

Diversity, Equity & Inclusion at Takeda

Our 2022 UK Gender Pay Gap Report

March 2023



At Takeda, we strive to have a workforce as diverse as the patients we serve. We are committed to embracing differences, exploring possibilities, and developing our colleagues. In January 2023, Takeda in the UK achieved Top Employer certification for the third consecutive year, whilst globally, Takeda achieved Top Employer certification for the sixth consecutive year, demonstrating our efforts to foster collaboration and innovation among people from all backgrounds.

Our values are Integrity, Fairness, Honesty, and Perseverance and our priorities, Patient-Trust-Reputation-Business, these guide every decision we make and every action we take – it is who we are. Our success depends on fostering an inclusive environment where all colleagues are welcomed, empowered, and inspired to use their unique voices and talents. This is how we'll find innovative approaches to serve our patients, customers, and communities.

Our cultural ambition is for every colleague at Takeda to enjoy the opportunity to thrive, develop and grow based on merit, potential and aspiration, regardless of background (such as gender, age, nationality, race, religion, belief, disability, sexual orientation, gender identity or lifestyle).

We know that our people enable our business strategy and that's why we strive for an inclusive environment where everyone feels a sense of respect and belonging and where talented people want to join and stay, helping everyone to thrive and achieve their fullest potential.

To support this goal, we have an inclusive talent strategy which:

- Guides hiring managers to recruit talented people from all walks of life.
- Offers our people customised, creative opportunities to develop skills.
- Creates a sense of belonging, and safe-guards diversity, equity and inclusion through meaningful policies and procedures.
- Develops flexible career development options.
- Delivers equal career opportunities for all employees.

The gender pay gap provides an opportunity for us to measure our progress against our cultural ambition, specifically our ability to attract, retain and develop women at all levels within Takeda. We are pleased to have this data for the second time as an organisation and we will continue to use it to design initiatives and track progress to reduce our pay and bonus gaps over time.

What is the 'gender pay gap'?

The UK gender pay gap is a measure that shows the difference in average earnings between women and men, considering applicable pay and bonuses. This is different from equal pay, which is the principle that men and women in the UK are legally entitled to receive equal pay if they are performing equal work.

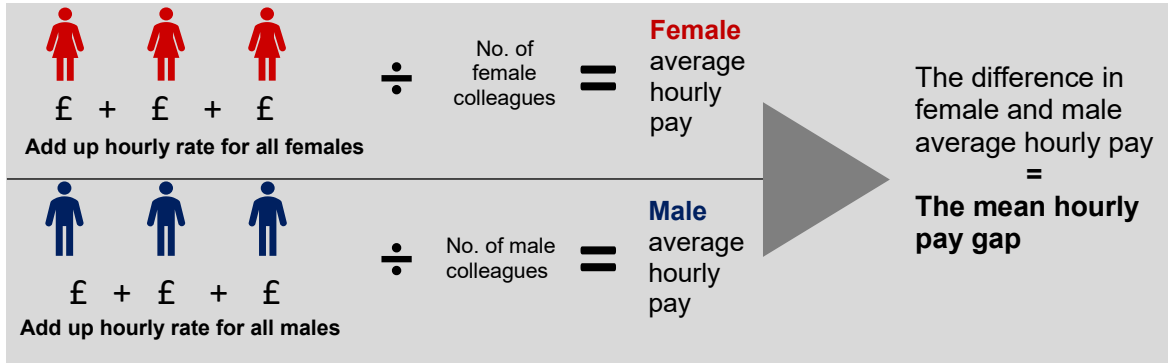
Legislation states that all UK employers (legal entities) with 250 or more 'relevant employees' (typically who ordinarily work in the UK and whose contracts are governed by UK legislation) must report on six statistics:

1. The difference in mean 'hourly rate of pay' between male and female 'full pay relevant employees'
2. The difference in median 'hourly rate of pay' between male and female 'full pay relevant employees'
3. The proportion of men and women in each hourly pay quartile
4. The difference in mean 12 month 'bonus' pay between all male and female 'relevant employees'
5. The difference in median 12 month 'bonus' pay between all male and female 'relevant employees'
6. The proportion of men and women receiving bonuses (% of total relevant employees)

Measuring Gender Pay

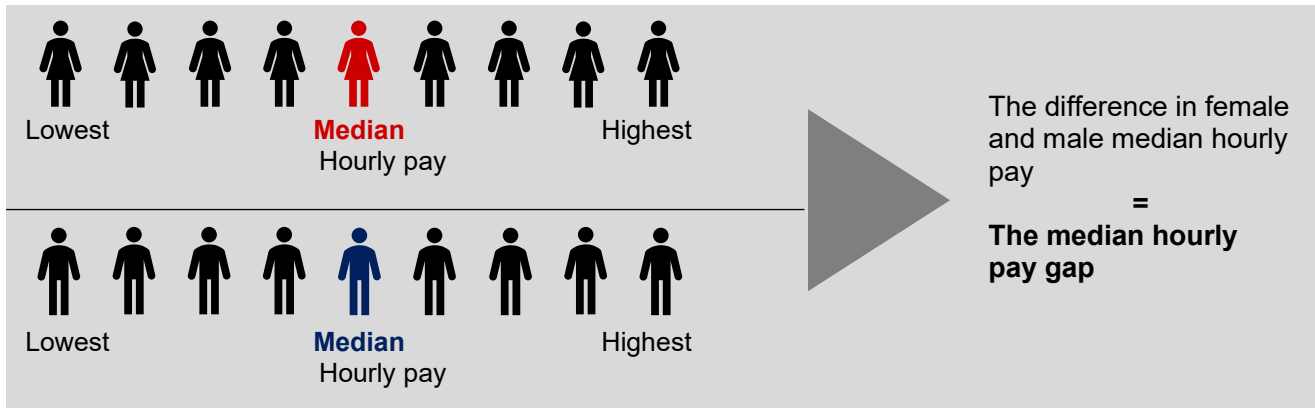
What is the mean hourly pay gap?

The mean pay gap is the difference between the average hourly rates of pay for female employees, compared to the average hourly rate of pay for male employees.



What is the median hourly pay gap?

If you lined up from the lowest to the highest hourly paid female employees and all male employees at Takeda, the median hourly pay gap represents the difference in hourly pay between the middle female employee, compared to the middle male employee.



What are pay quartiles?

Under the regulations, all companies required to report must publish the results of their gender distribution across their range of hourly pay rates. This is achieved by ranking employee pay rates from highest to lowest and dividing the range of pay into four equally sized groups that cover all employees. These groups are referred to as quartiles. Employees are then positioned in their respective pay quartile, regardless of gender.



Our 2022 UK gender pay gap results

Pay and bonus gaps

	Takeda UK Ltd		Market	
	MEDIAN	MEAN	UK 2021 MEAN	*INDUSTRY 2021 MEAN
2022 Pay Gap	3.0%	4.4%	12.8%	15.2%
2022 Bonus Gap	54.5%	42.1%	32.5%	30.3%

*Wholesale Pharmaceutical Goods Industry

As at 15/03/2023. Figures are based on April 2021 gender pay gap reporting, as many organisations are yet to publish their April 2022 statistics. For the market data, the median of the mean has been shown.

Changes between 2021-2022:

We are pleased to see that the hourly pay gaps have significantly decreased year-on-year with the mean and median hourly pay gaps reducing from 16.1% to 4.4% (-11.7%) and from 15.8% to 3.0% (-12.8%) respectively. However, the mean 12-month bonus gap decreasing marginally by 1.8%, the median 12-month bonus gap has increased from 40.9% to 54.5%. For companies with a relatively small employee population it is not uncommon to experience significant fluctuations in gender pay gap statistics.

How our numbers compare:

We are pleased to report that our mean hourly pay gap is significantly lower than the average UK hourly pay gap and the Wholesale Pharmaceutical Goods industry, although our mean bonus gap however, is higher than both UK average and the Wholesale Pharmaceutical Goods industry.

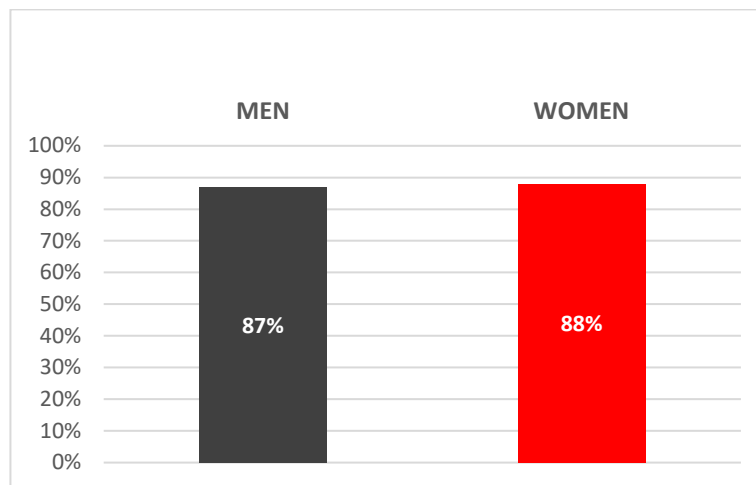
Bonus-eligible employees

Our gender bonus gap is a measure of what employees were paid in bonus in the 12 months from 5 April 2021 to 4 April 2022. Our 2022 data shows that we have an almost equal number of male and female employees that are bonus-eligible. In spite of this, you will see that our mean bonus gap has only slightly reduced and our median bonus gap has increased. Possible drivers for this include: -

- Our pay gap is potentially driven by the distribution of men and women at different levels in our organisation, rather than by pay equity issues.
- Bonuses from June 2020-2021 were reported, as June is the period when annual bonuses are paid. This represents a limitation to the data set as both pay and bonus reported are not from the same year.

Because of the potential inequity in bonus payments, Takeda UK is fully committed to working to address this.

Proportion of bonus eligible male and female employees



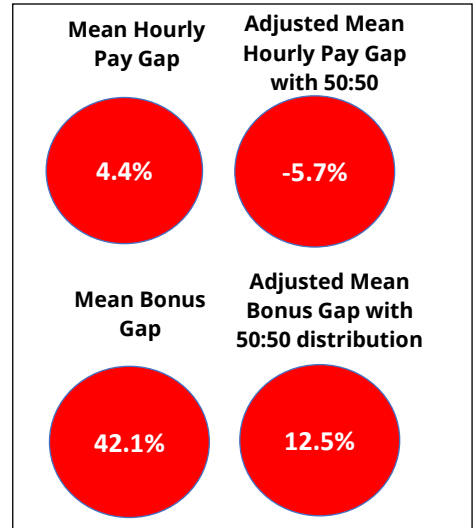


Removing the distributional impact with 50:50

We can see the bonus gap figures represented are significantly above both the UK and industry average; therefore, we have run additional analysis to determine some of the reasons for our results. Primarily, our pay gap is driven by the distribution of men and women at different levels in our organisation, rather than by pay equity issues. This distribution also influences the size of our bonus gap. If we were to remove the distributional impact by modelling having an equal proportion of men and women at each level of Takeda this would remove the portion of the gap attributable to distribution.

The mean pay gap falls from 4.4% to -5.7% when we run this additional analysis. This confirms that distribution explains a large portion of existing pay gaps.

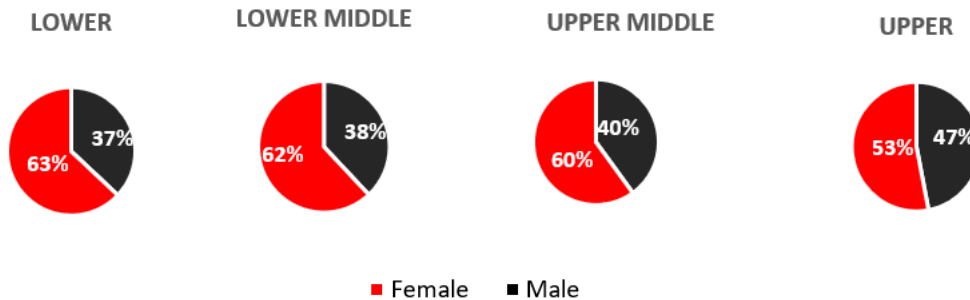
The mean bonus gap falls from 42.1% to 12.5%. Adjusting the proportion of men and women does reduce the bonus gap, but there is still a difference.



Gender distribution across each pay quartile

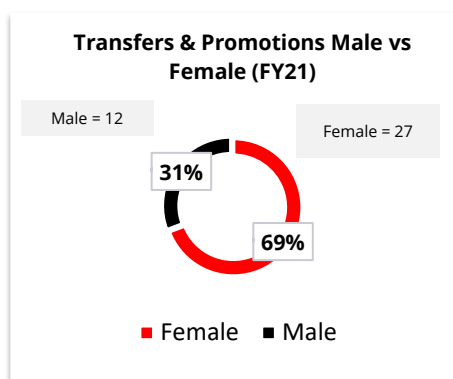
The graphs presented below are four groups of equal size, ranging from the lowest to highest paid employees at UK. These groups are called pay quartiles and the percentages displayed represent the balance of male and female employees in each pay quartile.

As shown, we have greater representation of females across each pay quartile, including the upper pay quartile. Employees within the upper pay quartile are often individuals who hold a senior position within the organisation and have leadership responsibilities. When considering the changes from 2021-2022, there has been an increase from 47% to 53% females in the upper quartile, this is accompanied by a decrease from 74% to 63% of females in the lower quartile. We know that we have almost an equal percentage of bonus-eligible male and female employees and with a more equal distribution of male and female employees in senior positions, this will help to address the bonus gap in future.



Looking forward: 2023 and beyond

Nurturing and celebrating our diverse workforce equitably through a culture of continuous learning & development, inclusivity, and wellbeing, enabling our people to grow and achieve their fullest potential is the foundation of our people strategy. The gender pay gap is one measure for how we will track our progress and as such our UK leadership team is fully committed to making sustainable change. Whilst we recognise that our figures may fluctuate year on year due to our relatively low reporting numbers, we strive to take the right steps as a values-based employer to reduce our pay and bonus gaps over time. Looking at the results, we know that this will come through the way we develop talent and ensure our people have equitable access to career and progression opportunities. Some of the steps we've already taken as a business include:



Networks and Allyship

We also want to improve diversity, equity and inclusion education and awareness throughout Takeda. To do so, we have:

- Takeda Resource Groups (TRGs). TRGs are voluntary, employee-led internal networks for individuals who share aspirations, characteristics, and life experiences, alongside allies and advocates for positive change. Examples of TRGs around the world include Gender Parity Network Takeda Resource Group and Take Pride.



- Supported membership of several national and international female networking organisations (such as the Professional Women's Network and the Healthcare Businesswomen's Association).
- Aligned with the United Nations' Sustainable Development Goals of Gender Equality and Decent Work and Economic Growth, with a pledge to increase gender equality across the world on International Women's Day.
- Introduce a female mentorship programme, through our Global Gender Parity Network
- Introduce a local sponsorship programme, whereby individuals are mentored by members of our Senior Leadership Team.

Attracting, retaining, and developing female colleagues

We know that the primary driver of our data is gender distribution across Takeda. So, we have introduced a series of initiatives which aim to improve this over time, such as:

- Recruitment and promotion of qualified female colleagues in senior positions, alongside leadership coaching and development opportunities.
- A Diversity, Equity, and Inclusion (DE&I) Recruitment Toolkit, which encourages our hiring team to deliver a recruitment process and experience that supports diverse talent.
- Fair performance management processes, with checks and balances that assess our pay and bonus decisions by gender, to combat bias.
- "Quality Conversations", which actively encourages two-way communications between every employee and their manager to identify areas of growth and progression, as well as promoting the opportunity to deliver concise feedback.
- Access to unlimited learning and development resources to support employees in their development journey.
- Leadership development programmes to accelerate the development of marginalised groups.
- Negotiation in the workplace training piloted with a view to rolling out to the wider organisation to help ensure employees are comfortable approaching conversations about their compensation.

Flexibility

Finally, we want to create a more flexible and inclusive working environment, recognising this is an evolving journey. Putting flexibility into practice can look different for every employee depending on their personality, what team they are in and their role. Because of this, we encourage employees to shape their own flexible work style. So, we offer:

- Flexible working arrangements through hybrid working, as well as providing family leave to support working parents.
- Competitive pay and benefits for maternity leave, which were revised in 2021 and provide employees with up to six months of full pay, in addition to 13 weeks of statutory pay.
- The upcoming launch of a new Parental Leave Policy.

Understanding the figures

Defining gender pay gap

Gender pay gap is a measure of the difference in average earnings between all men and women in an organisation, accounting for applicable pay and bonuses received. It is a collective comparison regardless of specific roles.

Defining gender bonus gap

Gender bonus gap is a measure of the difference between the bonus pay of all men and women during the year, divided by the bonus pay of all men.

A negative gender bonus gap would reflect that the bonus pay for men is less than the bonus pay for women.

What is meant by the mean hourly gap?

The mean hourly gap is a comparison of the female and male hourly pay mean.

What is meant by the median hourly gap?

The median hourly gap is the difference in hourly pay between the middle female employee, compared to the middle male employee if you lined them up from the lowest to the highest hourly pay.

What is the mean bonus gap?

The mean bonus gap is the difference between the average bonus pay of eligible female employees and the average bonus pay of eligible male employees, expressed as a percentage.

What is the median bonus gap?

The median bonus gap is the difference in bonus pay between the middle eligible female employee, compared to the middle eligible male employee if you lined them up from the lowest to the highest.

What are quartiles and why are they used?

UK legislation requires all companies to publish the results of their gender distribution across their range of hourly pay rates. This is achieved by ranking employee pay rates from highest to lowest and dividing the range of pay into four equally sized groups that cover all employees. These groups are referred to as quartiles.

What do gender pay gap calculations include?

The gender pay gap calculations are based upon the hourly equivalent of any pay received by employees during the April 2021 pay period, inclusive of:

- Salary
- Other cash allowances
- Bonus (pro-rated)

These payments are added up and then divided by the total number of hours worked during the month for each employee to determine their hourly rate of pay.

It is important to note that any employees who were being paid at a reduced rate during April 2022, because of being on leave (e.g., maternity leave, parental leave, or sickness leave) are not included as part of the gender pay gap calculations. They are, however, included in the gender bonus gap calculations.

What do gender bonus gap calculations include?

The gender bonus gap calculations are based on what the employees were paid in bonus in the 12 months from 5 April 2021 to 4 April 2022*. This total is inclusive of any monetary award, such as cash bonuses, vouchers or shares with the company, commission, profit sharing or referral bonus.

* For our short-term incentive plans (STIP) at Takeda, our cash bonuses are paid out in June every year, therefore the timeline for the bonuses captured in the analysis is from June 2020 to June 2021, given the reporting window only goes to April 2022, therefore we are unable to include data from June 2022.

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