



Better Health, Brighter Future

SUSTAINABLE VALUE REPORT 2018

Creating value for patients around the world

Takeda Pharmaceutical Company Limited

Contents

1	Message from the President & CEO
2	Takeda's Business Model
4	Takeda's Materiality Assessment
6	SDGs Action Mapping
8	Access to Healthcare
14	Supplier Management
18	Initiatives Addressing Climate Change
	Takeda's CSR Activities
22	Basic Policy on CSR
24	CSR Governance and Strategic Engagement
	Responsible Business
26	Corporate Governance
28	Compliance and Crisis Management
29	Risk Management
30	Takeda Management
32	Quality Management System
36	Product Stewardship
37	Ethical Marketing and Taxation
	Human Rights
38	At a Glance
40	Human Rights Issues and Initiatives
	Labor
42	At a Glance
44	Global Talent Management
46	Diversity & Inclusion
48	Occupational Health and Safety
	Environment
50	At a Glance
52	Environmental Management
54	Continuous Improvement in the Management of EHS Impacts
56	Initiatives Addressing Climate Change
57	Biodiversity Conservation Initiatives
58	Water Resources Conservation Initiatives
59	Waste Reduction
	Chemical Substance Release Reduction
60	Air, Water, and Soil Quality Conservation
61	Environmental Impacts Associated with Takeda's Business Activities
62	Data by Region
	Anti-Corruption
64	At a Glance
66	Anti-Corruption and Transparency Guideline
	Corporate Citizenship Activities
68	At a Glance
70	Global Healthcare Issues
73	Support for Disaster-Affected Areas

74	Corporate Information and Fiscal 2017 Results
75	Takeda's Growth Drivers
76	United Nations Global Compact Advanced Level COP Reference Table
80	GRI Standards Reference Table
86	Independent Assurance of Environmental and Social Performance Indicators

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

Takeda Pharmaceutical Company Limited
and consolidated subsidiaries of Takeda

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

Period of Reporting

Fiscal 2017 (April 1, 2017 to March 31, 2018)

*Some fiscal 2018 activities are included.

Issue Date

October 2018

Reference Guidelines

- The International Integrated Reporting Council (IIRC)
International Framework for Integrated Reporting
- United Nations Global Compact Advanced Level Criteria
(August 2016 Version)
- GRI Sustainability Reporting Standards (GRI Standards)

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Message from the President & CEO

Sustainability and integrity go hand-in-hand; they are paramount in everything we do.



Christophe Weber

Representative Director, President & CEO



This report showcases Takeda's unwavering commitment to building a sustainable society. The world faces many challenges, but we have seen innovative solutions that transform lives, communities, and our fundamental understanding of the limitless possibilities to realize sustainable value. As a 237-year-old global research and development-driven pharmaceutical company, we take the long view, and I am excited by what our continued journey forward will achieve.

The end goal for the work we do is one and the same: Better Health and a Brighter Future for patients worldwide. We continue to achieve this goal through our endless pursuit of translating science into life-changing medicines and through our sustainability partnerships and initiatives. Takeda-ism (Integrity, Fairness, Honesty, Perseverance) and our four priorities of Patient, Trust, Reputation, and Business, in this order, together form the foundation for the agility and innovation that characterizes our robust pipeline and drives our Vision 2025 strategy.

I firmly believe that as a patient-centric healthcare company and a proven responsible global corporate citizen, our charge naturally extends to building sustainable value for the patients we serve. We do this through dedicated Corporate Social Responsibility (CSR) activities, such as our Access to Medicines (AtM) Strategy for patients with the highest unmet medical needs and our Global CSR Program. We closely align these and other activities with the Sustainable Development Goals (SDGs), our long-standing membership in the United Nations Global Compact (UNGC), and other key international platforms.

I am incredibly proud of our employees' active engagement in our Global CSR Program, which prioritizes long-term commitments to disease prevention, capacity-building, and access to healthcare in developing and emerging countries. Employees worldwide vote to determine which collaborations we pursue, and through our Employee Participation Program, they can connect directly with programs in the field, visiting health clinics and hearing firsthand from patients and community health workers on the front lines. Each of us feels a personal stake in Takeda's impact and progress in tackling global health challenges.

We are also constantly strengthening our ability to create and preserve economic, environmental, and social value for society beyond CSR. For example, we are dedicated to material issues such as proactive CO₂ reduction based on the Paris Agreement, employee health and safety through our Safe Takeda Initiative, constant re-evaluation and training to ensure sustainable, world-class supply chains and compliance systems, and many others. We are honored that these activities have been so highly evaluated through Takeda's inclusion for a third consecutive year in the Global 100 Most Sustainable Corporations in the World Index.*

Our impact to date galvanizes us to reach for greater heights. Recognition of that impact by independent benchmarking humbles us, reminding us that we are truly a global community collectively striving for Better Health and a Brighter Future for patients everywhere. As we advance toward 2025 for our strategy, our commitment to sustainability means more to Takeda, and to me, than ever.

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

Takeda's Business Model

As a patient-focused, innovation-driven global pharmaceutical company with a 237-year history, we strive to realize sustainable value creation.

Capital Input

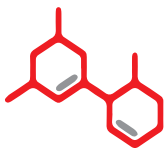
Business based on Our Corporate Philosophy



Social and Relationship Capital



Human Capital



Intellectual Capital



Manufactured Capital



Natural Capital



Financial Capital

Takeda-ism and Our Priorities



We take action and make decisions by focusing on our four priorities in this order:

- 1 Putting the patient at the center
- 2 Building trust with society
- 3 Reinforcing our reputation
- 4 Developing the business



TO OUR FUTURE

VISION 2025

The future state of the company we aspire to become by 2025

We serve the needs of our patients, wherever they are.
We earn the trust of society and customers through Takeda-ism.

We are recognized as best-in-class because of our agility and innovation, qualities that help us build a steady pipeline and deliver growth, year-on-year.

©UN Foundation

Further details about our Strategic Roadmap: <https://www.takeda.com/who-we-are/corporate-philosophy>

Value Created

Results for Fiscal 2017



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

237_{years}



Underlying revenue growth (year on year)

+5.5%



Number of employees where work environments conform to the company's policies

Approx. 30,000



CO₂ emissions (from fiscal 2005 level)

25% reduction



Expected number of beneficiaries from Takeda's Global CSR Programs (total for fiscal 2016–2025)

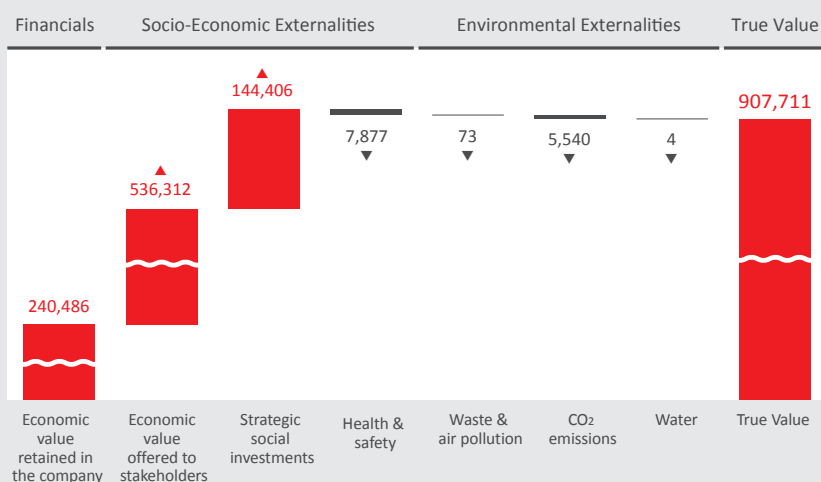
16.96_{million}

Evaluation of Corporate Value Using the True Value Methodology

(Unit: million yen)

A company's value is no longer calculated purely in terms of financial performance; there is a growing demand to evaluate companies by incorporating their positive and negative impacts on society and the environment through their externalities. Takeda evaluates and analyzes its business activities using the "True Value" methodology that measures impacts on society and the environment through externalities based on standards developed by international organizations and research institutions. We are also proceeding on a trial basis with initiatives that ascertain value by converting it into monetary amounts.

See > P.87 Calculation for True Value



Takeda's Materiality Assessment

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

Corporate Strategy

Strategic Roadmap Key Performance Indicators (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. We have established Strategic Roadmap KPIs (fiscal 2018) comprised of 10 items including Environmental, Social, and Governance (ESG) related indices for achieving this strategic roadmap. Our progress on these KPIs is visualized by the KPI dashboard and managed by all of the Takeda Executive Team (TET) members.

See > P.22 Basic Policy on CSR



Strategic Roadmap

Number of KPIs (fiscal 2018)

Value	<ul style="list-style-type: none"> • Takeda-ism Patient → Trust → Reputation → Business	3 items
People	<ul style="list-style-type: none"> • Patient and customer centric • Agile global organization • Fostering talent 	1 item
R&D	<ul style="list-style-type: none"> • Focused world class R&D New approaches to innovation	3 items
Business Performance	<ul style="list-style-type: none"> • Sustaining sales growth GI, Oncology, Neuroscience and Emerging Markets <ul style="list-style-type: none"> • Sustaining profit growth Cost discipline	3 items

Society's Demands and Expectations

Takeda assesses demands from society through international frameworks, such as the Sustainable Development Goals (SDGs), international meetings such as the Davos Summit, and discussions with various CSR promoting organizations and Nongovernmental Organizations (NGOs). Based on these assessments, we strive to link our priority issues to our business activities.



See ➤ P.6 SDGs Action Mapping
P.22 CSR Guidelines for Reference
P.24 Strategic Engagement

CSR Community



NGOs and Nonprofit Organizations (NPOs), etc.



Demands and Expectations from Institutional Investors

When evaluating a company's growth potential and profitability to decide whether to make an investment, institutional investors are increasingly placing emphasis on the sustainability of the company's initiatives. The ratings applied by ESG rating organizations that evaluate these initiatives are also becoming more important. Takeda reflects the demands and expectations that it receives from dialogue with ESG rating organizations and institutional investors in its business activities and disclosure.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



After referring to corporate strategies, such as Vision 2025, international guidelines such as the SDGs and other materials, as well as stakeholder engagement, Takeda selects themes that are of high importance among disclosure standards, such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) standards, and items set by various ESG rating organizations, and manages them. Specific initiatives are presented on pages shown in parentheses below.

Environment

- Initiatives Addressing Climate Change (P.18/P.56)



Social

- Access to Healthcare (P.8)
- Human Rights (P.38)
- Global Talent Management (P.44)
- Occupational Health and Safety (P.48)
- Corporate Citizenship Activities (P.68)



Governance

- Supplier Management (P.14)
- Corporate Governance (P.26)
- Compliance (P.28)
- Risk Management and Crisis Management (P.28)
- Quality Management (P.32)



SDGs Action Mapping

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

Alignment with Takeda's Corporate Philosophy



Good Health and Well-Being

SDG 3 aligns with Takeda's mission, which is to strive for 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. In this report, we share:

- Activities in the pharmaceutical business (supply of outstanding products)
- Access to Healthcare (P.8)



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.

Collaboration with the Global Community



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 citizen-ship activities with the following international organizations and other bodies.

Main CSR-Related Partners










Promoting Global Activities as a UNGC Member Company

As a UNGC member company, we are creating a Takeda Action Map for SDGs based on the SDG industry matrix, Healthcare and Life Sciences.



Activities to Achieve the SDGs

		No Poverty Zero Hunger	<ul style="list-style-type: none">• Health Systems Strengthening in Sub-Saharan Africa (P.12/70)• “The First 1000 Days”: Health and Nutrition Program (P.70)• Holistic Health Program for Refugees of South Sudan and Syria (P.70)• Global Measles Vaccination for Children (P.70)
		Quality Education	<ul style="list-style-type: none">• Training 5,000 Health Professionals in Sub-Saharan Africa (P.12/70)• Community Health Workers Training for Maternal and Child Health (P.70)• Takeda Initiative (P.72)• HERhealth (P.72)
		Gender Equality	<ul style="list-style-type: none">• Supplier Management (Supplier Diversity) (P.17)• Diversity & Inclusion (P.46)
			Clean Water and Sanitation Life below Water Life on Land <ul style="list-style-type: none">• Biodiversity Conservation Initiatives (P.57)• Water Resources Conservation Initiatives (P.58)• Reduction in Waste and Releases of Chemical Substances (P.58)• Air, Water, and Soil Quality Conservation (P.60)
		Affordable and Clean Energy Climate Action	<ul style="list-style-type: none">• Initiatives Addressing Climate Change (P.18/56)• Promoting Energy Saving (P.18/56)• Use of Renewable Energy Sources and Other Advances (P.19)
		Decent Work and Economic Growth	<ul style="list-style-type: none">• Supplier Management (Takeda Supplier Code of Conduct) (P.14)• Work-Life Balance (P.46)• Occupational Health and Safety (P.48)
		Industry, Innovation, and Infrastructure	<ul style="list-style-type: none">• The Takeda-CiRA Joint Program• Ecosystem for Health Innovation at Shonan Health Innovation Park (Presented on Takeda’s website)
		Reduced Inequalities	<ul style="list-style-type: none">• A Health Worker for Everyone, Everywhere (P.12/70)• Maternal and Newborn Health for Ethnic Minorities (P.70)• Digital Birth Registration (P.72)
		Sustainable Cities and Communities	<ul style="list-style-type: none">• Reducing Environmental Impact During Transportation of Products (P.20)• Support for Disaster-Affected Areas (P.73)
		Responsible Consumption and Production	<ul style="list-style-type: none">• Supplier Management (P.14)• Quality Management System (P.32)• Environmental Impacts Associated with Takeda’s Business Activities (P.61)
		Peace, Justice and Strong Institutions	<ul style="list-style-type: none">• Risk Management (P.29)• The Takeda Global Code of Conduct (P.64)• Global Anti-Corruption Policy (P.66)

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 17: Partnerships for the Goals

Strategy

**Addressing Barriers
to Access by Going
Beyond Medicines**



Product focus:
Innovative specialty medicines
addressing Non-Communicable
Diseases



Focused on areas of highest
unmet medical need and
going beyond medicines to
address the range of access
barriers.

**Affordability-Based
Patient Assistance
Programs (PAPs)**



Geographic focus:
Evolving healthcare systems where
access challenges remain a
significant barrier to patients getting
the treatments they need, and
primarily where we have a
significant presence and can make
the greatest impact to patients' lives.



Global, company-wide effort
aimed at improving access to
treatment and diagnosis for
better health and a brighter
future for patients.

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

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

AtM: Building Sustainable Approaches to Enhance Global Health

Takeda's Access to Medicines (AtM) strategy builds on our long history of enhancing global health. The strategy uses sustainable approaches to tackle a range of barriers and multi-dimensional challenges that prevent patients from accessing the care and treatment they need.

Our strategy aims to improve the availability and affordability of some of our specialty care medicines, and to deliver innovative vaccines for unmet public health needs in the future. It also aims to enhance patient awareness, diagnostic capabilities, medical expertise and patient aftercare.

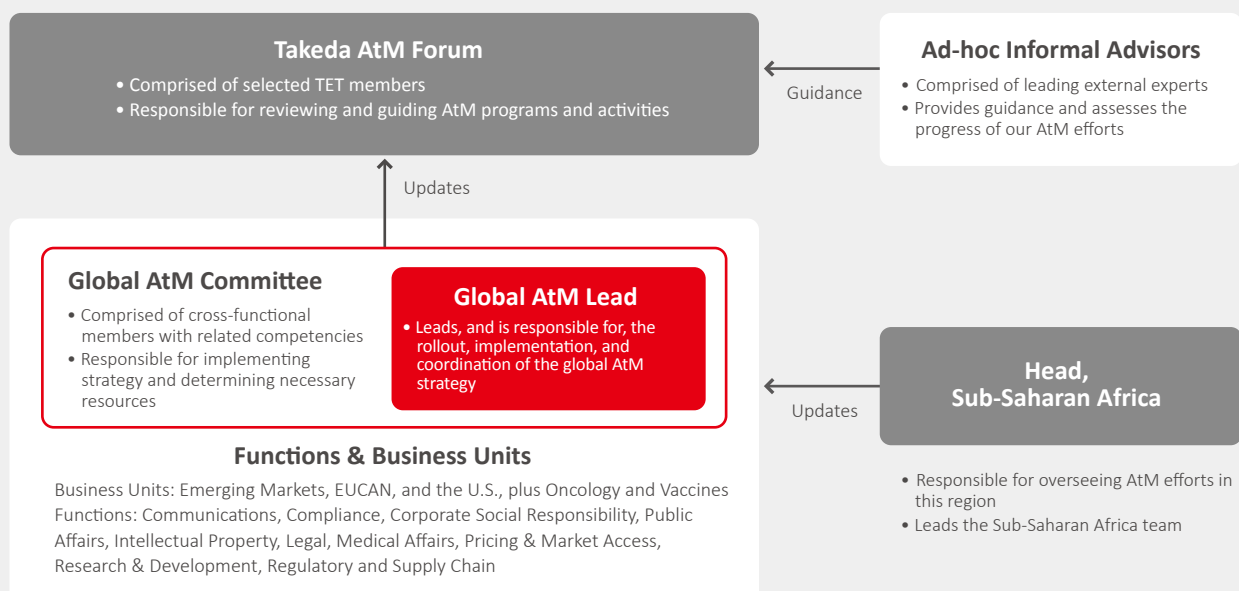
"We are determined to be bold in our Access to Medicines approach by improving access to our truly innovative specialty care medicines. Our ambition is for eligible patients who need these products to gain access to them and complete their course of treatment, even if they cannot afford to pay in full. We believe this is the right thing to do."



Ricardo Marek

President, Emerging Markets Business Unit

AtM Governance Structure



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 17: Partnerships for the Goals



Yana, patient at National Cancer Institute (Ukraine)

Partnerships for Sustainable Success

We believe that the pharmaceutical industry has a critical role to play in increasing access to medicines. However, this task is too big for any one company or organization alone. We believe we can achieve more for patients by joining forces with others to address unmet medical needs. To help achieve this, we are collaborating with reputable international and local partners to implement our AtM strategy and make a sustainable contribution to global health.

Enabling Partnerships, Committing to Action: Blueprint for Success Summits

Designed by Takeda, the Blueprint for Success is a unique, cross-sector stakeholder engagement initiative to mobilize collaborative action to address the challenges of non-communicable diseases (NCDs). The model aims to enable partnership opportunities and secure commitment to tangible plans of action.

This is important as:

- NCDs kill 41 million people each year, equivalent to 71% of all deaths globally*¹
- More than three quarters of NCD deaths - 32 million - occur in low- and middle-income countries*¹

During 2017, events in Geneva, São Paulo and Zurich brought together over 300 health experts from around the world from various sectors and industries to create partnerships that improve access to medicines.

*¹ Source: World Health Organization Factsheet
<http://www.who.int/en/news-room/fact-sheets/detail/noncommunicable-diseases>

Initiatives

Patient Assistance Programs (PAPs)

Focused on improving access to some of our innovative, specialty care medicines, our PAPs enable eligible patients to complete their course of treatment, even if they cannot afford to pay for it in full.

We currently have patients enrolled in 17 PAPs in 13 countries across Latin America, the Middle East, South East Asia, Sub-Saharan Africa, and Eastern Europe.

Innovative Collaborative Models

Our PAPs use an innovative, affordability-based approach where eligible patients undergo a confidential means-based assessment (conducted by an independent third party) to determine their ability to pay for treatment. Patients receive a payment plan detailing how many units of medication they will need to pay for and how many units will be covered by Takeda, and at times, other parties (such as local charities and non-governmental organizations) to complete their course of treatment.

Addressing Areas of High Unmet Medical Need

We have prioritized some of our innovative, specialty care medicines for inclusion in our PAPs that can address diseases with high, unmet medical need in countries with evolving healthcare systems.

Initially, we have prioritized *ADCETRIS*® for certain types of Hodgkin lymphoma and *ENTYVIO*® for ulcerative colitis and/or Crohn's disease. In the future, we aim to include more of our specialty medicines.



17 Patient Assistance Programs in 13 countries across Asia, Latin America, Middle East, Sub-Saharan Africa and Eastern Europe

Achieving the Greatest Health Impact

Our PAPs focus on eligible patients living in areas with high, unmet medical need and where we at Takeda can achieve the greatest possible health impact for patients.

Going Beyond Medicines

We recognize that patients can face other access challenges, such as low disease awareness, lack of diagnostic capabilities and medical expertise, distance from care and geographic constraints, as well as lack of vital aftercare. As a result, we are developing initiatives that go beyond medicines to support unmet patient needs and enhance the impact of our PAPs.

Enabling Early and Accurate Diagnosis

In the Ukraine, we are currently enabling improved diagnosis and awareness of Hodgkin's lymphoma through the provision of free diagnostic testing for patients, as well as training for pathologists, nurses and clinicians. We also offer training for pathologists in the Philippines. In total, around 800 healthcare practitioners have been trained in the Ukraine and the Philippines to date.

We have also established a comprehensive diabetes and hypertension chronic care program in remote areas of Kenya for patients, who are not served by formal healthcare services. The program – a collaboration with the Pan Africa Heart Foundation (PANAHF) and Amref Health Africa – has so far screened over 26,000 patients.

Increasing Cancer Care and Management Capacity

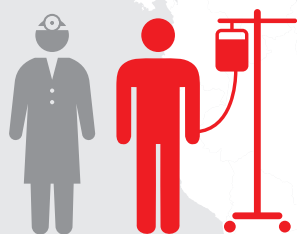
Takeda is actively working with local partners in Sub-Saharan Africa to enhance cancer diagnosis, treatment, and palliative care. Our ambition is to establish Nairobi, Kenya as a Center of Excellence in oncology/hematology in the region.

We are improving the capacity of community health volunteers, primary care practitioners, physicians and specialists, through collaborations with local partners including the Access to Innovative Care Foundation (AICF), Academic Model Providing Access to Healthcare (AMPATH), Amref Health Africa, Elewa Foundation, Kenya Hospices & Palliative Care Association (KEHPCA) and the University of Nairobi, as well as international partners, such as the American Cancer Society and the Clinton Health Access Initiative (CHAI).

We have also developed the African Consortium for Cancer Clinical Trials (AC3T) to help build oncological clinical trial capacity in Africa in partnership with the non-governmental associations BIO Ventures for Global Health (BVGH) and the African Organization for Research & Training in Africa (AORTIC).

Supporting Better Disease Management

Takeda-sponsored Patient Support Programs in Argentina, Brazil, Colombia, Ecuador and Peru offer personalized support for patients who have been prescribed some of our innovative, specialty care medicines. To date, over 1,300 patients have benefitted from these programs.



1,300+

Patients in Argentina, Brazil, Colombia, Ecuador, and Peru have benefited from our Patient Support Programs



26,000+

Patients screened for diabetes and hypertension as part of our Chronic Care Program for remote areas of Kenya

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 17: Partnerships for the Goals

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

Key Focus on Disease Prevention and Health Promotion in Developing and Emerging Countries

Takeda 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 focus on disease prevention and health promotion 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 disease 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 determine new Global CSR Programs through a vote among employees worldwide. In fiscal 2018 we promoted various measures to encourage participation in the voting, and over 11,000 employees

worldwide voted. Based on the results, we moved forward with 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.

See > P.68 Corporate Citizenship Activities

Main Strategies for Encouraging Employee Participation in Voting

Messages from the CCPAO	3 times
Progress reports of programs from the previous fiscal year using video footage	2 times
Program introductions on the corporate intranet	8 times
Multi-lingual program materials from NGOs and voting website	10 languages

Vaccine Business Strategy to Access to Healthcare

Vaccines prevent more than two million deaths each year and have transformed global public health. For 70 years, Takeda has supplied vaccines to protect the health of people in Japan. Today, Takeda's global vaccine business is applying innovation to tackle some of the world's most challenging infectious diseases, and in some cases doing so through partnership with some of the most important supporters of product development in the world. Our team brings an outstanding track record and a wealth of knowledge in vaccine development, manufacturing and global access to advance a pipeline of vaccines that can change the global picture for the world's most pressing public health needs, such as dengue, Zika, polio, norovirus, chikungunya and pandemic influenza.



Rajeev Venkayya
President, Global Vaccine Business Unit

Dengue

Approximately half of the world's population is at risk of dengue, a viral disease that is endemic in more than 120 countries. Takeda is investing significantly in the development of its dengue vaccine candidate, including more than €100 million to build a new manufacturing plant in Singen, Germany.

Zika

The U.S. government, through the Biomedical Advanced Research and Development Authority (BARDA), has selected Takeda to develop a vaccine to support the Zika response in the United States and affected regions around the world.

The U.S. Food and Drug Administration recently granted fast track designation for Takeda's vaccine candidate, which has the potential to be the first Zika vaccine to market.

Norovirus

Norovirus causes more than 600 million cases of acute gastroenteritis (inflammation of the stomach or intestines), making it the most common cause of acute gastroenteritis worldwide. It is estimated to cause up to 200,000 pediatric deaths every year, mostly in developing countries. Takeda has the potential to bring the first norovirus vaccine to the market and change this picture.

Other Infectious Diseases

Takeda has partnered with leading organizations to help improve access to potentially life-saving vaccines around the world for other infectious diseases, including the Bill & Melinda Gates Foundation to support global polio eradication and the government of Japan for Takeda's pandemic influenza vaccine candidate.

Public Private Partnerships for Vaccine Development

Partnerships between nonprofit organizations, government and industry are essential to ensure the world is adequately prepared for epidemics, because no company, foundation or government can do this alone. Vaccine development, for example, is a complex process that is time-consuming, expensive and risky. Governments and public health agencies seek partners that are highly experienced with vaccine platforms and production processes that can address a broad range of infectious diseases. By leveraging knowledge from the pharmaceutical industry, public and private entities can accelerate vaccine R&D in critical areas to ensure that we are prepared for the infectious disease threats of the future.

Global CSR Programs Decision Process

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 candidate programs is shared through briefing sessions and targeted websites on the company intranet. A vote is held among employees worldwide.



STEP 3

Determine three Global CSR Programs

Partner	Program content	Period
	A Health Worker for Everyone, Everywhere <ul style="list-style-type: none"> • Area: Global <p>This program aims to train 8,000 community health workers in 30 evidence-based, lifesaving practices.</p>	3 years
	Training 5,000 Health Professionals in Sub-Saharan Africa <ul style="list-style-type: none"> • Area: Sub-Saharan Africa <p>This program aims to support the education, training, and mentorship of 5,000 health professionals, including doctors, nurses, and midwives in Sub-Saharan Africa.</p>	5 years
	Health Systems Strengthening in Sub-Saharan Africa <ul style="list-style-type: none"> • Area: Angola, Guinea, and Togo <p>This program aims to protect the lives of an estimated 8.5 million people including 1.6 million children under five and 424,000 pregnant women.</p>	5 years

Materiality 2: Supplier Management



5
GENDER
EQUALITY

8
DECENT WORK AND
ECONOMIC GROWTH

12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

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

Creating Sustainable Supplier Relationships

Partnering for Patients

Our approach to sustainable procurement enables Takeda to build lasting supplier partnerships.

Continuous Improvement

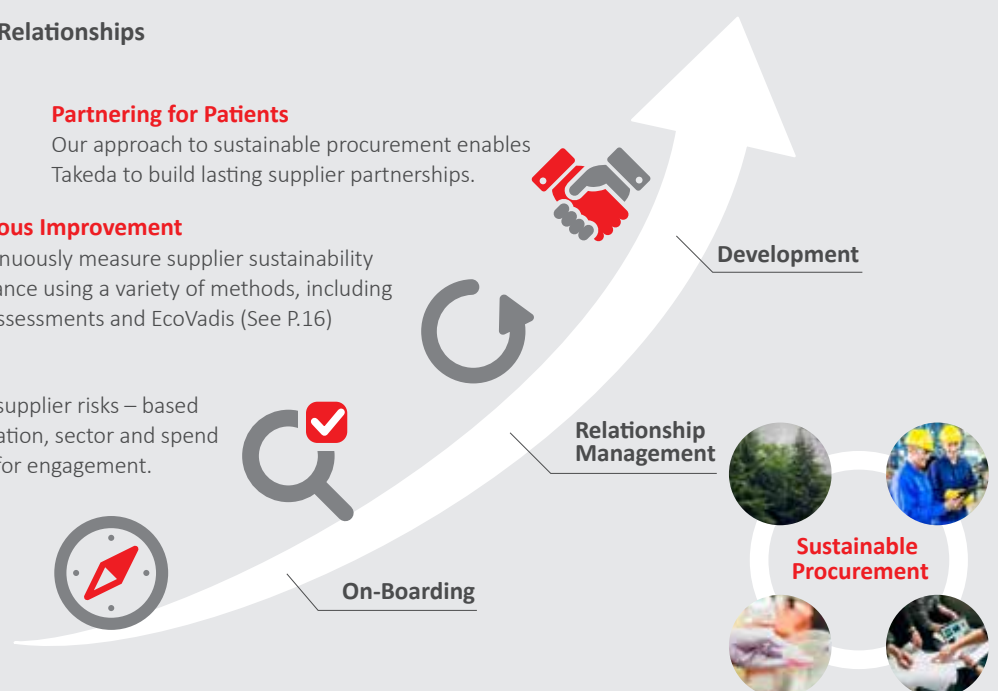
We continuously measure supplier sustainability performance using a variety of methods, including on-site assessments and EcoVadis (See P.16)

Risk & Qualification

We evaluate a range of supplier risks – based on a combination of location, sector and spend – to prioritize suppliers for engagement.

Our Values & Expectations

Takeda's Supplier Code of Conduct aligns our suppliers with Takeda's philosophy and core values.



We are promoting Sustainable Procurement based on our Values of Takeda-ism, our pledge to act with integrity, fairness, honesty and perseverance.

Takeda's Sustainable Procurement program is essential to ensuring patients receive high-quality pharmaceuticals and fulfilling its mission of striving 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. Takeda recognizes the importance of initiatives that focus on our suppliers and value chain, which are key in helping achieve the SDGs. With this in mind, Takeda is undertaking a wide range of supplier activities.

Positioned within the Global Procurement organization, supplier sustainability is central to 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 and Takeda 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's Supplier Code of Conduct (SCoC) covers areas including the environment, human rights, labor practices, safe work, data

privacy, anti-corruption, business practices, animal welfare and management systems. The Supplier Code of Conduct has been translated into 25 languages and is integrated into sourcing projects and Takeda's procurement systems, to help ensure suppliers are familiar with Takeda's Supplier Code, which is a requirement of conducting business with Takeda. Takeda's Supplier Code is consistent with the Pharmaceutical Supply Chain Initiative (PSCI) Principles – a set of industry supplier standards and expectations established and used by over 30 member companies of the Pharmaceutical Supply Chain Initiative. The PSCI is committed to promoting responsible supply chain practices through both supplier audits and supplier capability building. Takeda's Head of Procurement Risk, Sustainability and Performance has served on the board of the PSCI since 2016, and the Takeda team supports PSCI workstreams, programs and events to address the collective challenges of the pharma supply chain and share best practices.

In fiscal 2017, over 1,300 suppliers, including over 90 of the company's major suppliers, committed to advancing Sustainable Procurement at Takeda based on the Supplier Code. Cumulatively, 60% of Takeda's Procurement-managed spend is addressed through the Supplier Code. This metric will continue to be monitored with a goal of 80% of spend covered by the Sustainable Procurement program.

Core KPIs in Sustainable Procurement

Manage risks and enhance sustainability of the value chain

- Conduct 40 on-site sustainability assessments
- Focus on top product supplier risk

Measure and improve supplier CSR performance.

- Enroll and monitor an additional 125 suppliers in EcoVadis in fiscal 2018
- Strengthen internal and external partnerships to advance improvements

Increase business with small and diverse suppliers

- Achieve U.S. plan commitments: achieving \$161 million U.S. addressable spend with small, minority and women-owned businesses.

FY2016 Target and Achievement

FY2017 Target and Achievement

FY2018 Target

KPI 1

- Obtain 50 Supplier Code of Conduct acknowledgements from suppliers in the Top 500 (by spend)
- > Obtained 88

- Additional 50 top spend, strategic and preferred suppliers
- > Obtained 92

- Additional 50 top spend, strategic and preferred

KPI 2

- Conduct 30 Sustainable Procurement assessments
- > Conducted 28

- Conduct 40
- > conducted 40

- 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
- > Completed 131; Cumulative total ytd 2018 is 263 as of Aug 13, 2018

- 125 new/additional/refreshed scorecards

KPI 4

- Spend ¥17.8 billion with small & diverse suppliers
- > ¥16.4 billion; \$136 million on small & diverse

- \$190 million (small & large diverse)
- > \$190,703,409
- \$133 million (small & small diverse)
- > \$223,871,966

- \$190 million, small & large diverse;
- \$161,500,000 small & small diverse

Materiality 2: Supplier Management



Related SDGs

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

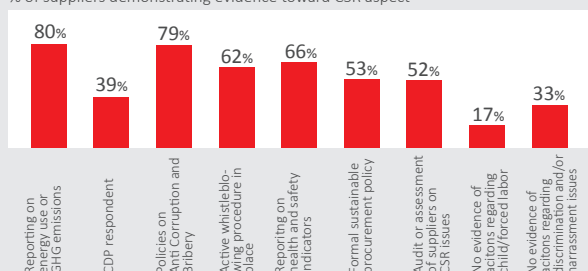
Supplier Due Diligence & Sustainability Engagement

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 process serves as Takeda's basic approach to assessing supplier risks from a holistic perspective, including sustainability and business continuity risks. In fiscal 2017, Takeda conducted standard diligence on over 3,100 suppliers. If specific risks are identified during standard diligence, Takeda conducts enhanced diligence as needed, based on the relationship, with experts from across the company and external resources as required.

During the year, Takeda progressed the use of EcoVadis, a digital supplier sustainability assessment and scorecard system to help monitor the sustainability performance of strategic, risky or other types of suppliers, on an ongoing basis. In 2017, Takeda improved its suppliers' utilization of the platform and gained access to an additional 130 scorecards. By early fiscal 2018, Takeda successfully accumulated performance data on over 260 suppliers through the platform. Takeda leverages several supplier key performance indicators in the system as a basis for supplier engagement and improvement (See Takeda Supplier Sustainability KPIs). Takeda sees an opportunity to advance supplier performance both geographically and by topic areas, with an increasing focus on building our suppliers' capabilities to manage their own supply chain impacts and improve fair business practices and labor management.

Takeda's Supplier Sustainability KPIs (EcoVadis)

% of suppliers demonstrating evidence toward CSR aspect



When supplier sustainability risks related to Takeda's Supplier Code of Conduct principles are identified, or if a supplier obtains a low score in EcoVadis, Takeda includes those suppliers in an annual on-site assessment plan, and the company conducts on-site supplier assessments based on PSCI protocols utilizing third party audit companies. In fiscal 2017, Takeda conducted enhanced sustainability on-site assessments at 40 suppliers across 11 countries. These labor, ethical, environment, health & safety, and management system assessments have delivered collaborative remediation plans, which are periodically reviewed by Takeda and the supplier. Often, Takeda's Sustainable Procurement team along with other Procurement team members visit supplier sites to review supplier sustainability improvements.

"Our relationships with suppliers are central to helping us meet our commitment to provide high-quality medicines, safely and sustainably to the patients that depend on them. We value the integrity of our supplier base and are focused on ensuring our sustainable procurement program delivers results that are consistent with Takeda's values, as well as our commitments to the UN Global Compact and UN Sustainable Development Goals."



Jill Zunshine

Senior Vice President and Head of Global Real Estate, Facilities, and Procurement

Takeda is collaborating with suppliers with the aim of building sustainable relationships focused on our patient-centric mission. In October 2017, Takeda Procurement held a Supplier Day for its Global Manufacturing & Supply organization, where Takeda's top direct materials suppliers were invited to hear from Takeda executives and participate in workshops focused on quality, innovation and sustainable procurement. Throughout the supplier day we shared Takeda's commitment to sustainable procurement with our suppliers, covering topics ranging from the importance of Takeda's Supplier Code of Conduct, to diving deeper into specific supply chain topics, such as the rise in importance of environmental challenges, to ensuring a strong approach to anti-corruption and labor management within our supply chains, providing a unique environment for mutual learning and best practice sharing.

Top Product Risk

Building on supplier due diligence, Global Procurement has implemented a risk assessment process reviewing supplier-related risks for all direct material suppliers for Takeda's top products with the goal of ensuring supply continuity to our patients. These products represent nearly 70% of Takeda revenue and cover Takeda's core therapeutic areas. The risks reviewed in this process include sourcing status, unique materials, financial health, sustainability & reputational risk, contractual terms/relationship strength, compliance risk and quality risks. 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.

40

**On-site Sustainability
Supplier Assessments in fiscal 2017**



Approx.

3,100

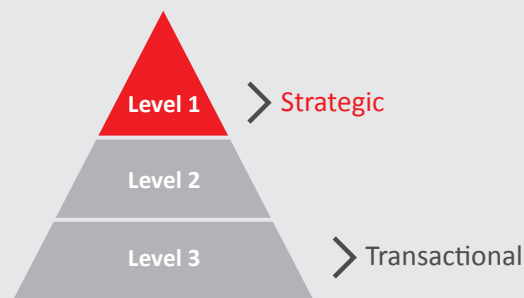
**Suppliers went through standard diligence
in fiscal 2017**

Takeda Supplier Segments

Segmentation provides a consistent framework for identifying and classifying different supplier importance.

Following segmentation, different relationship management strategies will be applied which determine

- Overall effort and resource allocated to the supplier relationship
- Commercial and contractual conditions
- Effective performance management
- Discovery and prioritization of innovation opportunities for Procurement and the business



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. Our supplier diversity goal is to foster an inclusive, innovative and competitive supply base that positively impacts our communities and local stakeholders. In 2017, Takeda committed to achieve 7% of U.S. sourceable spend with small and small diverse businesses. Based on Takeda's government-reporting year, Takeda achieved 11%. 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.

Takeda continues to advocate for 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. As an extension of mentoring and capacity building, in celebration of International Women's Day, Takeda's Global Procurement organization provided a scholarship through the Women's Business Enterprise National Council to a small, woman-owned business to attend Dartmouth's Tuck School of Business Executive Education Program. Additionally, Takeda continues to be recognized for its advocacy in this area. In early 2018, Takeda's Supplier Diversity Lead was recognized by Diversity Alliance For Science as Program Manager of the Year for advocacy efforts in 2017.

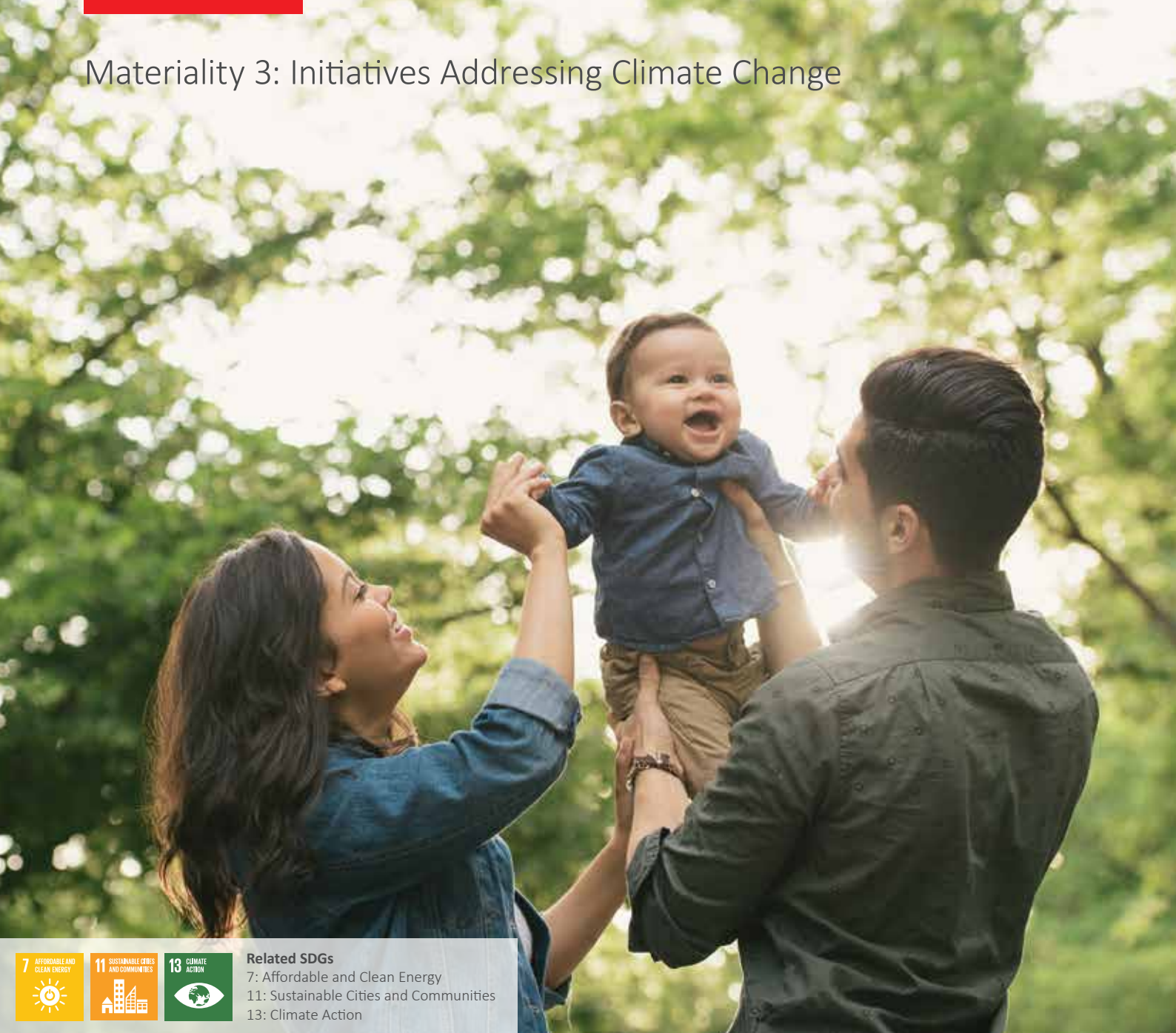
In fiscal 2018, Takeda held its second Supplier Diversity event – the first on its campus in Cambridge, Massachusetts. The event, attended by over 110 attendees, provided over 57 diverse suppliers with access to Takeda business leaders. Diverse suppliers had the opportunity to network and hear

from Takeda's Global Vaccine Business Unit President, Rajeev Venkayya, our Head of R&D Global Development Operations, Georgia Keresty, and Jill Zunshine, our Senior Vice President and Head of Global Real Estate, Facilities and Procurement, along with several other Procurement and business teams.

Supplier Relationship Management

Supplier Relationship Management is critical to sustain the value of our supplier relationships, identify and remediate performance issues, and identify external sources of innovation for Takeda. Global Procurement maintains a Supplier Performance and Innovation team to help enable appropriate supplier relationship practices, using objective data and insights to best leverage Takeda's suppliers' capabilities. In fiscal 2017, the Global Procurement organization progressed segmentation of the supplier base, across multiple categories in marketing, global manufacturing and supply, research and development, reaching more than 500 suppliers covering over 2.5 billion USD in spend, gaining greater clarity on the strategic importance and nature of the supply base. In addition, Takeda conducted a baseline Voice of Supplier survey to gather suppliers' inputs on how Takeda performed with respect to supplier management. The feedback covered 32 key service and process attributes common to interacting with Takeda business and Procurement professionals across six categories: cost of doing business; delivery and support; flexibility and ease of doing business; and quality, partnership and competitiveness. The following themes emerged as improvement areas: the need for more coordination of complex relationships across Takeda business units, transparency to business challenges and strategies (suppliers hear different messages from different parts of Takeda), and improving the contracting processes and the technology infrastructure. The survey results have helped focus efforts on improvements across the organization, as well as specific supplier relationship plans.

Materiality 3: Initiatives Addressing Climate Change



Related SDGs

7: Affordable and Clean Energy

11: Sustainable Cities and Communities

13: Climate Action

Takeda Cares about Climate Change Initiatives

Takeda recognizes climate change as a serious environmental issue and has been implementing countermeasures for many years. The impacts of climate change associated with global warming will affect the living environments of all ecosystems, including humans, now and in the future. We recognize this as both the greatest risk to global health, and an opportunity. Takeda will promote countermeasures to global warming as a key issue to be addressed for the Patient – one of our four priorities.

Enhancing Information Disclosure on Climate Change

Takeda recognizes the importance of the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We will enhance our disclosures even further, based on the final report of the TCDF issued in June 2017.

Core Elements of TCFD Recommendation

Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities

We will promote energy saving to reduce CO₂ emissions and fulfill our responsibility as a global pharmaceutical company.

Governance

Governance for Climate Change

Takeda established an Energy Conservation Committee in 1974, and for more than 40 years since, it has conducted energy saving activities to help reduce CO₂ emissions.

Currently, the person appointed by the President & CEO to hold highest responsibility for Takeda's climate change initiatives is the Global Manufacturing & Supply Officer (GMSO), who is a member of the Takeda Executive Team. The GMSO chairs a cross-departmental organization called the Corporate Environmental, Health, and Safety (EHS) Council. The Council sets out corporate strategies and activities regarding EHS, including climate change initiatives, and decides on company-wide targets and important issues.

Takeda has also formulated the Global Policy on EHS and clearly articulates its initiatives on environmental preservation, including energy saving and CO₂ emissions reduction. To promote and guide our stance throughout the company, we have established guidelines for these initiatives.

Strategy

Strategy Formulation and Scenarios

Takeda recognizes the importance of 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 also participating in Caring for Climate, the world's largest corporate-led initiative on climate change.

When formulating our strategies, we give consideration to the RCP2.6 scenario in the IPCC Fifth Assessment Report (low order stabilization: envisaging temperature rise controlled at 2°C). Takeda will continue to execute strategies and initiatives required by the international community to fulfill its responsibility as a global pharmaceutical company.



Global Energy-Saving Working Group

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

Use of Renewable Energy Sources and Other Advances

Takeda is promoting the use of low-carbon energy sources. We are also examining options for introducing solar power generation facilities when constructing new plants, research laboratories, training facilities and other buildings. Solar power generation facilities have been installed in Oranienburg plant (Germany), Tianjin plant (China), Bekasi plant (Indonesia), Osaka plant, Hikari plant and Shonan research center (Japan). Moreover, we use a renewable energy certification system in our operations in Austria, Germany, and Poland, which corresponds to a 23,504-ton reduction in CO₂ emissions. Meanwhile, in Europe, we have been actively introducing renewable energy at our plants, and 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. Furthermore, in fiscal 2017 we used 109,112 MWh of renewable energy, amounting to 7.6% of our total energy use. We will continue to actively pursue various initiatives going forward.

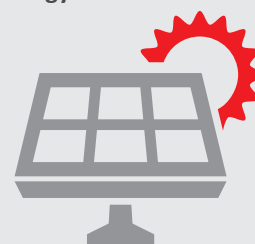
Fiscal 2017 Results

109,112 MWh

Total usage of renewable energy

7.6%

Percentage of total energy use



Materiality 3: Initiatives Addressing Climate Change



Related SDGs

7: Affordable and Clean Energy

11: Sustainable Cities and Communities 13: Climate Action

“In its climate change initiatives, Takeda is striving to ‘connect all dots’ across functions and departments and share best practices to ensure continuous improvements year over year.”

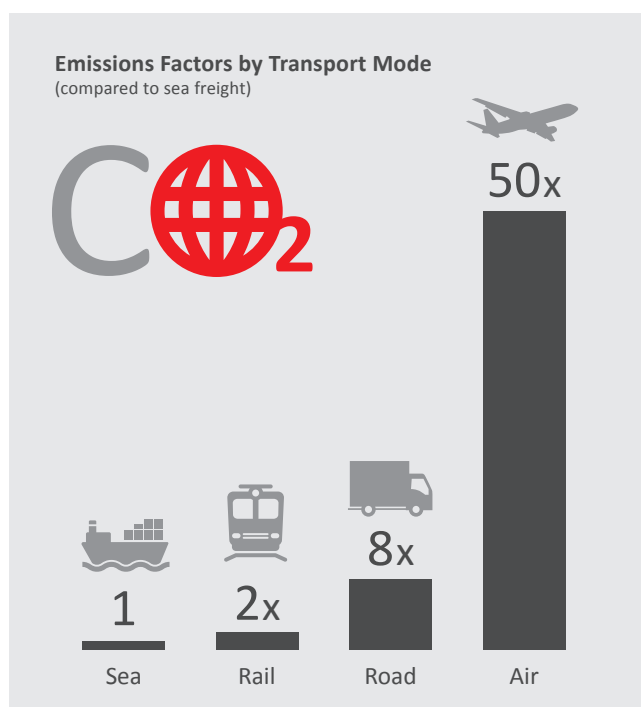


Thomas Wozniewski

Global Manufacturing and Supply Officer

Reducing Environmental Impact During 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 6,236 tons in fiscal 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.

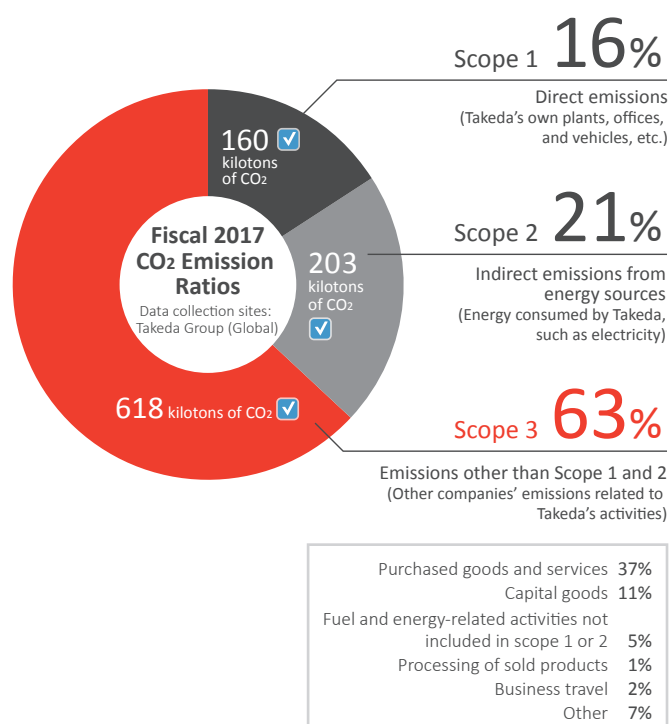


Source: GHG Protocol

Additionally, we are building a regional distribution network to consolidate flows to fewer locations and to increase the capacity utilization of our trucks and sea freight containers. Our products are temperature- and humidity-sensitive; it is therefore mandatory to maintain proper conditions. We cooperate with forwarding and packaging companies to optimize and improve transportation solutions, reducing the weight and size of containers. We also invest in new, reusable, passive shippers to transport cold-chain (regenerative medicine) products to limit wastage.

Environmental Impact throughout the Entire Value Chain

Takeda has been calculating greenhouse gas (GHG), 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 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.86 Independent Assurance of Environmental and Social Performance Indicators
P.87 Calculation Method for Scope 3 CO₂ Emissions

Risk Management

Fundamental Stance on Management of Climate-Related Risks

Climate change initiatives generally involve mitigation measures and adaptation measures. Mitigation measures involve greenhouse gas emissions reduction through efforts to save energy and introduce renewable energy and other low-carbon energy sources. Adaptation measures deal with climate change that is already occurring by avoiding or spreading risk and taking advantage of opportunities.

Takeda recognizes that climate-related risks have a major impact on its reputation. We manage this risk by establishing reporting lines to the Business Review Committee, made up of the President & CEO and the Takeda Executive Team. We have also identified opportunities and risks at sites such as plants and laboratories based on our own guidelines, and when audits and other activities identify new climate-related risks, these are reported to the Audit, Risk and Compliance Committee, which takes appropriate measures by centralizing company-wide risk management.

Risks and Opportunities Associated with Business and Takeda's Potential Response Strategies

While energy-saving initiatives and introduction of renewable energy sources and other alternatives are measures to mitigate climate change, Takeda's potential response strategies include contributing to patients by responding to disease trends driven by climate change. For example, global warming is expected to increase the risk of neglected tropical diseases (NTDs), such as dengue fever. Dengue fever is the most serious viral disease transmitted by mosquitos, and one of four diseases identified by the World Health Organization (WHO) as a priority for vaccine development. 40% of the global population is affected by the threat of dengue fever, which infects 390 million people each year, killing 20,000.

Takeda is developing a vaccine for dengue fever and is currently conducting Phase III clinical trials. We have constructed a vaccine manufacturing plant in Singen (Germany).

Takeda also participates in the World Intellectual Property Organization (WIPO) Research Consortium, a joint enterprise hosted by the WIPO for promoting research and development on treatments and vaccines for NTDs, malaria, and tuberculosis. As part of this consortium, we are taking steps to strengthen our healthcare platforms in developing countries.

Metrics and Targets

Long-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.

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

We are undertaking procedures to obtain certification of these targets by the Science Based Targets initiative (SBTi), an international initiative for the setting of science-based CO₂ emissions targets.

Within the framework of the international community, Takeda will ambitiously promote initiatives on global environmental issues with an eye on the future for the sake of the Patient.

See > P.56 Initiatives Addressing Climate Change

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



30%
Reduction

CO₂ emissions

Takeda's CSR Activities

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

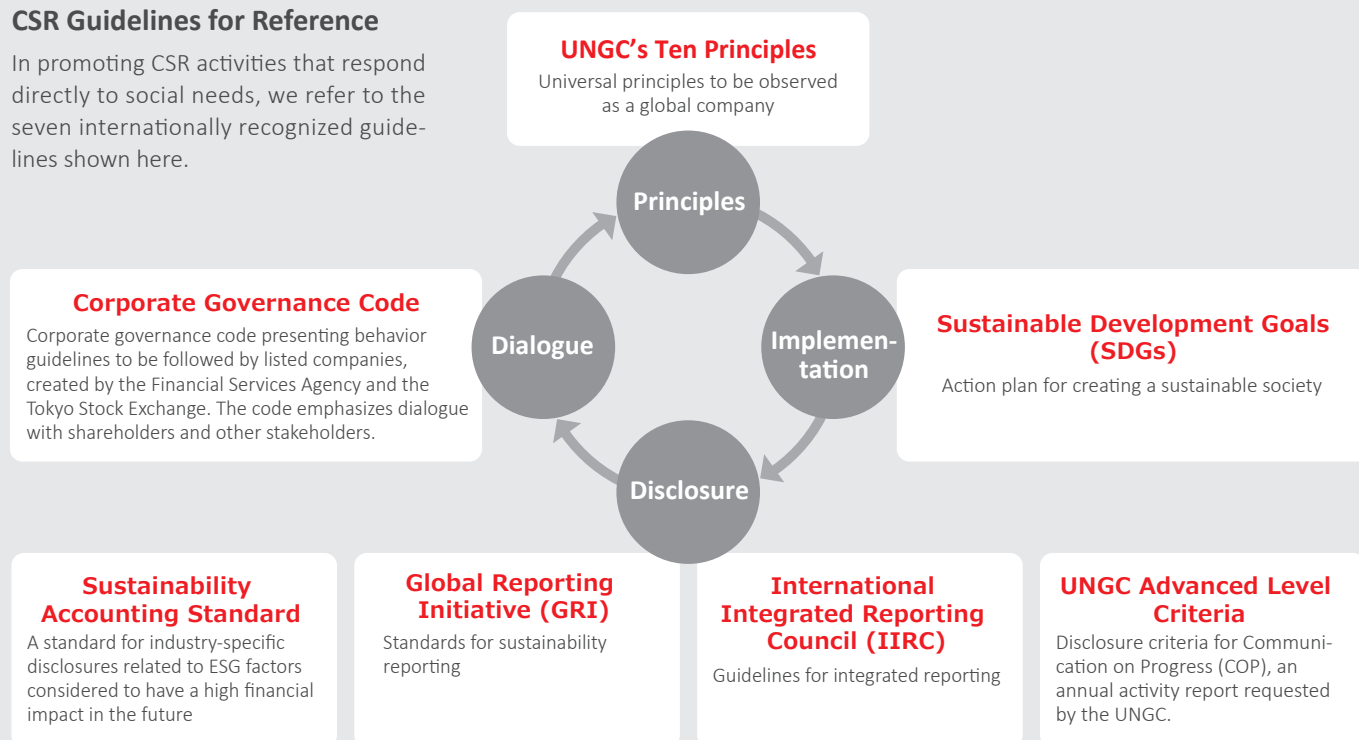
Basic Policy on CSR

For Takeda, CSR is rooted in putting the patient at the center and operating a pharmaceutical business that creates outstanding products. In addition, we strive to maintain and improve sound activities as a company, while engaging 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 SDGs.

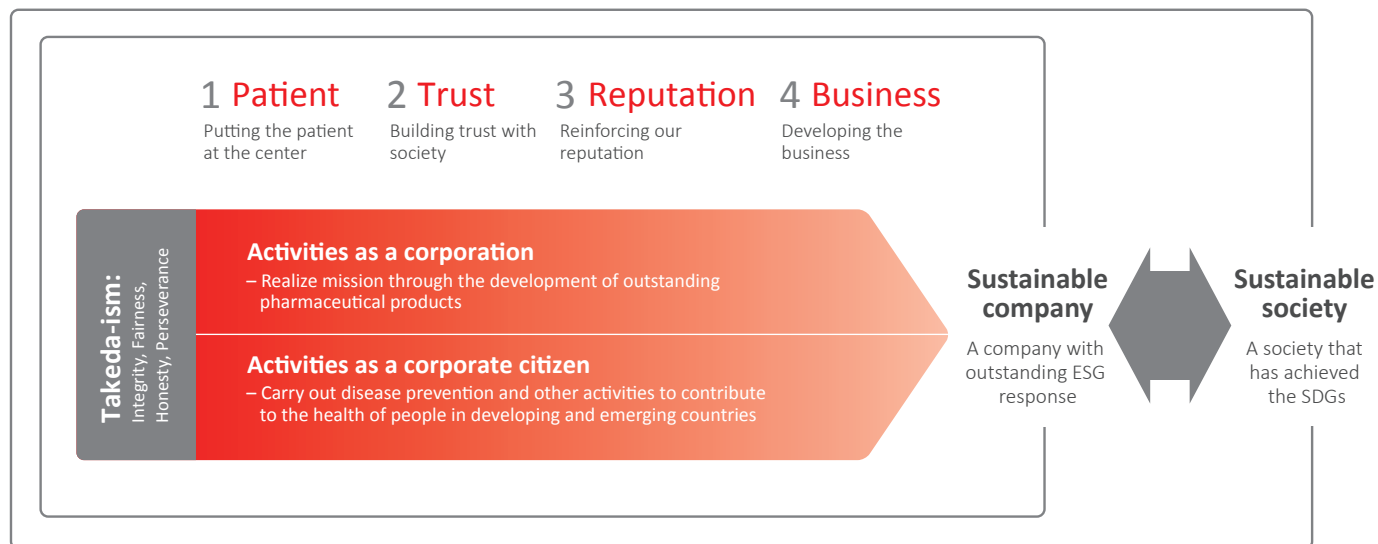


CSR Guidelines for Reference

In promoting CSR activities that respond directly to social needs, we refer to the seven internationally recognized guidelines shown here.



Takeda's Business Activities from a Sustainability Perspective



CSR Governance and Strategic Engagement

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



Takeda's CSR Activities

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. Relevant divisions lead efforts to 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 divisions.

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, the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework, the Sustainability Accounting Standard, and other guidelines.

Strategic Engagement

Takeda works to understand and act on 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 since 2009. It is also a member of Business for Social Responsibility (BSR) and CSR Europe. Through active participation in related meetings, Takeda grasps what kinds 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.

Links with the CSR Community



Related SDGs
17: Partnerships for the Goals

CCPA Organizational Structure



SRI/ESG Evaluation Agencies

Takeda monitors the status of CSR trends and the expectations of investors and NGOs of pharmaceutical companies through surveys from SRI/ESG 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/ESG Indices (as of September 2018)

Dow Jones Sustainability Asia Pacific Index (S&P Dow Jones Indices LLC of the U.S.)	9 consecutive years
FTSE4Good Developed Index (FTSE Russell of the U.K.)	14 consecutive years
Ethibel EXCELLENCE Investment Register (Forum Ethibel of Belgium)	From July 2017
Prime Status (ISS-oekom Research of Germany)	From June 2017
MSCI ESG Leaders Indexes (MSCI ESG Research LLC. of the U.S.)	9 consecutive years
Morningstar Socially Responsible Investment index (MS-SRI) (Morningstar Japan, Inc.)	12 consecutive years

Dialogue with Stakeholders

Takeda enhances the quality of dialogue with stakeholders using various frameworks, such as Japan's Corporate Governance Code, 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.

Inclusion in SRI/ESG Indices



6

Number of main SRI/ESG-related indices and universes in which Takeda is included as a constituent (as of September 2018)

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



Selected as One of the "Global 100 Most Sustainable Corporations" for the Third Consecutive Year

Takeda was selected for the "2018 Global 100 Most Sustainable Corporations in the World" by Canadian publisher Corporate Knights Inc. in January 2018. We achieved this distinction for the third consecutive year, based on 17 key performance indicators, including energy productivity, innovation capacity, safety performance and leadership diversity. Takeda was the only Japanese company among the 10 selected global pharmaceutical companies.



Responsible Business

Takeda establishes a management framework befitting a world-class pharmaceutical company that operates on a global scale.

Corporate Governance

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 and enhancing 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 keep further improving 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 this structure, Audit and Supervisory Committee members own voting rights as Directors in the Board of Directors meetings, and 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 is 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 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 establishes the Takeda Executive Team that consists of President & CEO and members who manage and supervise each function of Takeda Group, and also establishes 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 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.

Based on the “Global Risk Management Policy,” Enterprise Risk Management (ERM) shall be conducted. 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.

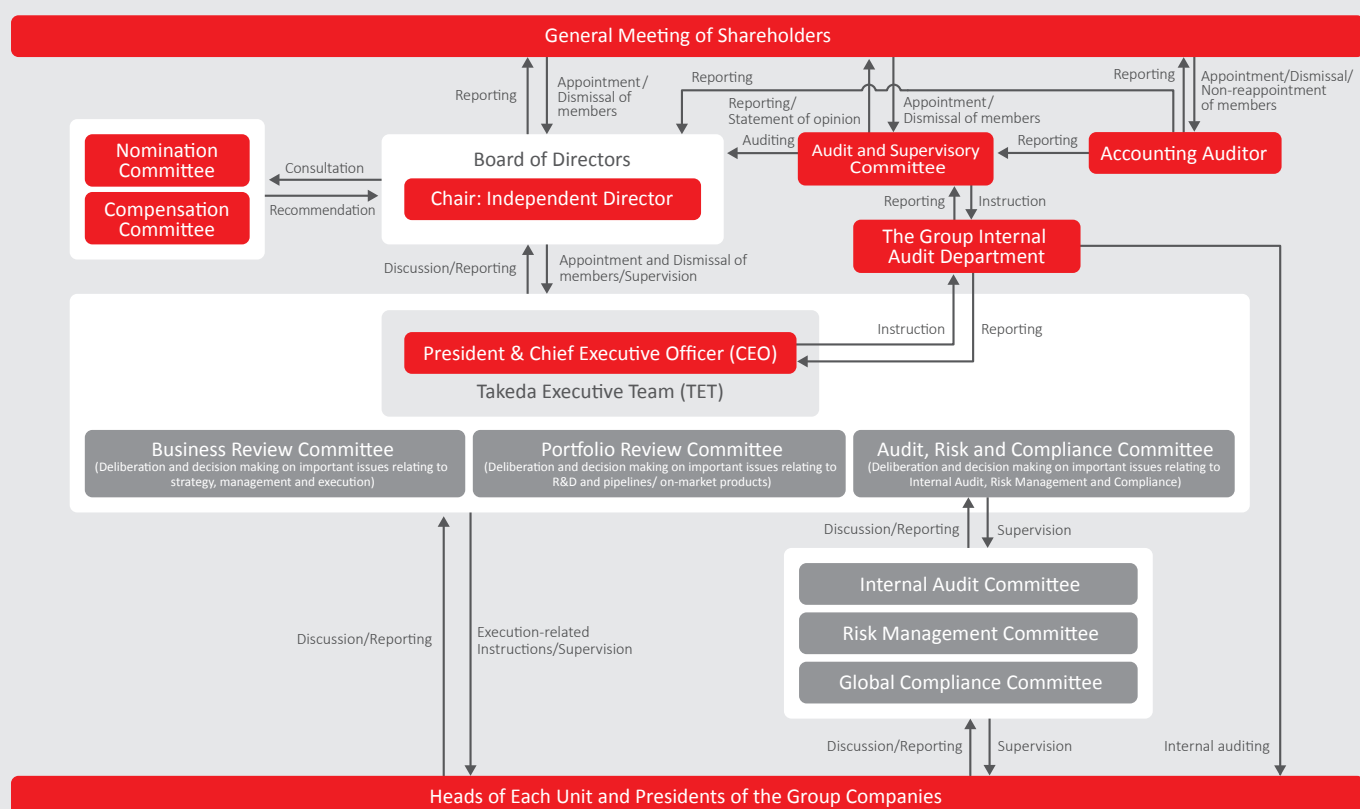
Takeda also clarifies the roles and responsibilities of each function based on the “Takeda Group’s Management Policy.” We ensure compliance and appropriate business operations through implementation of periodic internal audits and the Compliance Monitoring Program to each company and each function in 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)	1,847	567	395	885	6
Directors who are Audit and Supervisory Committee Members (excl. external directors)	51	38	—	13	1
External directors and external corporate auditors	213	154	—	59	9

Takeda’s Corporate Governance Report can be viewed on the corporate website.
<https://www.takeda.com/who-we-are/corporate-governance>

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



Responsible Business



Related SDGs

16: Peace, Justice and Strong Institutions

Compliance

The Takeda Global Code of Conduct and Reinforcement of the Global Ethics & 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 standards. At Takeda, this is expressed through our Values - Patient-Trust-Reputation-Business based on “Takeda-ism.” 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 Ethics & Compliance Officer and established the Global Compliance Committee. The Global Ethics & Compliance function supports them in their efforts.

See > P.64 Anti-Corruption

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

Promotion of Ethics & Compliance at Takeda Group Companies

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

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

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.

Crisis Management

Takeda’s Approach to Crisis Management

In order to prevent and respond to emergency situations, the Company shall establish crisis management systems through the appointment of persons who will be in charge of crisis management and those who will be in charge of crisis management in each local region, and shall establish a crisis management committee under the “Policy on Crisis Management.”

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.

Periodic Corporate Crisis Training

2016	<ul style="list-style-type: none">• Great Earthquake in Metropolitan Area• Cyber Crisis
2017	<ul style="list-style-type: none">• Mega Earthquake in the Nankai-Trough• Social Media Crisis
2018	<ul style="list-style-type: none">• Attacking armed gunman on Takeda sites in the U.S.

Risk Management

Takeda's Approach to Risk Management

Takeda shares its Corporate Philosophy which comprises its Mission, Vision, Values and Strategic Roadmap, with the entire Takeda Group and promotes creating of a disciplined and sound corporate culture. The Board delegates responsibilities for decision-making regarding some of the important business decisions to the management under the company's Articles of Incorporation. As for the matters delegated to the management, they are delegated to the Audit, Risk and Compliance Committee (which is responsible for Risk Management, internal audit and compliance matters) and other Committees. The Boards supervises the management's execution of these matters through the reports of the aforementioned committees.

Based on the above mentioned principle, Takeda has created a risk management policy and processes, making risk management an important component of corporate governance. The risk management process cannot provide absolute assurance against unfavorable outcomes, but is intended to manage risks to best possible extent.

Striving towards better health and a brighter future for people

through leading innovation in medicines involve risks and Takeda is exposed to various risks and uncertainty including in research and development, intellectual property rights, decline of sales due expiration of patents, drop in prices due to price pressure and healthcare reforms in major markets, fluctuation of foreign exchange rates, corporate acquisitions, stable supply, litigation, and IT security and information control.

Risk management is conducted through a five step approach, which is the identification, assessment, mitigation, reporting, and monitoring and control of the risk. Over a three year time horizon we assess likelihood and potential impact of identified risks and decide which and to what extent mitigation actions should be taken to avoid or minimize risks depending on the degree and content of the risk Takeda is exposed to. Also, risk and opportunities arising from trends in our business environment are factored into the financial outlook as an integral part of our mid-range and annual plans.

In addition, from the perspective of business continuity, each function and business area shall design and implement Business Continuity Plans under the "BCP Policy."

Risk description and risk area	Mitigation actions
 <p>Like any other company Takeda is exposed to Cyber Threats including the risk of attacks to Takeda network contributing to business interruption and supply chain risk.</p>	<p>Takeda continuously engage in data protection and privacy management including governance, policies and procedures to address the risk. The strategies also include proper training of employees to limit cyber risk.</p>
 <p>Takeda's ability to serve patients rely on a continued Product Supply in all parts of the supply chain.</p>	<p>Takeda is continuously assessing interruption risks in the supply chain, assessing exposures, interdependencies and transfer options to ensure stable supply to our patients.</p>
 <p>Failure to effectively integrate acquired companies could result in lost synergies, diversion of management focus, operational inefficiencies, increase costs, demotivation of employees and/or damage to our reputation.</p>	<p>The integration of a new company and new products can be complex, costly and time-consuming. In larger integrations a governance framework will be established to enable a successful integration in consideration of culture, people, products, operations, systems alignment and compliance etc. while maintaining focus on our strategy.</p>
 <p>Research & Development risks including failure to demonstrate safety and efficacy in planned and ongoing clinical trials may result in penalties, fines, reduced revenue and/or damage to our reputation.</p>	<p>Like any company in the pharmaceutical industry, Takeda is exposed to risks when testing new medicines for safety and efficacy. We emphasize patient safety and a disciplined approach to research and development. We have a governance structure in place, Portfolio Review Committee, to monitor and evaluate our risk exposure in this area.</p>
 <p>Legal and Compliance risks are inherent in the pharmaceutical industry and Takeda could as well be faced with legal and compliance risks such as lawsuits filed by competitors or customers or investigations by authorities.</p>	<p>At any point in time we could face legal risks such as lawsuits filled by customers or competitors. We have a comprehensive compliance and ethics code of conduct and all employees are trained regularly.</p>
 <p>Significant changes to health care legislation in major markets such as US may lead to reduced revenue.</p>	<p>Currently the lawmakers are focusing on other priorities and the reforms are delayed. Takeda is however monitoring the development very closely to enable proper risk response in the future.</p>

Responsible Business

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

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



Costa Saroukos
Chief Financial Officer



Haruhiko Hirate
Corporate
Communications and
Public Affairs Officer



Yoshihiro Nakagawa
Global
General Counsel



Padma Thiruvengadam
Chief Human Resources
Officer

Singapore



Ricardo Marek
President, Emerging
Markets Business Unit



Thomas Wozniowski
Global Manufacturing
and Supply Officer



Giles Platford
President, Europe and
Canada Business Unit

U.S.



Andrew Plump
Director, Chief Medical &
Scientific Officer



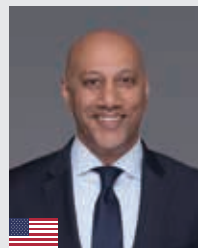
Christophe Bianchi
President, Global
Oncology Business Unit



Gerard Greco
Global Quality Officer



Ramona Sequeira
President, U.S. Business
Unit



Rajeev Venkayya
President, Global Vaccine
Business Unit

Responsible Business



Related SDGs

12: Responsible Consumption and Production

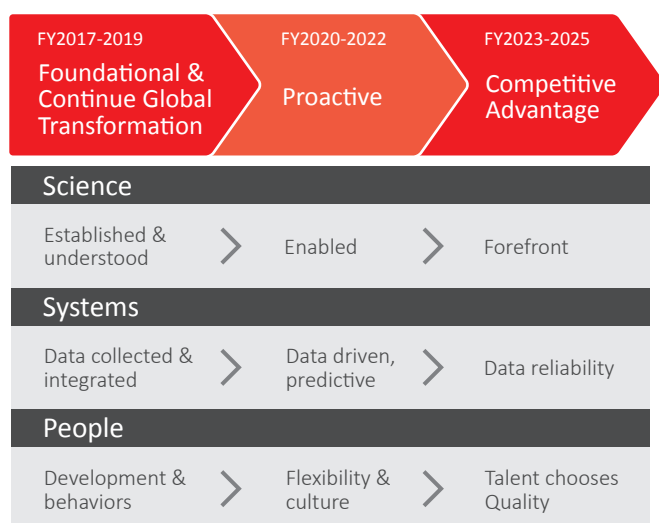
Quality Management System

Global Quality Organization and Road Map to 2025

Takeda continues to rapidly globalize its business, and the Global Quality organization is keeping pace with the change. Gerard Greco, Ph.D., is the Global Quality Officer (GQO) reporting to the President & CEO. The GQO continues to shape 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 regional Quality oversight which includes sites, Local Operating Companies (LOC) and functional Quality teams. The Global Quality Council provides oversight on global performance, trends and opportunities. Another key feature includes a standard site structure model for the Quality organizations in our manufacturing sites in order to maintain consistent functions, roles and responsibilities across the network.

Quality Roadmap to 2025



Quality Culture throughout Takeda

Throughout the transformation of Global Quality, we have remained focused on our mission to strive toward Better Health and a Brighter Future for people worldwide through leading innovation in medicine. And our set of core values and Takeda-ism remain unchanged. We pledge to act with Integrity – comprising Fairness, Honesty and Perseverance – at all times. We support our corporate 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 on the foundation of 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 compass to making key decisions:

1 Patient

Putting the patient at the center

2 Trust

Building trust with society

3 Reputation

Reinforcing our reputation

4 Business

Developing the business

Quality Culture is fundamental to the mindset of employees where decisions are 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 progress in executing our Quality roadmap, 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.

Quality Spanning the Entire Product Life-Cycle

As a patient-focused, innovation-driven, global pharmaceutical company, Takeda is passionate about bringing better health and a brighter future to patients worldwide. In order to realize this mission, we build quality into all that we do. Global Quality partners with Research & Development to ensure compliance with governing laws and regulations and our own internal rules and standards. We utilize best practices for research, development, and safety evaluation throughout the entire product life-cycle. This focus enables Takeda to develop innovative, safe and effective products.

• Research

In our research and non-clinical studies, Takeda holds researchers to high standards for data integrity. We stringently manage our studies in strict compliance with regulations for GLP (Good Laboratory Practice) to assess the safety of candidate compounds of pharmaceutical products.

• Development

Takeda's clinical studies, regardless of phase or where conducted, comply with GCP (Good Clinical Practice) requirements to protect the safety and well being of our patients and the integrity of our clinical trial data. We ensure that our studies are conducted in accordance with scientifically sound

protocols, and that data are collected, analyzed and reported in a transparent and responsible manner.

• Production & Distribution

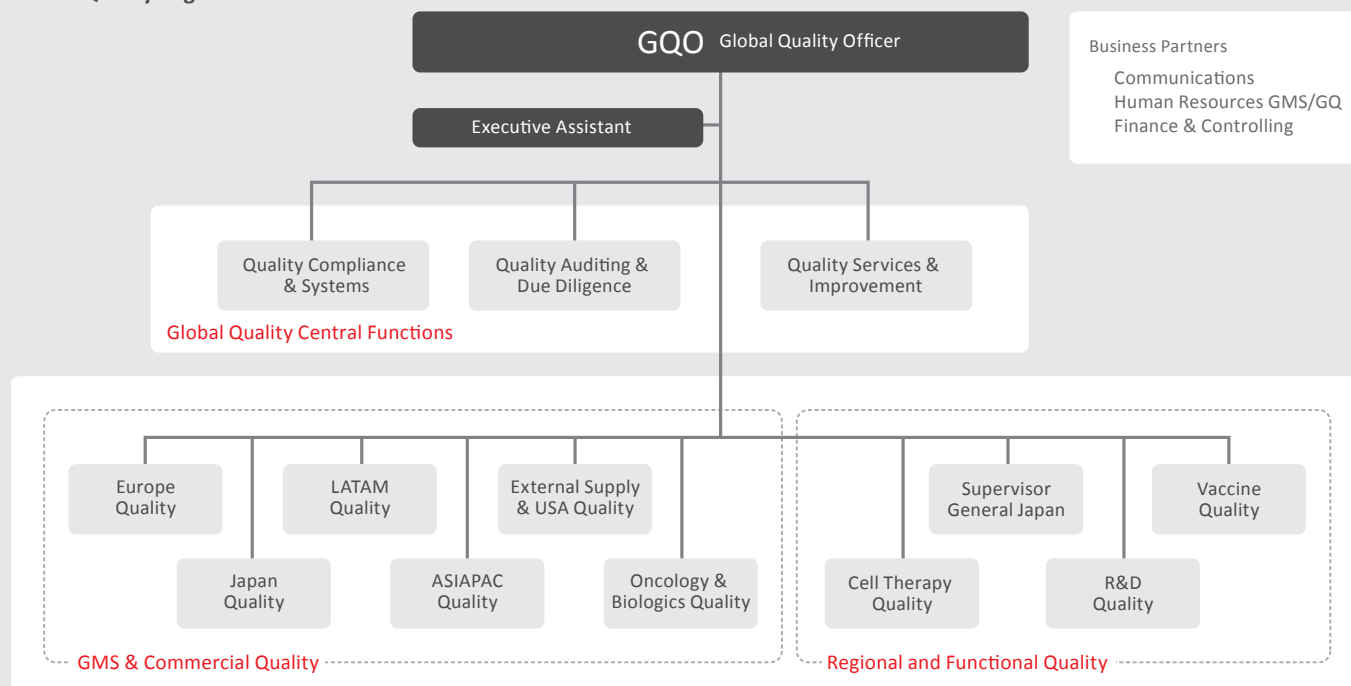
All Investigational Medicinal Products and Pharmaceutical Products are produced and controlled in accordance with CGMP (Current Good Manufacturing Practice). The integrity and security of our products are protected by our compliance with GDP (Good Distribution Practice). Once development and marketed products are released, we continue to assure quality by collecting important information from clinical investigators and the market. In this way, we strive to detect potential quality issues at an early stage and make continuous improvements in our quality processes.

• Safety

Takeda monitors the safety of all of our products, continuously collecting safety information from the development phase of new drugs and throughout the time they are marketed. We utilize this information to detect any signals of safety problems. Should potential problems be identified, we promptly notify health authorities, healthcare providers and companies marketing our products, and we provide information on the appropriate use of the products.



Global Quality Organizational Structure





Global Quality Management System

The global QMS architecture has been implemented in a prioritized manner to drive adoption of global harmonization where applicable, and simplify overall documentation. 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 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. The global Quality performance metrics are routinely reviewed across the site network at our meetings and the metrics are updated/revised as our performance progresses to the future vision.

Performance Metrics Categories

Patient Focus	Operation Impact
Compliance	Quality System Performance

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. Lab transformation has also driven a positive step change in engagement of all analysts within the laboratories which further enhances overall culture within the labs.

LEADs & EQMS - Integrated Quality Systems

Learning and Document Management System (LEADs) and Global Electronic Quality Management System (EQMS) are key parts of the future digital systems to support a global common electronic Quality management system. LEADs is the first module that has enabled use of a global document management system to provide global visibility of procedures and documents from across the network. This global visibility is driving 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 with greater ease and efficiency.



LEADs Progress

As of June 29, 2018



14,000

Onboarded users



43,850

Managed documents



450

Trained administrators

Product Stewardship

Basic Stance and Management Structure

Takeda practices product stewardship throughout the entire value chain, considering the impact of its products on the environment and on people's health and safety throughout the product life-cycle (research, development, procurement, manufacturing, distribution, sale and consumption, and disposal) and managing these aspects so as to minimize this impact. In the Global Policy on EHS established in April 2017, we have positioned product stewardship as a top priority since it is a primary responsibility under our basic principles.

Takeda's Goals in Product Stewardship

Through its product stewardship initiatives, Takeda aims to go beyond environmental and product management to improve its current processes, realize innovation, and create new value by staying attuned to society's demands. We will incorporate these activities at an even deeper level going forward, building links with our stakeholders and further enhancing their trust in the Company's business activities and products throughout the entire value chain.

Overview of Initiatives

Product stewardship is undertaken across all of Takeda's business activities. This includes the disclosure of risk information pertaining to product safety (P.29), consideration of manufacturing methods reflecting green chemistry, establishment of work methods that reduce the impact on workers involved in product manufacturing, chemical hazard assessment, quality management and occupational exposure management, adoption of environmentally-friendly packaging, anti-counterfeiting measures (P.35), modal shift (CO₂ emission reduction in product transport) (P.20), environmental risk assessment, and carbon footprint, etc.

Example of Initiatives

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, we are working to reduce the environmental load through packaging design, such as adopting blister card that is easy to sort for recycling, using ink that does not contain organic solvents, and reducing the amount of shock absorbing material inside bottles.

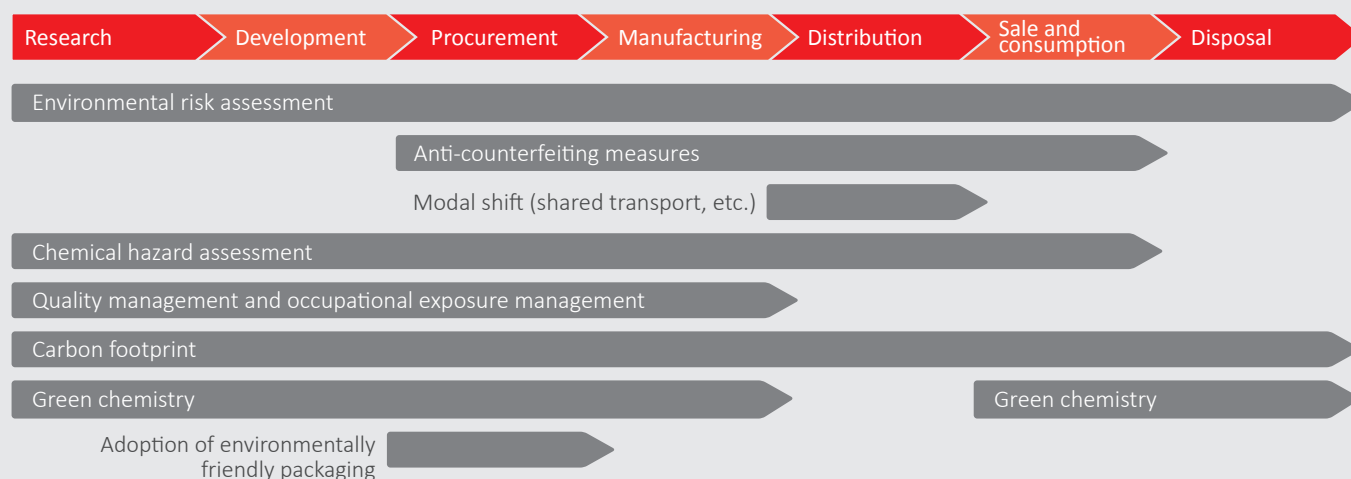
Anti-Counterfeiting Measures

We are aggressively partnering with others to take innovative measures against the growing global problem of counterfeit drugs. Counterfeit and illicit medicines present a significant threat to consumers and patients around the globe. 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

Examples of Product Stewardship Initiatives



Ethical Marketing

Under the Takeda Global Code of Conduct, Takeda's first consideration when making any decisions about business activities is "putting the patient at the center," followed in order by "building trust with society," "reinforcing our reputation," and "developing the business." In our marketing activities, our policy is to make the patient's benefit our first priority. We provide objective, accurate information about Takeda products and the diseases that the products treat or prevent. Moreover, we avoid using unjustified influence over the prescription, use, administration, purchasing, or recommendation of Takeda products; we do not promise, offer, or provide any money, gifts, services, hospitality, or other benefits as an inducement or reward. To make this policy clear, Takeda has established various global policies, including the Global Policy on Interactions with Healthcare Professionals and Healthcare Entities, the Global Anti-Corruption Policy, and the Global Policy regarding Fair Market Value, and strive to promote ethical business.

Promotional Material Examination System

Based on promotional guidelines by national authorities, Takeda conducts strict promotional material reviews. For example, in Japan, we have established highly independent organization for promotional material examination and are striving to strengthen the screening system.

Strengthening of independence and the examination system of the Takeda Information Brochure (TIB) Review Committee

- Use of external experts: Outsource external examiners to an external legal office
- Revision of examination system: The secretariat was transferred from the sales divisions to a completely independent organization (Medical Affairs Division)
- Expansion of the scope of examined promotional materials: The scope now includes all information provided to medical professionals (including websites)
- Strengthening of the pre-check system for examined promotional materials: Exclusion of sales divisions from the division conducting the pre-check

Strengthening of Training and Education

- Regular education on creation of promotional materials to be provided twice a year to personnel responsible for creating promotional materials, other managers, and TIB Review Committee members.
- Newly appointed personnel to the Promotional Material Creation Division are given ongoing education base on laws and regulations, notifications, voluntary industry standards, and product information labeling guidelines.
- Continue to provide products and relevant medical, pharmacological, and ethical education to Takeda's Medical Representatives (MRs).

Taxation

Takeda's Business and Taxation

Takeda's operations incur a significant amount of business taxes in a number of forms including corporate income taxes, customs duties, excise taxes, property taxes, stamp duties, and employment taxes such as those for public benefit and retirement plans. We also collect and remit employee taxes and indirect taxes such as Value Added Tax (VAT). The taxes we collect and pay are part of our contribution to local economies and their wellbeing.

Overview of Initiatives

We are committed to ensuring compliance with the prevailing tax laws where we do business and forging transparent, professional, and constructive relationships with all relevant tax authorities globally. We support increasing public trust and transparency in national and international tax regimes. Regularly engaging and partnering with our stakeholders creates awareness of the consequences of business taxation everywhere we operate.

To comply with applicable disclosure regulations and to support our transparent approach to taxation Takeda has published, "Takeda's Position of Taxation". This document explains our approach on the following items:

- Governance, risk management and compliance
- Transfer pricing policies
- Tax strategy
- Dealings with tax authorities
- Current framework of international taxation
- Level of tax risk we are prepared to accept

Takeda's Position on Taxation can be viewed on the corporate website.

<https://www.takeda.com/who-we-are/company-information/positions>



Takeda is doing its utmost to protect human rights through every link of the value chain, based on global trends in human rights issues.

Starting with the United Kingdom's Modern Slavery Act 2015, many countries have recently proceeded with preparing their own legislation related to business and human rights. In line with these movements, Takeda has prepared internal standards in the form of policies and guidelines based on international human rights standards, and strives to be socially responsible at every stage of the value chain from research and development to procurement, production, distribution, and sales and marketing as it conducts its activities.

Guidelines for Reference

International Human Rights Standards

Universal Declaration of Human Rights

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

Guiding Principles on Business and Human Rights

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

The Declaration of Helsinki

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

The Ten Principles of the United Nations Global Compact

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

The BSR "Guiding Principles on Access to Healthcare"

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

Takeda's Internal Standards

Basic Rules of Compliance

The Takeda Global Code of Conduct

Risk and Crisis Management

Global Risk Management Policy
Global Crisis Management Policy

Quality Assurance

Global Policy: Quality

Environment, Health, and Safety

Global Policy on EHS

R&D

Human Rights-Related Rules for Research and Development Activities

Procurement

Takeda Supplier Code of Conduct
Global Procurement Policy
UK Modern Slavery Act
Transparency Statement

Stakeholders

Patients

Communities

Employees

Suppliers

Promotion of Human Rights-Related Initiatives throughout the Value Chain

Research

Development
(Clinical Trials)

Procurement

Production

Distribution

Sales and
Marketing

Future Outlook

Issues and Initiatives
Going Forward

Global pharmaceutical companies that conduct business in emerging markets and developing countries are asked to give consideration and care to human rights issues in various processes in the course of providing medicines. In addition, the development of legislation concerning human rights issues, such as the United Kingdom's Modern Slavery Act 2015, has been swiftly spreading to many countries. 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.



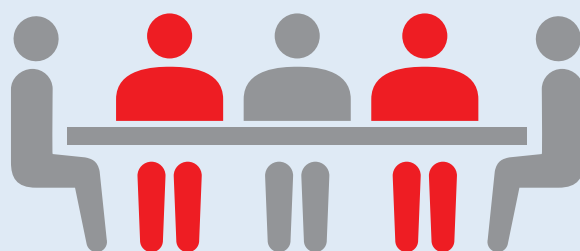
Related SDGs

16: Peace, Justice and Strong Institutions

Key Figures

3

Number of human rights-related seminars held by BSR Healthcare Working Group in fiscal 2017



6

Number of human rights-related meetings* held in fiscal 2017 (Japan)

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

Human Rights

As a company involved in improving people's lives, Takeda will continue to fulfill its responsibilities towards human rights in all of its business processes.

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 and vaccine 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. Takeda also publishes an annual statement in accordance with the United Kingdom’s Modern Slavery Act 2015.

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.



Related SDGs

16: Peace, Justice and Strong Institutions





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

Takeda is endeavoring to attract and develop diverse global talents 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.

See > P.44 Global Talent Management

Certified as a Global Top Employer® 2018

Takeda has been certified as part of a select group of 13 companies, and one of two pharmaceutical companies, to receive Global Top Employers® status for 2018. The program is managed by the Top Employers Institute, a third-party institution headquartered in the Netherlands that evaluates corporate human resource systems and workplace environments. Takeda is recognized by the Institute as a company that creates optimal conditions for its employees to develop professionally and personally, and achieves the highest standards of excellence for its people, in at least 20 countries, four regions, and its global headquarters.



See > P.44 Global Top Employers® 2018

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.46 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.48 Occupational Health and Safety

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.





Related SDGs
5: Gender Equality
8: Decent Work and Economic Growth

Key Figures

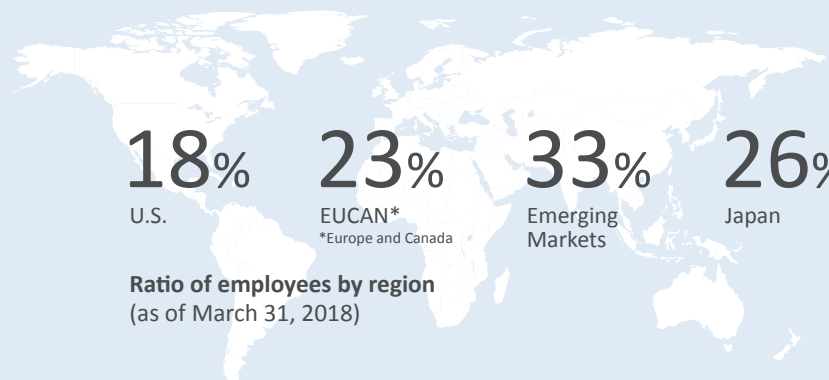
Approx. **30,000**
Employees



53%
Male



47%
Female



64%

Response rate for
employee engagement survey
(Conducted June 2018)

Labor

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

Global Talent Management

With the aim of contributing to peoples' health through pharmaceutical products, Takeda undertakes business acquisition and pharmaceutical production and builds a stronger organization by constantly interacting with parties in good faith; not only patients and families who look forward to exceptional pharmaceutical products, but our employees as well.

To become a company that can contribute even more to patients' health, Takeda is forming an organization that addresses dynamic changes to the environment, making it integral to place "the right person in the right place at the right time" so that talented employees are able to play an active role in the business. To that end, our company is focusing on selecting key positions in business operations and expanding the pool of diverse and talented employees, as well as drafting personal development plans that will further increase individuals' skills and experiences and implementing a program to cultivate the next generation of leaders who will drive growth in the pharmaceutical industry and Takeda in the future.

Talent Development

Our global programs include:

- **President's Forum:** Takeda's centerpiece development program where the CEO and the executive management team invest their time in engaging influential leaders to prepare them to lead our global company in the future (2018: 42 participants)
- **Takeda Leadership Program:** leadership development in partnership with the Said Business School or the University of Oxford focused on embedding Takeda's distinctive Leadership Behaviors (2017: 60 participants)
- **Accelerator Program:** International cross-functional development for high potential employees early in their careers involving cross-region assignments, mentoring, and learning events (2018: 35 participants)

- **Global Induction Forum:** Induction training for recently hired senior leaders facilitated by CEO and Executive Team focused on expectations of leading a patient centered, world class, agile, Japanese company (2018: approx. 110 participants)

Global Top Employers® 2018

Takeda was certified in February 2018 in the Global Top Employers® 2018 program. Global Top Employers® is an annual award program managed by the Netherlands-based Top Employers Institute for more than 25 years that recognizes companies with exceptional employee offerings.

For Global Top Employers® 2018, Takeda was one of two pharmaceutical companies in a group of 13 companies to be recognized as a company that creates optimal conditions for its employees to develop professionally and personally, and achieves the highest standards of excellence for its employees. Takeda attained high evaluations on the talent strategy and performance management criterion in particular. To qualify for Global Top Employers® 2018, companies needed to achieve certification in at least 20 countries, four regions and the applicant company's global headquarters. Takeda fulfilled the Top Employers Institute's strict standards for certification in more than 20 countries and regions, across four geographic areas listed below.



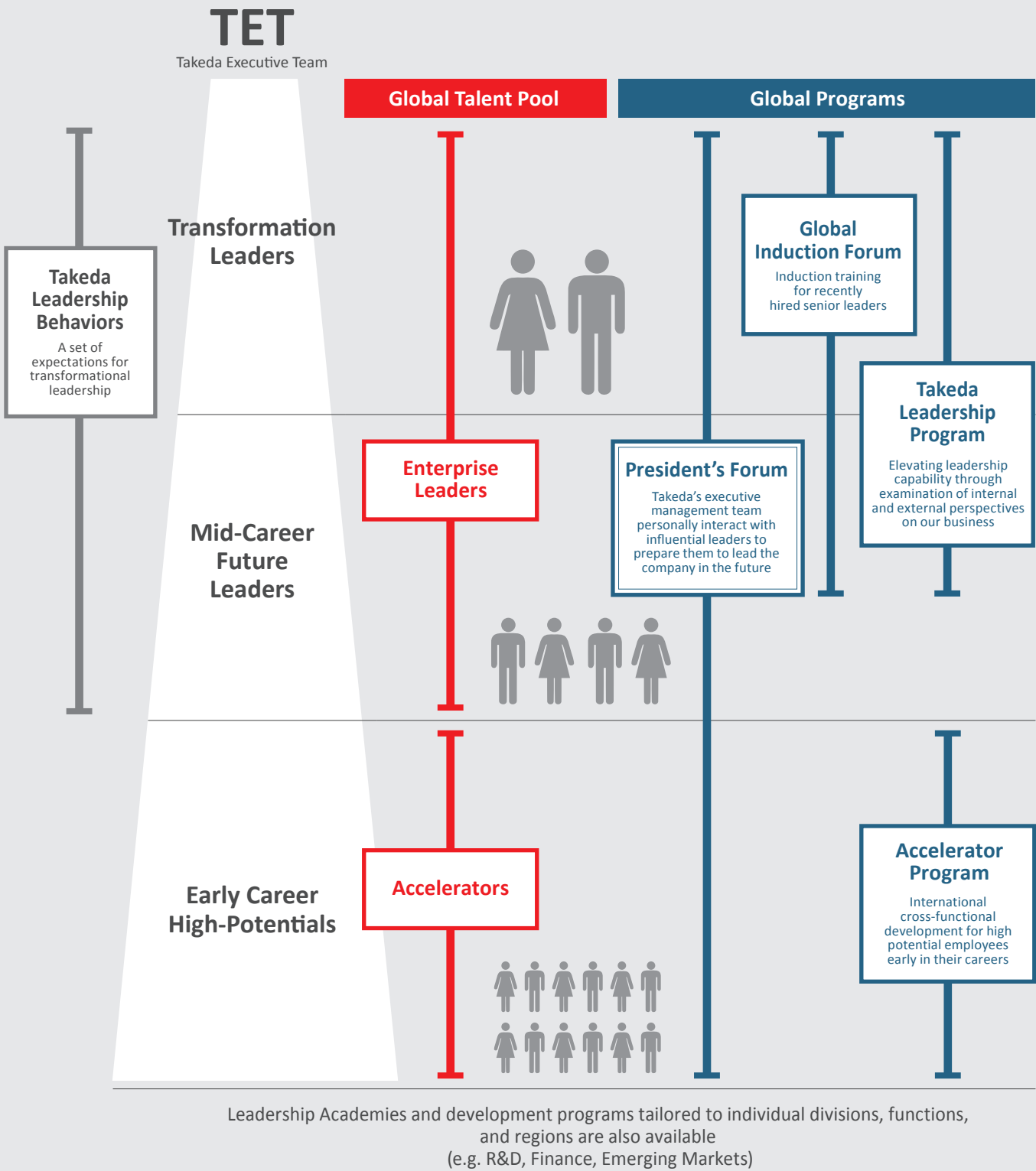
Criterion Evaluated for Global Top Employers®

- Talent Strategy
- Workforce Planning
- Talent Acquisition
- On-Boarding
- Learning & Development
- Performance Management
- Leadership Development
- Career & Succession Management
- Compensation & Benefits
- Culture

Countries and Regions where Takeda Received Certification

- **Asia Pacific:** Australia, China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand
- **Europe:** Ireland, Russia, Spain, Turkey and Ukraine
- **Latin America:** Argentina, Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela
- **North America:** Canada and United States
- **South Africa**

Identification of Priority Talent Populations and Key Programs



Labor

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

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. We have defined four distinctive behaviors regarding what Takeda Leaders must do to drive our business forward, and we are working to incorporate these behaviors company-wide.

- 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

Quality Conversations

We place our focus on people, relying on managers and employees to conduct more frequent quality conversations. We consider this as more natural and effective “Everyday Performance Management” that can change the mindsets of both managers and employees. Takeda, is moving away from 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 way of thinking, Takeda aims for stable partnerships between managers and employees, as well as building an environment of stronger mutual trust so various feedback can be shared between fellow employees.

Talent Development Programs that Address Needs in Different Countries

At Takeda, we are passionate about providing the right environment so our employees can learn and progress their careers. We endeavor to provide diverse learning opportunities across more than 70 countries through programs at institutions such as Oxford University, Massachusetts Institute of Technology (MIT), Wharton and INSEAD, as well as mentoring by senior leaders.

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.

To drive D&I

Diversity & Inclusion has been proven to lead to further 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, D&I is critical to our long-term success in delivering better health and a brighter future.

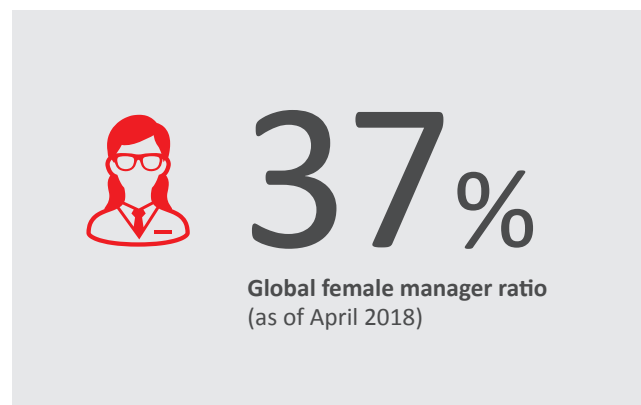
Our goal is to offer every employee at Takeda the opportunity to thrive, develop and grow based on merit, potential and ambition regardless of gender, age, nationality, race, religion, belief, disability, sexual orientation and gender identity, experience, value, and life-style. We are committed to leveraging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

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

These include:

- D&I Sr. Leaders Meeting to discuss more to become an ‘Inclusive Leader’ (Japan).
- Establishing employee resource groups which include Gender, Age, Family Status, Race/Ethnicity, Sexual Orientation & Gender Identity, Military Status (US)
- Driving an initiative of work-style change including seminars, training, and employee projects (Japan).
- Sponsoring and joining LGBT events in and hosting LGBT awareness session (U.S. and Japan).

- Conducting training programs related on female empowerment and self-leadership for early career (Japan).
- Conducting 'Hanamizuki Day' produced by Hanamizuki – an informal professional network that seeks to encourage all employees, especially female (Japan).
- Introducing a highly 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).
- Actively communicating employer branding message, "Empowering Our People to Shine" to external candidates across the globe. In sending out the message, we focus on the three pillars, "People First", "Empowerment and Trust" and "Outstanding Values" as well as how we are guided by our four priorities and Takeda-ism on a day-to-day basis.



Related SDGs

5: Gender Equality 8: Decent Work and Economic Growth



Labor

We strive to keep our employees safe and deliver pharmaceuticals to patients throughout the world. Continuously creating safe workplaces is Takeda's culture.

Occupational Health and Safety

Safe Workplace and Culture

Takeda emphasizes occupational health and safety management as one of its main principles under the Global Policy on EHS, the company's basic policy for Environment (E), Health (H), and Safety (S). We recognize that occupational safety management is related to employee safety and to all of the people and patients in the community. Building safe workplace environments reduces the risk of accidents occurring in work operations, keeping employees safe and reducing derivative business risks that can cause accidents. It is also the foundation for our business of delivering pharmaceutical products to patients. Our culture of cherishing people is the essence of Takeda's Values (Patient, Trust, Reputation, and Business).

Safe Takeda

Since fiscal 2015, Takeda has been promoting the Safe Takeda safety initiative, aiming to reduce the lost time injury frequency rate (LTIFR)* by 30% compared with fiscal 2013 by fiscal 2020.

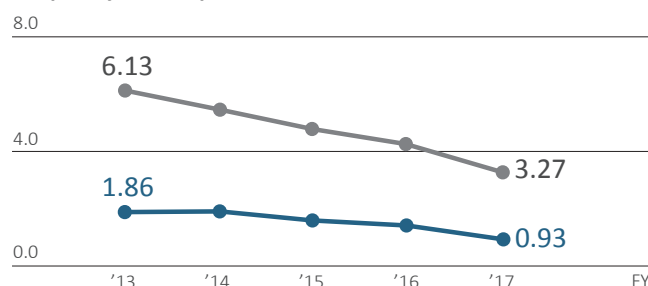
According to a fiscal 2014 internal survey of workers' accidents with day off in the Takeda Group, 60% of reported accidents occurred at plants, with 34% occurring at offices including sales divisions and 5% at research laboratories. Accordingly, our top priority under Safe Takeda has been to reduce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

Looking ahead, we will take 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 consolidate our safety culture

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

Frequency of Occupational Accidents



— LTIFR

— Total accident frequency rate (including those without lost workdays)

Data collection sites: All production, research sites, and offices including sales divisions



Related SDGs

8: Decent Work and Economic Growth

 Data assured by a third party

See > P.86 Independent Assurance of Environmental and Social Performance Indicators



Fiscal 2017 Results (from fiscal 2013 level)

LTIFR

50%
Reduction

Group Target (from fiscal 2013 level)

LTIFR by fiscal 2020

30%
Reduction

Activities at Sites

Boston (U.S.)

At the Boston site, we hold an annual safety week in the winter to call attention to frequent falling accidents due to the freezing of roads in the region's cold climate. In fiscal 2017, the office developed an original virtual reality game for safety education and awareness raising. Through the game experience, participants confirmed whether their own actions carried safety risks.



Vashi (India)

At the Vashi plant, the National Safety Council of India has recognized the continuous and effective occupational safety initiatives and occupational safety systems and procedures, as well as the plants approach of strengthening these even further, by presenting it with a certificate of appreciation. An occupational health and safety meeting of the plant employees and workplace accident prevention considerations of ergonomics for officer employees are among the proactive initiatives being taken at the site.



Brooklyn Park (U.S.)

Takeda's biologics manufacturing site at Brooklyn Park was highly evaluated for excellence in workplace safety and health related initiatives, and received the Governor's Safety Award in May 2018. This is the second consecutive year Takeda has received this award. Since 1934, the annual Governor's Safety Awards program has honored Minnesota employers with exceptional safety performance. Applicants are judged on several years of injury data as it compares with their industry's national statistics, and on their progress in implementing a comprehensive safety program.

Because materials within chemical containers used in the manufacturing process at the plant undergo changes at each step, it was necessary to come up with an original innovation for labeling the contents of the containers. Takeda's team at this facility adheres to regulations while taking a creative approach by designing a new labeling method to make all employees aware of the risks involved with all chemical substances.



Oranienburg (Germany), Linz (Austria)

To strengthen the EU and Russia/CIS Safety Culture a "Lifesaver Campaign" was rolled out on site level being steered and fed with topics and material from regional EHS organization. The Lifesaver Campaign supports the safety dialogue between management and shop floor employees with the target to eliminate any work related injury. It creates a culture of deep employees' involvement to the safety activities. Our sites in Oranienburg, Germany, and Linz, Austria, were the front runners followed by European based sites and the Joint Venture in Vashi, India, in April 2018. Great activities and employee involvement were seen and other will for sure follow.





We are progressing in environment areas with a medium- to long-term perspective to tackle issues on a global scale and create sustainable value as a global enterprise.

Takeda has identified priority issues and medium- to long-term targets and is engaged in 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 to provide a systematic basis for company-wide initiatives on global-scale issues. We also established the Corporate EHS Council, made up of representatives from all Takeda business functions, and we are now expanding existing activities on a global level and making further progress on environmental protection throughout the company.

See >

P.52 Environmental Management



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 by promoting initiatives to cultivate medicinal plants in-house.

See >

P.57 Biodiversity Conservation Initiatives

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.52 Takeda Group Environmental Action Plan

Fiscal 2030 Long-Term Group Targets for CO₂ Emissions Reduction

Takeda is strongly aware of the importance of engaging in environmental protection activities with the international community. We have signed the Paris Pledge for Action, declaring our commitment to achieving the Paris Agreement to uphold our responsibility as a global pharmaceutical company. Limiting the rise in temperature to 2°C or less will require a major reduction in CO₂ emissions, which calls for long-term targets and initiatives. In addition to setting Group targets for 2020 in 2010, we have formulated new milestone targets for reducing CO₂ emissions by fiscal 2030 and will accelerate our initiatives going forward.

See >

P.18/P.56 Initiatives Addressing Climate Change

Future Outlook

Issues and Initiatives
Going Forward

Takeda supports the Paris Agreement and is actively responding to the global community's concern about climate change. Through calculating Scope 3 emissions and independent assurance, we continue to measure our environmental impact and disclose highly transparent and reliable information. We will execute EHS management with a medium- to long-term perspective, including the implementation of Group targets for fiscal 2020 and the formulation of new CO₂ reduction targets for fiscal 2030.





Related SDGs

6: Clean Water and Sanitation 7: Affordable and Clean Energy
11: Sustainable Cities and Communities 12: Responsible Consumption and Production 13: Climate Action 14: Life below Water 15: Life on Land

Key Figures

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

CO₂
30% Reduction
CO₂ emissions

Fiscal 2020 Group Targets (from fiscal 2005 level)

25% Reduction
CO₂ emissions



30% Reduction
Volume of fresh water used



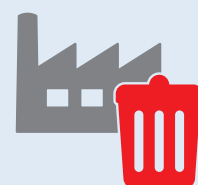
20% Reduction
NO_x emissions



75% Reduction
SO_x emissions



60% Reduction
Volume of final waste disposal
(Japan)



Environment

Takeda strengthened its environmental management structure in response to the Global Policy on EHS as part of a united effort to address global issues.

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, reduce waste, and other initiatives. We actively work forward these targets and monitor our 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 unify our initiatives on EHS issues as a global company. Takeda has also strengthened its EHS management structure for actively addressing priority issues required by the international community. For example, we have established the Global EHS Guideline for executing our policies and added product stewardship as a primary responsibility.

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's 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 actively engaged in EHS activities from a global perspective.

See > P.36 Product Stewardship

Corporate EHS Council

Takeda is constructing a new framework for promoting all of its EHS activities globally. We have established the Corporate EHS Council, chaired by the Global Manufacturing and Supply Officer (GMSO), who is also a member of the Takeda Executive Team, 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 implements improvements for EHS activities. Details of the activities are reported to the Business Review Committee by the President & CEO and the Takeda Executive Team.

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. We have formulated an action plan with targets for fiscal 2020, and we have established CO₂ emission reduction targets for fiscal 2030.

Message



During the last year Takeda has made significant progress in all of our key performance indicators to achieve our corporate Environment, Health and Safety targets for 2020 and beyond. These improvements are our contribution to the Sustainable Value creation for our patients, our trust, our reputation and our business. 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. Based on our 2017 performance we are well on track to reduce our CO₂ emissions by 30% by 2030 (baseline 2015). Our "Safe Takeda" initiative has resulted in a very strong reduction of 50% in the number of lost time incidents from 2014 to 2017. We will continue to raise the awareness of all Takeda employees to further improve the safety of our workplaces and the well-being of our workforce. Takeda's product stewardship initiative is to manage the environmental impact of our products throughout their life-cycle, from research to disposal. This program is cross-functionally aligned with sustainable procurement and supplier risk management. For the upcoming years we are fully committed to gain further momentum in our EHS-performance applying external benchmarking and internal best practice sharing across all of our Takeda functions building on the successful results of 2017 and the strong support and motivation of our employees.

Thomas Wozniowski

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

Index-Led Activities Assessment

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 has been level in Japan in recent years, but for Takeda overall it has been increasing, mainly reflecting a decrease in environmental impact costs. Takeda will continue to use the index to help assess the relationship between Takeda’s business activities and the environment.

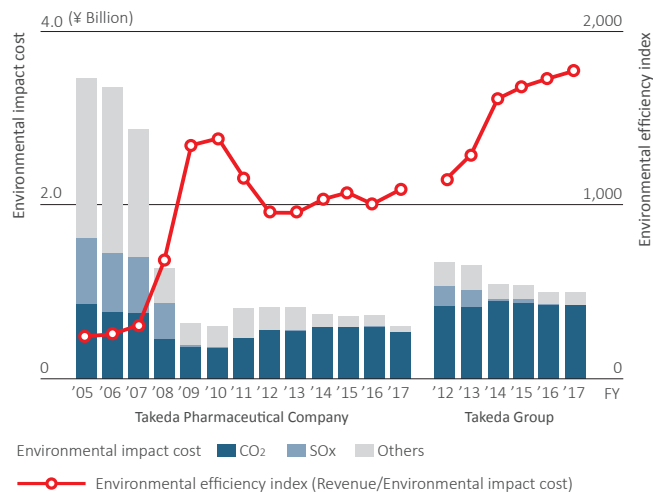
* LIME (Life-cycle Impact assessment Method based on Endpoint modeling) was developed as a national project in Japan for making a quantitative overall assessment of various environmental impacts, including CO₂, waste, and chemical substances.



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-'17), including indirect emissions associated with purchased electricity.
All production and research sites ('12-'17), including indirect emissions associated with purchased electricity.

Environmental Management System

All five 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) (three sites), Takeda Austria GmbH (Austria), and Takeda Pharma Ltda. (Brazil).

Environmental Accounting

Takeda has been monitoring and supervising environmental protection investments and expenditures since fiscal 1980. In fiscal 2017, environmental protection investments totaled ¥583 million and expenditures were ¥2,365 million. Upgrading environmental protection equipment accounted for the majority of the investments. In addition, there were about ¥3,200 million in investments to prevent accidents, such as renewing aging facilities and making facilities resistant to earthquakes. The economic benefits of energy-saving measures for Takeda Pharmaceutical Company totaled approximately ¥84 million. Takeda will now look at expanding this supervision globally.

Environmental Protection Costs

		(¥ Million)	
Category		Investments	Expenditures
Business area costs	Pollution prevention	414	1,287
	Environmental protection	56	106
	Resources recycling	113	709
Upstream and downstream costs		—	4
Administrative costs		—	259
Total		583	2,365

• Data collection period: April 1, 2017 to March 31, 2018
• 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 to identify areas for improvement and enhancing its activities even further.

We achieved a score of A- (Leadership level) in CDP-Water and B (Management level) in CDP-Climate Change for 2017, a scoring system that evaluate the water resource and climate change response of companies based on a questionnaire jointly issued by global financial institutions.

In the 21th Environmental Management Survey of Japanese companies conducted by Nikkei Inc. (announced in January 2018), Takeda came first in Japan's pharmaceutical industry category, scoring 460 points out of a maximum of 500. Moreover, our environmental activities are evaluated by external organizations, and we continue to be selected for investment by socially responsible investment (SRI) funds such as the Sampo Japan Nipponkoa Asset Management (SNAM) Sustainable Investment Fund.

In 2018, Takeda was selected for the third year running for inclusion in 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.

See ➤ P.18/P.56 Initiatives Addressing Climate Change
P.24 Strategic Engagement

Environment

Takeda is committed to excellence to EHS through the implementation of EHS management system and development of a preventive and participative EHS culture at all levels of the organization.

Continuous Improvement in the Management of EHS Impacts

Takeda EHS Risk Management Strategy

Because Takeda handles a variety of chemicals, including pharmaceuticals, we are committed to systematic risk management and to a continuous improvement approach, aligned with the Plan-Do-Check-Act cycle. This requires the each site to assess their risks and prioritize actions to eliminate or mitigate the total risk level, with special focus on those more critical risks.. The establishment of goals and prioritized actions for main critical risks and opportunities, the execution of e action plan for attaining the goals, the monitoring of the performance and the review for continuous improvement.

All of our manufacturing and research sites establish and operate an EHS management system based on Global EHS Guideline.

Takeda Corporate EHS continues enhancing the EHS standards and technical guidance which provide the framework of the management system elements or which set the expectations of control for the specific EHS risks.

Centralized EHS Auditing

EHS audits are an important mechanism in reinforcing EHS management system at our sites.

Our global EHS Audit program includes management system audits and EHS legal compliance audits. The EHS management system audits are led by the centralized internal EHS auditing function while independent external auditors who have regulatory expertise in the national and regional regulations of the audited site work with internal auditors for the EHS legal compliance audits.

The audits confirm the site's continuous improvement of EHS performance through the site EHS management system in line with the Global EHS Guideline and verify regulatory compliance with EHS laws and regulations.

Findings are provided by the audit leader and corresponding corrective and preventative action plans (CAPAs) are developed by the audited sites. CAPAs are approved and tracked to closure by the audit leader and regional EHS teams.

We analyze audit trends and review them to identify areas of focus for the coming year and supports required as a part of our Corporate EHS governance process. The audit results and CAPA progress are reported to the Audit, Risk and Compliance Committee.

The audit frequency is determined on the basis of risk. Manufacturing and research facilities are audited every two to three years, depending on the type of operations, complexity, size and other factors.

In fiscal 2017, we performed 8 EHS audits for our facilities.

We also value feedback from neighboring residents. One of Takeda's original initiatives was to invite residents living near the Hikari plant, Osaka plant, and Shonan Research Center in Japan to become Environmental Monitors, conducting surveys to find any noise or nuisance odors coming from the sites. We respond meticulously to any feedback from our Environmental Monitors or other neighbors, and we also hold plant tours and other events for Environmental Monitors.

Safety Initiatives for Manufacturing Processes

Initiatives to reduce the risk to people and the environment from fires, explosions, and leaks in the manufacturing process are also important. All sites establish EHS targets based on a risk assessment for ascertaining latent hazards and pursue EHS measures that address both tangible and intangible outcomes.

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 to address risks associated with 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.48 Occupational Health and Safety

Takeda is working to reduce the environmental impact of its offices at business sites around the world.

Initiatives at Offices

Takeda prioritizes controlling environmental impacts during research and production and promotes environmental preservation activities. To fulfill our responsibility as a global pharmaceutical company, we are continuously improving initiatives at our offices.

Takeda Global Headquarters

The grand opening of the Takeda Global Headquarters took place in July 2018. The facility will serve as a base to further accelerate Takeda's transformation into a global, values-based, R&D-driven biopharmaceutical leader. To pass Takeda's unwavering corporate identity and values as a company on to the next generation, we have launched a number of initiatives to achieve high-level environmental performance as well as to maintain the comfort of our employees.

- A construction layout plan that reduces the air conditioning load (offices are positioned on the north side, while the building design has made the east and west sides shorter, since they have high sunlight exposure)
- Use of Low-E double glazing with high heat insulation performance
- High efficiency operation of turbo chiller for chilled water tank during night time and radiate it during day time
- Daylight and motion sensors to control lighting
- Central monitoring system to support efficient building operation



Takeda Global Headquarters



U.S. office in Deerfield

Acquisition of LEED Certification in the U.S.

LEED is an environmental performance evaluation system for built environments developed by the U.S. Green Building Council, a non-profit organization. To receive LEED certification, projects must meet the necessary conditions for green buildings and select and acquire points for elective items. The level of the certification is determined by points acquired. Takeda has acquired LEED Gold certification at its U.S. offices in Deerfield, Illinois and Boston, Massachusetts. Furthermore, the employee childcare facility at Deerfield, the Takeda Center for Child Development, has also acquired LEED Silver certification.

Initiatives in Japan and Switzerland

Takeda is taking steps to reduce the environmental impact of its offices at business sites all over the world. In Japan, we launched the Green Office Plan in fiscal 2008, with every department setting KPIs and promoting efforts to save electricity, reduce CO₂ emissions, sort waste for recycling, and engaging in green procurement, among other initiatives. In Zurich, Switzerland, we conducted various initiatives on Earth Day, April 22, 2018, to promote energy saving and recycling at our offices to raise employee awareness.

Environment

Takeda continually promotes measures to address climate change and biodiversity conservation over the long term.

Initiatives Addressing Climate Change

Basic Stance and Results in 2017

Takeda has set CO₂ emission reduction targets through to fiscal year 2030 and continue to accelerating our environmental activities. Our efforts have received global recognition – for example, Zydus Takeda (India) was awarded first prize in the Food & Drugs Sector of the State Level Awards for Excellence in Energy Conservation and Management, given on an annual basis to recognize sub-sectors that have made extra efforts at Efficient Utilization, Management, and Conservation of Energy.



For Takeda worldwide, CO₂ emissions in fiscal 2017 were 363 kilotons (Scope 1: 160 kilotons ✓, Scope 2: 203 kilotons ✓), down 25% from fiscal 2005.

Takeda is 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 conservation measures, including converting to LED lighting. At the Hikari plant, we are introducing a co-generation system to reduce our use of purchased electricity, which is the main driver of CO₂ emission increases. Takeda's energy consumption has risen as our global activities have expanded. We are curbing this rise as much as possible by urging all employees to participate in energy-saving measures.

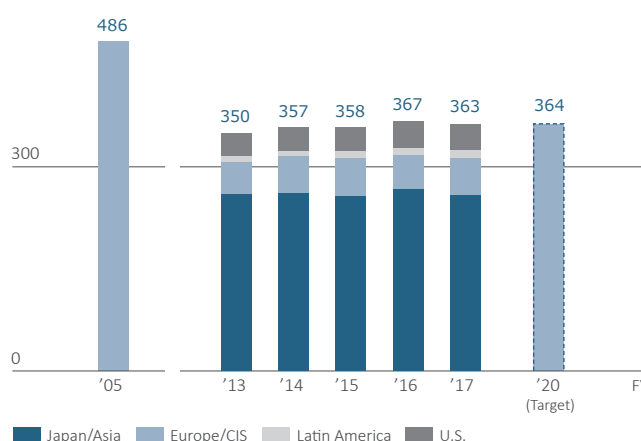


Related SDGs

7: Affordable and Clean Energy 13: Climate Action

CO₂ Emissions ✓

600 (Kilotons of CO₂)



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

Due to 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 International Energy Agency (IEA) for each country.

✓ Data assured by a third party

See > P.18 Initiatives Addressing Climate Change

P.86 Independent Assurance of Environmental and Social Performance Indicators

Fiscal 2017 Results (from fiscal 2005 level)

CO₂ emissions

CO₂ **25%**
Reduction

Group Target (from fiscal 2005 level)

CO₂ emissions by fiscal 2020

25%
Reduction

Biodiversity Conservation Initiatives

Basic Stance on Biodiversity Conservation

Takeda recognizes the importance of biodiversity conservation, and its Global Policy on EHS incorporates appropriate guidelines. 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, we conduct activities with sufficient consideration given to the Convention on Biological Diversity.

Promoting In-House Cultivation of Medicinal Plants

Takeda was an early adopter of 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 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 Austria GmbH is supporting a local honey bee protection project to which it also provides funds. The company also cares for the natural environment around its business sites and strives to preserve flower meadows, trees, and biotopes.

At the Hikari plant, Takeda has teamed up with local environmental protection groups in Hikari City and made use of the rich natural local environment to provide a range of opportunities for local children to learn about the importance of biodiversity, such as stocking rivers with juvenile fish and seashore wildlife observation events.



Honey bee protection project



Seashore wildlife observation event



Related SDGs

6: Clean Water and Sanitation

14: Life below Water 15: Life on Land

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 2,800 species of plants, of which around 2,000 are medicinal or useful. The garden strives to gather endangered plants and currently has 230 species including near-threatened species (as of August 31, 2018). The garden conducts a seed exchange program every other year 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 colleges 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 Industry Matrix (issued by United Nations Global Compact/KPMG).

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

Environment

Takeda is tackling the vital problem of water resource issues, with the goal of reducing chemical emissions.

Water Resources Conservation Initiatives

Reducing Water Usage

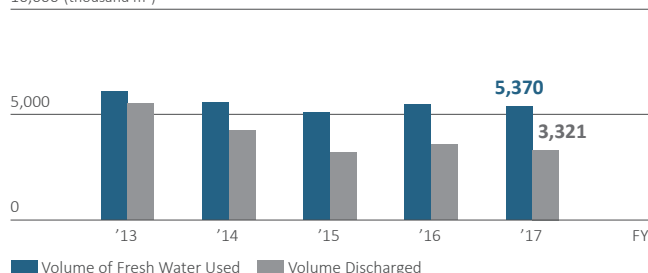
Scarcity of water is becoming a serious concern worldwide as demand for water continues to climb.

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

10,000 (thousand m³)



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

 Data assured by a third party

See > P.86 Independent Assurance of Environmental and Social Performance Indicators

Results for Fiscal 2017

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 2017 we used 5,370 thousand m³ of fresh water, a reduction of 43% 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 at Hikari Plant, a manufacturing site directly releasing its waste-water to the ocean since fiscal 2012 to directly evaluate the combined impact of its waste water, which is a mixed substance, using a bio-response test.

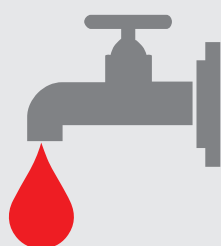
*² Whole Effluent Toxicity (WET) tests are a way of evaluating the quality of effluent waste water by observing bio-response of aquatic organisms such as fish, daphnia, and algae.



Related SDGs

6: Clean Water and Sanitation

14: Life below Water 15: Life on Land



Fiscal 2017 Results (from fiscal 2005 level)

The volume of fresh water used

43%
Reduction

Group Target (from fiscal 2005 level)

The volume of fresh water used by fiscal 2020

30%
Reduction

Waste Reduction

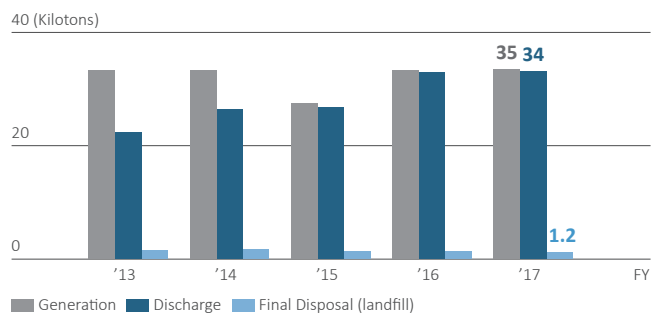
Basic Stance and Results in Fiscal 2017

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 92 tons of waste for final disposal in fiscal 2017, a decrease of 76% compared with fiscal 2005, reflecting waste reduction efforts such as promotion of zero-emission activities.

Trends in Waste Generation, Discharge and Final Disposal ☒



Data collection sites: All production and research sites
Waste: The total sum of hazardous and non-hazardous waste and valuable resources
Due to divestments, past data has been restated.

Chemical Substance Release Reduction

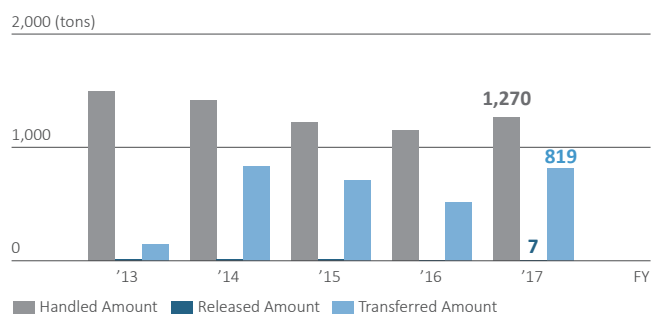
Basic Stance and Results in Fiscal 2017

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 2017, Takeda’s atmospheric VOC emissions were 131 tons. Takeda in Japan handled 13 PRTR-designated substances, of which seven tons were released into the atmosphere.

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

(Handled and Released Amount)



Data collection sites: All production and research sites in Japan
Due to divestments, past data has been restated.

☒ Data assured by a third party

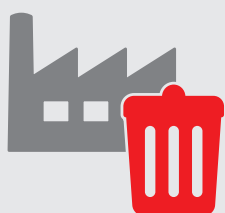
See > P.86 Independent Assurance of Environmental and Social Performance Indicators



Related SDGs

6: Clean Water and Sanitation

14: Life below Water 15: Life on Land



Fiscal 2017 Results (from fiscal 2005 level)

The volume of final waste disposal (Japan)

76%
Reduction

Group Targets (from fiscal 2005 level)

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

60%
Reduction

Environment

Takeda is taking steps to preserve air, water, and soil quality with a view to realizing a sustainable society.

Air, Water, and Soil Quality Conservation

Basic Stance and Results in Fiscal 2017

At each of its operating sites, 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), 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 2017, we reduced NOx emissions by 76% from fiscal 2005 levels and SOx emissions by 99%.

Measures to Prevent Pollution

Basic Stance and Results in Fiscal 2017

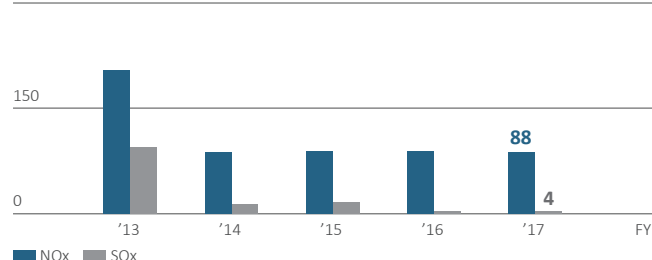
Takeda is working to prevent contamination of soil and ground-water. We manage this appropriately in line with laws and regulations, including conducting periodic groundwater monitoring at all sites.

In fiscal 2017, due to a malfunction, solvent air emission values were exceeded at our Grange Castle site in Ireland, but the level was not high enough to have an impact on the environment. An action was brought up by the local regulator EPA. There was no conviction. Takeda has taken action to prevent future malfunctions and made a contribution to an environmental nonprofit as an act of good will.

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

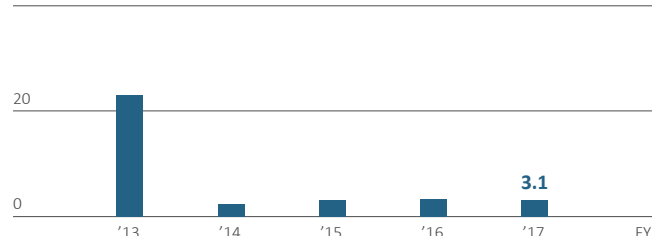
NOx and SOx Emissions

300 (tons)



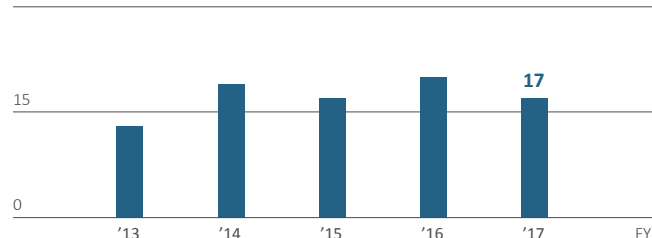
Dust Emissions

40 (tons)



COD Load

30 (tons)



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.

 Data assured by a third party

See > P.86 Independent Assurance of Environmental and Social Performance Indicators

NO_x

Fiscal 2017 Results (from fiscal 2005 level)

NOx emissions

76% Reduction

SO_x

SOx emissions

99% Reduction

Group Targets (from fiscal 2005 level)

NOx emissions by fiscal 2020

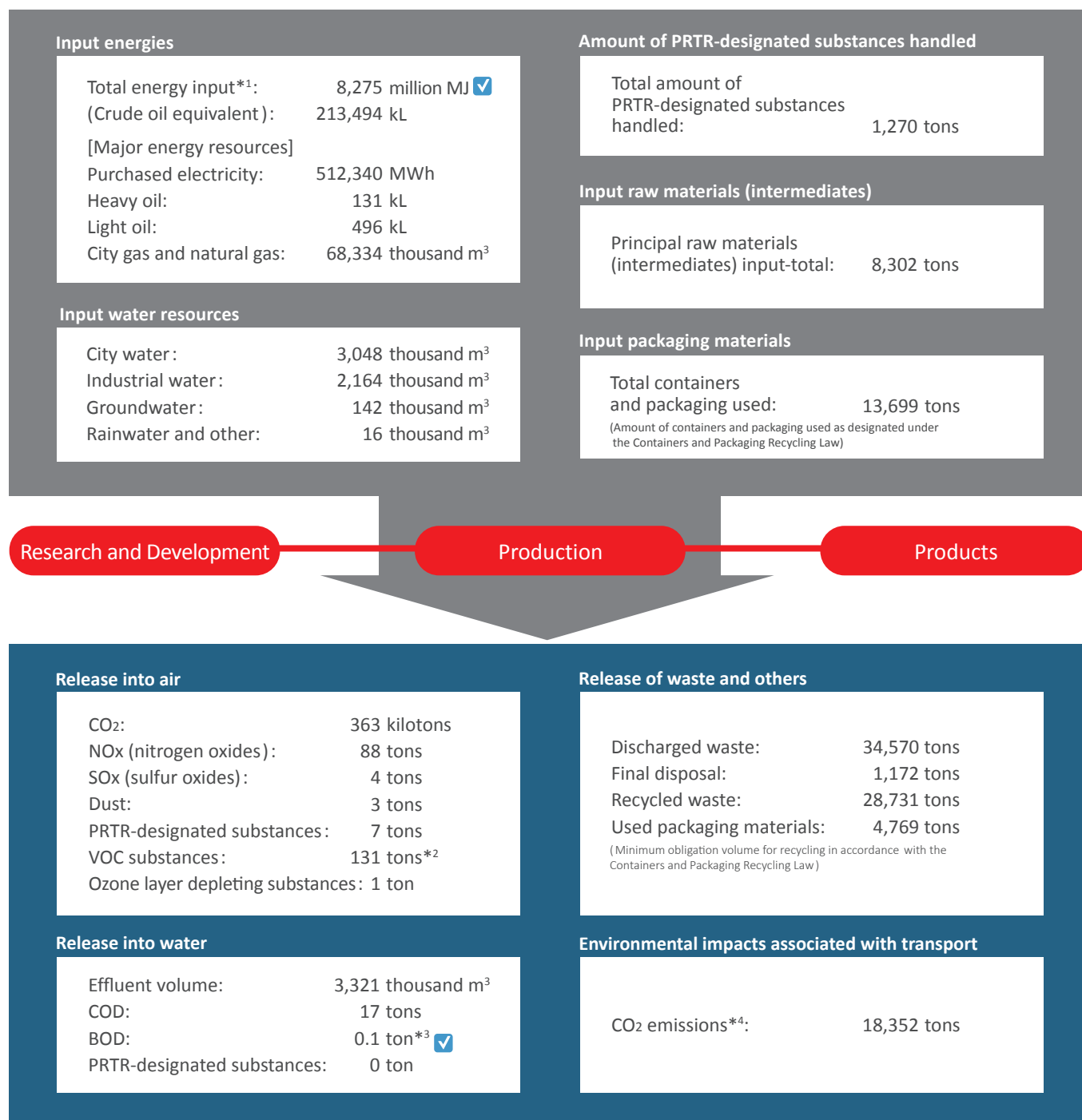
20% Reduction

SOx emissions by fiscal 2020

75% Reduction

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 for Environmental Data

- Data collection period: From April 1, 2017 to March 31, 2018
- 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 input packaging materials come from all business sites in Japan only. Input raw materials (intermediates) data refer to Takeda Pharmaceutical Company's production sites.

*¹ Energy of purchased electricity is converted into primary energy input.

*² 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.

*³ The BOD load discharged into the river is reported. *⁴ CO₂ emissions relating to transportation of goods and products for which Takeda group companies are cargo owners.



Related SDGs

12: Responsible Consumption and Production

✓ Data assured by a third party

See ➤ P.86 Independent Assurance of Environmental and Social Performance Indicators

Environment

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

Data by Region

Total Energy Input	(Unit: million MJ)				
	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	5,256	5,148	5,068	5,270	5,096
Europe/CIS	1,484	1,491	1,560	1,678	1,827
Latin America	362	382	431	443	467
U.S.	693	681	689	837	885
Total	7,796	7,702	7,748	8,228	8,275

CO₂ Emissions	(Unit: tons)				
	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	258,888	261,369	256,024	266,677	258,072
Europe/CIS	47,685	53,478	56,260	49,932	54,193
Latin America	8,225	7,912	10,422	10,808	11,497
U.S.	35,122	34,653	35,034	39,269	39,072
Total	349,921	357,413	357,739	366,686	362,834

Fresh Water Used	(Unit: thousand m ³)				
	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	5,073	4,532	4,123	4,385	4,194
Europe/CIS	702	726	630	679	704
Latin America	161	173	161	196	183
U.S.	139	143	172	209	290
Total	6,075	5,573	5,086	5,469	5,370

NO_x	(Unit: tons)				
	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	133	54	47	51	46
Europe/CIS	68	28	37	30	31
Latin America	3	3	4	3	4
U.S.	1	3	3	5	6
Total	206	88	90	90	88

(Unit: tons)					
SOx	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	4	2	1	1	0.6
Europe/CIS	92	10	15	2	3
Latin America	0.4	0.5	0.6	0.7	0.7
U.S.	0.03	0.04	0.02	0.05	0.06
Total	96	13	17	4	4

(Unit: tons)					
Waste Generation	FY2013	FY2014	FY2015	FY2016	FY2017
Japan/Asia	19,151	18,261	15,214	18,868	18,145
Europe/CIS	13,248	14,241	11,173	13,065	14,211
Latin America	1,215	1,200	1,136	1,133	1,127
U.S.	770	704	802	1,374	1,088
Total	34,384	34,406	28,324	34,440	34,570

(Unit: tons)					
Final Waste Disposal	FY2013	FY2014	FY2015	FY2016	FY2017
Osaka plant	5	4	4	3	2
Hikari plant	0	0	0	0	0
Shonan research center	16	18	19	19	12
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	109	115	85	66	78
Total	130	137	109	88	92

(Unit: tons)					
Atmospheric Release of PRTR Substances	FY2013	FY2014	FY2015	FY2016	FY2017
Osaka plant	0.2	0.2	0.2	0.1	0.1
Hikari plant	11.3	11.7	11.6	6.5	6.3
Shonan research center	0.7	0.5	0.4	0.4	0.4
Takeda's sites in Japan excluding Takeda Pharmaceutical Company Limited	0.0	0.4	0.0	0.0	0.0
Total	12.2	12.8	12.3	7.0	6.8



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 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 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 our Values of Patient, Trust, Reputation, Business based on Takeda-ism. 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.28 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.

See > P.37 Ethical Marketing



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 ethics and compliance program that puts the patient at the center of everything we do.



Related SDGs
16: Peace, Justice and Strong Institutions

Key Figures



17 Languages

Number of languages in which the
Takeda Global Code of Conduct is produced

Global Policies Related to Anti-Corruption

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.

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.



Related SDGs

16: Peace, Justice and Strong Institutions



Corporate Citizenship Activities At a Glance



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

Takeda is committed to improving the lives of people in low-resource settings around the world. Our CSR activities focus on improving access to health care and supporting disaster recovery in developing and emerging countries.

Global Healthcare Issues

Takeda manages a spectrum of various CSR programs that reflect the calls of international society, such as the United Nations Sustainable Development Goals (SDGs). Since fiscal 2016, we have held votes among all our employees world-wide to promote activities in line with our key focus, “disease prevention and health promotion in developing and emerging countries.” Based on the results of these votes, we have committed to nine Global CSR Programs to date. These programs are making a significant contribution to improving access to health care in developing countries.

See > P.6 SDGs Action Mapping P.8 Access to Healthcare P.70 Global CSR Programs

SDGs



Key focus of “disease prevention and health promotion in developing and emerging countries”



Votes by employees



Decision to conduct Global CSR Programs

Employee Visits to Sites in Developing Countries Supported by Takeda (Employee Participation Program)

Through Takeda’s Employee Participation Program, employees from our offices around the world are selected to visit sites supported through our Global CSR Programs. The program gives them the opportunity to understand importance of “putting the patient at the center” and “building trust with society” at sites where access to healthcare is difficult to obtain.

See > P.72 Employee Visits to Sites in Developing Countries Supported by Takeda

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 conducted long-term activities to support recovery in areas affected by the disaster. Examples include the contribution of pharmaceuticals and financial contributions. 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 the Heavy Rain Event of July 2018 in West Japan through donations by employees with a matching gift from the company, along with over-the-counter (OTC) products and other support supplies.

See > P.73 Support for Disaster-Affected Areas

Future Outlook

Issues and Initiatives
Going Forward

To support SDG 17: Partnerships for the Goals, Takeda is collaborating with NPOs, NGOs, and organizations promoting CSR practices. Our CSR programs focus on disease prevention to improve health in developing and emerging countries. We also implement a program in which employees from around the world visit the sites we support with our activities. Our intention is to create a spillover effect that motivates participating employees and their colleagues. Looking ahead, we will continue to improve our results measurement and target management such as Social Return on Investment (SROI) and engage in CSR activities consciously focusing on our output and impact.



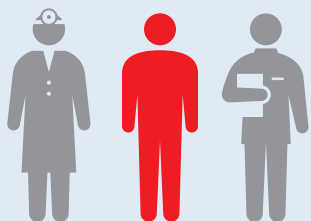
©Last Mile Health



Related SDGs

1: No Poverty 2: Zero Hunger
4: Quality Education 10: Reduced Inequalities
11: Sustainable Cities and Communities

Key Figures



12

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

11,000+

Number of employees who participated in voting for Global CSR Programs (2018)



Number of long-range 10-year CSR programs

¥4.3bn

Amount donated by Takeda to support Great East Japan Earthquake recovery programs carried out by NGOs and NPOs between 2011 and 2020



Corporate Citizenship Activities

Through our new Global CSR Programs, Takeda will support strategies to prevent disease and improve 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



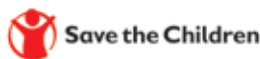





the result of these votes, we have committed to the following nine Global CSR Programs.



Related SDGs

1: No Poverty 2: Zero Hunger
4: Quality Education 10: Reduced Inequalities

Programs Selected and Launched in Fiscal 2016-2018

FY2016	Partner	Program content	Period
		“Global Measles Vaccination for Children” Program This program aims to immunize 5.4 million children with measles vaccine. • Budget: ¥1 billion • Area: Approximately 40 developing countries in Africa, Asia, and Latin America	10 years
		Community Health Workers Training for Maternal and Child Health The program aims to reduce preventable deaths among mothers and children in South Asia, where there is a high infant mortality rate. • Budget: ¥500 million • Area: India, Bangladesh, Nepal, Afghanistan	5 years
		Maternal and Newborn Health for Ethnic Minorities in Southeast Asia This program aims to provide 150,000 local residents, including 40,000 women and children in ethnic minorities, with health education, training, and services over five years. • Budget: ¥250 million • Area: Myanmar, Vietnam, Laos	5 years
FY2017			
		“The First 1,000 Days”: Health and Nutrition Program This program aims to achieve improvements in the “The First 1,000 Days” of life, which are the foundation for health over an entire lifespan. • Budget: ¥1 billion • Area: Benin, Madagascar, Rwanda	5 years
		Holistic Health Program for Refugees of South Sudan and Syria This program aims to improve the health of 500,000 refugees, primarily women and children. • Budget: ¥1 billion • Area: Ethiopia, Uganda, Sudan, South Sudan, Egypt, Jordan, Lebanon	5 years
		Protecting the Lives of Pregnant Women in Africa This program aims to protect the lives of pregnant women and girls in rural areas of African countries through community-led health initiatives. • Budget: ¥750 million • Area: Kenya, Tanzania, Zambia, Ghana	5 years
FY2018			
		A Health Worker for Everyone, Everywhere This program aims to train 8,000 community health workers across the world. • Budget: ¥400 million • Area: Global	3 years
		Training 5,000 Health Professionals in Sub-Saharan Africa This program aims to support the training of 5,000 health professionals, including doctors, nurses, and midwives. • Budget: ¥500 million • Area: sub-Saharan Africa	5 years
		Health Systems Strengthening in Sub-Saharan Africa This program aims to protect the lives of an estimated 8.5 million people, including 1.6 million children under five and 424,000 pregnant women. • Budget: ¥500 million • Area: Angola, Guinea, and Togo	5 years

From Our Partners



Raj Panjabi, MD, MPH
CEO, Last Mile Health

Last Mile Health is proud to partner with Takeda to provide lifesaving healthcare to the world's most remote communities. Founded on the belief that no one should die because they live too far from a doctor, Last Mile Health supports governments to build national community health systems that save lives at the last mile. In partnership with Takeda, we aim to train 8,000 community health workers through the Community Health Academy in 30 evidence-based, lifesaving practices, which will expand access to millions of rural children and their families. In addition, we will leverage progress in bringing Liberia's groundbreaking National Community Health Assistant Program to scale, and work to advance our vision of a health worker within reach of everyone, everywhere.



Vanessa Kerry
CEO, Seed Global Health

Partnership is critical to supporting the robust global health workforce necessary to improve health in every setting. We are grateful to Takeda's employees for their strong commitment to Seed Global Health's mission. Together, over the next 5 years, we will support the education and training of 5,000 local medical and nursing professionals to improve health systems in Africa. Health is fundamental to individual and country-level prosperity and wellness, and central to the SDGs. The impact of a strong health workforce on strengthening health systems and care delivery cannot be overstated. This generous support from Takeda will make it possible for our work to have an even bigger impact on health in Africa and for people around the world.



Henrietta H. Fore
Executive Director, UNICEF

We thank Takeda's staff for, once again, voting to support UNICEF's vital programmes. Thanks to their generosity, children in Rwanda, Benin and Madagascar are now getting the health and nutrition they need – and communities in Angola, Guinea and Togo are benefitting from stronger health systems. "The First 1,000 Days" programme will support a total of 1.3 million mothers and babies and the Health Systems Strengthening programme aims to help protect the lives of an estimated 8.5 million people including 1.6 million children under five and 424,000 pregnant women. We couldn't do all that we do without Takeda's support. Together, we are helping millions of children grow up healthy and strong.



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 provides ¥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 Kenya, Nigeria, and Tanzania.



Related SDGs
4: Quality Education

HERhealth

Women working at plants in developing and emerging countries suffer from inadequate health knowledge. Takeda has collaborated with Business for Social Responsibility (BSR) to implement HERhealth, a program focused on improving the health of women in China, India, Kenya, and Ethiopia, for two years since 2016.



Related SDGs
4: Quality Education

Global Relay for Life Program

Relay for Life (RFL) is a global charity activity for fighting cancer. Takeda is collaborating with RFL organizer the American Cancer Society to increase RFL's footprint to more than 46 countries by 2020 and strengthen its support for cancer patients across the globe.



Digital Birth Registration

Takeda has collaborated with Plan International Japan since 2016 to promote birth registration through raising awareness for healthcare and encouraging periodical medical checkups with the use of digital devices 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.



Establishing an Academic Position for Public Health at the Asian University for Women (AUW)

Takeda has proceeded with an initiative to establish a new academic position for public health called the “Takeda Chair in Public Health” at the Asian University for Women (AUW) in Bangladesh. Through this initiative, we strive to achieve a deeper understanding of public health in developing and emerging countries, and to cultivate the next generation of leaders in this field.



Related SDGs
4: Quality Education

Employee Visits to Sites in Developing Countries Supported by Takeda (Employee Participation Program)

Through Takeda's Employee Participation Program, employees from our offices around the world are selected to visit sites supported through our Global CSR Programs. The program gives them the opportunity to understand importance of “putting the patient at the center” and “building trust with society” at sites where access to healthcare is difficult to obtain. More than 130 employees around the world expressed interest in participating in 2017, and 10 were chosen through an essay screening. The employees visited a site in Laos for a global development program operated by the United Nations Foundation that works towards measles immunization and they could know how important prevention and vaccine for Laos people are and how Takeda's initiatives contribute to trust from society.



Support for Disaster-Affected Areas

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

Takeda is actively supporting 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.” Other initiatives include support for employee volunteers and our In-House Marketplace events, where local specialties from disaster-affected areas are sold within the company, which are operated jointly by management and employees. Internal forums and CSR explanation meetings provide an opportunity to report on CSR activities to employees.

Support for Disaster-Affected Areas of the Kumamoto Earthquake

Takeda supports the areas affected by the April 2016 Kumamoto Earthquake with 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. We also implemented matching gifts through labor-management cooperation for the Heavy Rain Event of July 2018 in West Japan and donated ¥8.2 million to Central Community Chest of Japan, a social welfare corporation.



Related SDGs

11: Sustainable Cities and Communities

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 (2011-2015)	¥829,720,912
	 Tohoku Future Creation Initiative	Tohoku New Business Council	5 years (2012-2016)	¥20 million
Empowering the Next Generation	 TOMODACHI	U.S.-Japan Council	10 years (2011-2020)	¥180 million
	 BEYOND Tomorrow	Global Fund for Education Assistance	3 years (2011-2013)	¥60 million
	 ARK NOVA	ARK NOVA 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 (2012-2014)	¥25 million
				Total: ¥3,205,330,342

Corporate Information

Corporate Information As of March 31, 2018

Company Name: Takeda Pharmaceutical Company Limited

Founded: June 12, 1781

Incorporated: January 29, 1925

Paid-In Capital: ¥77.9 billion

Representative: Christophe Weber

Representative Director, President & CEO

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

Number of Employees: 27,230 (consolidated)

Head Office:

1-1, Doshomachi 4-4-Chome,
Chuo-ku, Osaka-shi, Osaka 540-8645, Japan

Tel: +81-6-6204-2111

Fax: +81-6-6204-2880

Tokyo Head Office:

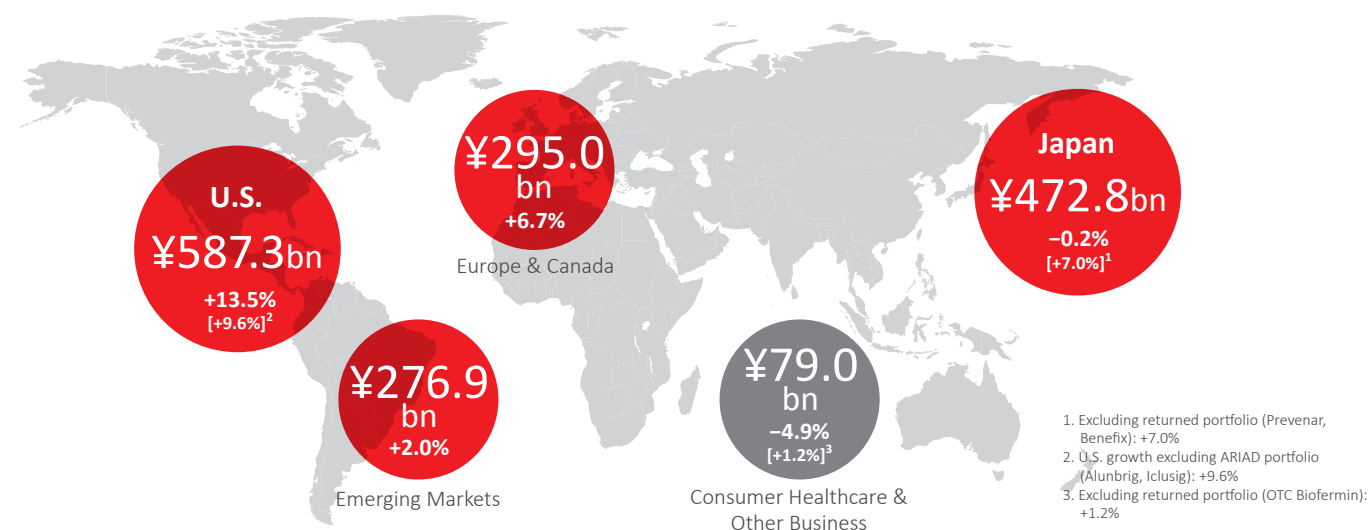
1-1, Nihonbashi-Honcho 2-Chome,
Chuo-ku, Tokyo 103-8668, Japan

Tel: +81-3-3278-2111

Fax: +81-3-3278-2000

Fiscal 2017 Underlying Revenue

Takeda's global underlying revenue for fiscal 2017 totaled 1,711.1 billion yen, an increase of 5.5% over the previous fiscal year.



Transformation is delivering superior results

- Focused on strategic priorities to:



Grow portfolio



Strengthen pipeline



Boost profitability

- Fiscal 2017 results reflect superior execution

Reported: Revenue +2.2%; OP +55.1%; EPS +62.7%

Underlying: Revenue +5.5%; CE +40.2%; Core EPS +44.8%

Underlying CE margin expansion +420bps

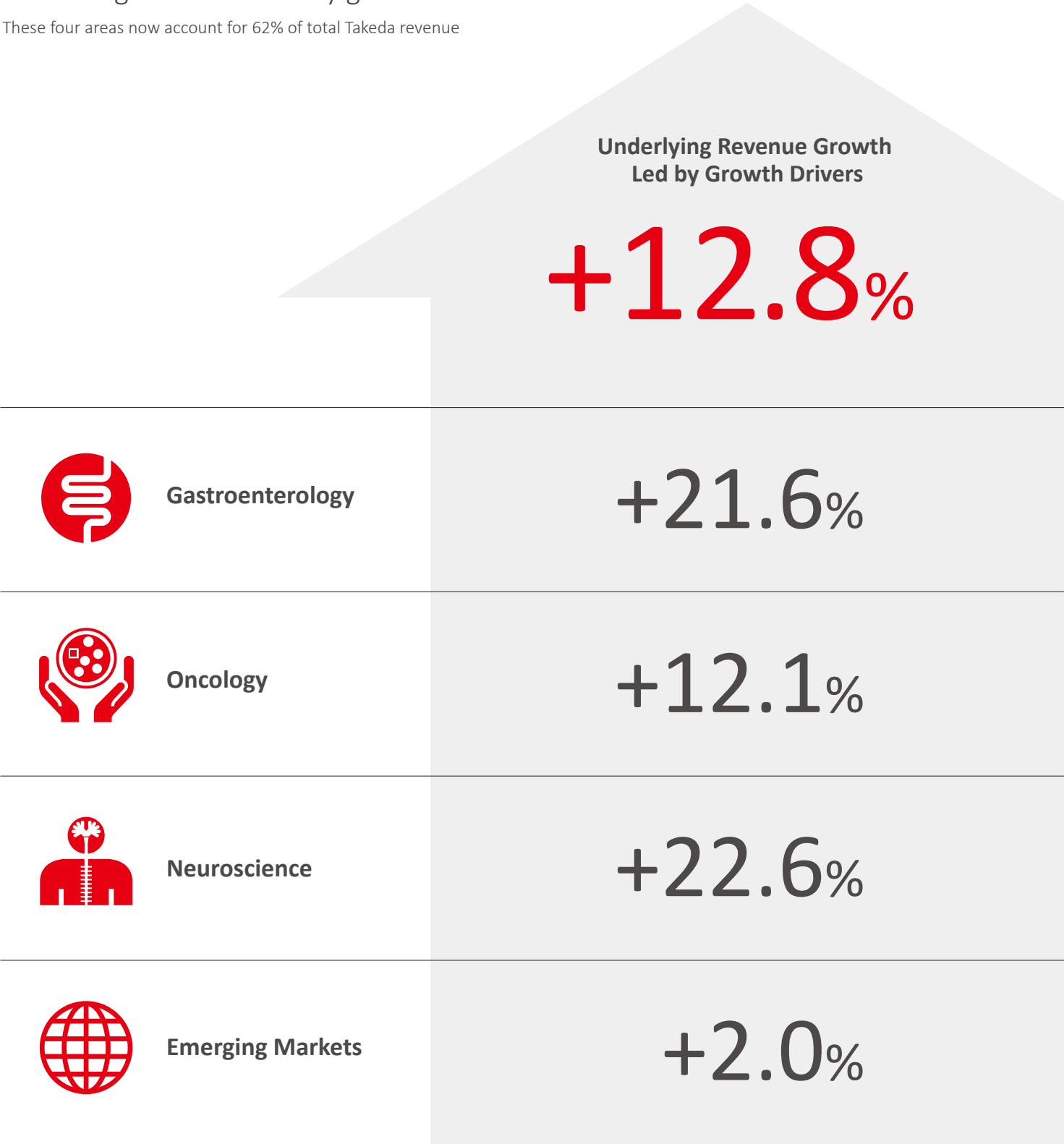
- Committed to 100-200bps margin improvement every year
- In fiscal 2018 strong underlying business will offset *VELCADE*® decline
- Positioned for sustainable growth, underpinned by Values

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

Takeda’s Growth Drivers

Revenue growth was led by growth drivers +12.8%

These four areas now account for 62% of total Takeda revenue



UNGC Advanced Level COP Reference Table

Reference Table for United Nations Global Compact Advanced Level COP (August 2016 Version)

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2018
Implementing the Ten Principles into Strategies & Operations			
Criterion 1	The COP describes mainstreaming into corporate functions and business units	Message from the President & CEO	1
		Takeda's Materiality Assessment	4-5
		Basic Policy on CSR	22-23
		CSR Governance	24
		Strategic Engagement	24-25
		Compliance	28
		Crisis Management	28
		Risk Management	29
Criterion 2	The COP describes value chain implementation	Materiality 2: Supplier Management	14-17
		Dialogue with Stakeholders	25
		Human Rights at a Glance	38-41
		Ethical Marketing, Anti-Corruption at a Glance	37,64
Robust Human Rights Management Policies & Procedures			
Criterion 3	The COP describes robust commitments, strategies or policies in the area of human rights	SDGs Action Mapping	6-7
		Human Rights at a Glance	38
		Future Outlook (Human Rights)	38
Criterion 4	The COP describes effective management systems to integrate the human rights principles	Materiality 2: Supplier Management	14-17
		Compliance and Crisis Management	28
		Human Rights Issues and Initiatives	40-41
		Treatment of Employees	41
Criterion 5	The COP describes effective monitoring and evaluation mechanisms of human rights integration	Supplier Due Diligence & Sustainability Engagement	16
		Dialogue with Stakeholders	25
		Human Rights	38-41

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2018
Robust Labour Management Policies & Procedures			
Criterion 6	The COP describes robust commitments, strategies or policies in the area of labour	SDGs Action Mapping	6-7
		Global Talent Management	44-45
		Future Outlook (Labor)	42
Criterion 7	The COP describes effective management systems to integrate the labour principles	Compliance and Crisis Management	28
		Diversity & Inclusion	46-47
Criterion 8	The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Materiality 2: Supplier Management	14-17
		Human Rights	38-41
		Global Talent Management	44-45
		Diversity & Inclusion	46-47
		Occupational Health and Safety	48-49
		Labor	42-48

Robust Environmental Management Policies & Procedures			
Criterion 9	The COP describes robust commitments, strategies or policies in the area of environmental stewardship	SDGs Action Mapping	6-7
		Takeda Supplier Code of Conduct	15
		Fiscal 2030 Long-Term Group Targets (from fiscal 2015 level)	51
		Future Outlook (Environment)	50
		Reorganizing the Company-Wide Management Structure	52
		Takeda Group Environmental Action Plan	52
		Environmental Management System	53
		Procurement, Production, and Distribution	40-41
		Materiality 3: Initiatives Addressing Climate Change	18-21
		Initiatives Addressing Climate Change	56
		Initiatives for Waste Water Management	58
		Environment	50-63
Criterion 10	The COP describes effective management systems to integrate the environmental principles	Supplier Due Diligence & Sustainability Engagement	16
		Basic Policy on CSR	28
		Reorganizing the Company-Wide Management Structure	52
		Environmental Management System	53
		Procurement, Production, and Distribution	40-41
		Example of Initiatives (Product Stewardship)	36
		Water Resources Conservation Initiatives	58

UNGC Advanced Level COP Reference Table

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2018
Criterion 11	The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Assessment of Activities Using an Index	53
		Environmental Management System	53
		Environmental Accounting	53
		External Evaluation of Environmental Initiatives	53
		Environment, Health and Safety Audit	54
		Initiatives for Sustainable Use of Biological Resources	57
		Waste Reduction	59
		Reduction in Releases of Chemical Substances	59
		Air, Water, and Soil Quality Conservation	60
		Environmental Impacts Associated with Takeda’s Business Activities	61
		Data by Region	62-63
		Human Rights	38-41
		Environment	50-63
Robust Anti-Corruption Management Policies & Procedures			
Criterion 12	The COP describes robust commitments, strategies or policies in the area of anti-corruption	SDGs Action Mapping	6-7
		AtM Governance Organizational Structure	9
		Compliance and Crisis Management	28
		Human Rights	38-41
		Anti-Corruption at a Glance	64
		Anti-Corruption	66
		Transparency Guideline	66
		Future Outlook (Anti-Corruption)	64
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 Ethics & Compliance Program	28
		Promotion of Ethics & Compliance at Takeda Group Companies	28
		Promotion of Compliance in Research	28
		Management of Major Risks	29
		Quality Management System	32-35
		Human Rights	38-41
		Relationship with Medical Institutions and Patient Groups	66
Criterion 14	The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Dialogue with Stakeholders	25
		Takeda Ethics Line	28
		Human Rights	38-41
		Future Outlook (Anti-Corruption)	64

Criteria for the GC Advanced Level		Contents	Relevant Pages in Report SVR 2018
Taking Action in Support of Broader UN Goals and Issues			
Criterion 15	The COP describes core business contributions to UN goals and issues	SDGs Action Mapping	6-7
		CSR Community	24
		Fundamental Stance Regarding Climate Change	56
		Future Outlook (Corporate Citizenship Activities)	68
		Global Healthcare Issues	70-72
		Materiality 1: Access to Healthcare	8-13
Criterion 16	The COP describes strategic social investments and philanthropy	SDGs Action Mapping	6-7
		Takeda Garden for Medicinal Plant Conservation (Kyoto)	57
		Global Healthcare Issues	70-72
		Support for Disaster-Affected Areas	73
		Key Figures (Corporate Citizenship Activities), Support for Disaster-Affected Areas	69,73
Criterion 17	The COP describes advocacy and public policy engagement	SDGs Action Mapping	6-7
		Global CSR Programs	70-71
		Key Figures (Corporate Citizenship Activities), Support for Disaster-Affected Areas	69,73
Criterion 18	The COP describes partnerships and collective action	Partnerships for the Goals	6
		Future Outlook (Corporate Citizenship Activities)	68
		Global Healthcare Issues	70-72
Corporate Sustainability Governance and Leadership			
Criterion 19	The COP describes CEO commitment and leadership	Message from the President & CEO	1
Criterion 20	The COP describes Board adoption and oversight	Corporate Governance	26-27
Criterion 21	The COP describes stakeholder engagement	Supplier Due Diligence & Sustainability Engagement	16
		Dialogue with Stakeholders	25
		Takeda Ethics Line	28
		Takeda Garden for Medicinal Plant Conservation (Kyoto)	57
		Efforts to Conserve Biodiversity in Local Communities	57

GRI Standards Reference Table

GRI Sustainability Reporting Standards Content Index

Takeda's Sustainable Value Report 2018 was prepared with reference to the Sustainability Reporting Standards 2016 published by the Global Reporting Initiative (GRI). The guidelines provide a framework for sustainability reports that can be applied globally.

		Relevant Pages in Report
		SVR 2018
Universal Standards		
General Standard Disclosures		
Organizational Profile		
102-1	Name of the organization	74
102-2	Activities, brands, products, and services	75
102-3	Location of headquarters	74
102-4	Location of operations	74
102-5	Ownership and legal form	74
102-6	Markets served	74
102-7	Scale of the organization	43,74
102-8	Information on employees and other workers	3,43-49,74
102-9	Supply chain	14-17
102-10	Significant changes to the organization and its supply chain	14-17
102-11	Precautionary Principle or approach	8-15,24,28-29,33,36-37, 40-41,54-60,64-66
102-12	External initiatives	5-6,8-11,19,22,24-25, 35,38,68,70-73
102-13	Membership of Associations	24-25
Strategy		
102-14	Statement from senior decision-maker	1
102-15	Key impacts, risks, and opportunities	7-23,29,36-37,48,54, 58-60,66,74
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	22-23,28,32,36-38, 46,48,64-66
102-17	Mechanisms for advice and concerns about ethics	24,28
Governance		
102-18	Governance structure	24,26-27
102-19	Delegating authority	26-27
102-20	Executive-level responsibility for economic, environmental, and social topics	28-29,33,52
102-21	Consulting stakeholders on economic, environmental, and social topics	24,27
102-22	Composition of the highest governance body and its committees	26-27
102-23	Chair of the highest governance body	27
102-24	Nominating and selecting the highest governance body	26-27
102-25	Conflicts of interest	15-16,26-29,37,64-66
102-26	Role of highest governance body in setting purpose, values, and strategy	23-24,26-27
102-27	Collective knowledge of highest governance body	23-24
102-28	Evaluating the highest governance body's performance	23-24
102-29	Identifying and managing economic, environmental, and social impacts	23-24,26-29
102-30	Effectiveness of risk management processes	23-24,26-27
102-31	Review of economic, environmental, and social topics	27,29
102-32	Highest governance body's role in sustainability reporting	23-24,26-27
102-33	Communicating critical concerns	24,26-27
102-34	Nature and total number of critical concerns	–
102-35	Remuneration policies	26-27
102-36	Process for determining remuneration	26-27
102-37	Stakeholders' involvement in remuneration	26-27
102-38	Annual total compensation ratio	–
102-39	Percentage increase in annual total compensation ratio	–

Stakeholder Engagement		
102-40	List of stakeholder groups	23,25,38
102-41	Collective bargaining agreements	–
102-42	Identifying and selecting stakeholders	22-23
102-43	Approach to stakeholder engagement	23
102-44	Key topics and concerns raised	5,22-25
Reporting practice		
102-45	Entities included in the consolidated financial statements	–
102-46	Defining report content and topic Boundaries	0 (Editorial Policy)
102-47	List of material topics	4-7
102-48	Restatements of information	–
102-49	Changes in reporting	–
102-50	Reporting period	0 (Editorial Policy)
102-51	Date of most recent report	–
102-52	Reporting cycle	0 (Editorial Policy)
102-53	Contact point for questions regarding the report	0 (Editorial Policy)
102-54	Claims of reporting in accordance with the GRI Standards	–
102-55	GRI content index	80
102-56	External assurance	86

Management Approach and Topic-specific Standards		
Economic Topics		
Economic Performance		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	26-27,29
103-3	Evaluation of the management approach	26-27,29
201-1	Direct economic value generated and distributed	3-4,53,74-75
201-2	Financial implications and other risks and opportunities due to climate change	20-21,53
201-3	Defined benefit plan obligations and other retirement plans	–
201-4	Financial assistance received from government	–
Market Presence		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	–
202-2	Proportion of senior management hired from the local community	–
Indirect Economic Impacts		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	8-13,68-69
103-3	Evaluation of the management approach	–
203-1	Infrastructure investments and services supported	68-73
203-2	Significant indirect economic impacts	8-13,68-73
Procurement Practices		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	14-17,40-41
103-3	Evaluation of the management approach	–
204-1	Proportion of spending on local suppliers	–

GRI Standards Reference Table

		Relevant Pages in Report SVR 2018
Anti-Corruption		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	28-29,37,64-67
103-3	Evaluation of the management approach	28-29,66
205-1	Operations assessed for risks related to corruption	–
205-2	Communication and training about anti-corruption policies and procedures	28-29,37,64-67
205-3	Confirmed incidents of corruption and actions taken	–
Anti-Competitive Behavior		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	28-29,64-67
103-3	Evaluation of the management approach	28-29
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	–
Environmental Topics		
Materials		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	50-54
103-3	Evaluation of the management approach	50-54
301-1	Materials used by weight or volume	61
301-2	Recycled input materials used	61
301-3	Reclaimed products and their packaging materials	–
Energy		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	50-54
103-3	Evaluation of the management approach	50-54
302-1	Energy consumption within the organization	18-19,61-63
302-2	Energy consumption outside of the organization	20
302-3	Energy intensity	–
302-4	Reduction of energy consumption	19,62
302-5	Reductions in energy requirements of products and services	–
Water		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	50-54,58
103-3	Evaluation of the management approach	50-54
303-1	Water withdrawal by source	58,61-62
303-2	Water sources significantly affected by withdrawal of water	58
303-3	Water recycled and reused	–
Biodiversity		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	50-54,57
103-3	Evaluation of the management approach	50-54
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61
304-2	Significant impacts of activities, products, and services on biodiversity	61
304-3	Habitats protected or restored	61
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	–
Emissions		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	20-21,50-54,56,59-60
103-3	Evaluation of the management approach	50-54

		Relevant Pages in Report SVR 2018
305-1	Direct (Scope 1) GHG emissions	20,56,61-62
305-2	Energy indirect (Scope 2) GHG emissions	20,56,61-62
305-3	Other indirect (Scope 3) GHG emissions	20
305-4	GHG emissions intensity	–
305-5	Reduction of GHG emissions	18-20,56
305-6	Emissions of ozone-depleting substances (ODS)	61
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	59-63
Effluents and Waste		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	50-54,60
103-3	Evaluation of the management approach	50-54
306-1	Water discharge by quality and destination	58,60-61
306-2	Waste by type and disposal method	59,61,63
306-3	Significant spills	60
306-4	Transport of hazardous waste	–
306-5	Water bodies affected by water discharges and/or runoff	–
Environmental Compliance		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	28-29,52-60
103-3	Evaluation of the management approach	28-29,52-60
307-1	Non-compliance with environmental laws and regulations	–
Supplier Environmental Assessment		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	16-17,54
103-3	Evaluation of the management approach	–
308-1	New suppliers that were screened using environmental criteria	16-17
308-2	Negative environmental impacts in the supply chain and actions taken	16-17,54
Social		
Employment		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	41-43
103-3	Evaluation of the management approach	–
401-1	New employee hires and employee turnover	–
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	44
401-3	Parental leave	–
Labor/Management Relations		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
402-1	Minimum notice periods regarding operational changes	–
Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	42,48-49
103-3	Evaluation of the management approach	–
403-1	Workers representation in formal joint management–worker health and safety committees	–
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	48
403-3	Workers with high incidence or high risk of diseases related to their occupation	–
403-4	Health and safety topics covered in formal agreements with trade unions	–

GRI Standards Reference Table

		Relevant Pages in Report SVR 2018
Training and Education		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	42,46-47
103-3	Evaluation of the management approach	–
404-1	Average hours of training per year per employee	–
404-2	Programs for upgrading employee skills and transition assistance programs	38-39
404-3	Percentage of employees receiving regular performance and career development reviews	–
Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	42,46-47
103-3	Evaluation of the management approach	–
405-1	Diversity of governance bodies and employees	26-27,42,46-47
405-2	Ratio of basic salary and remuneration of women to men	–
Non-discrimination		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	35,38-41
103-3	Evaluation of the management approach	–
406-1	Incidents of discrimination and corrective actions taken	–
Freedom of Association and Collective Bargaining		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	38-41
Child Labor		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
408-1	Operations and suppliers at significant risk for incidents of child labor	–
Forced or Compulsory Labor		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–
Security Practices		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
410-1	Security personnel trained in human rights policies or procedures	–
Rights of Indigenous Peoples		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
411-1	Incidents of violations involving rights of indigenous peoples	–
Human Rights Assessment		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	38-41
103-3	Evaluation of the management approach	–
412-1	Operations that have been subject to human rights reviews or impact assessments	–
412-2	Employee training on human rights policies or procedures	39
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	16-17


Local Communities		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	8-13,40-41,68
103-3	Evaluation of the management approach	–
413-1	Operations with local community engagement, impact assessments, and development programs	10-11,68
413-2	Operations with significant actual and potential negative impacts on local communities	–
Supplier Social Assessment		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	16-17
103-3	Evaluation of the management approach	16-17
414-1	New suppliers that were screened using social criteria	16-17
414-2	Negative social impacts in the supply chain and actions taken	16-17,38-41
Public Policy		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	28-29
103-3	Evaluation of the management approach	–
415-1	Political contributions	–
Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	32-35
103-3	Evaluation of the management approach	32-35
416-1	Assessment of the health and safety impacts of product and service categories	–
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	–
Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	36-37
103-3	Evaluation of the management approach	36-37
417-1	Requirements for product and service information and labeling	36-37
417-2	Incidents of non-compliance concerning product and service information and labeling	–
417-3	Incidents of non-compliance concerning marketing communications	–
Customer Privacy		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	–
103-3	Evaluation of the management approach	–
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	–
Socioeconomic Compliance		
103-1	Explanation of the material topic and its Boundary	4-7
103-2	The management approach and its components	28-29
103-3	Evaluation of the management approach	28-29
419-1	Non-compliance with laws and regulations in the social and economic area	–

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  (the "Indicators") for the period from April 1, 2017 to March 31, 2018 included in its Sustainable Value Report 2018 (the "Report") for the fiscal year ended March 31, 2018.

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. 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 the Company's responsible personnel to obtain an understanding of its policy for preparing 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 procedures on 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 recalculating the Indicators.
- Visiting the Boston Research Center, Millennium Pharmaceuticals, Inc. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

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 20, 2018

Calculation Method for Scope 3 CO₂ Emissions

Category	Calculation Method		CO ₂ emission (t-CO ₂) in fiscal 2017	
	Takeda Pharmaceutical Company Limited (TPC)	Takeda Group	TPC	Takeda Group
1 Purchased Goods and Services	Σ (value of purchased raw material × emission factor of purchased raw material per unit of economic value at purchasers' price based on input-output table of Japan) (Source of emission factor: Ministry of the Environment database* ¹ ; value of purchased raw material does not include purchased finished products for resale)	Calculated by multiplying TCP's CO ₂ emission with the ratio of purchase costs for raw materials and services in the TCP and Takeda Group's Global Manufacturing and Supply (GMS)	137,943	366,079
2 Capital Goods	Value of capital investment × emission factor per unit of price of capital (Source: Ministry of the Environment database)		65,964	105,822
3 Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	Σ (fuel, electricity and steam purchased × upstream emission factor for each energy source) (Sources of emission factors: electricity and steam from Ministry of the Environment database; other fuel from CFP database* ²)		29,642	52,825
4 Upstream Transportation and Distribution	Σ [(mass of goods and products transported × distance traveled in transport) × emission factor by transport mode (ton CO ₂ e/ton-kilometer)] (Source of emission factors: CFP database for TPC and GHG Protocol's calculation tool for the Takeda Group). This category covers transportation of goods and products for which TPC/Takeda group companies is/are a cargo owner(s)		951	18,352
5 Waste Generated in Operations	Σ (waste produced × waste type and waste treatment specific emission factor) (Source of emission factor: Ministry of the Environment database)		1,448	3,777
6 Business Travel	Σ (amount spent on transportation in domestic business travel × emission factor per unit of economic value of transport mode) + Σ (total number of air travel to overseas × emission factor per passenger by destination) (Sources of emission factors: per unit of economic value of transport mode from Ministry of the Environment database; per passenger by destination from ICAO* ³)	Σ (amount spent on transportation in business travel at subsidiaries in Japan, Europe and North America × emission factor per unit of economic value of transport mode) + TPC's CO ₂ emission	8,602	20,600
7 Employee Commuting	Σ (amount spent on employee commuting × emission factor per unit of economic value of transport mode) (Source of emission factor: Ministry of the Environment database)	Calculated by multiplying TCP's CO ₂ emission with the ratio of number of employees at TCP and Takeda Group	2,566	12,794
8 Upstream Leased Assets	Quantity of fuel consumed for leased vehicle × emission factor for the fuel (Source of emission factor: CFP database)		5,842	20,068
9 Downstream Transportation and Distribution	Σ [(mass of products sold × distance traveled in transport) × emission factor by transport mode (ton CO ₂ e/ton-kilometer)] (Source of emission factor: CFP database). This category covers transportation for which TPC is not a cargo owner	Not calculated	7,121	—
10 Processing of Sold Products	Σ (mass of intermediate products × emission factor of processing of sold intermediate products)		10,796	10,796
12 End-of-Life Treatment of Sold Products	Total mass of packaging of products used in fiscal 2016 × emission factor of processing of sold products (Source of emission factor: Ministry of the Environment database)	Calculated by multiplying TCP's CO ₂ emission with the ratio of purchase costs for raw materials and services in the TCP and Takeda Group's Global Manufacturing and Supply (GMS)	503	1,336
15 Investments	Σ (scope 1 and scope 2 emissions* ⁴ of equity investment* ⁵ × 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		5,370	5,370
Total 			276,748	617,819

• 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).

• CO₂ emissions of Use of Sold Products (Category 11), Downstream Leased Assets (Category 13) and Franchises (Category 14) are not applicable.

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)

 Data assured by a third party

Calculation Method for True Value

Financials	Economic value retained in the company	Revenues minus costs (including salaries and bonuses paid to employees) and payments to stakeholders (including corporate tax, dividends and interest payments)
Socio-Economic Externalities	Economic value offered to stakeholders	Salaries and bonuses paid to employees, corporate taxes, dividend payments to investors, interest payments to creditors
	Strategic social investments	Positive social impact (reduced mortality, medical costs savings) of Takeda's three Global CSR Programs: Global Measles Vaccination for Children, Community Health Worker Training for Maternal and Child Health, and Maternal and Newborn Health for Ethnic Minorities
	Health & safety	Loss of income-generating capacity, medical costs, and administrative costs incurred as the result of occupational injuries
Environmental Externalities	Waste & air pollution	Negative health and environmental effects of air pollutants (PM10, NOx, SO ₂ , VOC); health impacts and public budget burden associated with waste incineration and landfilling
	CO ₂ emissions	Negative consequences of climate change, including impacts on agricultural productivity, human health, property damages from increased flood risk, and the value of ecosystem services
	Water	Social cost of water withdrawal correlated to water scarcity in the regions of operation