TAKEDA'S 2021 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) APPENDIX

FISCAL YEAR ENDED MARCH 31, 2021

Introduction

We consider transparent disclosure of our ESG impacts and efforts an important part of how we do business. In the face of global disruption caused by climate change, natural resource scarcity, social volatility and fast-changing technology, what were once considered nonfinancial risks are becoming material and systemic. Companies face increased scrutiny from a host of stakeholders, including customers, investors, employees and policymakers around ESG issues. Takeda is no exception, with growing demand for disclosure from many stakeholders, including investors.

We routinely engage with ESG rating organizations and investors to better understand their expectations and address their priorities in our business activities and disclosures. Through this engagement we heard that as ESG aspects increasingly informed investor decision-making, there is a rising need for robust, materiality-driven and standardized ESG disclosures. With this in mind, we have prepared this ESG Appendix to provide easy-to-navigate links to where Takeda discloses important information related to our ESG policies, practices and data across our various reporting platforms. We have sought to align reporting with the Biotechnology & Pharmaceuticals Industry Standards of Sustainability Accounting Standards Board (SASB) (denoted throughout with an '**S**'), the Task Force on Climate-related Financial Disclosures (TCFD), and the core metrics for Measuring Stakeholder Capitalism released by the World Economic Forum and its International Business Council (IBC) (denoted with a '**W**'). Along with over 60 other business leaders, we aim to adopt and implement the Stakeholder Capitalism metrics to emphasize our commitment to patients, people and planet. Optimizing our ESG Reporting is an iterative process. While we do not yet report against every indicator within these reporting frameworks, we will work to continuously enhance our data capture processes and reporting of material ESG information to demonstrate our commitment to transparency and our stakeholders.

The tables below provide links to disclosures and our latest FY20 ESG performance indicators under the categories of Patient, People, Planet and Values-Based Governance. The information provided includes the operations of Takeda Pharmaceutical Company Limited and consolidated subsidiaries of Takeda. The reporting period covers FY20 (April 1, 2020 to March 31, 2021) unless otherwise specified. Selected performance indicators have been assured by Apex Companies, LLC, an independent professional services company and are denoted with a symbol ☑. We will seek to update this ESG Appendix on an annual basis to supplement our Annual Integrated Report.

Our Approach to Purpose-Led Sustainability		
CEO Message	• 2021 Annual Integrated Report (page 3)	
Our Corporate Philosophy and Purpose-Led Sustainability Strategy	• Corporate Philosophy: 2020 Sustainability Report (page 4) • Integrating Purpose through our Business: 2021 Annual Integrated Report (pages 9-10)	**W**
Our Worldview	• Our view on important world issues: 2021 Annual Integrated Report (pages 13-16)	
Materiality	• Materiality approach and disclosure of material issues: 2020 Sustainability Report (page 12) • Takeda's Value Creation and progress on material strategic economic, environmental and social milestones: 2021 Annual Integrated Report (page 19)	**W**
Strategic Stakeholder Engagement	• 2020 Sustainability Report (page 13)	**W**
ESG Ratings and Recognition	• ESG Disclosure & Transparency: 2020 Sustainability Report (page 14)	
Reporting Practices	• Reporting period: The reporting covers FY20 (April 1, 2020 to March 31, 2021). Some FY21 activities are included • Reporting cycle: Annual • Contact point for questions regarding our ESG disclosures: sustainablevalue@takeda.com • External Assurance: page 33 of this document • Restatements of information: None	

S = Content aligns to recommended disclosures from the Biotechnology & Pharmaceuticals Industry Standards of SASB

W = Content aligns to recommended disclosures from Measuring Stakeholder Capitalism released by the World Economic Forum and its IBC

Patient			
Why It Matters			
	Why It Matters	• 2020 Sustainability Report (page 17)	
Responsible Innovation: R&D to Address Unmet Medical Needs			
	R&D Governance	• **The Takeda Ethics Advisory Council (TEAC):** 2020 Sustainability Report (page 21)	
	Innovative Biopharma	**Takeda's vitality index, defined as the revenue contribution from products commercialized in the last five years, is 3.5% for our FY ending March 2020.** This includes key contributions from our rare disease and oncology portfolios, such as from *Takhzyro* for hereditary angioedema and *Alunbrig* for non-small cell lung cancer. Over the last five years, Takeda has undertaken a significant R&D transformation. We set a high bar for innovation and cultivated external collaborations and strong research capabilities in order to bring life-changing therapies to patients worldwide. As a result of our sustained efforts and investments, we expect significant late-stage R&D pipeline momentum in the coming years, from which we target a series of new drug approvals. Among other new launches, we are supporting the rollout of new vaccines to aid the urgent battle against COVID-19 in Japan, and dengue around the world. We are also increasing our R&D investment to support the potential we see in our pipeline. Having transformed our internal R&D engine, we seek to accelerate innovation and position Takeda at the intersection of health, technology and business growth for the long term and for the benefit of patients around the world. More on innovative Biopharma initiatives: 2020 Sustainability Report (pages 23-25)	W
	Expanding the vaccine pipeline	Takeda's global vaccine business is applying innovation to tackle some of the world's most challenging infectious diseases, such as dengue, COVID-19, Zika and norovirus. In March 2021, the European Medicines Agency (EMA) accepted Takeda's filing packages for our dengue vaccine candidate (TAK-003). Takeda is participating in the EMA's first-ever parallel assessment of a medicinal product for use in the European	

		Union (EU), and through the EU-M4all (previously Article 58) procedure for countries outside of the EU. EU-M4all is a procedure managed by the EMA in collaboration with the World Health Organization that is designed to facilitate patient access to essential medicines intended to prevent or treat diseases of major public health interest. Takeda intends to submit regulatory filings in Argentina, Brazil, Colombia, Indonesia, Malaysia, Mexico, Singapore, Sri Lanka, Thailand and the U.S. during 2021. In Japan, we are partnering with Novavax for the development, manufacturing and commercialization of over 250 million doses of Novavax's COVID-19 vaccine candidate. We also plan to import and distribute 50 million doses of Moderna's mRNA COVID-19 vaccine, working with Moderna and Japan's Ministry of Health, Labour and Welfare (MHLW). Additionally, with contract manufacturer IDT Biologika GmbH, we are using capacity reserved for our dengue vaccine for three months to manufacture Johnson & Johnson's COVID-19 vaccine. **More information on our COVID R&D Alliance:** 2021 Annual Integrated Report (page 21) Finally, to combat Zika, Takeda is developing a purified, inactivated, alum-adjuvanted, whole Zika virus vaccine candidate (TAK-426) that is currently being studied in a Phase 1 trial, ZIK-101. More information can be found at: • Takeda Vaccines • 2020 Sustainability Report (page 26)	
Access to our innovative medicines worldwide			
	A strategic framework for access to medicines	• **Actions and initiatives to promote access to healthcare products:** Access to Medicines 2020 Progress Report • Takeda's Position on Access to Medicines • Takeda's Position on Intellectual Property for Access to Medicine • 2020 Sustainability Report (page 27)	**S**

Pricing for Access			
	Tiered pricing and pricing changes	• Takeda's Position on Pricing • Access to Medicines 2020 Progress Report (pages 46-47) • Takeda's U.S. Pricing Philosophy and Takeda's U.S. Pricing Change Methodology • Pricing changes: 2020 Sustainability Report (page 31)	
	Value-based pricing	• Takeda's Position on Pricing • Takeda's Position on Value-Based Healthcare • Takeda's Position on Health Technology Assessment • Examples of value-based pricing at Takeda: 2020 Sustainability Report (page 31)	
	Patient Assistance Programs	• Takeda's Position on Pricing • **Approach and breadth of Patient Assistance Programs:** Access to Medicines 2020 Progress Report (pages 46-54)	
Strengthening Health Systems			
	Building scientific and research capacity in LMICs	• Access to Medicines 2020 Progress Report (pages 55-70)	
	Access to Health Impact measurement framework	• Access to Medicines 2020 Progress Report (pages 97-104)	
	Blueprint for innovative healthcare access	• Access to Medicines 2020 Progress Report (pages 81-96)	

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Patient Metrics

	Category / Metric	FY20 Data
	Access to Medicines	
S	Number of patients from 25 underserved countries and communities have received access to Takeda's innovative medicines and vaccines, as well as other supportive healthcare services through Takeda-sponsored and -supported clinical trials[1]	70,000
	Number of patients who have received treatment through Takeda's Patient Assistance Program in FY20	1,467
	Number of countries and territories our Access to Medicines programs operate in	52
	Pieces of scientific instrumentation donated	~1,000
	Number of Community Health Volunteers and Trainers qualified to raise awareness of cancer and hypertension symptoms, provide screenings, and conduct community campaigns on health promotion as part of the Blueprint for Meru (Kenya) County pilot[2]	~800
	Responsible Innovation: R&D to Address Unmet Medical Needs	
W	Amount invested in R&D - (Billion JPY)	455.8
	% of total R&D expenditure targeting tropical and microbial diseases	4.9%
	Number of R&D employees	5,000+
W	Number of Takeda R&D employees who participated in our Knowledge Sharing program to volunteer their skills and experience to NGO partners and healthcare initiatives	200+
	Total number of active R&D partnerships	200+
	Number of new R&D collaborations established in FY20	45
	Number of R&D partnerships to target neglected or high burden diseases	40+
S	Number of FDA inspections related to clinical trial management resulting in Voluntary/Official Action Indicated	0

Notes:

1 Active patients in the programs as at the end of FY20

2 March 2019 - 31 December 2020

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W Content aligns to recommended disclosures from Measuring Stakeholder Capitalism released by the World Economic Forum and its IBC

People			
Why It Matters			
	Why It Matters	• 2020 Sustainability Report (page 35)	
Engagement & Lifelong Learning			
	Our Approach	• Our approach: 2020 Sustainability Report (page 38) • Takeda Internship and Graduate Programs • At Takeda, it is one of our imperatives to create a culture that encourages a mindset of lifelong learning and growth. As such, Takeda makes available tuition reimbursement programs at the local level for full- and part-time employees to undertake external degree programs beneficial to their careers. In addition, Takeda allows for individuals to grow their knowledge and skills and maintain their necessary certifications through funding available at the department or organizational level. This may include workshops, seminars, conferences, institutes, courses for which continuing education units (CEUs) are awarded and courses at nondegree-granting institutions, which are required or approved by management as necessary and/or appropriate for the performance of an employee's job. • With the acquisition of Shire Pharmaceuticals in January 2019, Takeda paused Engagement surveys and implemented integration pulse surveys to continually gather feedback from all employees and take action based on the results. During FY18 and FY19, 3 pulse surveys were administered (February 2019, June 2019 and February 2020). In FY20, Takeda made the decision to prioritize an employee well-being survey in lieu of an employee engagement survey. Takeda's priority was to understand employees' mental / physical health, stress levels, and more broadly their fundamental needs given the operating environment. The well-being survey was deployed to understand and address the new stresses and needs employees have in both the current and post-COVID world. Takeda raised awareness by communicating results and started addressing findings by providing a variety of resources at a global and local level. Momentum continues to accelerate as leaders and employees all over the world take action. Takeda has plans to launch a comprehensive global Employee Experience Survey in FY21. The new survey will cover engagement, well-being and other employee experience	

		dimensions. Takeda believes that for employees to be engaged with their work, their mental and/or physical needs must be addressed first and as a priority. For more information on the results of our Care Survey, please see: 2021 Annual Integrated Report (page 50)	
Health, Safety & Well-being			
	Our Approach	• Global Environment, Health and Safety Policy • Health, safety and well-being management: 2020 Sustainability Report (page 39) and 2021 Annual Integrated Report (pages 49-50) • Well-being is a cornerstone of Takeda's People-First culture. As a result, Takeda supports behaviors that enable work-life balance, mental and physical wellness, and resources to deliver on our financial, family and community needs. Takeda's mission of 'Better Health for People, Brighter Future for the World,' is only possible when we take care of our own well-being and support the same for our colleagues. Takeda is committed to adhering to all local laws on working hours/overtime or maximum working hours by having strong policies, practices and time keeping systems in place. For example, in Japan our allowable working hours are less than what is even permitted by country law. To ensure adherence and our commitment, we notify our Japan managers and employees who are close to the upper limit of overtime. • With people at the center of all that we do, Takeda is committed to putting our people first in times of workforce restructuring. Takeda has local severance policies or social plans that provide level of pay, benefits and outplacement services to employees negatively impacted by workforce restructuring. There is no better talent than internal Takeda talent so before and after notification we are identifying internal opportunities for those that may be impacted. Where national individual and collective consultation requirements apply Takeda commits to meet all applicable obligations, including meeting the spirit and intent of that legislation of any local or regional obligation.	**W**

Talent Management			
	Our Approach	• Our approach and programs for leadership development: 2020 Sustainability Report (pages 40-41) and 2021 Annual Integrated Report (page 52) • Adapting recruiting for a virtual workplace: 2020 Sustainability Report (page 42) • Takeda Long-Term Incentive Plan and Employee Stock Purchase Plan (ESPP): 2020 Sustainability Report (page 42) • The Global Risk Management Policy determines in its Principles that managing risk is the responsibility of everyone from the Board of Directors to the employee. It has been published and made available to all business units, business functions and Local Operating Companies (LOCs). In the annual Enterprise Risk Assessment (ERA) process, risks (including human capital risks) are identified, assessed and reported to the relevant local committee by each business unit, business function or LOC. Human capital risks can therefore be raised from anywhere across Takeda, or be raised directly within the HR function's risk assessment. All individual risk assessments are then aggregated into an enterprise risk heatmap, allowing the Risk, Ethics and Compliance Committee (RECC) and the Board of Directors to obtain an enterprise view. In addition, the effectiveness of mitigating controls & any remaining residual risk can be assessed and prioritized for further actions if required.	
	Takeda R&D - Talent Acquisition, Development and Retention	In FY20, the Takeda R&D organization embarked on a months-long comprehensive project to create an evidence and values-based Diversity, Equity & Inclusion (DE&I) Strategy. Our strategy focuses on four areas: Diverse Talent, Inclusive Teams, Inclusive Ecosystem, and DE&I Enablement. Executing on these four pillars simultaneously allows us to focus on both near-term and long-term opportunities and position Takeda R&D as an employer of choice for exceptional talent from all backgrounds. The Diverse Talent and Inclusive Teams pillars of the strategy will help Takeda R&D identify, attract, hire, develop and retain talent across the organization. Additionally, the Inclusive Ecosystem pillar will help build a more diverse talent pipeline for the future. Following is a summary of our efforts.	S

		Talent Acquisition - Takeda R&D At Takeda, we are committed to attracting and building a global talent community of research development scientists and other specialized experts by highlighting our innovative pipeline and the tremendous opportunity to impact patients' lives while developing your own career. We are leveraging our internal Diversity, Equity & Inclusion Cause network, Employee Resource groups, HR teams and external resources to identify diverse talent internally and externally, in addition to re-imagining internships and early career opportunities to support outreach for future talent. Specific initiatives for Talent Acquisition FY21/22 include: • Implementation of Bias reducing tool (in final stages with technology vendors) • Roll out of DE&I and Behavioral Based interview training • Implementation enterprise-wide Candidate Relationship Management (CRM) tool connected with Applicant Tracking System (ATS) to create inclusive talent communities • Roll out of new R&D Careers landing pages and branding/social media campaign **Talent Development and Retention** • Takeda strives to create an environment where everyone can achieve their potential through life-long learning and by feeling that they are engaged, respected and heard. We offer a variety of developmental experiences ranging from didactic to experiential to enable all employees across the R&D organization to access the type of development that best meets their needs.	
Diversity, Equity & Inclusion			
	Our Approach	• Commitment to foster a diverse, equitable, inclusive, safe, open and collaborative working environment: Takeda Global Code of Conduct (page 16) • Examples of Diversity, Equity & Inclusion initiatives and Takeda Resource Groups: 2021 Annual Integrated Report (pages 45-48)	**W**

		• Accelerating gender parity at Takeda • Enhancing diversity in clinical trials and Health Equity: 2021 Annual Integrated Report (page 32) • Takeda has and will continue to strengthen our talent acquisition processes with an enhanced focus on diversity, equity and inclusion. There are a number of initiatives underway: - **Source:** we are committed to adding talent sources that allow us access to more candidates from underrepresented populations. - **Review data:** we continue to review survey data and website analytics to understand how potential candidates perceive our recruiting experience. - **Search partners:** we will work with search partners to encourage diverse representation in candidate slates. - **Technology and processes:** we are evaluating multiple strategies for reducing unconscious bias. Specifically, we have amended the interview process in the U.S. by emphasizing intake discussions, cross-functional interview panels, and formal debrief meetings as a way of disrupting unconscious bias. We are also testing technology that can analyze job descriptions for words and phrases that may unintentionally discourage some candidates from applying to open roles.	

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People Metrics

	Category / Metric	FY20 Data
	Human Capital	
W	Total number of employees globally	51,197
	% Workforce - Women	52%
	% Workforce - Men	48%
	% Workforce - Age Group 1: <30	19%
	% Workforce - Age Group 2: 30 - 50	62%
	% Workforce - Age Group 3: >50	19%
	% Managers - Female	41%
W	Total number of new hires	16,532
	Total number of new hires - Female	9,922
	Total number of new hires - Male	6,235
	Total number of new hires - Undeclared	375
	Total number of new hires - Age Group 1: <30	7,377
	Total number of new hires - Age Group 2: 30 - 50	7,993
	Total number of new hires - Age Group 3: >50	1,162
	Total number of new hires - Japan	533
	Total number of new hires - U.S.	10,524
	Total number of new hires - EUCAN	2,781
	Total number of new hires - GEM	2,694
	New hires as % of total workforce	32%
	Number of managers who participated in the Resiliency in Leadership learning program	4,500
	Health & Safety Incident Rates (per 200,000 hours worked)[1]	
W ☑	Total Recordable Incident Rate	0.91
W ☑	Incidents with Days Lost Rate	0.25
	Number of fatalities	0
	Fatality rate	0

Notes:

1 For Health & Safety performance indicators, the scope of Takeda operations includes all manufacturing and R&D sites, United States and Austria plasma collection centers and, commercial office locations covering approximately 95% of all employees.

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☑ Selected performance indicators have been assured by Apex. An Independent Assurance Statement can be found at the end of this document.

Planet			
Why It Matters			
	Why It Matters	• 2020 Sustainability Report (page 47)	
Climate Change Mitigation & Adaptation			
	Governance on climate change	• Takeda CDP Climate Change 2020 • Takeda's Carbon Neutrality Governance Team: 2020 Sustainability Report (pages 52-53)	W
	Strategy	• The impact of climate change on our planet and future way of life is one of the biggest risks facing the world today, with profound implications for human health. A changing climate brings more frequent heatwaves, extreme weather events and poor air quality, leading to increasing scarcity of clean water and other natural resources. These changes encourage migration, shift infectious disease spreading patterns and intensify existing health challenges around the world. • Takeda supports the Paris Agreement and international efforts to keep climate change well below 2°C above pre-industrial levels. Takeda has set Science-based targets (SBTi) and reached carbon neutrality in 2020 (for FY19 emissions) through a combination of greenhouse (GHG) reductions from our operations and the purchase of credible, verified carbon offsets. Takeda has issued a public Position on Climate Change demonstrating our support for mitigating climate change and for various climate policy instruments. Takeda also participates in various industry groups and forums, such as Pharmaceutical Supply Chain Initiative (PSCI), Pharmaceutical Environmental Group (PEG) and the European Federation of Pharmaceutical Industries and Associations (EFPIA) that are working to minimize the environmental impacts of the pharmaceutical industry collectively. • **Climate scenario analysis and impact on Takeda:** Takeda recognizes that climate change may have far reaching implications for our business operations, supply chain, patients and society overall. To further our understanding and management of climate risks and opportunities that could impact our business, Takeda conducted a climate scenario analysis in FY20 of its direct business operations. This analysis included the modeling of potential climate change scenarios for key business regions covering over 90% of Takeda's owned and leased assets by property value. A selection	W

of physical and transition risks over multiple time horizons (2030 and 2050) and emissions scenarios (4°C scenario, 2.5°C scenario, 1.5°C scenario) were evaluated to determine the potential strategic and future financial implications of climate change on Takeda.

- This initial climate scenario analysis provided important insights into the identification, likelihood and magnitude of potential climate risks and opportunities that will be used to further inform Takeda's strategic business and financial planning.
- Based on this analysis, Takeda plans to issue a TCFD report in FY21. In addition, we plan to undertake a second phase climate scenario analysis assessing climate related risks within our supply chain.

- **Climate change risks:** Based on the outputs of Takeda's climate scenario analysis, we have identified the following potential climate related risk and opportunities:

  Physical Risks:

  - *Physical risks to direct operations:* Similar to other companies with a global footprint, the assessment showed that acute physical risks such as wildfire and precipitation extremes as well as chronic physical risks such as sustained higher temperatures and/or water stress have the potential to disrupt portions of Takeda's product R&D, manufacturing, and distribution if climate risks remain unabated.

  Transition Risks:

  - *Carbon pricing and related policies:* Emerging carbon pricing policies may result in additional expenses for Takeda's direct operations. Takeda's carbon neutrality leadership position should minimize exposure to carbon pricing. Takeda is also potentially exposed to pass through costs within the supply chain, (e.g., transportation, distribution, production) which could increase the cost of doing business. Actions to meet our Scope 3 target will help minimize relative exposure.
  - *Energy costs and related policies:* Energy costs and policies could create both a risk and opportunity for Takeda. Mandates and regulation of energy markets could affect Takeda's choices of energy sources ultimately impacting energy costs, including cost of operations and cost of goods sold, and its ability to meet GHG targets. Energy

		efficiency will improve as Takeda works toward a 40% reduction of GHG emissions by 2025 compared to 2016 baseline, and there are GHG emission reduction opportunities and potential future cost mitigation from actions toward renewable energy procurement. - *Impacts to the workforce:* Leaders in climate action have reputational benefits that may attract or retain talent. The transition to a low-carbon economy can impact Takeda's ability to recruit and maintain top talent, resulting from perceptions of Takeda's climate goals and associated progress. Takeda's visible commitments, goals and actions on climate provide the opportunity of attracting and retaining talent. - *Business reputation:* Leaders in climate action experience reputational benefits. Patients and healthcare providers, investors, and other stakeholders may decide to engage with or avoid Takeda because of its position on climate change, or climate-related commitments. - *Disease acceleration*: Climate change is accelerating the emergence of disease, with the potential for regional and global disruption, creating both a risk and opportunity for Takeda. The risk relates to the health of key stakeholders, and the opportunity relates to the potential for new products or increasing product demand.	
	Risk Management	We have instituted a Carbon Neutrality Program with a new governance structure that includes built-in accountability for progress toward our goals, including overseeing efforts to reduce energy use and increasing renewable energy investments. This new governance framework will also help develop internal guidelines and establish reporting lines to the Business Review Committee and to the Board of Directors. Any new and significant risks identified through audits and other activities are reported to the Risk, Ethics and Compliance Committee of the Board of Directors and Takeda's Enterprise Risk Management Program which manage risk company-wide. Additional information on our approach to identifying, assessing and managing our climate risks: - Takeda CDP Climate Change 2020 - 2020 Sustainability Report (pages 48-53) - Takeda's Approach to Carbon Offset Procurement	**W**

	Metrics & Targets	• Takeda reached carbon neutrality in 2020 (for FY19 emissions) through a combination of greenhouse (GHG) reductions from our operations and the purchase of credible, verified carbon offsets. We are actively pursuing for a Virtual Power Purchase Agreement (VPPA) in the U.S. to support new renewable energy infrastructure that matches our existing and future US footprint. In addition, a number of sites have installed direct solar infrastructure, including sites in Singapore, Switzerland and the United States. Most European manufacturing sites are solely supplied by renewable electricity and as of April 2021, Takeda's Osaka and Hikari sites have switched to 100% to renewable electricity. • Commitment to Carbon Neutrality at Takeda and Takeda Achieved Carbon Neutrality in 2020 • Emission Reduction Targets Approved by Science Based Target Initiative • Detailed breakdowns of greenhouse gas data: Takeda CDP Climate Change 2020 • Takeda's support for the TCFD recommendations	W
Environmental Management			
	EHS Management Systems	• Global Environment, Health and Safety Policy • Our approach to best practice Environmental Management Systems: Our target is to have all manufacturing sites certified to ISO 14001 and ISO 45001 within three years: 2020 Sustainability Report (pages 54-55) - **Environmental Risk Assessments (ERA)**: We use ERAs to analyze potential risk that the use of a medicine poses to the environment. Takeda recognizes that we have a responsibility to study and understand the potential environmental impacts of our pharmaceuticals throughout their product lifecycles and is committed to developing relevant data to use as a basis for risk assessments in order to ensure that the manufacture, use and disposal of our pharmaceutical products does not adversely affect human health or the environment.	
	Product stewardship	• **Approach to Eco-Design:** Eco-design in pharmaceuticals is an integrated approach applied in product development that focuses on providing intended therapeutic effect for the patient, while reducing negative impacts to human health and the environment. Sustainability is a key priority for our Pharmaceutical Sciences group within R&D, while not	S

		compromising on safety. A distinct aim is to design in such a way that no harmful effects occur to human health and the environment throughout the whole product lifecycle. Takeda has initiated a program to implement the use of Life Cycle Assessment (LCA) and Circular Economy Thinking into the design process, focusing on the following criteria: consumption and safety of raw materials, energy consumption, releases to the natural environment, human health and climate impacts. For example, in our Sustainability Guidebook, we promote the Principles of Green Chemistry for the development of our small molecule products, reducing the use of hazardous solvents and subsequent environmental and health impacts. When solvents cannot be avoided, we provide guidance on solvent selection with safer alternatives. For our packaging designers, we promote the use of recycled or sustainably grown fiber in the design of our secondary and tertiary packaging and are in the process of rolling out a packaging eco-design tool, based on LCA. • **Product take-back, reuse, or disposal:** Takeda supports and participates in pharmaceutical take-back programs in collaboration with relevant industry groups. Takeda also supports education of our patients and end users to encourage safe return or disposal of unwanted or expired medicines and sharps. We will continue to improve our baseline understanding of unused medicine and sharps takeback efforts including remediation plans and improvement roadmap as necessary. Takeda's current support for external drug programs is active only in the US. Our funding results for approximately 225 drug products (total quantity 24,620,000 sales units) of product taken back. Total collected waste in the US program is 167.4 tons of unwanted medicine and 72 tons Sharps. We are evaluating programs in other global regions. • Our product stewardship goals: 2021 Annual Integrated Report (page 62)	
	Environmental Projects: A Snapshot	• 2020 Sustainability Report (pages 56-57) and 2021 Annual Integrated Report (pages 57-63)	
Natural Resource Conservation			
	Water	• Takeda CDP Water Security 2020 • Approach to water management: 2020 Sustainability Report (page 58) • **Water stewardship:** Takeda will publish its Water Stewardship Policy in 2021. Takeda will aim to achieve a 5% reduction	**W**

		in water consumption by FY25 (relative to FY19) levels. • **Water risk studies:** Takeda has completed a study to identify all of our sites in areas of high-water-risk. We have developed a baseline understanding of water withdrawn and consumed at these sites and Takeda will take a risk-based approach to water management and replenishment for sites in stressed areas. In 2021, mitigation plans for these sites will be developed, including financial impacts associated with water risks. • **Collaborating with other stakeholders:** Part of our water risk study includes identification of key local stakeholders that will offer opportunities to collaborate in those local areas. Several of our sites have demonstrated collaboration with existing stakeholders, for example our Jaguariuna, Brazil, site is partnering with the city to implement a water recycling/re-use project, and our site in Lessines will be implementing a water recycling/re-use project as well which includes collaborating with the local officials.	
	Wastewater and chemical substances	• Our approach to wastewater and chemical substances management: 2020 Sustainability Report (pages 59-60) • **Pharmaceuticals in the Environment (PiE):** PiE is a life cycle approach committed to understanding, managing, and controlling the potential impact of pharmaceuticals in the environment. Takeda's PiE approach covers 3 activities: Environmental Risk Assessments, drug take-back, and emissions/effluent management. Takeda will publish its PiE position paper in 2021. Takeda partners with the European Federation of Pharmaceutical Industries and Associations (EFPIA) to improve methods to identify and quantify environmental risks of pharmaceutical products. • **Eliminating pharmaceutical residues from public sewage streams:** Takeda supports the drive for continued research into potential environmental effects, especially on aquatic organisms, and including effects associated with exposure to mixtures of active pharmaceuticals over a sustained period. Takeda partners with the European Federation of Pharmaceutical Industries and Associations (EFPIA) to improve methods to identify and quantify environmental risks of pharmaceutical products. Takeda's PiE position paper, to be published in FY21, will address our understanding of risks and methods to minimize active pharmaceutical residuals in wastewater streams.	

	Waste	• Waste Management: 2020 Sustainability Report (page 60) • **Resource circularity:** Takeda has launched an LCA program, which will provide the basis for estimating impacts across the life cycle and inform circular choices. We have announced a sustainable packaging goal to reach at least 50% of the total weight of paper/fiberboard procured for product secondary and tertiary packaging will be either recycled content or certified forest sustainable by 2025 (such as through the Forest Stewardship Council, Sustainable Forestry Initiative, Programme for the Endorsement of Forest Certification). • **Hazardous waste:** Sites are provided guidance for management of hazardous waste including direction for waste reduction through an overarching corporate waste management standard. We will continue to improve our baseline understanding of hazardous waste generation including an improvement roadmap as necessary. We report regulated waste generated as a performance indicator in the table below. 73% of Takeda sites are certified to ISO 14001 or equivalent (45001). These sites are provided guidance for management of hazardous waste including direction for waste reduction through an overarching corporate waste management standard. • **Non-GHG air emissions:** Takeda is not a significant emitter of non-GHG air emissions. We report annual emissions of Sulfur Oxides (SOx) and Nitrous Oxides (NOx) resulting from fossil fuel combustion from our operations as well as emissions of Volatile Organic Compounds (VOCs) from operations in the table below.	**W**

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Planet Metrics

	Category / Metric	FY20 Data
	Energy (Terajoules)	
☑	Total Energy Consumption	7,890
☑	Purchased Electricity (Non-Renewable)	2,000
☑	Purchased Electricity (Renewable)[2]	836
☑	Onsite Generated Renewable Electricity	4
☑	Percent Electricity Sources as Renewable[3]	30%
	Percent Electricity as Renewable including Renewable Energy Certificates (RECs)[4]	In progress
☑	Supplied Heating and Cooling	103
☑	Fuel Consumption[5]	4,860
	Greenhouse Gas Emissions (Thousand MTCO2e)[6]	
	Total GHG Emissions[7]	4,909
W ☑	Scope 1 Emissions	303
	CO2	289
	CH4	0.014
	N2O	0.003
	Refrigerants (HFCs, CFCs, HCFCs)	13.6
W ☑	Scope 2 Emissions - location-based methodology	288
☑	Scope 2 Emissions - market-based methodology	226
W	Scope 3, all applicable categories	4,380
	Category 1	3,710
	Category 2	50
	Category 4	458
	Category 7	43
	Category 10	6
	All other applicable categories	115
	Carbon Neutrality[4]	
	Purchased Verified Emissions Reductions (VERs) - Thousand MTCO2e[8]	In progress
	Purchased RECs – Terajoules	In progress
	Percentage Reported GHG Emissions Mitigated by Purchased VERs and RECs	In progress

		Category / Metric	FY20 Data
		Air Emissions (Metric Tons)	
W	☑	Sulphur Oxides (SOx) and Nitrous Oxides (NOx) Emissions[9]	118
		VOCs	126
		Water (Thousand Cubic Meters)	
W	☑	Water Withdrawal	10,770
	☑	Water Withdrawal in Areas with High-Extremely High Water Risk[10]	1,180
	☑	Water Withdrawal in Areas with Low-Medium Water Risk[10]	9,590
W	☑	Water Consumed[11]	2,280
W	☑	Water Consumed in Areas with High-Extremely High Water Risk[10]	174
	☑	Water Consumed in Areas with Low-Medium Water Risk[10]	2,100
W	☑	% of manufacturing sites located in areas considered to have “high” or “extremely high” water risk[10]	20%
	☑	Wastewater Discharged	8,490
		Quantity of Chemical Oxygen Demand (COD) Discharged - Metric Tons[12]	51
		Waste (Metric Tons)	
	☑	Total Waste Generated	85,400
	☑	Total Regulated Waste Generated	41,200
	☑	Total Non-Hazardous Waste Generated	44,300
	☑	Percent Waste Recycled[13]	73%
	☑	Percent Waste Sent to Landfill	16%
	☑	Percent Waste Diverted from Landfill (Recycled, Incinerated, Other)[13]	84%
		Significant Spills and Releases	
	☑	Number of Notices of Violation or Citations Received	6
	☑	Total Number and Volume of Significant Spills	0
		Product stewardship (metric tons)[14]	
S		Total amount of product accepted for take-back, reuse, or disposal	239
		Environmental Management Systems	
		Number of EHS audits performed[15]	20
	☑	% of manufacturing sites certified to ISO 14001	73%
	☑	% of manufacturing sites certified to ISO 50001	3%
	☑	% of manufacturing sites certified to ISO 45001	53%

Notes:

Category / Metric	FY20 Data

1 Takeda has elected to use operational control as a reporting boundary guideline for its environmental data and includes:
   - For total energy used, Scope 1 and Scope 2 market, and location-based, GHG emissions, the scope of Takeda operations includes all manufacturing and R&D sites, United States and Austria plasma collection centers, Takeda headquarters, and commercial office locations.
   - For all other environmental performance indicators, the scope of Takeda operations includes all manufacturing and R&D sites, United States and Austria plasma collection centers, and larger commercial offices where such data was available. Contributions from smaller commercial office locations are not included.

2 Includes renewable electricity purchased through bundled guarantees of origin contracts. Excludes unbundled renewable energy purchased through renewable energy certificates.

3 Excludes electricity produced on-site through combined heat and power or fuel cell systems as well as purchased renewable energy certificates

4 Takeda is committed to mitigating all scope 1, 2 and 3 GHG emissions through the procurement of renewable energy certificates (RECs) and verified emission reductions (VERs). Procurement of necessary RECs and VERS for FY20 is in process and will be independently verified when complete.

5 Excludes the energy content of fuel used for commercial fleet vehicles. GHG emissions from commercial fleet vehicles are included in Scope 1 emissions. Calculated using the default heat content of the consumed fuels from the "Greenhouse Gas Inventory Guidance, Direct Emissions from Stationary Combustion Sources" (U.S. EPA, January 2016).

6 Scope 1 emissions are calculated using the GHG emission factors from the GHG Protocol Emission Factors from Cross-Sector Tools (2017). Scope 2 location-based emissions from purchased electricity are calculated using the country-specific emission factors published by the IEA and U.S. EPA. Scope 2 market-based emissions from purchased electricity are calculated using the supplier-specific emission factors when available, and country-specific emission factors published by the IEA, AIB, and U.S. EPA when not available. Scope 3 data are preliminary and will be independently verified when complete.

7 Total GHG emissions calculated using the Scope 2 market-based total.

8 Purchased Verified Emission Reductions sufficient to cover Scope 1 and Scope 3 GHG emissions in addition to Scope 2 GHG emissions from supplied heating and cooling. Total GHG emissions mitigated will be reported when complete.

9 NOx and SOx emission calculated based on fuel consumption data and emission factors from the U.S. EPA Publication "Compilation of Air Pollutant Emission Factors, AP-42, Fifth Edition, Volume 1: Stationary Point and Area Sources."

10 Overall water risk rating based on the World Resource Institute Aqueduct 3.0 tool. Overall water risk measures all water-related risks, by aggregating all selected indicators from the Physical Risk Quantity, Physical Risk Quality, and Regulatory, and Reputational Risk categories. Higher values indicate higher water risk.

11 Water consumed represents the difference between water withdrawals and wastewater discharges.

12 COD Emission data reflects COD loading associated with the direct discharge of Takeda-treated wastewater to a receiving waterway.

13 Recycled includes materials sent off-site for processing prior to reuse as well as materials sent off-site for incineration with energy recovery.

14 Data are only available for the United States market for sponsorship of drug product take-back program.

15 EHS audits performed includes internal and external third-party audits managed by the corporate EHS function.

S Content aligns to recommended disclosures from the Biotechnology & Pharmaceuticals Industry Standards of SASB.

W Content aligns to recommended disclosures from Measuring Stakeholder Capitalism released by the World Economic Forum and its IBC.

☑ Selected performance indicators have been assured by Apex. An Independent Assurance Statement can be found at the end of this document.

Values-Based Governance			
Corporate Governance			
	Our Approach	• Overview of Corporate Governance and Management Structure • Corporate Governance Report	
	Composition of the Board of Directors and Takeda Executive Team (TET)	• Board and TET composition, including diversity, roles and independence: 2021 Annual Integrated Report (pages 72-76) • Audit and Supervisory and Nomination and Compensation Committees: 2021 Annual Integrated Report (pages 73-74) and Corporate Governance Report • Director profiles and attendance rates at Board Committee meetings: 2020 Annual Securities Report (pages 85, 89-97)	W
	Total rewards and compensation	• Overview of our approach to compensation: 2021 Annual Integrated Report (page 77) • Details of our approach to Executive compensation: Takeda's Executive Compensation Overview • Details of our approach to Director compensation: Corporate Governance Report • Link between our Corporate Philosophy and long-term equity incentives: we use Pivotal Study Start as a KPI to underscore our commitment to patients and as a reflection of future strength of Takeda's overall performance through delivery of innovative research and development programs: Takeda's Executive Compensation Overview (page 8)	W
	Shareholder engagement	• Measures for shareholders and stakeholders: Corporate Governance Report • Approach to shareholder engagement: 2021 Annual Integrated Report (page 74) • Information on Annual Shareholders Meetings, including Notices of Resolutions and Results of the Exercise of Voting Rights: Shareholder Meetings	
	Governing our sustainability efforts	• 2020 Sustainability Report (page 67) • Guided by our values and commitment to patients, people and the planet, we will allocate capital to maximize value for patients & shareholders. Takeda is a purpose-led organization that exists to create better health for people, and a	W

		brighter future for the world. We maintain a sustainable business strategy that responds to global challenges. To make this clear to all stakeholders, we have updated our capital allocation policy to reflect how Takeda's board considers economic, environmental and social issues when overseeing major capital allocation decisions.	
Risk & Crisis Management			
	Our Approach	• Approach to risk & crisis management • Matters related to internal controls and risk management rules: Corporate Governance Report • Relevant internal policies and procedures: 2020 Sustainability Report (page 81) • Centralized EHS auditing: 2020 Sustainability Report (page 82)	**W**
Taxation			
	Our Approach	• Takeda's Position on Taxation • Takeda's approach to taxation: 2020 Sustainability Report (page 68)	
Quality Management			
	Our Approach	• Quality governance and strategy: 2020 Sustainability Report (page 69)	
	Product quality and safety	Takeda is committed to quality and the continuous improvement of quality as a foundation of Takeda's Corporate Vision and Values. Each of us has a responsibility to demonstrate that our work meets the highest levels of excellence and is in compliance with Health Authority requirements, putting the patient and patient safety first. We incorporate these requirements into standards and procedures that we consistently follow, documenting what we do, reporting inconsistencies and deviations, taking necessary corrective action, and by applying the highest ethical standards to everything we do. The fundamental building blocks of Takeda's Vision for Quality are: • **Science:** Product and process knowledge; new technologies; analytical development • **Systems:** Integrated quality systems; supplier quality management • **People:** Knowledge, skills and leadership development; performance management; talent pipeline	**S**

		In everything that we do, we focus on our Vision for Quality, which encompasses: • **How we operate:** - Maintaining the principles of Takeda-ism and advancing a culture of Quality - Sustaining a learning environment focusing on lessons learned and best practice sharing - Building partnerships emphasizing collaboration - Creating an environment of innovation and continuous improvement • **What we focus on:** - Product quality performance - Service and value management, agility - Compliance management - Inspection success - Influencing externally More information can be found in our 2020 Sustainability Report (pages 70-71) • Takeda products with safety alerts can be found in the FDA MedWatch Safety Alerts for Human Medical Products database. In February 2020 Takeda issued a US only voluntary, limited recall for two lots of *Vonvendi*, more information can be found in our related press release. Historical product recalls can be found in the FDA Drug Recalls database.	
	Product anticounterfeiting measures	• Takeda's Position on Counterfeit, Falsified and Illegal Trading of Healthcare Products • Anticounterfeiting measures:2020 Sustainability Report (page 71) • Partnerships for remediation and education: 2020 Sustainability Report (page 78)	**S**
Supply Chain			
	Our Approach	• Approach to sustainable procurement • Ethical Sourcing and Supplier Risk Management and our Procurement Center of Excellence: 2020 Sustainability Report	

		(page 72-74). Training on the Supplier Code of Conduct and other relevant environmental and social policies are offered as part of onboarding when new procurement colleagues join the organization. • Takeda Supplier Code of Conduct • Supplier due diligence, partnerships and industry collaboration: 2020 Sustainability Report (pages 73-75) • Supplier diversity: 2020 Sustainability Report (pages 76-77)	
	Supplier Diversity & Inclusion	Takeda's Supplier Diversity & Inclusion program objectives are in keeping with Takeda Values of Patient, Trust, Reputation and Business (PTRB): • **Driving Inclusion:** To reflect the diversity of the patients who benefit from our products • **Partnering for purpose:** To partner with small and diverse businesses and advocacy groups that can provide value to our business and throughout our supply chain • **Creating economic impact:** To support the communities in which we live and work through wealth and job creation • **Upholding our value:** To respond to the requirements of our customers – that they expect Takeda to share their values **Our Program for Diversity & Inclusion:** • We require inclusion of diverse suppliers for sourcing events within our Procurement policy and provide resources to find small and diverse suppliers. • We advocate for current and prospective diverse suppliers with our Procurement and Business Stakeholders • We look for opportunities and innovative ways to further inclusion within our supply base and with our large and strategic suppliers • We host Supplier Days for our Procurement and Business Stakeholders to meet current and prospective diverse suppliers **Mentoring and Development:**	

		Each year, at minimum, we mentor 4-5 local current and prospective suppliers through our formal mentoring program, leading to successful business growth and recognition for positive impact on the diverse community. Diverse suppliers are paired with a Procurement lead or business stakeholder for up to 1 year. Through this program, we assist diverse suppliers in further developing their businesses, through various programs and education. This year we continue to develop programs to address inclusion on both a local level and will soon be expanding our program on a global level. These programs include providing a new resource within our Company (initially launched in the US) to help our employees locate diverse suppliers for their sourcing needs by describing the need and receiving a list of diverse suppliers capable of providing the product or service. We continue to grow our development and advocacy through various NGOs throughout the US, such as Diversity Alliance for Science, WBENC, NGLCC, NMSDC, Disability:IN, and NVBDC and Globally, through groups such as WEConnect International.	
	Supplier performance and our commitments	• We continue to work toward a goal to increase our spend with small and diverse businesses. Our FY20 target for supplier diversity spend (including small and large businesses) was USD $327million, which was achieved and surpassed. We also exceed our target of conducting 5 PSCI sustainability audits in FY20. • For 2017 – 2019 data 2020 Sustainability Report (page 76), for 2020 data, please see the KPI Data Table below.	
Medical Ethics			
	Ethical sales and marketing	• Ethical Marketing Promotion and Marketing Practices: 2020 Sustainability Report (page 78) • We never promote Takeda products for off-label indicators: Takeda Global Code of Conduct (page 15)	**S**
Bioethics			
	Biotechnology position	• 2020 Sustainability Report (page 79) • Takeda's position on Biosimilar medicines	
	Animal research	In many cases, animal studies are essential to determine the therapeutic relevance of novel treatments for a multitude of human diseases. We are committed to the "3R's" of replacing, reducing and refining animal testing and actively pursue their promotion. Takeda's animal vivarium are accredited by the AAALAC International, and animal care is reviewed by internal	

		regulatory committees (IACUC). Training on the 3Rs is provided for Principal Investigators, Research Staff Members and IACUC Members. Contract Research Organizations who conduct animal research on Takeda's behalf are subject to welfare audits, either virtual or on-site, to monitor that their practices are in line with our principles and commitments. Takeda is member of the IQ Consortium who facilitate various leadership groups aimed at sharing pharmaceutical innovation and quality best practices, including the 3Rs Translational and Predictive Sciences Leadership Group. Takeda is also proud to present an annual 3Rs award to recognize colleagues who exemplify and demonstrate commitment to 3Rs principles and best practices. The Animal Care and Use Program at Takeda is overseen by the Global Head of Preclinical and Translational Sciences at Takeda who reports to the Head of Research, who ultimately reports to the President of R&D at Takeda. More information can be found in our 2020 Sustainability Report (page 79)	
	Conducting clinical research responsibly	Clinical trials are designed based on scientifically designed protocols, which balance potential risk to the research participant with the possible benefit to the participant and to society. We conduct trials in compliance with legal and regulatory requirements, and we are committed to applicable international principles and standards, including the Declaration of Helsinki 2013, the Good Clinical Practice (GCP) Standard of the International Conference on Harmonization (ICH), European Federation of Pharmaceutical Industries and Associations/Pharmaceutical Research and Manufacturers of America (PhRMA) Principles. Outsourced investigators who we work with agree to operate in line with the ICH GCP and other applicable principles and standards. We train our employees involved in clinical trials in Takeda's policies and the Standard Operating Procedures relevant to their position, including our: Code of Conduct, Ethics & Compliance Policy Training, and bioethics standards related to the conduct of research involving human subjects. In accordance with Takeda's global standards, a clinical study will not be initiated or substantially amended until an approval/positive opinion is obtained from a GCP-compliant Independent Ethics Committee. Takeda has Global Clinical	S

Quality and Global Safety Functions that focus on protecting patients and ensuring quality in our clinical trials throughout their lifecycle. Internal procedures set expectations for how quality and patient safety is managed across all countries and regions. We conduct internal audits that assess compliance with our processes and procedures and are subject to regulatory inspections as well. Escalation processes are in place such that concerns can be raised and are monitored by the Takeda Executive Team through the Global Quality Team. In many jurisdictions, clinical trial participants also have the right to lodge concerns about the processing of their personal information with their local data protection authority. A list of European data protection authorities is available here.

The goal of providing patients with early and uninterrupted access to lifesaving treatments is an important component of our Access to Medicines strategy. Post-Trial Access (PTA) helps to allow continued treatment for eligible clinical trial participants who require access to the investigational medicine after a clinical trial has completed. More information can be found on Takeda's PTA mechanisms at Takeda.com.

Takeda provides clinical trial investigators with site specific patient-level data from investigational sites upon trial completion. Takeda is committed to making every effort to submit manuscripts describing results of Takeda-sponsored phase 2–3 interventional drug development trials and phase 4 interventional trials using approved compounds, and clinical studies evaluating Takeda's medical devices, within 18 months after trial completion (for marketed products), after regulatory approval, or after the decision to discontinue or terminate clinical development of investigational medicines. More information on Takeda's clinical trials can be found at Takeda Clinical Trials.

Takeda has demonstrated success in managing Good Clinical Practice sponsor inspections for our clinical development programs. The details of the Food and Drug Administration Good Clinical Practice inspections are under Bioresearch Monitoring projects In the FDA Inspection Classification Database. All of these inspections had successful outcomes.

		For more information please see 2020 Sustainability Report (page 80)	
Ethics and Compliance			
	Our Approach	• Approach and governance of ethics & compliance standards: 2020 Sustainability Report (page 80) • Takeda Global Code of Conduct • Training on our Code of Conduct and other ethics and compliance policies and standards: 2020 Sustainability Report (page 78) • The Takeda Ethics Line is where employees or the general public can raise concerns if they feel Takeda is not living up to our values. It is available online and by phone, 24 hours a day, in 20 languages. If desired, concerns may be raised anonymously • Takeda has a policy of nonretaliation for any employee who raises a concern in good faith. For more information on Takeda Ethics Line and internal mechanisms for raising concerns, please refer to the 2021 Annual Integrated Report (page 79)	**W**
	Anti-corruption & bribery	• Our approach: 2020 Sustainability Report (page 82) • Our Code of Conduct sets out our expectations of all employees with regard to interacting with external stakeholders in an honest and fair manner: Takeda Global Code of Conduct (page 18) • To underscore this position, we've established various global policies, including the Global Policy on Interactions with Health Care Professionals and Health Care Entities, the Global Policy on Interactions with Patients and Patient Organizations, the Global Policy on Interactions with Government Officials and Government Entities, and the Global Anti-Corruption: 2020 Sustainability Report (page 78)	**W, S**
	Policy influence and lobbying	• Our Code of Conduct sets out that we engage in public policy issues through responsible lobbying issues, with the objective of improving health outcomes: Takeda Global Code of Conduct (page 19) • Our activities are conducted in compliance with relevant laws of each country, the International Federation of	**W**

		Pharmaceutical Manufacturers & Associations (IFPMA) Code of Practice and codes of practice established by local industry associations.	
	Human Rights	• Our commitments: Takeda Global Code of Conduct • Expectations of our procurement partners: Supplier Code of Conduct • Due diligence and measures: 2020 Sustainability Report (pages 73-75) • Policies and position statements: - Takeda Conflict Minerals Position Statement - California Transparency in the Supply Chain Act • UK Modern Slavery Act Transparency Statement	
Global Corporate Social Responsibility (CSR)			
	Our Approach	• Overview of our Global CSR partnerships and philanthropy: 2021 Annual Integrated Report (pages 80-81) • More information on each of our CSR programs: Programs in Action • Details on how to apply for funding and our criteria for funding: Takeda Global CSR Program Process	**W**

S = Content aligns to recommended disclosures from the Biotechnology & Pharmaceuticals Industry Standards of SASB
W = Content aligns to recommended disclosures from Measuring Stakeholder Capitalism released by the World Economic Forum and its IBC

Values-Based Governance Metrics

	Category / Metric	FY20 Data
	Ethics & Compliance	
W	Total percentage of employees trained on the organization's anti-corruption policies and procedures[1]	95%
S	Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments to delay bringing an authorized generic product to market[2]	0
S	Total losses as a result of legal proceedings associated with clinical trials in developing countries - JPY	0
S	Total losses as a result of legal proceedings associated with false marketing claims - JPY	0
S	Total losses as a result of legal proceedings associated with corruption and bribery - JPY	0
W	Total losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competition, market manipulation, malpractice or violations of other related regulations - JPY	0
	Taxation & Economic Disclosures	
W	Vitality Index - Percentage of gross revenue from products commercialized in the last five years[3]	3.5%
	Quality Management	
S	Number of FDA enforcements related to Good Manufacturing Practices	0
	Supply Chain	
	Number of suppliers globally	41,000
	Number of EcoVadis CSR & sustainability scorecards obtained	82
	Supplier diversity spend (all diverse categories, including small and large business) – USD Million	549.19
	Number of PSCI sustainability audits conducted	7
	Global CSR	
W	Amount invested in long-term philanthropic commitments (FY16-FY20) - JPY	¥12.3 billion
	Number of CSR partnerships	16
	Number of anticipated beneficiaries of CSR partnerships (cumulative 2016 - 2025)	17 million

Notes:

1 Includes all employees, including external contractors.

2 Takeda has not entered into any settlement with an ANDA filer that provided any so-called "payment for delay," including any agreement by Takeda not to launch an authorized generic version of Takeda's branded product for a defined time period after the ANDA-filer's launch.

3 For FY ending March 2020. Includes key contributions from our rare disease and oncology portfolios, such as from Takhzyro for hereditary angioedema and Alunbrig for non-small cell lung cancer.

S Content aligns to recommended disclosures from the Biotechnology & Pharmaceuticals Industry Standards of SASB.

W Content aligns to recommended disclosures from Measuring Stakeholder Capitalism released by the World Economic Forum and its IBC.

INDEPENDENT LIMITED ASSURANCE STATEMENT

To: The Stakeholders of Takeda

Introduction and objectives of work

Apex Companies. LLC (Apex) has been engaged by Takeda Pharmaceutical Company Limited (Takeda) to provide limited assurance of select sustainability data included in Takeda's Annual Integrated Report. This Assurance Statement applies to the Subject Matter included within the scope of work described below.

This information and its presentation in the Takeda's Annual Integrated Report ('the Report') are the sole responsibility of the management of Takeda. Apex was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on the accuracy of the Subject Matter. This is the first year in which we have provided assurance over Takeda's sustainability data.

Scope of work

The scope of our work was limited to assurance over the following information included within the Report for the period April 1, 2020 through March 31, 2021 (the 'Subject Matter'):

Environmental Metrics:

- Scope 1 GHG Emissions
- Scope 2 GHG Emissions (location-based and market-based)
- Energy Usage
- Water withdrawal
- Wastewater discharge
- Water consumption
- Solid Waste Generation and Fate (regulated and non-regulated)
- Air Emissions (Sulphur Oxides and Nitrous Oxides)
- Significant spills and incidents

Safety metrics:

- Recordable Cases and Rate
- Cases with Days Lost and Rate
- Fatalities

EHS Management Systems for Manufacturing Facilities

A summary of the assured data is attached to this statement.

Our assurance does not extend to any other information included in the Report.

Reporting Boundaries

The following are the boundaries used by Takeda for reporting sustainability data:

- Operational Control
- *For total energy used, Scope 1 and Scope 2 market- and location-based GHG emissions*: manufacturing and R&D sites, United States and Austria plasma collection centers, Takeda headquarters, and commercial office locations.
- *For other environmental performance indicators*: manufacturing and R&D sites, United States and Austria plasma collection centers, and larger commercial offices

where such data was available. Contributions from smaller commercial office locations are not included.
- *For Safety Metrics*: All Worldwide Takeda Operations

Reporting Criteria

The Subject Matter needs to be read and understood together with the information regarding each metric as described in the Report.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period

This limited assurance engagement relies on a risk based selected sample of sustainability data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the Subject Matter in the Report are the sole responsibility of the management of Takeda.

Apex was not involved in the drafting of the Report or of the Reporting Criteria. Our responsibilities were to:

- obtain limited assurance about whether the Subject Matter has been prepared in accordance with the Reporting Criteria;
- form an independent conclusion based on the assurance procedures performed and evidence obtained; and
- report our conclusions to the Stakeholders of Takeda.

Assessment Standards

We performed our work in accordance with Apex's standard procedures and guidelines for external Assurance of Sustainability Reports and International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (effective for assurance reports dated on or after Dec. 15, 2015), issued by the International Auditing and Assurance Standards Board. Takeda's GHG emissions data were verified in accordance with the ISO 14064-3 Second edition 2019-04 on GHGs – Part 3: specification for guidance for the verification and validation of GHG statements. A materiality threshold of ±5-percent was set for the assurance process.

Summary of Work Performed

As part of our independent verification, our work included:

1. Assessing the appropriateness of the Reporting Criteria for the Subject Matter;
2. Conducting interviews with relevant personnel of Takeda;
3. Reviewing the data collection and consolidation processes used to compile Subject Matter, including assessing assumptions made, and the data scope and reporting boundaries;
4. Reviewing documentary evidence provided by Takeda;
5. Agreeing a selection of the Subject Matter to the corresponding source documentation;
6. Reviewing Takeda systems for quantitative data aggregation and analysis;

7. Assessing the disclosure and presentation of the Subject Matter to ensure consistency with assured information.
8. Reperforming a selection of aggregation calculations of the Subject Matter;
9. Reperforming greenhouse gas emissions conversions calculations; and
10. Evaluating the design of internal systems, processes and controls to collect and report the Subject Matter.

Conclusion

On the basis of our methodology and the activities described above:

- Nothing has come to our attention to indicate that the Subject Matter is not fairly stated in all material respects; and
- It is our opinion that Takeda has established appropriate systems for the collection, aggregation and analysis of quantitative data.

Statement of Independence, Integrity and Competence

Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

No member of the assurance team has a business relationship with Takeda, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, and has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the assurance of sustainability data and verification of greenhouse gas emissions.

Christopher Ostermann, Lead Verifier
Apex Companies, LLC
Kennesaw, Georgia

John A. Rohde, Technical Reviewer
Apex Companies, LLC
Lakewood, Colorado

June 18, 2021

Summary of FY 2020 Data Subject to Assurance

Category/Metric	FY2020 Data [1]
Energy (Terajoules)	
Purchased Electricity (Non-Renewable)	2,000
Purchased Electricity (Renewable)	836
Onsite Generated Renewable Electricity	4
Percent Electricity Sourced as Renewable	30%
Supplied Heating and Cooling	103
Fuel Consumption[2]	4,860
Total Energy Consumption[2]	7,890
Greenhouse Gas Emissions (Thousand MTCO2e)	
Scope 1 Emissions	303
Scope 2 Emissions (Location Based)	288
Scope 2 Emissions (Market Based)	226
Air Emissions (Metric Tons)	
Sulphur Oxides (SOx) and Nitrous Oxides (NOx) Emissions	118
Water (Thousand Cubic Meters)	
Water Withdrawal	10,770
Water Withdrawal in Areas with High - Extremely High Water Risk	1,180
Water Withdrawal in Areas with Low – Medium Risk	9,590
Water Consumed	2,280
Water Consumed in Areas with High - Extremely High Water Risk	174
Water Consumed in Areas with Low – Medium Risk	2,100
% of manufacturing sites located in areas considered to have “high” or “extremely high” water risk	20%
Water Discharged	8,490
Waste (Metric Tons)	
Total Regulated Waste Generated	41,200
Total Non-Regulated Waste Generated	44,300
Total Waste Generated	85,400
Percent Waste Recycled	73%
Percent Waste Sent to Landfill	16%
Percent Diverted from Landfill ((Recycled, Incinerated, Other)	84%
Health & Safety Incident Rates (per 200,000 hours worked)	
Total Recordable Incident Rate	0.91
Incidents with Days Lost Rate	0.25
Number of Fatalities	0
Fatality Rate	0
Significant Spills and Releases	
Number of Notices of Violation or Citations Received	6
Total Number and Volume of Significant Spills	0
Manufacturing EHS Certifications (% of Sites)	
ISO 14001	73% (22 sites)
ISO 50001	3% (1 sites)
ISO 45001	53% (16 sites)

[1]April 1, 2020 to March 31, 2021, see full statement for boundaries
[2]Excludes Fleet

Legal Disclaimers

IMPORTANT NOTICE

The companies in which Takeda Pharmaceutical Company Limited ("Takeda") directly and indirectly owns investments are separate entities. In this document, "Takeda" is sometimes used for convenience where references are made to Takeda and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

FORWARD-LOOKING STATEMENTS

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