

Corporate Governance

Fundamental Policy and Structure

Policy toward Corporate Governance



Takeda's management mission is "we strive toward better health for individuals and progress in medicine by developing superior pharmaceutical products." In line with this mission, Takeda is working to establish a management

framework befitting a world-class pharmaceutical company that operates globally. We are strengthening internal control, including rigorous compliance, and establishing a structure to facilitate rapid decision-making that is sound and transparent. Through these efforts, we will further enhance our corporate governance, thereby maximizing the corporate value.

Management Structure

The Board of Directors determines fundamental policies for the Takeda Group and reaches decisions concerning the operations of Takeda. Management and business operations are then conducted in accordance with these decisions. In fiscal 2009, Takeda established the positions of Chief Scientific Officer (CSO), Executive Vice President (EVP) International Operations, and Chief Administrative Officer (CAO). In addition, Takeda reorganized and consolidated the Executive Committee, which discusses management strategies and other important issues involving management, and the Operations Committee, which discusses important issues in terms of the business operations, and created the Management and Operations Committee, where Takeda executives deliberate on these important

issues. These steps have facilitated greater cooperation among different functions while improving the speed and flexibility of business operations, and the new structure allows Takeda to conduct all activities in a more efficient manner.

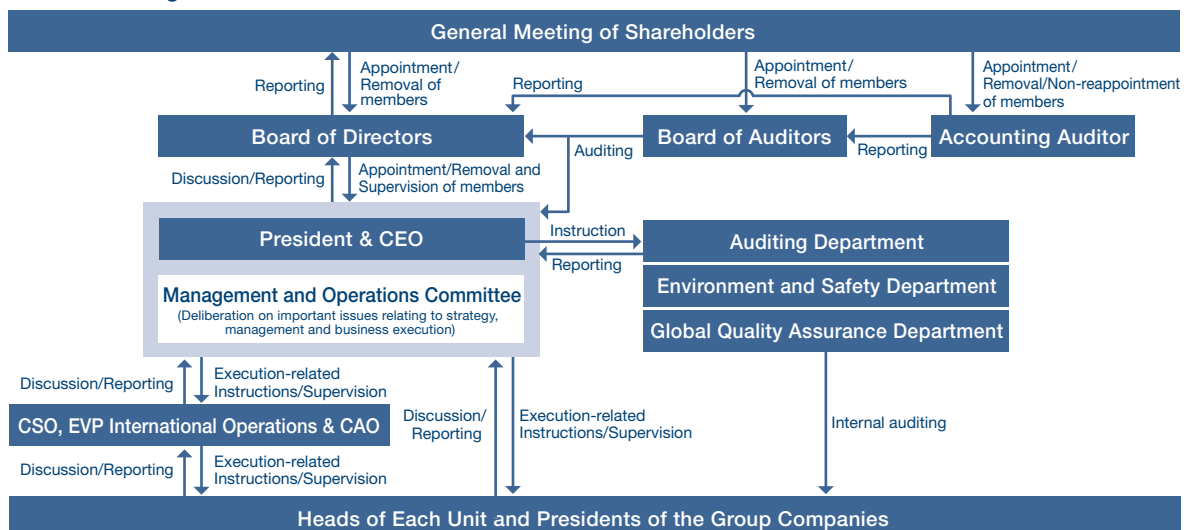
Takeda has given its Board of Directors the primary functions of decision-making for company management and observing and overseeing business execution. The Board of Directors consists of six directors, and meets once per month in principle to make resolutions and report on important matters regarding management. Where business execution is concerned, Takeda envisages a responsive and highly effective system for operating its business, and believes the best way to achieve this is by creating an organization centered on talented personnel with detailed knowledge of the pharmaceutical business and conditions within the company. For this reason, we have not appointed external directors.

Any risks we may face in the course of global business operations are managed by the personnel responsible for risk management in key organizations within the relevant domain. We therefore have a system in place to prevent or mitigate risks, according to their degree and nature.

Furthermore, we formulated the "Management Policy for Affiliated Companies" and the "Takeda Group's Management Policy" to clarify roles and responsibilities, while ensuring compliance and appropriate business operations, at all group companies. To this end, we also implement periodic internal audits and a control self assessment (CSA) program*.

* Under the CSA program, personnel responsible for internal control assess the status of internal control in their particular company or division and pledge to implement a program of improvement. They then take an oath to confirm that the proposed program of improvement is appropriate. The CSA program forms the basis for evaluation and confirmation of financial reporting by management.

Schematic Diagram of Internal Control Structure



Auditing System

Takeda is a Company with Auditors as defined in Japan's Companies Act. Takeda has established a system to ensure audits by auditors are implemented effectively, formulating the "Audit Rules by Corporate Auditors" to prescribe the activities of auditors, including attendance at important meetings and authority to review important documents.

To ensure greater transparency of management by utilizing personnel from outside the company, Takeda has appointed two external auditors (out of four auditors in total), who conduct effective audits from an external perspective. We therefore consider that we have ensured objective and impartial management oversight. In addition, KPMG AZSA & Co. serves as the accounting auditor.

Compliance

In order to fulfill social expectations and achieve recognition for its value to society, Takeda continues to have all members of the Takeda group practice Takeda-ism to ensure that the business is operated not only in compliance with laws but also in accordance with Takeda's own high moral and ethical standards.

Takeda Compliance Program for Globalization

To ensure all executives and employees comply with domestic and foreign laws and business ethics, Takeda started the "Takeda Compliance Program for Globalization" in April 1999. Under this program, Takeda established the "Takeda Code of Compliance Standards" as standards of conduct to which executives and employees must adhere, and advanced company-wide compliance by designating a "Compliance Officer" and establishing a "Compliance Promotion Committee" and a "Compliance Secretariat."



Compliance Programs in Each Division

The heads of each division act as "Compliance Enforcer" and cooperate with the "Compliance Sub-Enforcer" in their division and the "Area Compliance Enforcer" to prepare and implement the "Compliance Promotion Annual Plan." In this way they offer their staff the required training and instruction, and ensure that compliance is rigorously enforced. The results of compliance initiatives each fiscal year are reported to the Compliance Officer in the form of a "Compliance Assessment Report" and reviewed by the Compliance Promotion Committee, then reflected in company-wide planning for the following fiscal year.

Voice of Takeda System

The "Voice of Takeda System" was established to collect information from employees in the form of compliance-related questions, reports and proposals, which are then reflected in compliance practice. The system also helps to safeguard those who disclose information. In November 2008 we added an external contact at our outside counsel. The Compliance Secretariat deals appropriately with the information sent, whether by e-mail, the internal mailing system, or any other means. Where there are issues requiring improvement, the Compliance Secretariat contacts the relevant divisions to arrange corrective action, thereby enhancing compliance.

Promotion of Compliance at Domestic and Overseas Subsidiaries

The Compliance Secretariat acts to enhance the Compliance Program for Globalization at domestic and overseas subsidiaries, either directly, or by collaborating with the division in charge of the relevant subsidiary. In addition, the Compliance Secretariat exchanges information periodically with personnel in charge of compliance in the subsidiaries.

Protection of Personal Information

Takeda introduced "Personal Information Protection Rules" in January 2005 to enable the company to respond appropriately to Japan's Personal Information Protection Law. The rules provide for systems for protecting personal information, as well as methods for handling such information appropriately. In view of the importance of personal information protection, Takeda also formulated a "Policy of Personal Information Protection," which can be viewed on the Takeda web site.

Promotion of Compliance in Research

In pursuing its research activities Takeda complies with relevant laws, such as the Pharmaceutical Affairs Law, as well as in-house regulations, in order to develop superior pharmaceutical products. When conducting experiments using animals, we observe laws and regulations, including the "Law on Animal Protection and Management," as well as respecting animal life. We are also considering the possibility of adopting research methods that do not require animals, and when animals are used, we try to use as few as possible and make every effort to minimize any suffering.

In addition, when dealing with biohazards and chemical hazards we take all possible measures to protect the environment as well as our researchers.

Corporate Governance

Crisis Management

Enhancement of the Takeda Group's Crisis Management Structure

Preventing emergency situations, or responding precisely when they occur, is an important aspect of the Takeda group's corporate governance. It has therefore been necessary to establish a crisis management structure, improving it as required, in addition to ensuring adequate audits and other internal controls and promoting compliance on a group-wide basis.

When implementing crisis management, it is important to act with fairness and integrity to ensure the Takeda group's employees and finances are safeguarded. This is a responsibility that Takeda must fulfill toward its stakeholders, who include shareholders, customers, suppliers, employees, communities and society at large.

Takeda is therefore working on a Business Continuity Plan (BCP), as part of its response, to prevent the interruption of business activities in the event of any accident or disaster, or, where interruption is unavoidable, to resume business at the earliest opportunity.

In 2008, Takeda created its "Basic Policies for Guideline Development" regarding business continuity and its "Guidelines for Pandemic Influenza Phase 4." The latter addressed the possibility of a bird flu pandemic, which was believed to be a global threat. For employees we developed "Preventive Measures against Pandemic Influenza and Action Manual," a manual offering advice on how to avoid bird flu, and what to do if an outbreak should occur, in addition to establishing a website specifically for communicating with employees in the event of a major outbreak. By these means, we have done everything possible to prevent or deal with new forms of influenza by providing appropriate information to employees and their families. We believe that these steps to ensure both the health and safety of our employees, and our capacity to fulfill our role as a pharmaceutical company by maintaining a reliable supply of drugs, will minimize any potential impact on our operations.

Crisis Management Guidelines

Takeda strives to ensure that all possible preventive measures are taken to avoid potential crises in accordance with the "Takeda Group Crisis Management Guidelines," which comprise basic policies, rules and standards for crisis management. The guidelines also underpin systems and mechanisms we have put in place to respond to each type of crisis swiftly and appropriately. In this way, we aim to minimize any potential harm to employees, any impact on the Takeda Group's finances, and any effect on society at large in the event of a crisis.

Scope of Crises as defined in the Guidelines

Crises denote situations in which:

- Serious damage is caused to company assets, management or business activities.
- The life, personal safety or human rights of management or employees is endangered by an incident or accident.
- The reputation of the Company or the confidence in a Company brand is seriously damaged.
- Shareholders, customers, business partners or the public are seriously affected.

Cooperation with Group Companies

Each division of Takeda and its group company is responsible for establishing its own crisis management system, implementing preventive measures and taking appropriate action if a crisis occurs. In the case of a crisis that requires group-wide action, we maintain mutual cooperation and use the "Crisis Management Committee," which has its office in the Corporate Communications Department of Takeda Pharmaceutical Company Limited, to gain a joint understanding of the situation and any relevant information. The Crisis Management Committee then reports to top management, and instructs each division and group company on countermeasures to be taken, later following up on the implementation of the countermeasures.

Positioning of Crisis Management Guidelines

