

## Diversity, Equity & Inclusion at Takeda

### Our 2023 UK Gender Pay Gap Report

March 2024



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 2024, Takeda in the UK achieved Top Employer certification for the fourth consecutive year, whilst globally, Takeda achieved Top Employer certification for the seventh consecutive year, demonstrating our efforts to foster collaboration and innovation among people from all backgrounds.

Guided by our values: Integrity, Fairness, Honesty, and Perseverance, and prioritising Patient-Trust-Reputation-Business, Takeda ensures that every decision and action aligns with its core principles. Success is tied to the creation of an inclusive environment where colleagues, regardless of background factors like gender, age, nationality, race, religion, belief, disability, sexual orientation, gender identity, or lifestyle, feel welcomed, empowered, and inspired.

Takeda's cultural vision centres on providing each colleague with the opportunity to thrive and grow based on merit, potential, and aspiration. This commitment to equal opportunities and professional development is crucial in fostering an innovative environment that serves patients, customers, and communities effectively.

By emphasising the importance of individual voices and talents, Takeda is poised to contribute to the pharmaceutical industry's advancements. The organisation's holistic approach, integrating business success with ethical practices and patient-focus, sets a positive example for creating a work space that champions diversity, equity, inclusion, and integrity.

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 third 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.

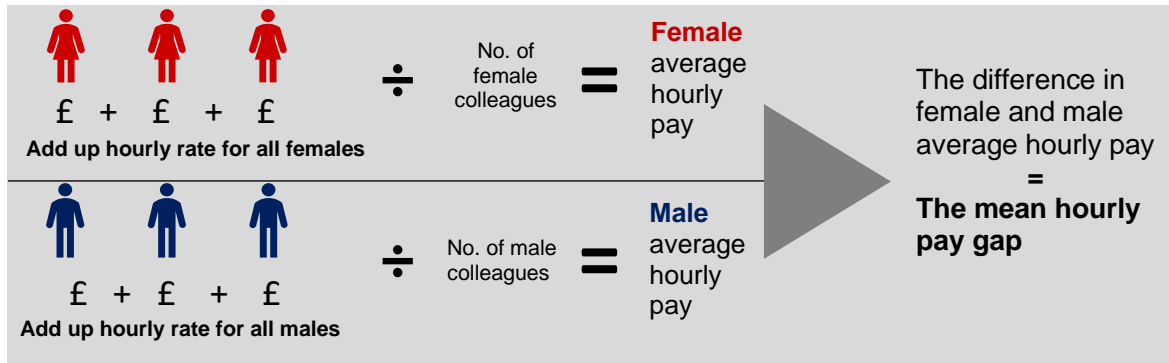
Legislation states that all UK employers (legal entities) with 250 or more 'relevant employees' (typically who ordinarily work in the UK and whose contracts are governed by UK legislation) must report on six statistics:

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

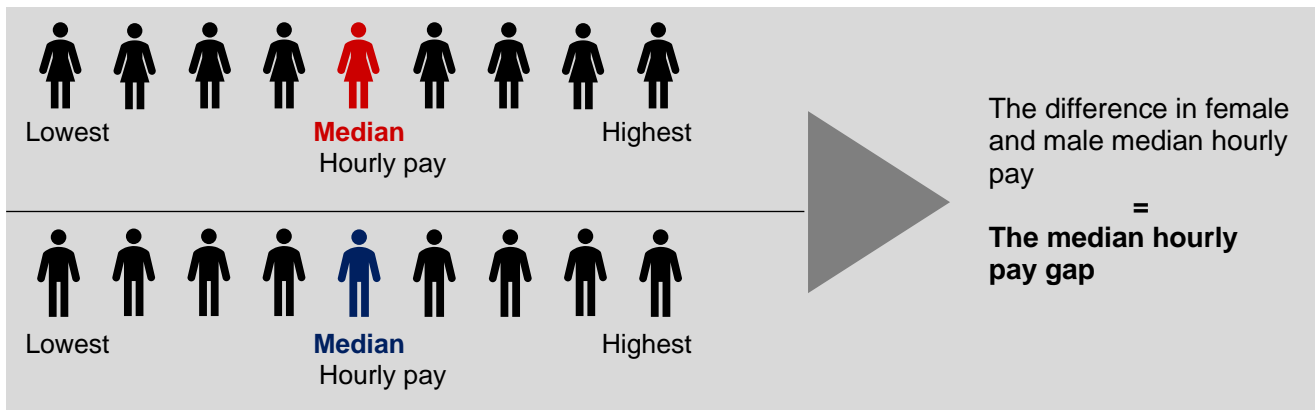
### What is the mean hourly pay gap?

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 2023 UK gender pay gap results.

## Pay and bonus gaps

	Takeda UK Ltd		Market	
	MEDIAN	MEAN	UK 2022 MEAN	*INDUSTRY 2022 MEAN
2023 Pay Gap	5.4%	10.6%	12.1%	16.7%
2023 Bonus Gap	28.9%	11.2%	31.4%	34.8%

\*Wholesale Pharmaceutical Goods Industry

As at 01/03/2024. Figures are based on April 2022 gender pay gap reporting, as many organisations are yet to publish their April 2023 statistics. For the market data, the median of the mean has been shown.

### Changes between 2022-2023:

We note our hourly pay gaps have **increased slightly** since last year, the mean hourly pay gap has increased from 4.4% to 10.6% (+6.2%) and the median hourly pay has increased from 3.0% to 5.4% (+2.4%). It is worth noting that there has been a slight increase in the proportion of males in senior positions over the period compared with 2022, which could be contributing to this change. However, the mean 12-month bonus gap reduced significantly from 42.1% to 11.2% (-30.9%), the median 12-month bonus gap also reduced from 54.5% to 28.9% (-25.6%). For companies with a relatively small employee population, it is not uncommon to experience fluctuations in gender pay gap statistics.

### How our numbers compare:

We are pleased to report that our mean hourly pay gap remains lower than the average UK hourly pay gap and the Wholesale Pharmaceutical Goods industry, and our mean bonus gap is now significantly lower than the percentage reported for Wholesale Pharmaceutical Goods industry.

### Bonus-eligible employees

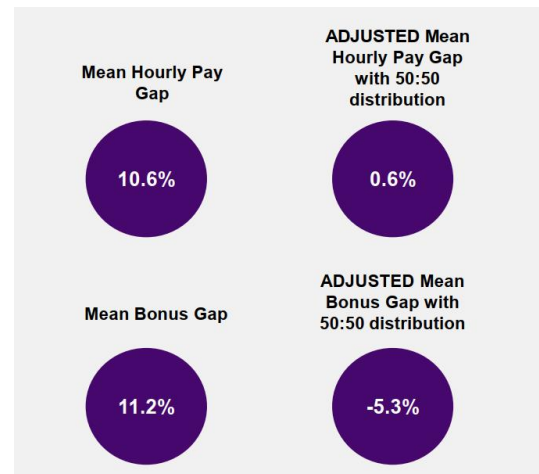
Our gender bonus gap is a measure of what employees were paid in bonus in the 12 months from 5 April 2022 to 4 April 2023. Our 2023 data shows that we have an almost equal number of male (95.2%) and female (95.4%) employees that are bonus eligible.

### Removing the distributional impact with 50:50

We can see the bonus gap figures represented are better than the UK and industry average; however, we have chosen to run additional 50:50 analysis. 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 this.

The mean pay gap falls from 10.6% to 0.6% when we run this additional analysis. This confirms that distribution explains a large portion of existing pay gaps rather than any pay inequity.

The mean bonus gap falls from 11.2% to -5.3%.



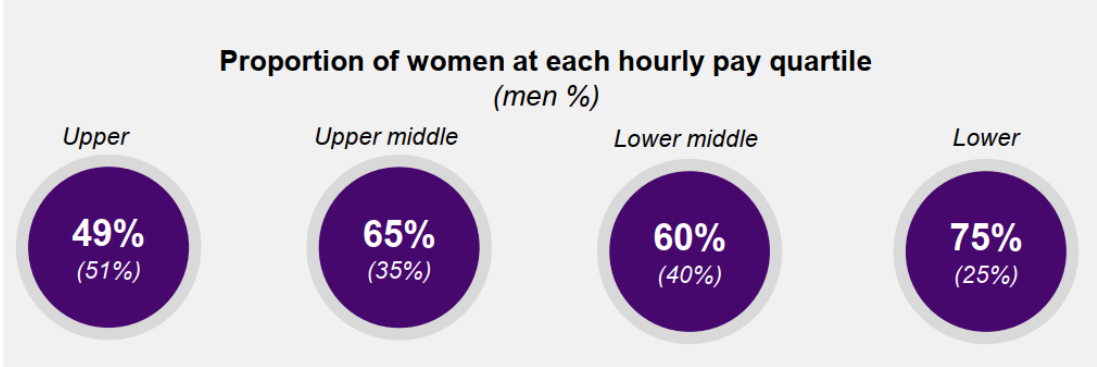
### Gender distribution across each pay quartile

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

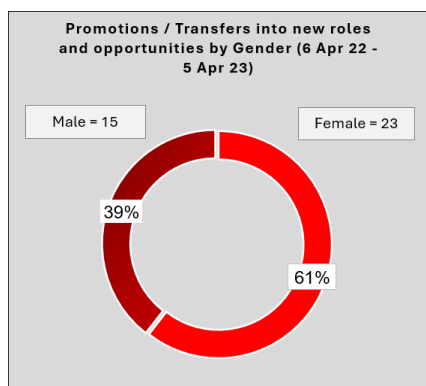


considering the changes from 2022-2023, there has been a slight reduction from 53% to 49% (-4.0%) females in the upper quartile, this is accompanied by an increase from 63% to 75% of females in the lower quartile. We know that we have almost an equal percentage of bonus-eligible male and female employees and with a more equal distribution of male and female employees in senior positions, we will continue to ensure any gaps are minimised for both pay and bonus. We are proud with our results for 2023 but we recognise that we must maintain this level of improvement.



## Looking forward: 2024 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 are tracking and as such our UK leadership team is fully committed to making sustainable change. Whilst we recognise that our figures may fluctuate year to 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 our latest set of results, we believe the way we develop talent and ensure our people have equitable access to career and progression opportunities is working well and some of the steps we've already taken as a business further demonstrate this, including:



### 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 once this is launched.
- Leverage our 'ConnectMe' mentoring programme, a local programme that is open to all.

### 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:

- Inclusive hiring practices.
- Inclusive performance management practices.
- A robust and fair performance management process, with checks and balances that assess our pay and bonus decisions by gender.
- "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.
- Negotiation in the workplace training piloted in 2023 with a view to rolling this out further.

### 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 and adoption leave, with further family leave provisions being introduced in April 2024.

## 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 2022 to April 2023 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 to April 2023, 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 2022 to 4 April 2023\*. 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 2021 to June 2022, given the reporting window only goes to April 2023, therefore we are unable to include data from June 2023.