

Corporate Governance

FUNDAMENTAL POLICY

Based on the Management Mission: "we strive toward better health for individuals and progress in medicine by developing superior pharmaceutical products," Takeda strives to strengthen internal control, including thorough compliance, as well as promoting the establishment of a system allowing the creation of a healthy and transparent environment for quick decision-making in order to establish a management framework befitting a "world-class pharmaceutical company with Japanese origin," which operates business worldwide.

CORPORATE GOVERNANCE STRUCTURE

Takeda has a management structure designed to facilitate swift and flexible responses to management challenges, which are increasingly divergent in both quality and quantity. The Chairman of the Board sets the basic policy of the Takeda group, as well as overseeing management from the position of a shareholder, and engages in decision-making as a company, while the President is responsible for the overall execution of business operations and management, based on the basic policies of the Takeda group. In addition, the Executive Committee hosted by the Chairman of the board deliberates business strategies as well as material management issues. The Operations Committee hosted by the President deliberates important issues in terms of the execution of business, including reporting issues to the board of directors, to engage in discussions

and implement coordination among corporate divisions. The organizational form is a company with auditing officers. As for improving the transparency of management by utilizing human resources from outside the company, we consider that the objectivity and impartiality of the management observation function have been successfully secured through audit by three external auditors (out of four auditors in total) and fully functioning. As for the business execution, Takeda has established a quick and effective business operation system by constituting an organization centering on human resources with considerable knowledge of the pharmaceutical business and in-house circumstances.

External auditors attend meetings of the board of directors to make their opinions from an objective standpoint as external specialists and the attendance rate of external auditors for meetings of the board of directors, as well as the board of auditors in fiscal 2005, was 100 percent.

IMPROVEMENT OF THE INTERNAL CONTROL SYSTEM

Takeda strives to improve the internal control system, taking internal control as an important component of corporate governance that functions alongside risk management. In addition, Takeda has promoted responses to the internal control audit in Japan, scheduled for launch in fiscal 2008 by preparing for documentation in terms of internal control to secure the reliability of financial reporting.

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