee

Takeda Executive Team (TET)

Japan



Christophe Weber
Representative Director
President & CEO



Masato Iwasaki
Director, President,
Japan Pharma Business
Unit



James Kehoe
Director,
Chief Financial Officer



Haruhiko Hirate
Corporate
Communications and
Public Affairs Officer



Yoshihiro Nakagawa
Global
General Counsel



David Osborne
Global Human
Resources Officer

Singapore



Ricardo Marek
President, Emerging
Markets Business Unit



Thomas Wozniewski
Global Manufacturing
and Supply Officer



Giles Platford
President, Europe and
Canada Business Unit

U.S.



Andrew Plump
Director, Chief Medical &
Scientific Officer



Christophe Bianchi
President, Global
Oncology Business Unit



Gerard Greco
Global Quality Officer



Ramona Sequeira
President, U.S. Business
Unit



Rajeev Venkayya
President, Global Vaccine
Business Unit

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, supported by its Global Quality organization. Gerard Greco, Ph.D., is the Global Quality Officer (GQO) reporting to the President & CEO. The GQO designed the Global Quality organization around a vision built upon three pillars: Science, Systems and People. In addition, the Global Quality structure fully aligns 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.

Global Quality assures that there is a consistent approach to Quality across Takeda through one Quality Management System. 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 restructured regional Quality oversight which now includes sites, Local Operating Companies (LOC) and functional Quality teams. The Global Quality Council provides oversight on global performance, trends and opportunities. A key feature includes 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.



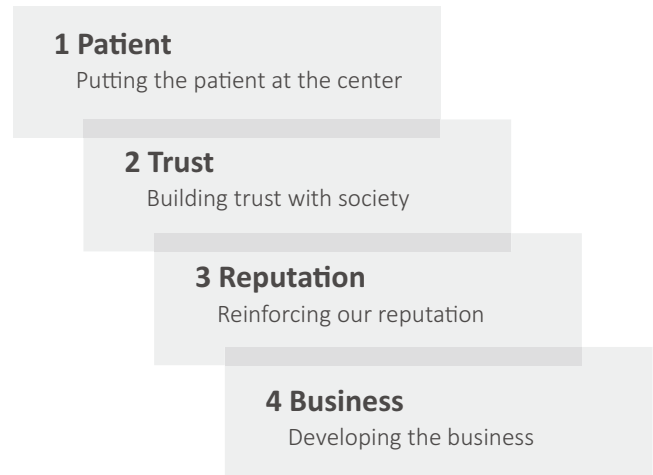
Related SDGs

12: Responsible Consumption and Production

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.

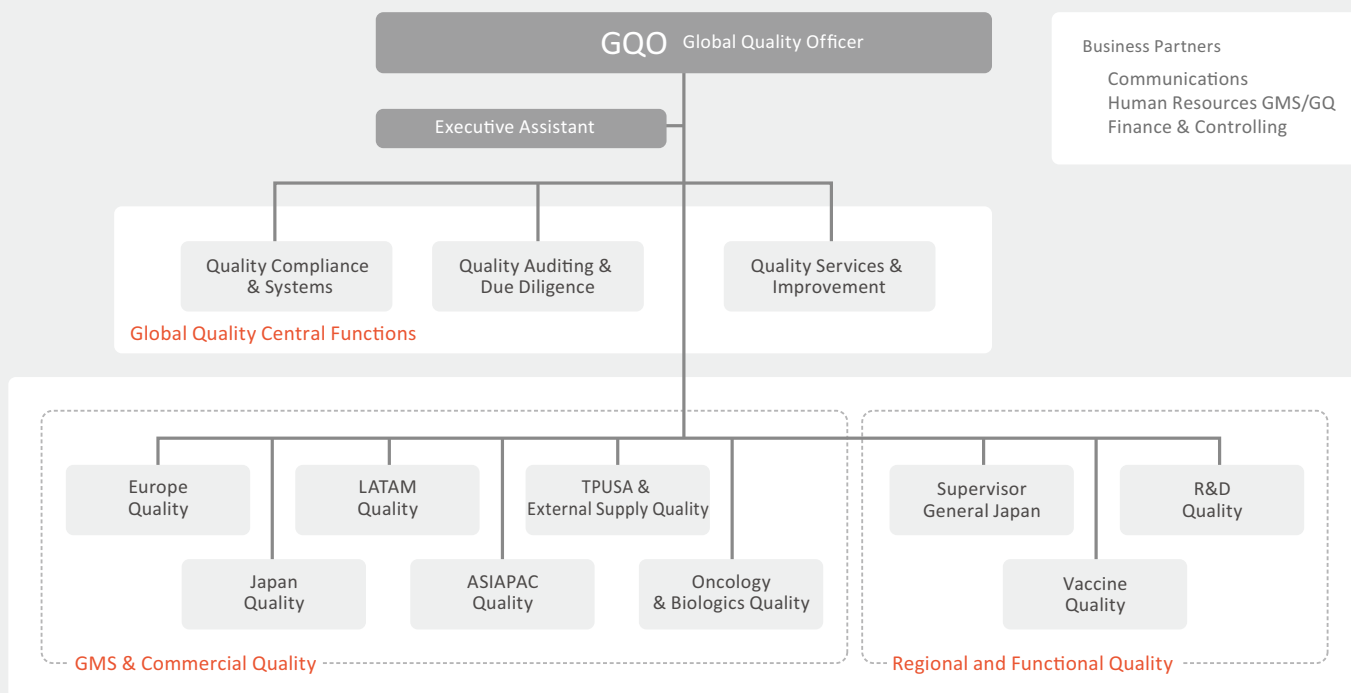
In Global Quality, we have built our organization and vision around Takeda-ism and the company values. They are at the heart of all we do and embedded in our fundamentals of Quality Culture as we go through the pillars of patients, trust, reputation and business as a guidance to making key decisions:



Quality Culture is fundamental to the mindset of employees where decisions are always taken with the best interest of the patient in mind. Our approach to Quality Culture is built upon the following fundamentals: Keep it simple, Take pride in doing it right, Ensure a speak-up culture, and Own and demonstrate your commitment to quality.

As we continue to grow in our transformation journey, there is a shared positive energy and excitement about Quality Culture. It is 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. While it is driven by Global Quality, it represents a shared mindset and responsibility across Takeda.

Global Quality Organizational Structure



Quality Spanning the Entire Product Life-Cycle

In order to realize Takeda’s mission, we comply with all laws and regulations – and keep up to date with the latest revisions of the regulations, as well as our own internal rules and standards, and strive to assure the quality of Takeda products from comprehensive perspectives through our activities as follows:

- **Research and Preclinical Studies**

Takeda stringently manages studies and maintains data integrity in strict compliance with 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) requirements to protect the safety of our patients and the integrity of our clinical trial data.

- **Manufacture of Investigational Medicinal Products and Pharmaceutical Products**

Takeda complies with GMP (Good Manufacturing Practice) for the manufacture and quality control of pharmaceuticals and GDP (Good Distribution Practice).

- **Post-Marketing Quality Control**

In the post-marketing stage, we collect 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 and throughout the time they are marketed, and providing this information to healthcare providers and companies marketing our products along with information on the appropriate use of the products.

Global Quality Management System

The global QMS architecture has been simplified and improved. The revised architecture results in a single Quality policy with focused global standards and necessary global procedures that provide further direction as to how outcomes are achieved. This revised approach provides improved clarity and compliance with current industry expectations.

Quality Council

Quality Councils have been established as an effective means of demonstrating governance, monitoring quality and compliance performance and ensuring engagement of senior management. Quality councils allow escalation and cascading of information from sites, via regional councils up to global councils. This process drives engagement to resolve issues at the lowest possible level, while providing a mechanism to escalate for further reviews and prioritization.

Global Quality Auditing and Due Diligence

The Global Quality Auditing and Due Diligence team is focused on managing risk to Takeda patients and business through effective auditing. The team is responsible for auditing both internal sites and external manufacturing and distribution partners. GQA & Due Diligence uses a risk assessment process to identify the sites that should be audited. To facilitate an

efficient process GQA & Due Diligence partners with groups within Takeda to provide subject matter experts on our key manufacturing partners. This partnership within Takeda greatly contributes to the efficiency of the audit due to the sharing of knowledge and expertise.

The additional focus of GQA & Due Diligence is to support Takeda Business development projects through provision of support on quality related guidance. The team has developed and implemented a quality due diligence process aimed at ensuring a uniform process is in place across the globe.

Program AGILE

Quality is actively engaged in Program AGILE, a strategic Global Manufacturing and Supply/Global Quality Program which is designed to develop organizational agility and a continuous improvement culture, with impact on performance, people and quality. The core focus from the Quality organization is on efficiency and productivity within the laboratories. Lab transformation is a blending of lean principles, digital technology, and colleague engagement concepts within the lab environment that yields a highly compliant and productive workplace that delights customers and empowers lab analysts.



“At Takeda, quality is everyone’s responsibility, and everything we do must have some direct positive impact on our patients.”

Gerard Greco, Ph.D.
Global Quality Officer

Winner of the ESQR’s Quality Achievements Award

Takeda was recognized for its commitment to quality at a ceremony in London on June 4, 2017 by the European Society for Quality Research (ESQR). Dr. Gerard Greco, Global Quality Officer of Takeda, accepted the award on behalf of the company.

The ESQR recognizes those individuals, organizations, companies and public administrations that have demonstrated outstanding commitment, support and efforts to endorse and improve quality management. At this year’s awards ceremony, business leaders, academic experts and quality professionals representing different sectors from all over the world were in attendance.



LEADS & EQMS - Integrated Quality Systems

LEADS and EQMS are key parts of the future digital systems to support a global common electronic Quality management system. LEADS is the first module that will enable use of a global document management system to enable global visibility of procedures and documents from across the network. This global visibility will enable effective sharing of procedures on a global basis and allow sharing of best practices in procedures and overall document architecture. LEADS also creates a global training environment to enable consistent materials for training to be utilized across the global network. EQMS serves as the Global Electronic Quality Management System for Takeda. With this new platform, Takeda enables global management of the tracking and reporting of harmonized quality processes.



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 solutions to secure the supply chain and partner with others to combat the illegal activity.

• CORE ACTIVITIES

Investigate and collect intelligence

Disrupt illegal online sellers

> Secure the supply chain

> Implement tamper evidence and anti-counterfeiting features

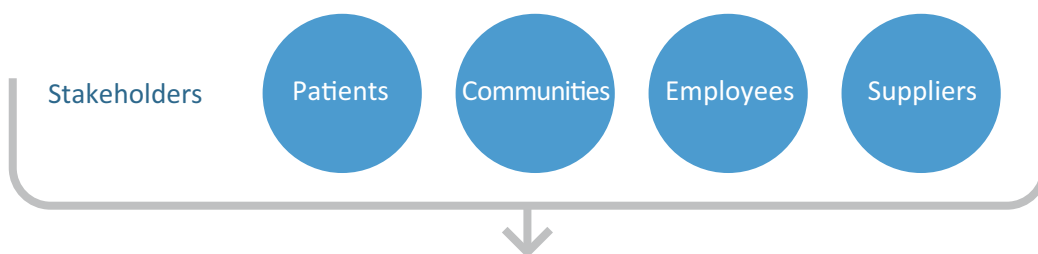
> Communicate and partner with organizations and authorities



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



Promotion of Human Rights-Related Initiatives throughout the Value Chain



5

Number of human rights-related seminars held by BSR Healthcare Working Group in fiscal 2016



5

Number of human rights-related meetings* held in fiscal 2016 (Japan)

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

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.

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 Review 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 some 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 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 transparent clinical research. Takeda prospectively registers key clinical trial information prior to the trial initiation and discloses summary results of these trials following their completion on our corporate website*¹ and on registry databases as legally required. Takeda is also committed to responsibly sharing patient-level clinical trial data and clinical trial documents with qualified academic researchers through a multi-sponsor web portals.*²

Takeda respects the privacy of trial participants and privacy regulations and only shares these data in a manner that will not result in trial participant identification.

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

*² Primarily <https://clinicalstudydatarequest.com>
but also <https://www.projectdatasphere.org> and others.

Major Human Rights-Related Rules for Research and Development Activities

Rules for the Research Ethics Review Committee

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

Rules for performing human genome and gene analysis research



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 Policy on EHS” 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 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 an inclusive and empowering work environment for employees 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 prepare 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 expectations for all employees.

[See](#) P.38 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/gender identity. We are accelerating Diversity & Inclusion (D&I) activities in Japan and many other parts of the world and have introduced several initiatives to build an inclusive environment that embraces all kinds of diversity including gender, work-style, career and lifestyle choices.

[See](#) P.40 Diversity & Inclusion

Occupational Health and Safety

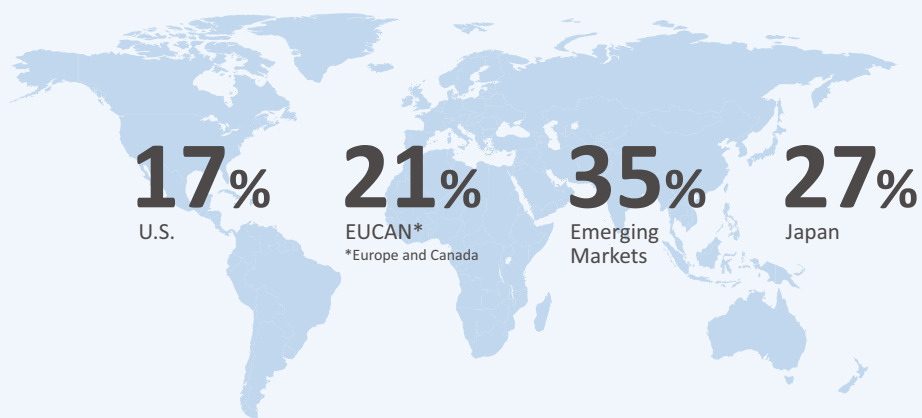
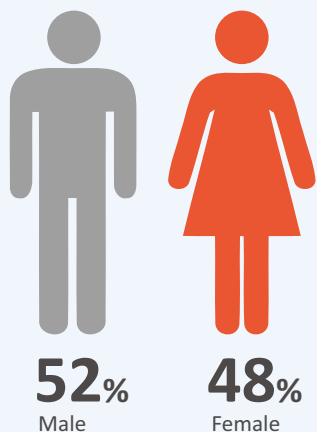
For Takeda, building relationships of trust with society starts with providing a safe environment for employees and reducing the risk of accidents occurring in the workplace. In fiscal 2015, we refreshed our medium-term targets for fiscal 2020 for reducing workplace accidents and launched a new global safety initiative, Safe Takeda, to promote initiatives for preventing workplace accidents.

[See](#) P.41 Occupational Health and Safety

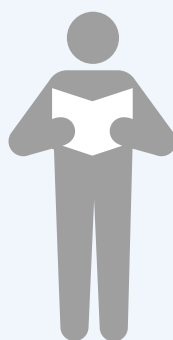
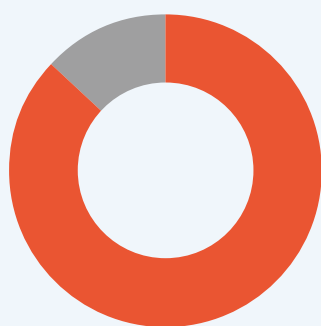


30,000

Employees



Ratio of employees by region (as of March 31, 2017)



87%

Response rate for
employee awareness survey
(Conducted June 2017)

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 work on our culture, how we work together and do business to 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 engaging 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 extend 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 interact with influential leaders to prepare them to lead the company in the future (2016: approx. 50 participants)
- **Accelerator Program** International cross-functional development for high potential employees early in their careers (2016: approx. 20 participants)
- **Takeda Leadership Program** Elevating leadership capability through examination of internal and external perspectives on our business (2016-2017: approx. 120 participants)
- **Global Induction Forum** Induction training for recently hired senior leaders (2016-2017: approx. 100 participants)

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)

	FY2014	FY2015	FY2016
Total	31,328	31,168	29,900
Japan	9,612	9,291	6,638
Overseas	21,716	21,877	23,262
Ethical drugs	28,761	28,762	27,534
Consumer healthcare	457	500	520
Other businesses	2,110	1,906	1,846

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.

- 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

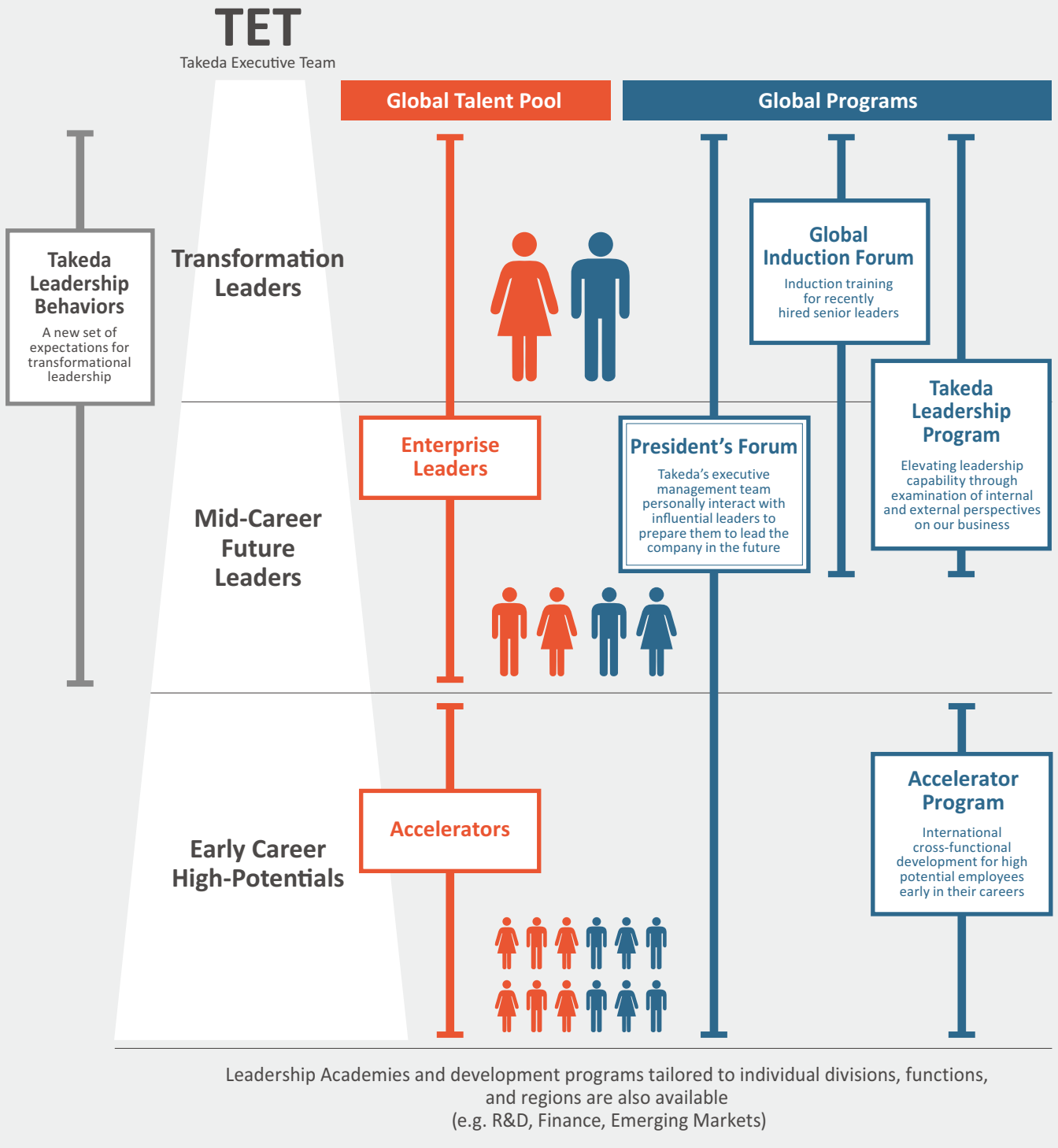
Global Core Competencies

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.

Quality Conversations

We are moving to a focus on people, not process, and relying on managers and employees to conduct more frequent quality conversations. It is Everyday Performance Management that is more natural and impactful, and integrated with daily work. This is a mindset shift for Takeda, as we move away from what could be considered a check-the-box exercise to an interactive process in which the employees and managers are actively engaged. “Quality Conversations” encourages more frequent, higher quality discussions that support and drive performance. Through this renewed focus, we expect stronger partnerships between managers and employees, as well as a high-trust environment in which to share feedback in all directions.

Identification of Priority Talent Populations and Key Programs



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

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, religion, belief, disability, sexual orientation and gender identity, experience or life-style. We are committed to leveraging the unique and diverse backgrounds, experiences and

insights of all our employees to better serve patients world-wide 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, and career diversity.

These include:

- Conducting D&I Survey and hosting D&I Sr. Leaders Meeting to discuss more to become an 'Inclusive Leader' (Japan).
- Driving an initiative of work-style change including seminars, training, and employee projects (Japan).
- Sponsoring and joining LGBT events in the U.S. and hosting LGBT awareness session in Japan (U.S. and Japan).
- Launching new training programs related on female empowerment and self-leadership on early career (Japan).
- Conducting 'Takeda Women's Day' produced by Hanamizuki – an informal professional network that seeks to encourage all employees, especially female (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).
- Takeda's U.S. Talent Acquisition (TA) Diversity & Inclusion hiring strategy is focused on attracting, selecting and retaining diverse candidates from four areas of focus (African American, Hispanic/Latino, Women, and Veterans) (U.S.).



Related SDGs

5: Gender Equality 8: Decent Work and Economic Growth

Fiscal 2017 Targets for Japan

Newly appointed female managers

30%



Male-female turnover less than 10 years of service

Equal Rate
(Fiscal 2020)

Newly appointed managers with less than 8 years career experience

10%



Female ratio in pre-managerial position

30%

Occupational Health and Safety

Health and Safety

Since fiscal 2015, Takeda has been promoting the new global safety initiative, Safe Takeda. The initiative sets a target for fiscal 2020, aiming to reduce the lost time injury frequency rate (LTIFR)* by 30% compared with fiscal 2013 by promoting and developing various initiatives.

According to a 2014 survey of workers' accidents with day off in Takeda Group, 60% of accidents occurred at plants, with 34% occurring at offices including sales divisions and 5% at research laboratories. Accordingly, our top priority under Safe Takeda is to reduce accidents at plants. Initiatives are already in place, including safety week, worksite inspections, safety resolution from managers and operators, and sharing best practices among sites.

Looking ahead, we are also taking measures to prevent further drivers' accidents in offices and sales divisions, and to reduce slip, trip and fall, which are the most common accident. The Safe Takeda initiative is designed to maintain our zero work-related fatality status, to raise employee's safety awareness and to build a safety culture.

* LTIFR refers to the number of workers' accidents with day off per one million hours worked.

✓	FY2013	FY2014	FY2015	FY2016
LTIFR	1.86	1.92	1.62	1.43
Total accident frequency rate (including those without lost workdays)	6.13	5.46	4.81	4.23

Data collection sites: All production and research sites



Activities at Sites

The Safe Takeda initiative was launched at Bekasi Plant (Indonesia) in October 2015. In fiscal 2016, we held a town hall meeting for all employees, where the plant manager and the EHS team gave presentations on initiatives for reducing workplace accidents, providing an opportunity for all employees to recognize and share their awareness of safety. At the Bekasi Plant, we have taken steps to raise safety awareness among employees by continuing to hold safety week programs.



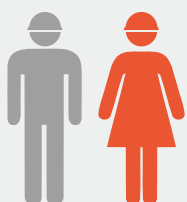
Related SDGs

8: Decent Work and Economic Growth

✓ Data assured by a third party



P.82 Independent Assurance of Environmental and Social Performance Indicators



Fiscal 2016 Results
(from fiscal 2013 level)

23%
Reduction

LTIFR

Group Target
(from fiscal 2013 level)

30%
Reduction

LTIFR by fiscal 2020



We are progressing in areas of environment, health, and safety (EHS) with a medium- to long-term perspective to create sustainable value 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 formulated the Global Policy on EHS in April 2017 as a new basic policy and established the Corporate EHS Council made up of representatives from all Takeda business functions. 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.44 Environmental Management

Fiscal 2030 Medium-Term Group Targets for CO₂ Emissions Reduction

Takeda has signed the Paris Pledge for Action, declaring its commitment to achieving the Paris Agreement, a new set of international consensus on countermeasures for global warming. We are also participating in Caring for Climate, the world's largest corporate-led initiative on climate change. Limiting the rise in temperature to two degrees Celsius or less will require a major reduction in CO₂ emissions. We have formulated milestone targets for reducing CO₂ emissions by fiscal 2030.

See P.49 Initiatives to Deal with Climate Change

Fiscal 2020 Group Targets

Takeda is working through an action plan with targets for fiscal 2020. 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.46 Takeda Group Environmental Action Plan

Biodiversity Conservation Initiatives

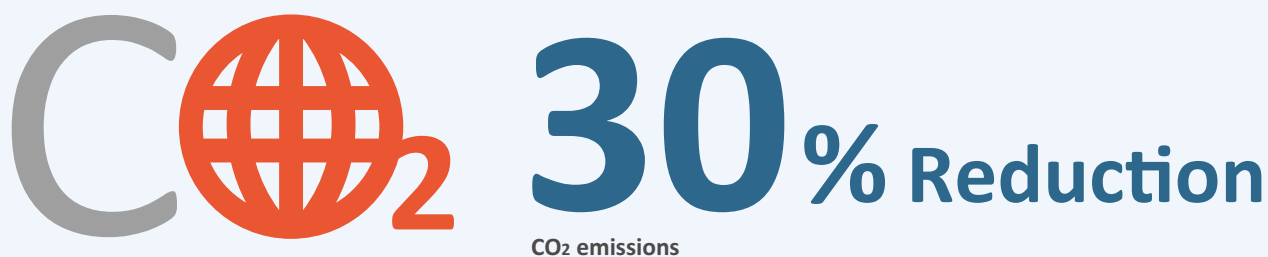
Takeda recognizes the importance of biodiversity conservation, and undertakes various activities around the world. We have been helping to conserve endangered species since 1933 through ongoing research on plants with medicinal properties at Takeda Garden for Medicinal Plant Conservation (Kyoto) as well as promoting initiatives to cultivate medicinal plants in-house.

See P.53 Takeda Garden for Medicinal Plant Conservation (Kyoto)

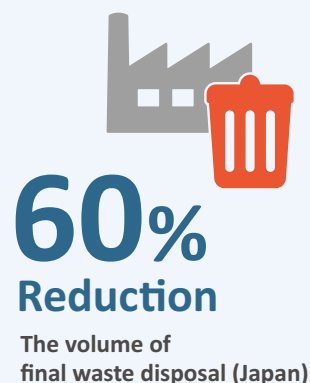
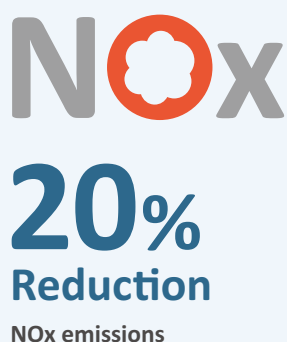
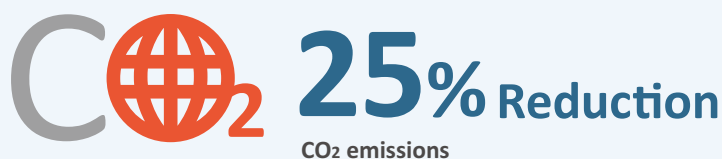


Takeda Garden for Medicinal Plant Conservation (Kyoto)

Fiscal 2030 Medium-Term Group Targets (from fiscal 2015 level)



Fiscal 2020 Group Targets (from fiscal 2005 level)



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. For the critical areas, we will proceed with a medium- to long-term perspective, including the implementation of global targets for fiscal 2020 and the formulation of new CO₂ reduction targets for fiscal 2030.

Environment

Takeda is addressing global issues and strengthening its environmental protection structure following the direction set out by the Global Policy on EHS.

Environmental Management

Reorganizing the Company-Wide Management Structure

Since establishing the Environmental Protection Committee in 1970, Takeda has engaged in environmental protection activities from a long-term perspective. Under the Takeda Group Environmental Action Plan, Takeda has set targets for measures to combat global warming, waste reduction, and other initiatives, and conducts activities while monitoring its progress. In April 2017, we established the Global Policy on EHS and also established the Corporate EHS Council as a company-wide organization in order to strengthen our initiatives on EHS issues. Takeda is committed to carrying out Product Stewardship,* and has used the Global EHS Guideline and checklists to give its 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 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.

* Activities for minimizing the impact of products on health, safety, then environment, and society, considering all stages of the product life-cycle including research, development, procurement, production, distribution, and sales, as well as use and disposal.



WE SUPPORT
Caring for Climate



Message



Takeda is supporting the Paris Pledge for Action, which aims to limit global temperature rises to under two degrees Celsius by reducing greenhouse gas emissions. In implementing this pledge we are committed to reducing our CO₂ emissions by 30% by fiscal 2030 (from fiscal 2015). To derive this new target, we have taken a science-based, outside-in approach as recommended by United Nations Global Compact.

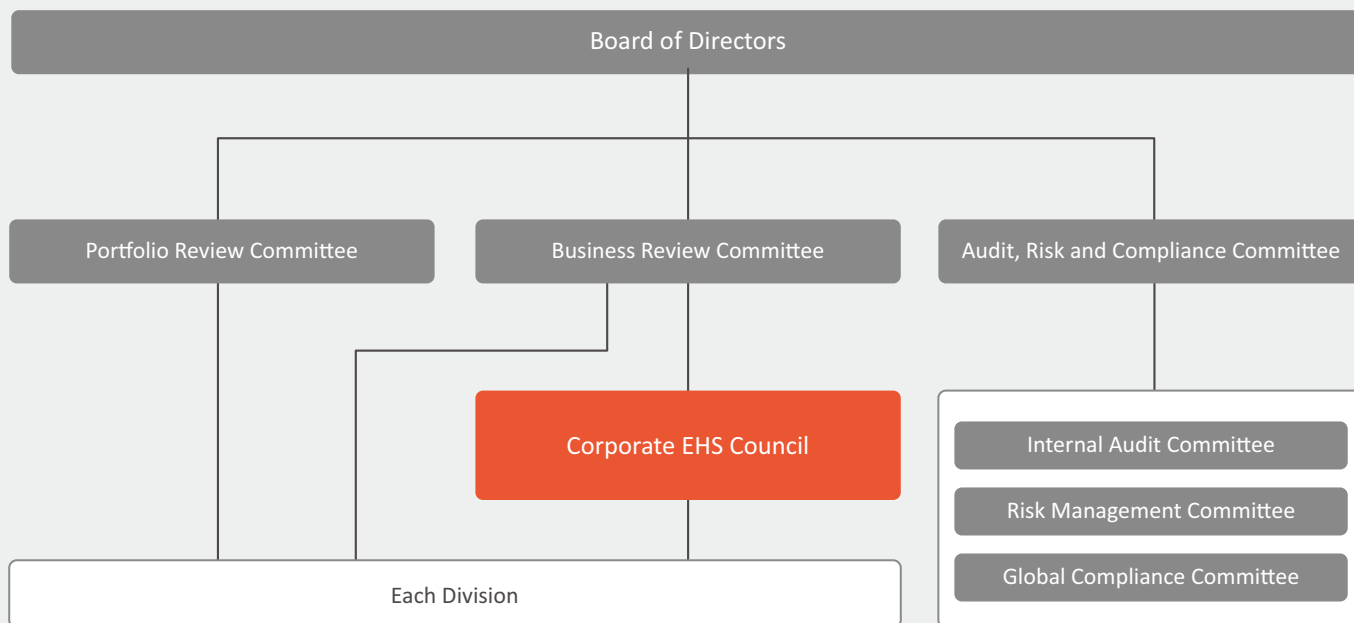
Takeda has recently created a Corporate Environment, Health and Safety (EHS) Council that acts as the highest EHS governance body within Takeda. Through this council our corporate EHS organization is leading a number of initiatives linked to the United Nations' Sustainable Development Goals. In terms of occupational health and safety our Global Manufacturing and Supply organization has reduced the number of workers' accidents with day off by over 50% from fiscal 2014 to fiscal 2016. Our R&D organization reduced workers' accidents with day off to zero during the same period. These results have been driven by ongoing programs such as "Safe Takeda" and face-to-face dialogues with associates. We have also kicked-off a product stewardship initiative to manage the environmental impact of our products throughout their life-cycle, from research to disposal. This program is supported by sustainable procurement and supplier risk management, steered by our colleagues from Global Procurement.

Throughout Takeda, our employees are making valuable contributions to Environment, Health and Safety. What we need now is to "connect all dots" across functions and departments and share best practices to ensure continuous improvements year over year.

Thomas Wozniowski

Global Manufacturing and Supply Officer (GMSO)
Chairperson of Corporate EHS Council

Corporate EHS Management Structure



Corporate EHS Council

To help drive business activities based on the Global Policy on EHS formulated in April 2017, Takeda constructed a new organizational framework by establishing of the Corporate EHS Council, chaired by the Global Manufacturing and Supply Officer (GMSO) and consisting of representatives from all Takeda business functions. The Corporate EHS Council sets out corporate strategies and activities regarding EHS and decides on company-wide targets and important measures. The council also monitors Takeda’s progress and continuously implement improvements for EHS activities.



Global Policy on EHS/Global EHS Guideline

Takeda has formulated the Global Policy on EHS as a new basic policy. Based on the Global EHS Guideline for Production and Research Sites formulated in 2013 and the Global EHS Guideline for Office Sites in 2014, the entire Group will work together to promote EHS activities. We are currently revising these guidelines in light of the new policy.

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 Group Environmental Action Plan to specify environmental issues and targets for the medium and long term. To fulfill our social responsibilities as a global pharmaceutical company, we have set concrete numerical targets to combat global warming and reduce waste. We review our progress toward these targets annually, and continuously promote activities for achieving the targets. Furthermore, in an effort to reduce our environmental footprint by setting concrete numerical targets, we have formulated an action plan with targets for fiscal 2020, and we have established CO₂ emission reduction targets for fiscal 2030.

Assessment 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 by LIME.* Based on the results of these assessments, we identified material issues to be addressed 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 revenue 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.

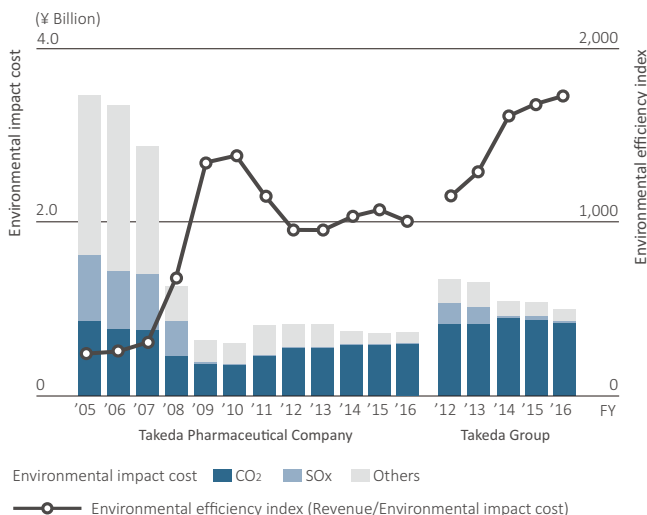
* LIME (Life-cycle Impact assessment Method based on Endpoint modeling) was developed as a national project in Japan for making a quantitative overall assessment of various environmental impacts, including CO₂, waste, and chemical substances.



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

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

Trends in Environmental Impacts Due to Business Operations



Data collection sites: Takeda Pharmaceutical Company’s production and research sites ('05-'16), including indirect emissions associated with purchased electricity. All production and research sites ('12-'16), including indirect emissions associated with purchased electricity.

Environmental Management System

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

ISO 14001-Certified Sites

Takeda Pharmaceutical Company Limited	<ul style="list-style-type: none"> •Osaka plant •Hikari plant
Nihon Pharmaceutical Co., Ltd.	<ul style="list-style-type: none"> •Narita plant •Osaka plant
Takeda Healthcare Products Co., Ltd.	<ul style="list-style-type: none"> •Company-wide
Guangdong Techpool Bio-Pharma Co., Ltd.	<ul style="list-style-type: none"> •Guangzhou plant
Tianjin Takeda Pharmaceuticals Co., Ltd.	<ul style="list-style-type: none"> •Tianjin plant
Zydus Takeda Healthcare Pvt. Ltd.	<ul style="list-style-type: none"> •Vashi plant
Takeda GmbH	<ul style="list-style-type: none"> •Singen plant •Oranienburg plant •Konstanz plant
Takeda Austria GmbH	<ul style="list-style-type: none"> •Linz plant
Takeda Pharma Ltda.	<ul style="list-style-type: none"> •Jaguariúna plant



Environmental Accounting

Takeda has been monitoring and supervising environmental protection investments and expenditures since fiscal 1980. The table below shows the costs in business areas for Takeda in Japan, upstream and downstream costs, and the cost of administrative activities. In fiscal 2016, environmental protection investments totaled ¥616 million and expenditures were ¥2,616 million. Upgrading environmental protection equipment accounted for the majority of the investments. In addition, there were about ¥2,200 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 ¥86 million.

Environmental Protection Costs		(¥ Million)	
Category		Investments	Expenditures
Business area costs	Pollution prevention	403	1,674
	Environmental protection	146	31
	Resources recycling	67	617
Upstream and downstream costs		—	34
Administrative costs		—	260
Total		616	2,616

- Data collection period: April 1, 2016 to March 31, 2017
- 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 A- (Leadership level) in CDP for 2016, a scoring system that evaluates the climate change response of companies based on a questionnaire jointly issued by global financial institutions.

In the 20th Environmental Management Survey of Japanese companies conducted by Nikkei Inc., (announced in January 2017), Takeda came first in Japan's pharmaceutical industry category, scoring 441 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 socially responsible investment (SRI) funds such as the SNAM (Sompo Japan Nipponkoa Asset Management Co., Ltd.) Sustainable Investment Fund.

In 2017, Takeda was selected for the second year running for inclusion of the Global 100 Most Sustainable Corporations in the World Index published by Corporate Knights Inc. of Canada. Takeda achieved this distinction based on 14 key performance indicators, including energy productivity and safety performance, and ranked highest among the four Japanese companies that were selected.

See P.20 Strategic Engagement
P.49 Initiatives to Deal with Climate Change

Environment

Takeda is promoting global efforts to reduce EHS risks based on the Global EHS Guideline.

Reducing EHS Risks

Fundamental Stance on Reducing EHS 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 EHS risks as much as possible from environmental, health and safety perspectives. We continue to upgrade our efforts to reduce risks from the perspective of EHS based on the Global EHS Guideline, by carrying out EHS procedures at each stage of operations, and by continuing to conduct Environment, Health and Safety Audits.

Environment, Health and Safety Audit

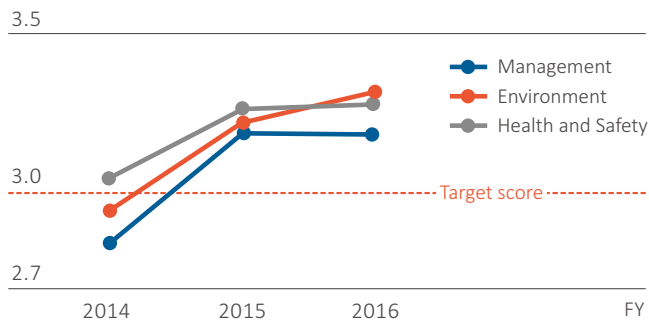
Takeda conducted Environment, Health and Safety Audits to ensure each site's EHS management system is effectively functioning in order to properly manage EHS risks based on the Global EHS Guideline.

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 2016, Environment, Health and Safety Audits were implemented at 12 sites globally. As a result, no serious indications were identified.

Site Self-Assessment

We conduct self-assessments based on the Global EHS Guideline Checklist for the purpose of confirming the status of EHS management at all business sites. Under the checklist, the level of management is evaluated on a five-point scale, and

Trends in Self-Assessment Scores Based on the Global EHS Guideline Checklist



Takeda aims to achieve a management status of level three by fiscal 2017. The average score for all business sites shows that there has been an improvement from fiscal 2014.

Safety Initiatives for Manufacturing Processes

Takeda is promoting initiatives to reduce the risk to people and the environment from fires, explosions, and leaks in the manufacturing process, based on the Global EHS Guideline. All sites establish EHS targets based on a risk assessment for ascertaining latent hazards, and pursue EHS measures that encompass both tangible and intangible aspects.

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

On the intangible side, we take initiatives such as creating manuals and conducting education and training. We also established response procedures in the event of a disaster or emergency, and conduct evacuation and emergency response drills, among other measures.

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

See P.41 Occupational Health and Safety

Environmental Monitors

At the Hikari plant, the Osaka plant, and the Shonan Research Center, Takeda invites 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 or laboratory. Site management responds meticulously to any feedback from these surveys, and we also hold plant tours and other events for Environmental Monitors.

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

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

Initiatives to Deal with Climate Change

Fundamental Stance Regarding Climate Change

Takeda established an Energy Conservation Committee in 1974, and for more than 40 years since, it has conducted energy conservation activities to help reduce CO₂ emissions. We actively publicize our progress through the report, CDP and other means.

Takeda has signed the Paris Pledge for Action to pave the way for achieving the Paris Agreement. We are participating in Caring for Climate, the world's largest corporate-led initiative on climate change, and we are working to reduce CO₂ emissions on a Group-wide basis.

Mid-Term Group Targets

Under the Takeda Group Environmental Action Plan formulated in 2015, Takeda has set the following Group CO₂ emissions target for fiscal 2020.

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

Moreover, in September 2017, Takeda set the following Group CO₂ emissions target for fiscal 2030. We are undertaking procedures to obtain certification of these targets by Science Based Targets (SBT), an international initiative for the setting of science-based CO₂ emissions targets.

- Reduce CO₂ emissions from energy sources by 30% from fiscal 2015 levels by fiscal 2030

Results for Fiscal 2016

For Takeda worldwide, fiscal 2016 CO₂ emissions were 367 kilotons (Scope 1: 161 kilotons , Scope 2: 206 kilotons) , down 25% from fiscal 2005. CO₂ emissions for Takeda Pharmaceutical Company alone were 240 kilotons, a 42% reduction from fiscal 1990 level.

In fiscal 2016, energy usage increased, mainly due to an increase in production volume and extremely hot weather in Japan. We are taking steps to reduce energy usage and produce cost savings through energy conservation measures such as changing the settings of air conditioners at all business sites and optimizing how we operate freezers. At office buildings, we are pushing ahead with measures including converting to LED lighting. In line with the advance of Takeda's global activities, its energy consumption has risen further 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.



Related SDGs

7: Affordable and Clean Energy 13: Climate Action

Data assured by a third party

See P.82 Independent Assurance of Environmental and Social Performance Indicators



Fiscal 2016 Results
(from fiscal 2005 level)

25%

Reduction

CO₂ emissions

Group Target
(from fiscal 2005 level)

25%

Reduction

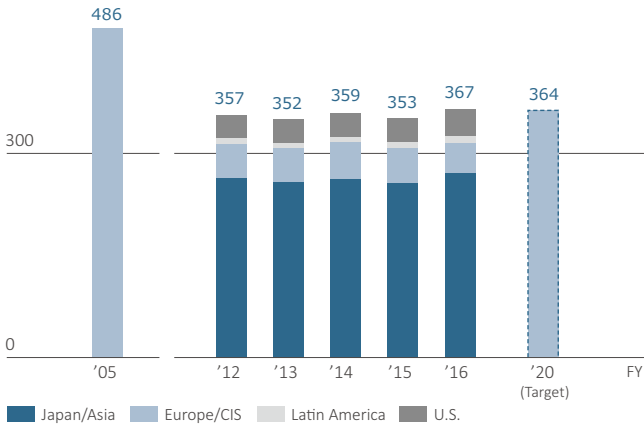
CO₂ emissions by fiscal 2020

Environment

Takeda will continue working to reduce CO₂ emissions across the entire value chain including suppliers and customers.

CO₂ Emissions

(Kilotons of CO₂)
600



Data collection sites: All production and research sites (Takeda Pharmaceutical Company Limited includes its headquarters and sales offices.)

Due to a change in the CO₂ emission factors for purchased electricity and divestments, past data has been restated.

Calculation Method

• Emissions included in the calculation

CO₂ emissions refer to direct emissions generated by combustion of fossil fuels and indirect emissions from energy sources.

• CO₂ emission factor

Emissions of Takeda in Japan are calculated based on the "Law Concerning the Rational Use of Energy," and the CO₂ emission factor for purchased electricity is the emission factor for each electric power provider in fiscal 2005. The CO₂ emission factors for electricity purchased outside Japan are based on the emission factors for each electric power provider, or the emission factors provided by the IEA for each country.

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

Energy Saving Working Group

In fiscal 2016, Takeda set up the Energy Saving Working Group, comprising members of all manufacturing sites and R&D sites. This group will accelerate energy conservation activities by sharing best practices and globally undertaking initiatives to raise the awareness of employees.

Reducing Environmental Impact During Transportation of Products

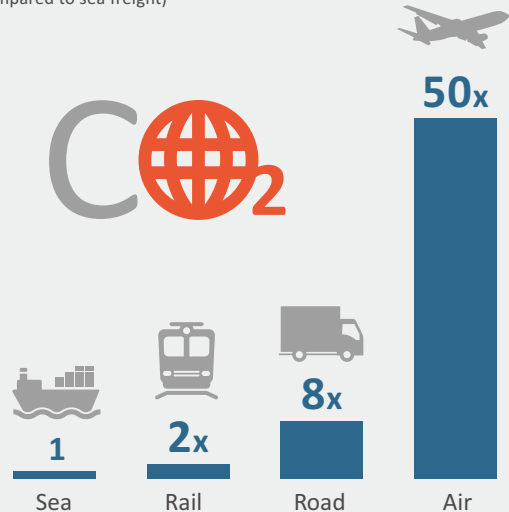
Takeda is working to reduce its environmental impact during the transportation of products. Beginning with Japan, Europe and Latin America, we are advancing measures to achieve a modal shift in transportation from airplanes to ships and railways capable of mass transportation. As a result, we reduced CO₂ emissions by 630 tons of over the seven-month period from September 2016 to March 2017. In addition, in Japan we established a new structure for the joint storage and distribution of prescription pharmaceuticals together with several peer companies in the pharmaceutical industry. Looking ahead, we will continue to globally expand our initiative to reduce our environmental impact during transportation of products.




Related SDGs

11: Sustainable Cities and Communities

Emissions Factors by Transport Mode (compared to sea freight)



Source: GHG Protocol

 Data assured by a third party

 See

P.82 Independent Assurance of Environmental and Social Performance Indicators

Use of Renewable Energy Sources and Other Advances

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 GmbH Oranienburg plant, the Osaka and Hikari plants and some company housing. Moreover, in 2016 we switched from fossil fuels to bio-fuels at the Asker plant (Norway), thereby reducing CO₂ emissions, as well as achieving zero SO_x emissions.



Solar Power Generation Facilities at Hikari plant

Product Stewardship

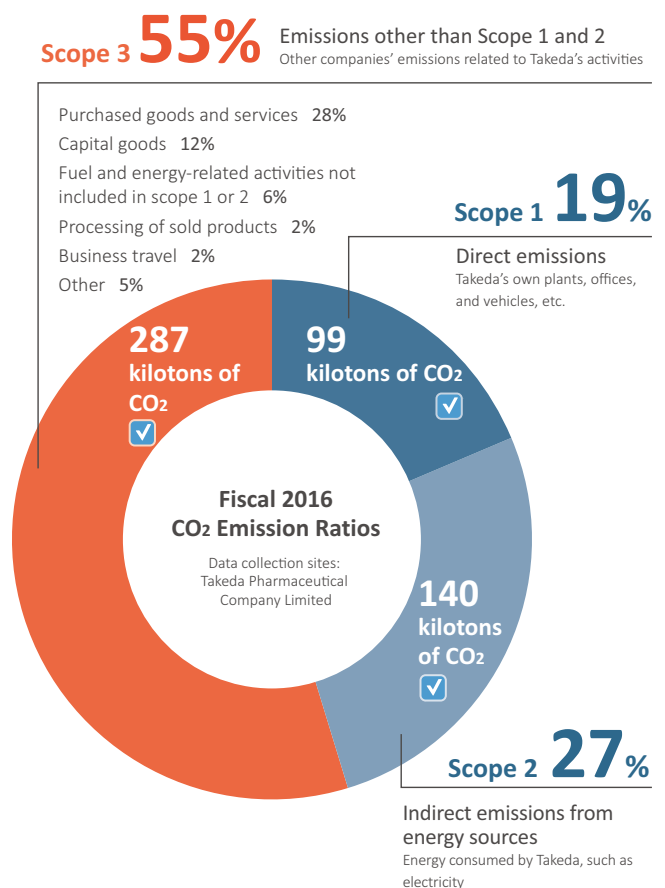
Takeda considers the impact of its products on the environment and on people's health and safety throughout the product life-cycle (research, development, purchasing of raw materials and supplies, manufacturing, transportation, use, and disposal) and engages in product stewardship so as to minimize this impact.

Product stewardship is undertaken across all of Takeda's business activities. This includes the disclosure of risk information pertaining to product safety, consideration of manufacturing methods reflecting green chemistry, establishment of work methods that reduce the impact on workers involved in product manufacturing, supplier management (P.14), consideration of the impact on aquatic life due to residual products in wastewater released from plants (P.52), adoption of environmentally-friendly packaging (P.50), reduction of CO₂ emissions in product transportation (P.50), and anti-counterfeiting measures (P.31).

Going forward, Takeda will enhance its business activities and the confidence in its products across the entire value chain while refining these activities and fostering collaboration with stakeholders.

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.



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

✓ Data assured by a third party

See P.82 Independent Assurance of Environmental and Social Performance Indicators
P.83 Calculation Method for Scope 3 CO₂ Emissions



Related SDGs

7: Affordable and Clean Energy 13: Climate Action

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

Water Resources Conservation Initiatives

Reducing Water Usage

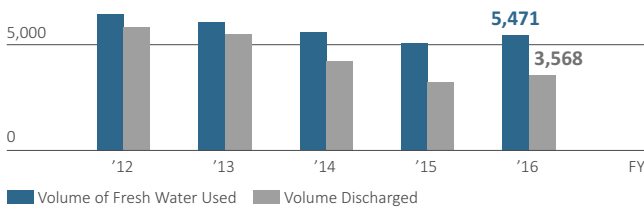
Scarcity of water is becoming a serious concern worldwide as demand for water continues to climb.

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, 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

(thousand m³)
10,000



Data collection sites: All production and research sites
Due to divestments, past data has been restated.
The data does not include non-contact cooling water.

Results for Fiscal 2016

Under the Takeda Group Environmental Action Plan, Takeda has set a target of reducing its fresh water usage by 30% from fiscal 2005 levels by fiscal 2020. In fiscal 2016 we used 5,471 thousand m³ of fresh water, a reduction of 42% 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

Based on these, Takeda will strive to minimize the release of toxic chemical substances into public water environments by separation and detoxification.

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

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

Related SDGs
 6: Clean Water and Sanitation
 14: Life below Water 15: Life on Land

Data assured by a third party [See](#) P.82 Independent Assurance of Environmental and Social Performance Indicators

Fiscal 2016 Results
(from fiscal 2005 level)

42%

Reduction

The volume of fresh water used

Group Target
(from fiscal 2005 level)

30%

Reduction

The volume of fresh water used by
fiscal 2020



Since 1933, the garden has continued to research plants with medicinal properties, and helped to preserve endangered species.

Takeda Garden for Medicinal Plant Conservation (Kyoto)

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 2,600 species of plant, of which around 2,000 are medicinal or useful. The garden strives to gather endangered plants, and currently has 216 species including near threatened ones (as of August 31, 2017). The garden conducts an active seed exchange program with other botanical gardens around the world. In fiscal 2016 the garden contacted 198 gardens in 30 countries around the world about the program. Fifty-four of these, in 19 countries have expressed a desire to receive seeds.

The garden is more than just a facility for preserving medicinal and useful plants. It is also active as a facility for supporting education. As part of this, the garden holds symposiums for students of pharmaceutical college and continues 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>



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

Takeda recognizes the importance of biodiversity conservation, and its Global Policy on EHS incorporates guidelines concerning biodiversity conservation. Each business site promotes initiatives in line with the objectives of the Convention on Biological Diversity.

Initiatives for Sustainable Use of Biological Resources

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

Sources of Herbal Medicines	FY2014	FY2015	FY2016
Percentage of Wild Plants (based on volume)	20.2%	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. In 2014, we registered the first domestically produced variety, "Miyako No. 1." Subsequently, we made improvements in cultivation, harvesting, and processing and succeeded in mass producing licorice. By 2020, we plan to start using domestic licorice in our own products, then increase the usage ratio and switch to domestic production of all licorice used in Takeda products.

Efforts to Conserve Biodiversity in Local Communities

Takeda is working to conserve biodiversity in local communities all over the world. In Takeda California, Inc., we are promoting activities in cooperation with community environmental protection groups. From 2014 to 2017, we planted 6,000 trees to create a park along the banks of the San Diego River.



Related SDGs
 6: Clean Water and Sanitation
 14: Life below Water 15: Life on Land

Environment

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 2016

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.

Under the Takeda Group Environmental Action Plan, Takeda has set a target of reducing the volume of final waste disposal in Japan by 60% compared with fiscal 2005 levels and is conducting ongoing activities to achieve this goal.

Takeda in Japan generated 88 tons of waste for final disposal in fiscal 2016, a decrease of 77% compared with fiscal 2005, reflecting waste reduction efforts such as promotion of zero-emission activities.

Reduction in Releases of Chemical Substances

Fundamental Stance and Results in Fiscal 2016

Takeda handles a wide variety of chemical substances, including its pharmaceutical products. We are working to appropriately manage chemical substance in line with our policy of “Strive to reduce environmental emissions of chemical substances, using risk assessments to prioritize emissions reduction efforts.”

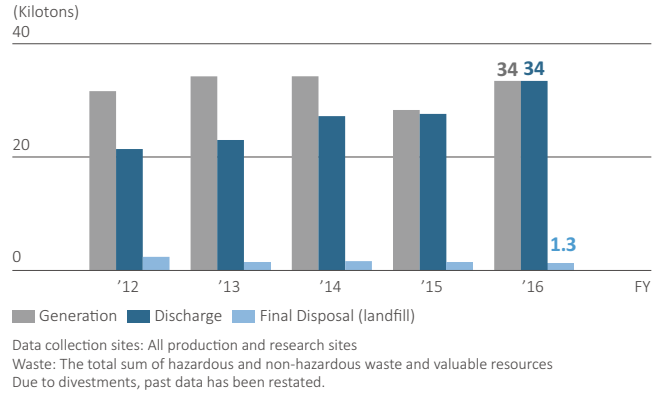
In fiscal 2016, Takeda’s atmospheric VOC emissions were 104 tons. Takeda in Japan handled 11 PRTR-designated substances, of which seven tons were released into the atmosphere.



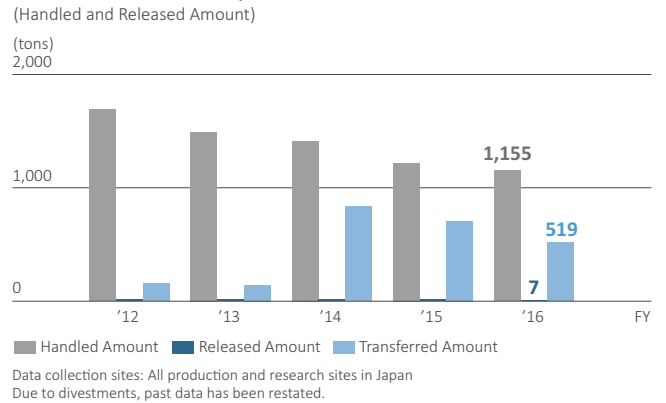
Related SDGs

6: Clean Water and Sanitation
14: Life below Water 15: Life on Land

Trends in Waste Generation, Discharge and Final Disposal



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



✓ Data assured by a third party

See P.82 Independent Assurance of Environmental and Social Performance Indicators

Fiscal 2016 Results (from fiscal 2005 level)



77%
Reduction

The volume of final waste disposal (Japan)

Group Targets (from fiscal 2005 level)

60%
Reduction

The volume of final waste disposal by fiscal 2020 (Japan)

Air, Water, and Soil Quality Conservation

Fundamental Stance and Results in Fiscal 2016

At each of its operating site, 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 Zydus Takeda Healthcare Pvt. Ltd. in India.

Under the Takeda Group Environmental Action Plan, Takeda aims to reduce its NOx emissions by 20% from fiscal 2005 levels and SOx emissions by 75% by fiscal 2020. In fiscal 2016, we reduced NOx emissions by 78% from fiscal 2005 levels and SOx emissions by 99%.

Measures to Prevent Pollution

Fundamental Stance and Results in Fiscal 2016

Takeda is working to prevent contamination of soil and groundwater. We manage this appropriately in line with laws and regulations, including conducting periodic groundwater monitoring at all sites.

Moreover, in fiscal 2016 there were no environmental incidents such as leaks of substances that have an impact on the environment.



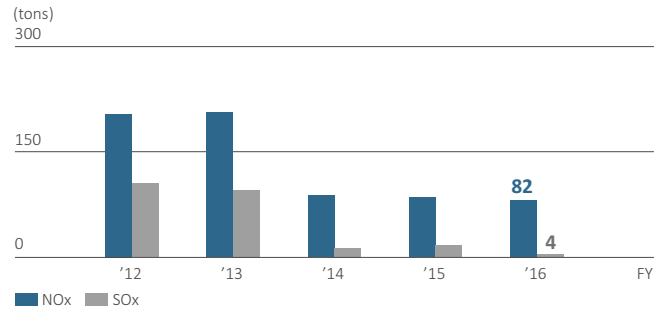
Related SDGs

6: Clean Water and Sanitation
14: Life below Water 15: Life on Land

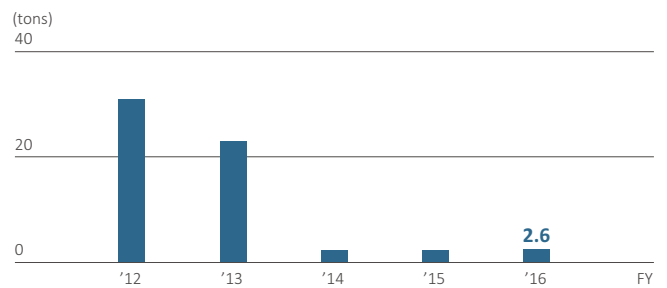
✓ Data assured by a third party

See P.82 Independent Assurance of Environmental and Social Performance Indicators

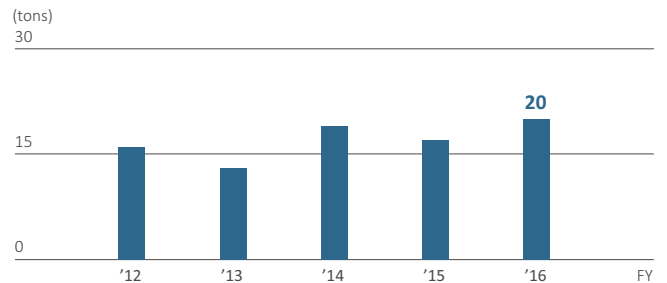
NOx and SOx Emissions ✓



Dust Emissions



COD Load ✓



Data collection sites: All production and research sites
Due to divestments, past data has been restated.
The COD load discharged into the sea is reported.

Fiscal 2016 Results (from fiscal 2005 level)

NOx **78% Reduction**
NOx emissions

SOx **99% Reduction**
SOx emissions

Group Targets (from fiscal 2005 level)

20% Reduction
NOx emissions by fiscal 2020

75% Reduction
SOx emissions by fiscal 2020

Environment

Takeda conducts independent initiatives in various local communities to promote business in harmony with the environment.

Activities at Sites

Japan

At the Shonan Research Center, Takeda confirmed five species of rare plant growing on site when it conducted its environmental impact projection assessment prior to construction. Those that were growing in the areas that would be affected by the construction work were relocated to suitable positions on the site under the direction and advice of experts. Currently there are 10 areas of the site that are protected and cannot be entered. Takeda monitors the status of the plants each month and strives to maintain the botanical environment by removing weeds and so forth.



Protected zones for rare plants

India

In India every year on June 5, World Environment Day is celebrated. Zydus Takeda conducts activities related to environment to raise employee awareness and promote environmental preservation efforts. In 2016, employees signed a paper with the slogan “Connecting People to Nature,” as a pledge and did Basil plantation to contribute towards green environment. Also held an environmental quiz, “Poster competition” and other activities as well. Company participated in mass tree plantation by planting 1,500 saplings in the land provided by State Government.



Planting basil

Japan

At the Takeda Garden for Medicinal Plant Conservation, Kyoto, Takeda strives to collect and protect endangered plant species. One of these is *Amorphophallus titanum*, a native of the Indonesian island of Sumatra. A corm was acquired in 1993 and carefully cultivated. In August 2017, it produced one of the largest flowers in the world, making Takeda Garden for Medicinal Plant Conservation, Kyoto the 9th facility in Japan to house the flower. The garden is a private facility, however, it was opened for a limited time to give the public a rare chance to view the flower of the *Amorphophallus titanum*, which is said to bloom just once in seven years, blooming in its 24th year at the facility.



Amorphophallus titanum, in bloom

Ireland

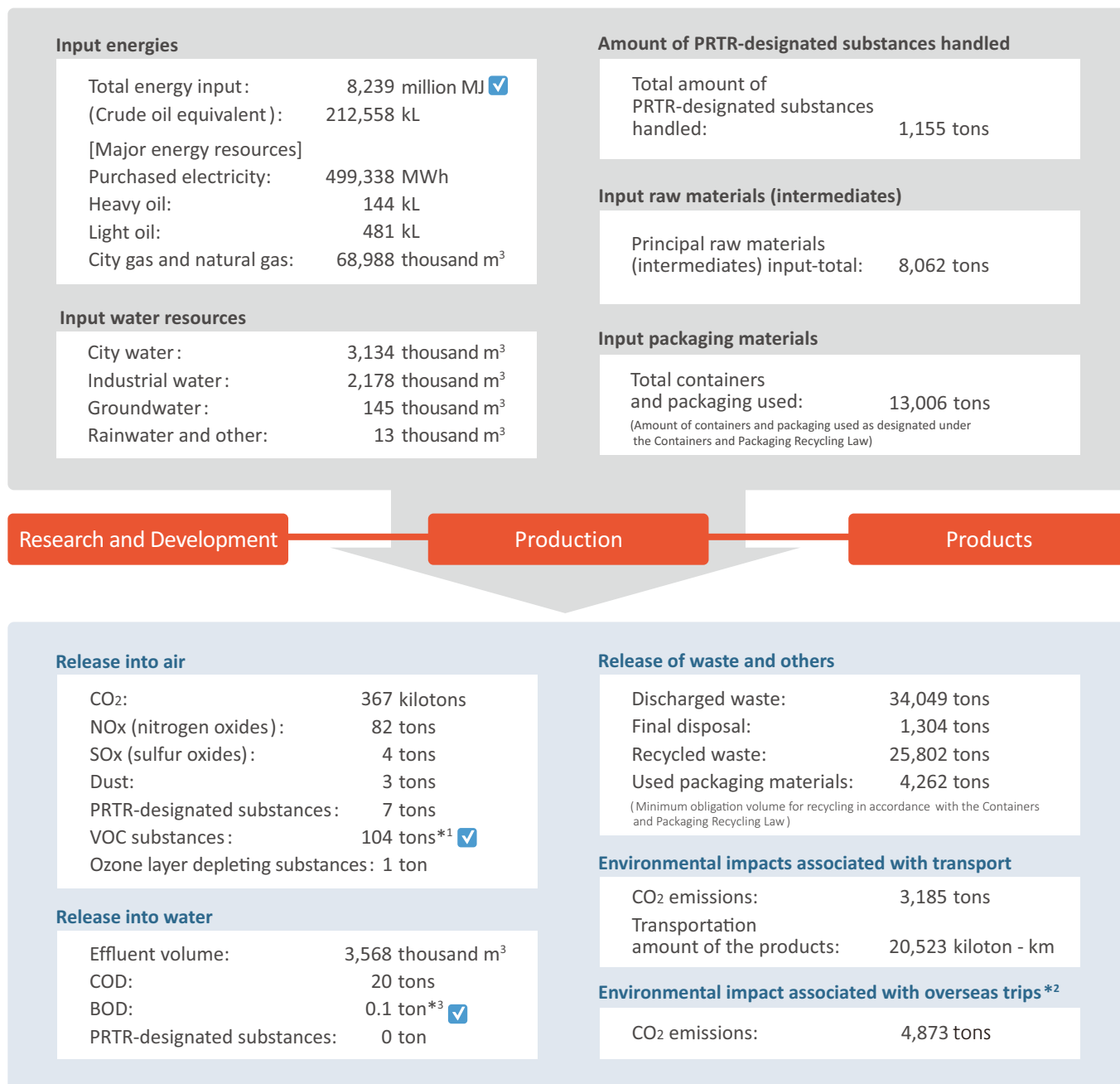
Takeda Ireland Bray has heavily invested in energy saving projects over the past three years, including more efficient boilers, air handling systems and switching to LED lights. These efforts have achieved a 1,510 ton reduction in CO₂ emissions. Moreover, an “environmental day” is organized each year, to raise employees’ awareness around issues such as energy savings and waste reduction – both at work and at home. The event includes quiz-type and experiential activities as well as displays from local energy supplier and waste vendors about activities undertaken at home in an effort to disseminate initiatives through the local community.



Experiential activities on Energy Day

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, 2016 to March 31, 2017
- Data collection sites: All 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.

*² CO₂ emissions associated with passenger transport *³ The BOD load discharged into the river is reported.

Data assured by a third party

See P.82 Independent Assurance of Environmental and Social Performance Indicators



Related SDGs

12: Responsible Consumption and Production

Environment

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

Data by Region

Total Input Energies	(Unit: million MJ)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	5,366	5,232	5,154	5,073	5,362
Europe/CIS	1,660	1,709	1,669	1,586	1,588
Latin America	369	366	386	435	447
U.S.	657	693	681	689	841
Total	8,052	8,000	7,890	7,782	8,239

CO ₂ Emissions	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	264,973	258,699	262,884	257,319	272,579
Europe/CIS	49,481	49,394	53,501	50,654	43,909
Latin America	8,846	8,301	7,955	10,459	10,890
U.S.	33,559	35,134	34,665	35,034	39,491
Total	356,859	351,528	359,005	353,465	366,869

Fresh Water Used	(Unit: thousand m ³)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	5,469	5,073	4,532	4,123	4,385
Europe/CIS	681	712	735	639	679
Latin America	210	164	176	163	198
U.S.	120	139	143	172	209
Total	6,479	6,089	5,586	5,097	5,471

NO _x	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	133	133	54	42	43
Europe/CIS	65	68	28	37	30
Latin America	4	3	3	4	3
U.S.	1	1	3	3	5
Total	204	206	88	85	82

SOx	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	4	4	2	1	1
Europe/CIS	100	92	10	15	2
Latin America	0.6	0.4	0.5	0.6	0.7
U.S.	0.03	0.03	0.04	0.02	0.05
Total	105	96	13	17	4

Waste Generation	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Japan/Asia	17,249	19,151	18,261	15,214	18,868
Europe/CIS	12,576	13,248	14,241	11,173	13,065
Latin America	1,196	1,251	1,224	1,155	1,208
U.S.	773	770	704	802	1,208
Total	31,795	34,419	34,430	28,343	34,349

Final Waste Disposal	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Osaka plant	7	5	4	4	3
Hikari plant	0	0	0	0	0
Shonan research center	22	16	18	19	19
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	149	109	115	85	66
Total	178	130	137	109	88

Atmospheric Release of PRTR Substances	(Unit: tons)				
	FY2012	FY2013	FY2014	FY2015	FY2016
Osaka plant	0.2	0.2	0.2	0.2	0.1
Hikari plant	14.8	11.3	11.7	11.6	6.5
Shonan research center	0.8	0.7	0.5	0.4	0.4
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	1.4	0.0	0.4	0.0	0.0
Total	17.2	12.2	12.8	12.3	7.0



Takeda has established a framework of global policies on anti-corruption and is continuing to ensure compliance with these.

Takeda ensures strict adherence to the laws of each country, the Code of Practice of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and its member associations, 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. Takeda has a dedicated anti-corruption global policy that reinforces our zero-tolerance position against corrupt practices in all our business dealings.

The Takeda Global Code of Conduct

The Takeda Global Code of Conduct gives us a framework for achieving the ethical and moral standards we aspire to. It sets out the principles we must follow every day and helps us preserve the integrity that is ingrained in our heritage, and which underpins Takeda-ism and

our priorities of Patient-Trust-Reputation-Business. The Global Code of Conduct applies to all Takeda employees and enables all of us to make everyday decisions in line with our Values.

See P.24 Compliance



Fair Promotion Activities

Takeda has established a Global Policy on Interactions with Healthcare Professionals and Healthcare Entities to ensure that these interactions comply with all applicable laws, regulations, industry codes and Takeda's global standards.



30,000

Number of employees who will be trained on Takeda Global Code of Conduct in 2017

Future Outlook

Issues and Initiatives
Going Forward

In order to implement our policies as effectively as possible in line with the situation in each country, and to ensure that they are followed, we are continually developing individual standard operating procedures for each country. We have 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 further measures to ensure compliance, for example implementing a compliance-related risk assessment to ensure we continue to build a best-in-class and sustainable compliance program that puts the patient at the center of everything we do.

Global Policies Related to Anti-Corruption



Related SDGs

16: Peace, Justice and Strong Institutions

Takeda Global Code of Conduct
Global Anti-Corruption Policy
Global Investigations Policy
Global Policy on Interactions with Patient Organizations and Patients
Global Policy on Interactions with Healthcare Professionals and Healthcare Entities
Global Policy on Interactions with Government Officials and Government Entities

Anti-Corruption

We follow the principles set out in the Takeda Global Code of Conduct as well as all relevant policies in all 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 principles included in the Takeda Global Code of Conduct prohibit corruption and bribery, and strictly forbid 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 Global Anti-Corruption Policy as well as other global policies such as the Global Policy on Interactions with Government Officials and Government Entities.



Related SDGs

16: Peace, Justice and Strong Institutions



Global Anti-Corruption Policy/ Key Principles (Extract)

- Takeda prohibits the offer or use of any illegal or improper inducement, bribe or corrupt transfers of Anything of Value in order to gain any unfair or improper advantage for our business, whether in dealings with Government Officials, Government Entities or the private sector.
- Takeda will not conduct through a Third Party Intermediary acting on its behalf any activity that it is prohibited from doing itself.
- Takeda employees who engage Third Party Intermediaries must ensure those Third Party Intermediaries are informed of the requirements set forth in this Policy and agree to adhere to them.
- Takeda will not pay, authorize to pay or offer Facilitation Payments.
- Takeda will conduct appropriate due diligence on Suppliers and other Third Party Intermediaries based on the nature of their activities and our relationship with them.
- Takeda will maintain accurate books, records and accounts in reasonable detail to ensure no payments are made for any purpose other than that which is accurately described.



Transparency Guideline

Relationship with Medical Institutions and Patient Groups

As a member of an industry related to people's lives, society expects 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 the 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.

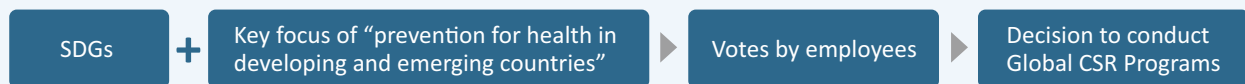


We will cooperate with international organizations, NGOs, and others to carry out activities focused on the healthcare field.

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

Takeda is engaged in various CSR programs that reflect the calls of international society, such as the United Nations Sustainable Development Goals (SDGs). These activities also play an important part in our Access to Medicines initiative. Since fiscal 2016, we have held votes among all our employees worldwide to promote activities in line with the key focus of “prevention for health in developing and emerging countries.” Based on the results of these votes, we have decided to conduct six Global CSR Programs to date.



See ▶ P.6 Action Mapping for SDGs P.8 Access to Healthcare P.66 Global CSR Programs

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.68 Activities in Local Communities

Support for Areas Affected by the Great East Japan Earthquake, the Kumamoto Earthquake, and Other Disasters

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 fiscal 2020. We are also supporting areas affected by the Kumamoto Earthquake and other disasters through donations by employees with a matching gift from the company, along with OTC products and other support supplies.

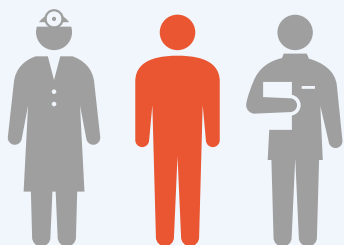
See ▶ P.69 Support for Disaster-Affected Areas



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9

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

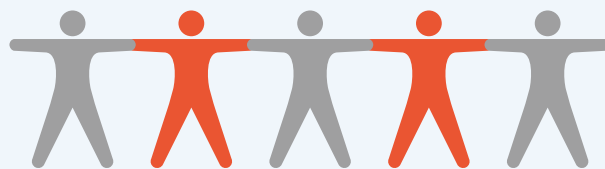


Approx. 8,400

Number of employees who participated in voting for Global CSR Programs (2017)

4

Number of long-range 10-year CSR programs



¥4.3bn

Donation amount for Great East Japan Earthquake assistance

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

Future Outlook

Issues and Initiatives
Going Forward

Takeda is focused on “Goal 17: Partnerships for the Goals,” one of the SDGs. We are promoting links and collaboration with NPOs, NGOs, and CSR promotion organizations, and we are conducting various CSR programs on the theme of “prevention for health in developing and emerging countries.” Looking ahead, we will strengthen our collaboration in a wider range of categories, while enhancing our results measurement and target management. Our goal is to engage in CSR activities with a clear focus on delivering results.

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

Global Healthcare Issues

Global CSR Programs

Takeda has been working to enhance its CSR programs aimed at improving access to healthcare. Since fiscal 2016, we have held votes among all employees worldwide, aiming to promote activities aligned with our key focus of “prevention for health in developing and emerging countries.” Based on the result of these votes, we have decided to conduct the following six Global CSR Programs to date.

Takeda’s Global CSR Programs were selected as a finalist in the “Employee Engagement Category” at the Responsible Business Awards 2017 hosted by the U.K. based CSR media platform Ethical Corporation. The programs were highly rated for enabling employees to participate actively by voting.



Related SDGs

1: No Poverty 2: Zero Hunger 3: Good Health and Well-Being
4: Quality Education 10: Reduced Inequalities



Programs Selected and Launched in Fiscal 2016

“Global Measles Vaccination for Children” Program

In this program, Takeda aims to immunize 5.4 million children with measles vaccine over 10 years. 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.



- Partner: UNITED NATIONS FOUNDATION
- Budget: ¥1 billion
- Area: Approximately 40 developing countries in Africa, Asia, and Latin America
- Period: 10 years

Community Health Workers Training for Maternal and Child Health

The program will build the capabilities of 1,400 community health workers over five years in South Asia, where there is a high infant mortality rate, to reduce preventable deaths among mothers and children by providing some 500,000 people with knowledge and services related to healthcare.



- Partner: World Vision
- Budget: ¥500 million
- Area: India, Bangladesh, Nepal, Afghanistan
- Period: 5 years

Maternal and Newborn Health for Ethnic Minorities

This 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.



- Partner: Save the Children
- Budget: ¥250 million
- Area: Myanmar, Vietnam, Laos
- Period: 5 years

Programs Decided to Conduct in Fiscal 2017



“The First 1000 Days”: Health and Nutrition Program

This program aims to achieve improvements in the “The First 1,000 Days” of life, which serve as the foundation for health over the entire lifespan, through a comprehensive approach including nutrition, water supply, and hygiene improvements. The program will provide health services and improve access for 395,000 pregnant women, enhance care for 323,000 newborns, and improve the nutritional status of 582,000 children under 5 years of age.

• Partner



• Budget: ¥1 billion
• Area: Benin, Madagascar, Rwanda

• Period
5 years



Holistic Health Program for Refugees of South Sudan and Syria

This program will provide holistic support to women and children refugees, who are the most vulnerable, by providing them with clean water, improving the nutrition of the children, and improving the health of pregnant/lactating mothers and their babies. The program will improve the health of 500,000 refugees who are mainly women and children.

• Partner



• Budget: ¥1 billion
• Area: Ethiopia, Uganda, Sudan, South Sudan, Egypt, Jordan, Lebanon

• Period
5 years



Protecting the Lives of Pregnant Women in Africa

This program will strive to protect the lives of pregnant women and girls in rural areas of African countries through community-led health initiatives. The program will deliver training for 2,000 community health workers and health personnel, empower women and girls with knowledge, and deliver basic reproductive healthcare and information to 600,000 community people.

• Partner



• Budget: ¥750 million
• Area: Kenya, Tanzania, Zambia, Ghana

• Period
5 years

Corporate Citizenship Activities

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).



Related SDGs
8: Quality Education

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.



Related SDGs
8: Quality Education

Global Relay for Life Program

Relay for Life (RFL) is a global charity event for fighting cancer, currently held in 29 countries. Takeda is collaborating with RFL organizer the American Cancer Society (ACS) to increase RFL’s activity footprint to more than 46 countries by 2020 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 promote birth registration through awareness raising and proceeding periodical medical checkups with the use of digital device in rural areas in Kenya, where registration rates are low. The program is helping to protect children’s basic human rights and contributing 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/corporate-responsibility>

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 the consumer healthcare product 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.



Related SDGs

11: Sustainable Cities and Communities

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”

Life and Livelihood	Industrial Revitalization
Empowering the Next Generation	Policy Proposals

¥3.1bn

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

Approx. 270

Number of participants in the GCNJ* Collective Action for Recovery from the Great East Japan Earthquake Disaster (As of August 2017)

* GCNJ: Global Compact Network Japan

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
	TOMODACHI	U.S.-Japan Council	10 years (2011-2020)	¥180 million
Empowering the Next Generation	BEYOND Tomorrow	Global Fund for Education Assistance	3 years (2011-2013)	¥60 million
	ARK NOVA Music Program for Children	ARK NOVA Project	3 years (2013-2015)	¥40 million
	OECD TOHOKU SCHOOL	Fukushima University	1 year (2013)	¥10 million
Policy Proposals	Rebuild Japan Initiative	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

Corporate Information As of March 31, 2017

Company Name: Takeda Pharmaceutical Company Limited

Founded: June 12, 1781

Incorporated: January 29, 1925

Paid-In Capital: ¥65,203 million

Representative: Christophe Weber
Representative Director, President & CEO

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

Number of Employees: 29,900 (consolidated)

Head Office:

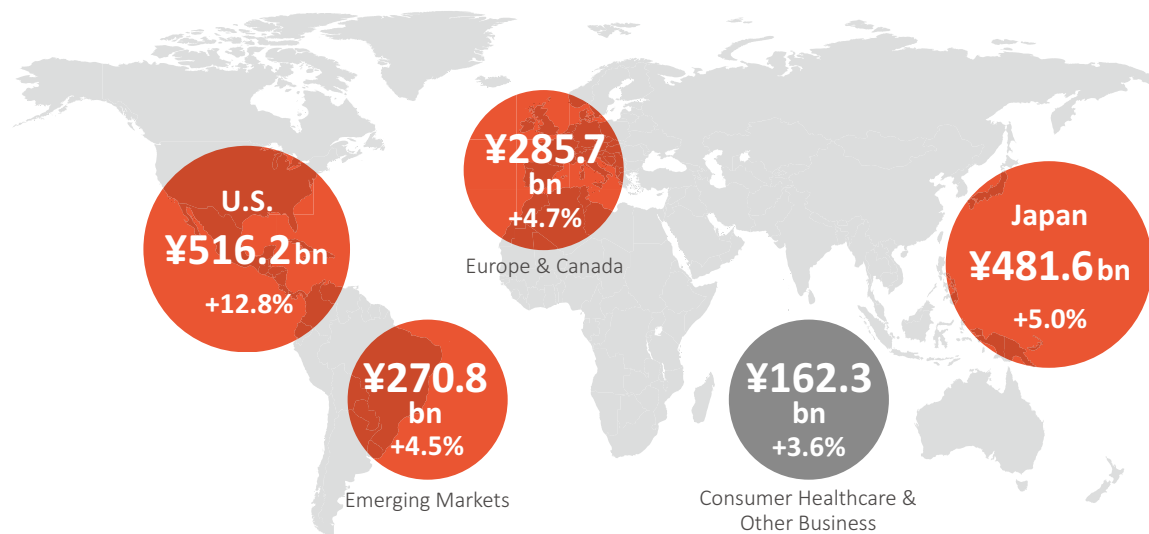
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Fiscal 2016 Underlying Revenue

Overall, Takeda's global underlying revenue for fiscal 2016 totalled ¥1,716.7 billion, an increase of 6.9% over the previous fiscal year.



Fiscal 2016 Results Exceeded Guidance



Grow portfolio

- Underlying Revenue +6.9%, every region growing
- Growth Drivers +14.7%, *ENTYVIO*® ¥146.5 bn



Rebuild pipeline

- Significant progress in R&D transformation
- Over 50 collaborations in 18 months



Boost profitability

- Underlying CE growth +24.2%
- Underlying CE margin +180 bps
- ROE is recovering: 6.0% in fiscal 2016 (+2.1pp from fiscal 2015)

Note: "Underlying growth" compares two periods of financial results on a common basis, showing the ongoing performance of the business excluding the impact of foreign exchange and divestitures from both periods • CE="Core Earnings" is calculated by taking reported Gross Profit and deducting SG&A expenses and R&D expenses. In addition, certain other items that are non-core in nature and significant in value may also be adjusted • bps=basis point: one hundredth of a percent • ROE: Return on equity

Takeda's Growth Drivers

Revenue growth was led by growth drivers +15%

These four areas now account for 55% of total Takeda revenue

+14.7%

Underlying revenue growth

Key Products



Gastroenterology
+33.5%

- ENTYVIO®
- TAKECAB®
- AMITIZA®
- DEXILANT®
- LANSOPRAZOLE



Oncology
+7.5%

- NINLARO®
- ADCETRIS®
- ICLUSIG®
- VECTIBIX®
- LEUPRORELIN
- VELCADE®



Central Nervous System
+26.7%

- TRINTELLIX®
- ROZEREM®
- REMINYL®
- COPAXONE®



Emerging Markets
+4.5%

Key Markets

Russia, Brazil, and China are key contributing markets to the growth

UNGC Advanced Level COP Reference Table

United Nations Global Compact Advanced Level COP Reference Table (December 2015 Version)

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2017
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 Approach to Materiality for Sustainability	5
		Basic Policy on CSR	18-19
		CSR Governance and Strategic Engagement	19-20
		Compliance	24-25
		Risk & Crisis Management	25
Criterion 2	The COP describes value chain implementation	Supplier Management	14-17
		Dialogue with Stakeholders	20
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Fair Promotion Activities	60
Robust Human Rights Management Policies & Procedures			
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	Action Mapping for SDGs	6-7
		International Human Rights Standards	32
		Future Outlook (Human Rights)	33
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Supplier Management	14-17
		Compliance	24-25
		Human Rights Issues and Initiatives	34-35
		Treatment of Employees	35
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Supplier Due Diligence	14
		Dialogue with Stakeholders	20
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2017
Robust Labour Management Policies & Procedures			
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	Action Mapping for SDGs	6-7
		Global Talent Management	38-39
		Future Outlook (Labor)	37
Criterion 7	The COP describes effective management systems to integrate the labour principles	Compliance	24-25
		Diversity & Inclusion	40
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Supplier Management	14-17
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Global Talent Management	38-39
		Diversity & Inclusion	40
		Occupational Health and Safety	41
		Labor (Key Figures)	37-38,40,41

Robust Environmental Management Policies & Procedures			
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	Action Mapping for SDGs	6-7
		Takeda Supplier Code of Conduct	14-15
		Fiscal 2030 Medium-Term Group Targets (from fiscal 2015 level)	43
		Future Outlook (Environment)	43
		Reorganizing the Company-Wide Management Structure	44
		Global Policy on EHS/Global EHS Guideline	45
		Takeda Group Environmental Action Plan	46
		Environmental Management System	46
		Fundamental Stance on Reducing EHS Risks	48
		Initiatives to Deal with Climate Change	49
		Initiatives for Waste Water Management	52
		Results for Fiscal 2016 (CO ₂ emissions, fresh water used, waste, Chemical Substances, Air, Water, and Soil)	49-55
		Criterion 10	The COP describes effective management systems to integrate the environmental principles
The Takeda Global Code of Conduct and Reinforcement of the Global Compliance Program	24		
Reorganizing the Company-Wide Management Structure	44		
Environmental Management System	46		
Reducing EHS Risks	48		
Initiatives in Products	50		
Water Resources Conservation Initiatives	52		

UNGC Advanced Level COP Reference Table

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2017
Criterion 11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Assessment of Activities Using an Index	46
		Environmental Management System	46
		Environmental Accounting	47
		External Evaluation of Environmental Initiatives	47
		Environment, Health and Safety Audit	48
		Initiatives for Sustainable Use of Biological Resources	53
		Waste Reduction	54
		Reduction in Releases of Chemical Substances	54
		Air, Water, and Soil Quality Conservation	55
		Environmental Impacts Associated with Takeda's Business Activities	57
		Data by Region	58-59
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Environment (Key Figures)	43,46,49-55,57-59

Robust Anti-Corruption Management Policies & Procedures

Criterion 12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	Action Mapping for SDGs	6-7
		AtM Governance Organizational Structure	9
		Compliance	24-25
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Global Policies Related to Anti-Corruption	61
		Anti-Corruption	62
		Transparency Guideline	63
		Future Outlook (Anti-Corruption)	61
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	24
		Promotion of Compliance at Takeda Group Companies	24
		Promotion of Compliance in Research	25
		Management of Major Risks	25
		Quality Management System	28-31
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Relationship with Medical Institutions and Patient Groups	63
Criterion 14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Dialogue with Stakeholders	20
		Takeda Ethics Line	25
		Human Rights At a Glance	32-33
		Human Rights Issues and Initiatives	34-35
		Future Outlook (Anti-Corruption)	61

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2017
Taking Action in Support of Broader UN Goals and Issues			
Criterion 15	The COP describes core business contributions to UN goals and issues	Action Mapping for SDGs	6-7
		CSR Community	20
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GRI Standards Reference Table

GRI Sustainability Reporting Standards Content Index

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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, 2016 to March 31, 2017 included in its Sustainable Value Report 2017 (the "Report") for the fiscal year ended March 31, 2017 (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 Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements', issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing with the Company's responsible personnel to obtain an understanding of its policy for the preparation of the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical 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 Oranienburg site of Takeda GmbH selected on the basis of a risk analysis.
- Evaluating the overall statement in which the Indicators are expressed.

Conclusion

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

Our Independence and Quality Control

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

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
September 21, 2017

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)	Σ (value of purchased raw material \times 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 \times 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)	Σ (fuel, electricity and steam purchased \times 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)	Σ [(mass of goods and products transported \times distance traveled in transport) \times 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)	Σ (waste produced \times waste type and waste treatment specific emission factor) (Source of emission factor: Ministry of the Environment database)
Business Travel (Category 6)	Σ (amount spent on transportation in domestic business travel \times emission factor per unit of economic value of transport mode) + Σ (total number of air travel to overseas \times 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)	Σ (amount spent on employee commuting \times 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 \times emission factor for the fuel (Source of emission factor: CFP database)
Downstream Transportation and Distribution (Category 9)	Σ [(mass of products sold \times distance traveled in transport) \times 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)	Σ (mass of intermediate products \times 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 2015 \times 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 assets.
Franchises (Category 14)	Not included in the calculation as there are no corresponding franchises.
Investments (Category 15)	Σ (scope 1 and scope 2 emissions* ⁴ of equity investment* ⁵ \times share of equity (%)) * ⁴ The adjusted emissions in fiscal 2014 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 18, 2017)

Sustainable Value Report 2017 Survey

Thanks for taking the time to read our Sustainable Value Report 2017.
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.

<http://www.surveymonkey.com/r/NGPJ523>

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 Sustainable Value Report?

- | | | | | | |
|--------------------------|--|---|---------------------------------|--|---|
| ●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"/> Reducing EHS Risks (P.48) |
| <input type="checkbox"/> Takeda's Business Model (P.2-3) | <input type="checkbox"/> Initiatives to Deal with Climate Change (P.49-51) |
| <input type="checkbox"/> Takeda's Materiality (P.4-5) | <input type="checkbox"/> Water Resources Conservation Initiatives (P.52) |
| <input type="checkbox"/> Action Mapping for SDGs (P.6-7) | <input type="checkbox"/> Biodiversity Conservation Initiatives (P.53) |
| <input type="checkbox"/> Access to Healthcare (P.8-13) | <input type="checkbox"/> Waste Reduction (P.54) |
| <input type="checkbox"/> Supplier Management (P.14-17) | <input type="checkbox"/> Reduction in Releases of Chemical Substances (P.54) |
| <input type="checkbox"/> Takeda's CSR Activities (P.18-21) | <input type="checkbox"/> Air, Water, and Soil Quality Conservation (P.55) |
| [Responsible Business] | <input type="checkbox"/> Activities at Sites (P.56) |
| <input type="checkbox"/> Corporate Governance/Compliance/
Risk & Crisis Management/Takeda Management (P.22-27) | <input type="checkbox"/> Environmental Impacts Associated with Takeda's Business Activities (P.57) |
| <input type="checkbox"/> Quality Management System (P.28-31) | <input type="checkbox"/> Data by Region (P.58-59) |
| [Human Rights] | [Anti-Corruption] |
| <input type="checkbox"/> Human Rights Issues and Initiatives (P.34-35) | <input type="checkbox"/> Global Policies Related to Anti-Corruption (P.61) |
| [Labor] | <input type="checkbox"/> Anti-Corruption (P.62) |
| <input type="checkbox"/> Global Talent Management (P.38-39) | <input type="checkbox"/> Transparency Guideline (P.63) |
| <input type="checkbox"/> Diversity & Inclusion (P.40) | [Corporate Citizenship Activities] |
| <input type="checkbox"/> Occupational Health and Safety (P.41) | <input type="checkbox"/> Global Healthcare Issues (P.66-67) |
| [Environment] | <input type="checkbox"/> Healthcare Issues in Each Business Area (P.68) |
| <input type="checkbox"/> Environmental Management (P.44-47) | <input type="checkbox"/> Support for Disaster-Affected Areas (P.69) |

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.