

MODERN SLAVERY ACT TRANSPARENCY STATEMENT

OF TAKEDA PHARMACEUTICALS INTERNATIONAL AG

Operating in the United Kingdom through its branch Takeda International - UK Branch
Financial year ended 31 March 2017 pursuant to section 54(5) of the Modern Slavery Act 2015



TAKEDA GROUP
in over 70 countries

30,000 EMPLOYEES



WORLDWIDE

1,400+ SUPPLIERS



ACKNOWLEDGED

**OUR SUPPLIER
CODE OF CONDUCT**

3,400+ SUPPLIERS



COMPLETED

SUPPLIER DUE DILIGENCE

28 SUSTAINABLE



PROCUREMENT

ASSESSMENTS CONDUCTED

Introduction

Takeda recognises that slavery, human trafficking, servitude and forced labour (Modern Slavery) are unacceptable practices and a global challenge for governments and businesses.

We have a responsibility to be alert to the prevalence of such risks within our business and wider supply chain.

We welcome the transparency promoted by section 54 of the UK Modern Slavery Act in line with our commitment to the United Nations Global Compact and the Dow Jones Sustainability Asia Pacific Index, both of which enable Takeda to demonstrate its commitment to respecting human rights across our business and supply chains.

Our business and organisational structure

Takeda is a patient-focused, innovation-driven global pharmaceutical company that builds on a distinguished 236 year history, aspiring to bring better

health and a brighter future for people worldwide. Takeda's pharmaceutical products are marketed in around 100 countries including partnerships (marketing alliance partners) and the network of the Takeda group spans over 70 countries and employs over 30,000 people worldwide.

Takeda Pharmaceuticals International AG ("TPIZ") is located in Zurich, Switzerland and operates in the UK through its Takeda International - UK Branch. TPIZ acts as the central hub within Takeda's product pipeline in the development of innovative products.

The activities of TPIZ are monitored and reviewed as Takeda evolves, and are likely to change over time.

At the time of writing the main activities comprise:

- Managing the commercialisation of newly launched products as well as selected established products;
- Supply chain services including

- managing stock and warehousing;
- Managing and funding of clinical trials for certain assets;
- Providing management services to Takeda's Local Operating Companies ("LOCs"); and
- Operating as a holding company for its main distributors.

Policies in relation to slavery and human trafficking

Our Corporate Philosophy

In order to fulfil the social expectations of patients and to achieve recognition for its value to society, Takeda expects that, in addition to complying with the laws and regulations, it is essential for Takeda employees to conduct business with a high ethical and moral standard through the practical implementation of "Takeda-ism".

This corporate philosophy requires that all Takeda employees act with integrity, fairness, honesty and perseverance, and the highest ethical standards in all Takeda business activities; this comes before everything else.

In addition, the Takeda Supplier Code of Conduct is aimed at ensuring that suppliers to Takeda align with our core business values.

Takeda's Global Code of Conduct and TPIZ Policy

Takeda respects the human rights and diversity of its employees and observes the employment laws and regulations in each country.

Every Takeda company is committed to operating in line with the Takeda Global Code of Conduct, which demands the highest standards of ethical behaviour including the treatment of employees.

The Code affirms Takeda's commitment to providing a safe and healthy working environment which is free of harassment and discrimination.

The TPIZ Employee Handbook also emphasises TPIZ's policy to be an equal opportunity employer, and TPIZ's commitment to provide an environment that is free from harassment and bullying.

To facilitate reporting by employees of any concerns or compliance issues, Takeda has a web-based Global Compliance Helpline.

In addition, employees at TPIZ may raise any concerns locally with their manager, another manager, human resources, legal or compliance personnel.

Takeda's Clinical Practices

Takeda's clinical studies are carried out in accordance with international standards.

These standards ensure that the rights of individuals who participate in clinical studies are protected, and in particular that such individuals give their voluntary agreement (informed consent) to participate in studies, and are free to stop their participation at any time.

Corporate Social Responsibility & Sustainable Procurement

From a global perspective, Takeda is doing its utmost to protect human rights through the value chain.

Takeda is a lead company within the United Nations Global Compact (GC), and collaborates through activities to implement and promote the

spread of the United Nations GC principles.

On an annual basis, Takeda publishes its CSR Data Book which discloses CSR-related information, making reference to the United Nations Global Compact Advanced Level criteria, the Global Reporting Initiative's fourth generation of Sustainability Reporting Guidelines (G4), and the International Integrated Reporting Council (IIRC) International Integrated Reporting Framework, and other guidelines.

In addition, Takeda's Global Procurement function has a Risk & Sustainable Procurement team dedicated to ensuring Takeda's suppliers understand and adhere to Takeda's Supplier Code of Conduct.

This team is responsible for ensuring supplier sustainability and human rights criteria are factored into supplier qualification, retention and supplier relationship management.

Takeda's Supplier Code of Conduct

Takeda's Supplier Code of Conduct supports our commitment to uphold the UN Global Compact's 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Additionally, since 2015 Takeda has been a member of the Pharmaceutical Supply Chain Initiative (PSCI) providing alignment with societal and industry expectations for sustainability performance in the pharmaceutical industry and with its supplier base. Thus, the Takeda Supplier Code is aligned with the PSCI Principles.

Takeda's suppliers are required to adhere to applicable legal requirements and acknowledge

their aspirations to meet the expectations contained within this code. Section 6.0 of code specifically outlines Takeda's expectations in the areas of Human Rights, Labour & Employment Practices and Health & Safety.

Within the financial year ended 31 March 2017 over 1,400 suppliers, including over 70 of the company's major suppliers, committed to advancing Sustainable Procurement at Takeda by acknowledging the Supplier Code of Conduct.

In addition, the code includes instructions for suppliers to contact Takeda's Global Compliance Helpline to report any supplier-related issues.

Assessing risk in relation to slavery and human trafficking in our business and supply chains

For TPIZ, the company or its service providers verify the immigration and right to employment status in each relevant country. Within the financial year ended 31 March 2017, 100% of TPIZ employees were verified for their immigration status and right-to-work in the relevant country.

Takeda has implemented a robust due diligence process to systematically evaluate new suppliers or renewed supplier relationships involved in sourcing projects on areas of sustainability risk, including human rights related risks, particularly in emerging and developing countries.

The due diligence process covers all direct and indirect suppliers to Takeda meeting a determined spend threshold and provides insight into potential risk factors related to supplier engagements based on the sector and country of engagement.

Suppliers that present a higher risk through this due diligence process undergo an enhanced assessment.

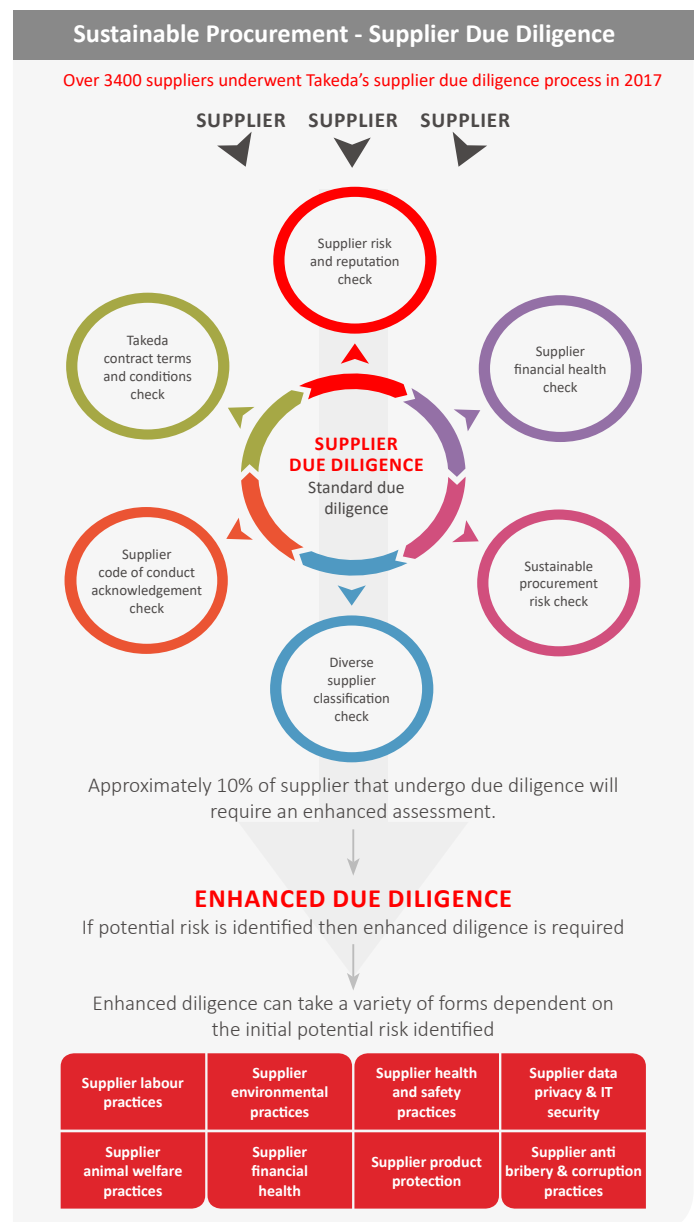
An example of a supplier qualification question included in Takeda's Procurement process that highlights potential risk for modern slavery includes the amount of a supplier's workforce that relies on temporary contracts. The response to this question, in addition to inherent country risk for labour issues, can be triggers for deeper diligence.

Effectiveness in addressing key risk areas of our business and supply chains where modern slavery and or human trafficking may take place

The supply chain of Takeda is complex, and generally consists of suppliers of direct materials and indirect services. Through the supplier due diligence process Takeda evaluates how these suppliers fulfil the principles contained within the Supplier Code of Conduct, and expects suppliers to cooperate fully, including remediating identified issues.

Where potential for risk has been identified in relation to human rights and labour standards, Takeda utilises a number of different enhanced assessment approaches that reflect the diverse complexity of its supply chain. Within the financial year ended 31 March 2017, over 3400 new and existing suppliers to Takeda underwent a due diligence assessment.

In addition, within the financial year Takeda conducted 28 Sustainable Procurement Assessments (audits) across seven countries to verify adherence to Takeda's Supplier Code of Conduct and the Pharmaceutical Supply Chain Initiative Principles.



Labour and human rights related findings accounted for 13% of the total findings with effective remediation plans being put in place. None of the audits identified modern slavery - conditions of forced or child labour, human trafficking, slavery or servitude. In addition, Takeda's Global Compliance office has not received any complaints into the Global

Compliance Helpline for any matters related to modern slavery.

We know that auditing our suppliers delivers accountability and improvements within our supply chain by providing a verification against our supplier code expectation and delivering time-bound plans for remediation where required. However, we also recognise that audits work best as part of an on-going approach to engagement and continuous improvement.

During 2016 Takeda implemented the EcoVadis platform which provides CSR scorecards of suppliers, providing the ability to monitor environmental, ethical and human rights practices of suppliers remotely and on a continuous basis.

Within the year ended 31 March 2017 over 30 of Takeda's suppliers shared their approach to human rights with Takeda via the platform. One of the key benefits of EcoVadis is that it enables Takeda to measure the maturity of our suppliers with regards to sustainable procurement and allows us to identify areas for improvement. These areas for improvement provide enhanced focus for our sustainable procurement team. We aim to significantly expand the utilisation of this platform throughout the current financial year.

In addition, Takeda service providers who perform regulated activities (such as clinical trial and pharmaceutical manufacturing sites) are subject to monitoring visits and/or regulatory compliance audits by Takeda and inspections by pharmaceutical regulatory authorities. Although not specifically directed at risks of slavery and human trafficking, Takeda would expect any issues found at such monitoring, audits and

inspections to be brought to its attention or addressed by the relevant authorities.

Training about slavery and human trafficking available to staff

All TPIZ employees must agree to adhere to the Takeda Global Code of Conduct and the respective TPIZ Employee Handbook as part of their terms and conditions of employment.

Procurement staff and other employees have been trained on Takeda's Supplier Code of Conduct, and how suppliers are qualified through diligence, including the sustainability elements of that qualification.

In addition, all TPIZ employees who are involved in the management or conduct of clinical studies are regularly trained on the International Conference on Harmonisation Good Clinical Practice Guidelines, which ensure the rights of individuals who participate in clinical studies are protected.

Approved by the Board of Directors of Takeda Pharmaceuticals International AG:



GILES PLATFORD
President,
Europe & Canada



NILS KJÆRGAARD
Regional General
Counsel EUCAN

Takeda Pharmaceuticals International AG