

Corporate Governance

Takeda has built operational systems to identify areas for improvement. Recently, this led the company to create a strengthened management framework befitting a world-class pharmaceutical company based in Japan. The Company strives to improve the system of corporate governance and thereby create a healthy and transparent environment for decision-making.

Management Structure

Takeda has a management structure designed to ensure a swift and flexible response to management challenges which are increasingly divergent in both quality and quantity. The Chairman of the Board, serving as Chief Executive Officer, oversees the whole Takeda Group, supervises the management team and engages in strategic decision-making, while the President, as Chief Operating Officer, is responsible for the overall execution of business operations. Under this structure, as part of its task of establishing an operating structure suitable for a world-class pharmaceutical company originating from Japan, Takeda is promoting improved collaboration between the headquarters and overseas subsidiaries and affiliate companies by stipulating global operating standards for every functional group of the corporate divisions and other business units.

Board of Directors

As a rule, Takeda holds Board of Directors meetings with eight directors and four auditors (including three outside auditors) once a month to resolve and report on important subjects concerning its management. In addition, Takeda is striving further to revitalize the Board of Directors meetings and promote quicker decision-making to respond to changes in the business environment. The annual shareholders' meeting held in June 2005 passed a resolution to set an upper limit for

the seats of directors and auditors (up to twelve directors and four auditors respectively) which are prescribed in the Articles of Incorporation.

Management Committee, General Product Strategic Committee and Business Managers Committee

The subjects to be reported or deliberated upon in the Board of Directors' meetings are fully reviewed and discussed beforehand in the meetings of the Management Committee, the General Product Strategic Committee and the Business Managers Committee to ensure that decisions made will be effective and accurate.

Management Committee:

Deliberates major issues including important management policies and management plans

General Product Strategic Committee:

Deliberates major issues concerning general strategies for pharmaceutical products

Business Managers Committee:

Coordinates to form a consensus and other adjustments among business units on important operational issues (excluding subjects to be handled by the Management Committee)

Audit System

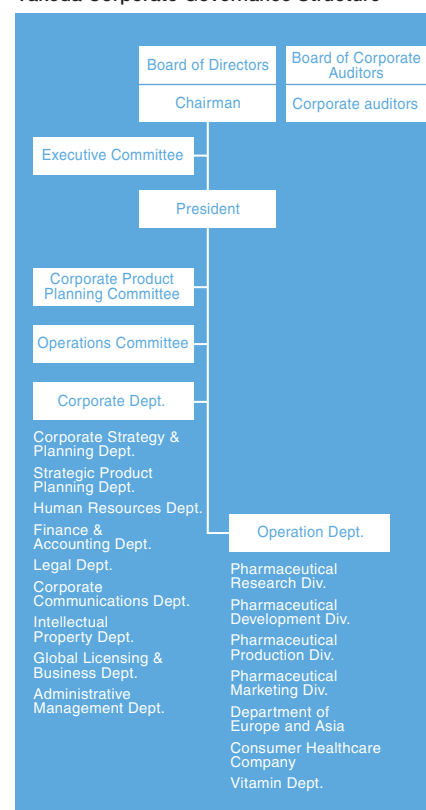
(1) Audit by Corporate Auditors

Based on the corporate auditor system adopted, each auditor attends the Board of Directors' meetings and other important meetings and expresses their opinions, appropriately conducting rigorous periodic audits of business execution conditions according to the schedule as well as the policies and scope of work determined by the Board of Auditors.

(2) Internal Audit

Periodic internal auditing is conducted and strengthened under the control of the Auditing Department, an independent function reporting directly to the President, who collaborates with related divisions, such as

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the Finance & Accounting Department.

In fiscal 2004, Takeda introduced a "Control Self-Assessment" program for each of the corporate divisions and domestic and overseas affiliate companies, which is a tool for self-checking of the condition of the internal control system for financial reporting.

Information Disclosure

Disclosing high quality information is essential to build trust in the stakeholders. With the "Information Disclosure Guidelines" established in 1999, Takeda has committed to strengthening information disclosure activities. We are proactively striving for information disclosure, based on the Company policy targeting management transparency.