



Takeda's Position on Taxation

Summary

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. Given our values-based approach to business, it is imperative that we make decisions and take actions that meet the highest ethical and moral standards. Our approach to taxation is an important part of Takeda's Sustainability Framework. We also support efforts to improve the level of 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 rules and to support our transparent approach to taxation, this document explains our approach to:

- Governance, risk management and compliance;
- Transfer pricing policies;
- Tax strategy;
- Working with tax authorities; and
- Level of tax risk we are prepared to accept.

Background

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 for public benefit and retirement plans. We also collect and remit employee taxes and indirect taxes such as Value Added Tax (VAT). Many of the taxes we collect and pay are part of our contribution to support local economies and their wellbeing. Takeda publishes its total tax contribution annually.

Takeda's Perspective

Governance, risk management and compliance

Takeda's values of integrity, fairness, honesty and perseverance along with our Code of Conduct provide a framework of policies and governance that supports our compliance with tax laws and regulations. We are committed to complying with the spirit as well as the letter of the tax laws and regulations in all countries and jurisdiction in which we operate.

We have zero-tolerance for the facilitation of tax evasion and have appropriate procedures in place designed to prevent such facilitation.

Furthermore, Takeda does not transfer value created to low tax jurisdictions without commercial substance or to jurisdictions that permit base-erosion. Takeda does not use perceived "tax havens" or non-cooperative tax jurisdictions for tax avoidance.

Takeda's tax function is accountable to Takeda's Board of Directors and Audit and Supervisory Committee for implementation and maintenance of Takeda's policies related to taxation including Takeda's tax risk and control framework. Compliance processes are documented and updated as appropriate to ensure timeliness, accuracy and integrity of our tax returns and payments. We invest in our people so that they have the necessary training and skills to properly manage the company's tax obligations.

Takeda is making significant investments in data and digital technologies across the organization to transform the way we work. We are continuously evaluating technology solutions to deliver process efficiencies to meet our tax compliance obligations in a robust manner.

Transfer pricing policies

Our transfer pricing policies follow the Organization for Economic Co-operation and Development (OECD) guidelines, such as the arm's-length standard, and are supported by appropriate economic analyses and documentation. Takeda complies with action items 8-10 and 13 (transfer pricing documentation and country by country reporting) of the OECD's action plan against Base Erosion and Profit Shifting (BEPS).

Our cross-border operations such as research and development activities and supply chain management are substantial and complex, and many of our key functions are located across multiple locations. Our transfer pricing framework is aligned with and supports Takeda's global business.

Tax strategy

Our tax function develops and structures our guidance for material business transactions, including business development, internal restructurings and transactional planning accordingly. Our conclusions on the tax impacts of such transactions consistently follow this approach.

Takeda opposes the use of artificial tax arrangements. We do not have business operations in low tax jurisdictions that do not have sufficient business or economic substance or a commercial purpose, in line with the OECD BEPS initiative.

As a Japanese- headquartered company, Takeda is subject to some of the most restrictive controlled foreign corporation taxation rules globally, commonly referred to as the Japan Controlled Foreign Corporation (JCFC) rules.

JCFC rules require current taxation of earnings of certain non-Japanese subsidiaries at the Japan parent corporation tax rate of 30.58%. The JCFC rules operate as an anti-tax avoidance regime since it applies to subsidiaries that have an adjusted tax rate below 27% and minimal underlying business operations.

Takeda utilizes available tax credits and incentives only where appropriate and when the intent is aligned with the business activity.

Takeda does not engage in aggressive tax strategies and as a result BEPS action items 2 (hybrid mismatch arrangements), 5 (eliminating harmful tax practices), 6 (anti-treaty shopping) and 12 (mandatory disclosure rules for aggressive tax planning) have not impacted Takeda.

Working with tax authorities

We develop and maintain transparent, professional and constructive relationships with all relevant tax authorities and ensure transparency and access to relevant information to demonstrate the integrity of our books and records.

We engage with governments at the national and local level on tax legislation and policy to ensure tax reforms are fair, balanced and administratively practical. We are particularly concerned about situations where discriminatory practices are introduced favoring outbound/domestic versus inbound/foreign taxpayers.

Takeda supports the European Union (EU) Public Country-by-Country Reporting (CbCR) directive, which went into effect on December 21, 2021 and will require Takeda to publicly disclose specified tax, financial and functional information by country. EU Member States transposed the Directive into

domestic law by June 22, 2023, and the first financial year of EU-wide reporting for Takeda is expected to begin the financial year commencing April 1, 2025.

Level of tax risk we are prepared to accept

Takeda's values along with our Code of Conduct provide a framework that supports our compliance with tax laws and regulations where we operate and requires us to identify and mitigate material tax risks. Our tax risk assessment and controls are an integral part of the overall internal control framework applicable to Takeda's financial statement reporting. We do not take speculative tax positions or positions that would present material tax risk.

In the event that applicable laws and regulations are not fully certain, but are subject to interpretation, we seek appropriate assurance from external advisors regarding the merit of the position.

This statement is reviewed on an annual basis and applicable to all entities within the Takeda Group for the year-ended March 31, 2024¹.

Conclusion

Takeda is 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. We support efforts to improve the level of 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 where we operate.

About Takeda

Takeda is focused on creating better health for people and a brighter future for the world. We aim to discover and deliver life-transforming treatments in our core therapeutic and business areas, including gastrointestinal and inflammation, rare diseases, plasma-derived therapies, oncology, neuroscience and vaccines. Together with our partners, we aim to improve the patient experience and advance a new frontier of treatment options through our dynamic and diverse pipeline.

March 2024

¹ Including all UK registered entities in accordance with Para 19(2) and Para 22(2), Schedule 19 of the UK Finance Act 2016.