



## Takeda Report on Child Labor Due Diligence

Fiscal Year 2023

### Introduction

This is Takeda's first report under the Art. 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labor. It covers the period April 01, 2023, to March 31, 2024 ("Fiscal Year 2023").

This is a joint report made on behalf of Takeda Pharmaceutical International AG ("TPIZ"), Takeda Pharmaceutical AG ("Takeda Pharma AG") and Baxalta Manufacturing SARL ("Neuchâtel Site").

This report sets out the steps taken to implement, and strengthen, our due diligence processes to identify and address actual and potential risks of child labor<sup>1</sup> in our operations and supply chains. Takeda's assessment conducted for the Fiscal Year 2023 established that Takeda falls below the quantitative thresholds stipulated by the Swiss Code of Obligations Art. 964j-l. Takeda is thus exempt from the Swiss due diligence and reporting obligations on minerals and metals from conflict affected areas for Fiscal Year 2023.

### Our business, operations and supply chains

The reporting entities are part of the Takeda Group. Headquartered in Japan, Takeda Pharmaceutical Company Limited is a global, values-based, R&D-driven biopharmaceutical company committed to bringing Better Health and a Brighter Future to patients by translating science into highly innovative medicines. Unless expressly stated otherwise, references to "Takeda", "we" or "our" refers to the Takeda Group including subsidiaries and affiliates. We focus on innovations that contribute to making a difference in people's lives. 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.

We engage with suppliers globally and recognize that it is our responsibility to be aware of potential human rights risks within our supply chains and strive to respect human rights in all our business activities. More information is available within our [Annual Integrated Report](#).

### Activities in Switzerland

TPIZ headquarters are located in Opfikon, Glattbrugg, Zurich. Takeda Pharma AG focuses on the marketing, sale and distribution of medicines for the Swiss market and the Neuchâtel Site operates as a biotechnology production site specializing in the manufacture of drugs to treat hemophilia. Hemophilia is a rare hereditary disease that results in various types of blood coagulation disorders or deficiencies. The Neuchâtel Site supplies these medicines worldwide. As part of our operations in Neuchâtel, minor apprenticeships are governed by Switzerland Ordinance 5 on the Protection of Young Workers and fall under the scope of Articles 6 and 7 of ILO Convention No. 138.

### Governance and policies

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<sup>1</sup> Refers to Article 2 of the Swiss Ordinance stating, "any form of work performed within or outside an employment relationship by persons who have not reached the age of 18 and which is among the worst forms of child labor as defined in Article 3 of ILO Convention No. 182 of 17 June 19993 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (ILO Convention No. 182)". Child labor as defined Article 2 of the Ordinance does not include activities in the context of vocational training or light work within the meaning of Articles 6 and 7 of ILO Convention No. 138.

## Takeda's Human Rights Commitment

Takeda exists to create better health for people, and a brighter future for the world. [Our Human Rights Commitment](#) is aligned with our corporate philosophy, which is endorsed by Takeda's executive team and reinforced within our [Global Code of Conduct](#). Takeda Ethics & Compliance Function oversees our Human Rights Program.

As a long-standing participant in the United Nations Global Compact, Takeda is committed to respecting and promoting internationally recognized human rights within every aspect of our business – across our supply chains and the communities where we operate – in accordance with the United Nation Guiding Principles on Business and Human Rights (UNGPs) and the Organization for Economic Co-operation and Development (OECD) Guidelines for multinational Enterprises. Our commitment covers all internationally recognized human rights included in the International Bill of Human Rights<sup>2</sup>, including the International Labor Organization's (ILO) core labor rights conventions, including the Minimum Age Convention (no.138) and the Worst Forms of Child Labour Convention (no. 182). We are continuing to evolve and enhance our processes to work toward fulfilling this commitment.

### Policy framework

Every decision we make is guided by our values of Takeda-ism, which incorporates Integrity, Fairness, Honesty, and Perseverance, with Integrity at the core. These values are brought to life through actions based on Patient-Trust-Reputation-Business: doing the right thing for Patients, reinforcing Trust and our Reputation and developing our Business, in that order.

Our Human Rights Commitment is embedded in our Global Code of Conduct which states that *"we respect and protect human rights – within our business, across supply chain and in the communities where we operate, paying particular attention to vulnerable populations"*. Our Code of Conduct affirms Takeda's commitment to providing a safe and healthy working environment, free of harassment and discrimination, and to conduct our business with integrity and speak up for our values. It is based on principles that are organized around *Patient-Trust-Reputation-Business*. Bringing the Code to life makes sure that we are *"Living Our Values Every Day"*. All Takeda entities are committed to operating in line with our Global Code of Conduct, which calls for the highest standards of ethical behavior.

Our [Supplier Code of Conduct](#) prohibits direct third parties from using child labor and states that *"Suppliers shall not use child labor. The employment of young workers below the age of 18 shall not occur in hazardous work or night shift work, and shall only be allowed when young workers are above a country's legal age for employment or the age established for completing compulsory education"*. Takeda may audit direct suppliers, (or engage a third party to audit on their behalf) at any time upon reasonable prior notice, to ensure its compliance with the standards in the Supplier Code of Conduct.

Takeda's [Terms and Conditions](#) and contractual clauses for third party providers of goods and services require our suppliers to certify compliance with all applicable laws and Takeda's Supplier Code of Conduct.

### Training and capability building

All our employees are trained on our Code of Conduct, which includes our commitment to respecting human rights.

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<sup>2</sup> *Universal Declaration of Human Rights (UDHR), the International Covenants on Civil and Political Rights (ICCPR) and Economic, Social and Cultural Rights (ICESCR), as well as the International Labor Organization (ILO) Core Labor Conventions.*

## Addressing child labor risks in our supply chains

We are continuously trying to improve human rights risk management capabilities and due diligence systems to manage human rights risks and impacts throughout our own operations and business relationships, including through the following initiatives. At the date of this report, we are currently updating our Global Human Rights Impact Assessment and will report on progress in future disclosures. In the meantime, additional information and our most salient impacts identified in 2021 can be found our [corporate website](#) and latest [Modern Slavery Statement for Fiscal Year 2023](#).

### Third Party Risk Management Framework

Takeda works with various external partners worldwide and our approach to identifying and managing human rights risks in our direct supply chain, including but not limited to child labor, is conducted through our Third Party Risk Management (TPRM) Program for third parties with whom Takeda has a contractual relationship.

By considering country risk and procurement taxonomy, we identify specific services that may present the highest potential risk for human rights of in our supply chain. Our country risk matrix includes specific indices on child labor such the [UNICEF Child Rights Index](#). Prospective third parties considered to carry great risk must undergo negative media screening and are required to complete a third party questionnaire. This questionnaire requires the third party to provide evidence of its policy, due diligence and management systems to ensure no child labor is present in their operations.

Further steps may be taken through the adoption of Corrective and Preventative Action Plans (CAPAs). As per previous years, we continued in 2023 to undertake announced and independent third party audits conducted by an external audit firm to evaluate suppliers against the expectations laid out within our Supplier Code of Conduct, including potential risks of child labor, following the Pharmaceutical Supply Chain Initiative (PSCI) Audit Guidance. Based on the associated contractual requirements, cases of non-compliance may lead to remediation and the termination of our relationship with partners who are unable to meet our requirements.

Based both on our global human rights due diligence process and targeted assessment conducted for the reporting entities, we have not to-date identified evidence of child labor in Takeda's direct supply chain. However, we recognize the potential for child labor exists at the source level in our raw material commodity supply chains. We are working to understand the potential risks associated with our global procurement activities, including through collective action with the Pharmaceutical Supply Chain Initiative (PSCI) and aim to define appropriate standards including certification and controls within our existing processes accordingly beyond Tier 1.

### Remedies and Grievance Mechanisms

We provide access for employees and stakeholders to raise concerns, including human rights related concerns. Takeda's Ethics & Compliance function has the responsibility for receiving, assessing, and handling in scope concerns of misconduct in accordance with our Global Policy on Raising and Handling Concerns.

Takeda provides the confidential [Takeda Ethics Line](#), a hotline available 24 hours a day for internal and external stakeholders to facilitate confidential reporting of any ethical concerns. A dedicated category to report potential Human Rights concerns is included within the channel. In 2023, no concerns reported through Takeda Ethics line were related to potential human rights risks.

## Engagement and advocacy

Takeda is engaged in various collaborative efforts, including the Pharmaceutical Supply Chain Initiative (PSCI). We endorsed the [PSCI Principles for Responsible Supply Chain Management](#), actively participate in PSCI's Sub-Committees, including for Human Rights. In 2023, Takeda supported the organization of an awareness session on children's rights in the pharmaceutical supply chain in partnership with the [Global Child Forum](#) for PSCI.

We also continued to support the [Responsible Health Initiative](#), in collaboration with Ecovadis to improve sustainability standards across the pharmaceutical industry.

## Track and Communicate

### Measuring effectiveness

Timely and appropriate action is taken to address any behaviors or practices that have caused or contributed to adverse human rights impacts. In addition, we are committed to analyzing and evaluating the root cause to help prevent similar issues from arising again and providing access to timely remedies where required.

### External disclosures

All our Environmental, Social and Governance (ESG) related disclosures can be found on our [global Sustainability Disclosures Portal](#).

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Approved by the Board of Directors of TPIZ on behalf of the reporting entities



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