

# Modern Slavery Act Transparency Statement

of Takeda Pharmaceuticals International AG, operating in the United Kingdom through its branch Takeda International - UK Branch, and of one of its wholly owned subsidiaries, Takeda UK Limited for **Financial Year ended 31<sup>st</sup> March 2018** pursuant to section 54(5) of the Modern Slavery Act 2015

The International Labour Organization (ILO) and the Global Slavery Index estimate that 40 million people globally are victims of Modern Slavery; this includes 25 million in forced labor<sup>i</sup>. We have a responsibility to be aware of 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<sup>ii</sup> and reporting to the Dow Jones Sustainability Asia Pacific Index, both of which enable Takeda to demonstrate commitment to responsible business practices.

## Our business and organizational structure



Takeda is a patient-focused, innovation-driven global pharmaceutical company that builds on a distinguished 237 year history, aspiring to bring better health and a brighter future for people worldwide.



Takeda's pharmaceutical products are marketed in around 100 countries and the network of the Takeda group spans over 70 countries and employs over 30,000 people worldwide.

Takeda Pharmaceuticals International AG ("TPIZ") is based in Zurich, Switzerland, operating in the United Kingdom through its branch Takeda International - UK Branch, and one of its wholly owned subsidiaries, Takeda UK Limited. TPIZ acts as the central hub within Takeda's EUCAN (Europe and Canada) operations and global product pipeline, and manages Takeda's EUCAN local operating companies such as Takeda UK Limited.

## Modern Slavery Governance

The Audit, Risk and Compliance Committee (ARCC) has delegated responsibility for the implementation and monitoring of the Enterprise Risk Management framework to the Risk Management Committee (RMC). The Risk Management Committee (RMC), through the Risk Management Office (RMO), has specific accountability for ensuring that robust risk management processes are established, implemented and documented across the company. The Risk Management Committee is chaired by the Chief Financial Officer (CFO).

The Global Procurement organization addresses the management of risks related to modern slavery within our supply chain through Takeda's sustainable procurement program. The Head of Procurement Risk, Sustainability, Performance & Innovation participates in Takeda's Risk Management Committee.



Please read more on Takeda's corporate governance here



<sup>i</sup>The Global Slavery Index 2018- <https://www.globalslaveryindex.org/>  
<sup>ii</sup><https://www.unglobalcompact.org/what-is-gc/our-work/social/human-rights>

# Policies in relation to modern slavery and human trafficking

## “Takeda-ism”, our Values

In order to fulfill the expectations of patients, Takeda expects employees to conduct business with the highest ethical and moral standards through the practical implementation of our Values; “Takeda-ism”.

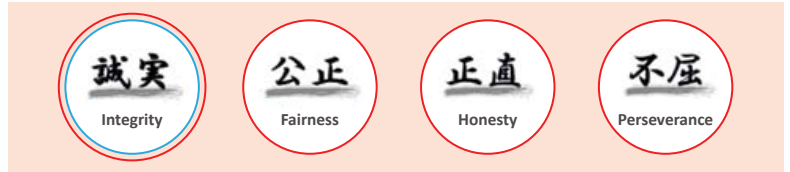
“Takeda-ism” encourages all employees to act with integrity, fairness, honesty and perseverance in all Takeda business activities.

### Mission

Our Mission is to strive towards **Better Health** and a **Brighter Future** for people worldwide through leading innovation in medicine.

### Takeda-ism

Established by our founding spirit and integral to every part of our way of working. **Takeda-ism** is our commitment - it guides us to act with integrity at all times.



We take action and make decisions by focusing on our four priorities in this order:

- 1 Putting the patient at the center
- 2 Building trust with society
- 3 Reinforcing our reputation
- 4 Developing the business

## Takeda’s Global Code of Conduct

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



The Global Code of Conduct affirms Takeda’s commitment to providing a safe and healthy working environment which is free of harassment and discrimination. This year Takeda held 1,138 interactive Ethical Decision Making workshops with 20,479 employees worldwide participating to further enhance our understanding of how to apply ethical decision making in our decisions day to day.



Takeda provides an “Ethics Line” for employees, suppliers or other stakeholders to facilitate confidential reporting of any ethical concerns. During the year no cases of modern slavery or forced labor were reported through this helpline.



In addition to our Global Code of Conduct, Takeda has prepared a **Human Rights at a Glance** statement outlining internal standards, process and guidelines that exist across the business to support Takeda’s commitment to upholding human rights.

## Takeda’s Supplier Code of Conduct

Takeda’s **Supplier Code of Conduct** supports our commitment to the UN Global Compact principles in the areas of:



Human rights



Labor



Environment



Anticorruption

The Supplier Code of Conduct prohibits the use of forced, bonded or indebted labor and outlines our expectations of fair treatment and freedom of association.

Within the year over 1,338 suppliers committed to Takeda’s Supplier Code of Conduct.



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



## Assessment of risk within our supply chain

Takeda's Global Procurement function is responsible for ensuring supplier sustainability criteria are factored into supplier qualification, retention and on-going supplier relationship management activities. Our supplier due diligence process systematically evaluates direct and indirect suppliers to Takeda against areas of sustainability risk, including forced labor particularly in emerging and developing countries.

During the year, we upgraded our supplier on-boarding and qualification process in order to improve our coverage of modern slavery risk by including additional questions related to the use of low-skilled foreign or domestic migrant workers, the utilization of third party labor providers and the provision of accommodation to workers - all of which are areas that have been highlighted as being potential risk hot spots within our supply chain. We intend to build on this, as appropriate, as we deepen our understanding of the risk.

## Labor contractors and facilities management

We have identified facilities management suppliers, such as construction contractors, cleaning and grounds-keeping services, as potential high-risk commodities for modern slavery risk. As such we are continuously developing our enhanced diligence in this area. For example, within the United Kingdom, for our London site, we have undertaken enhanced due

diligence to understand the processes, policies and training that the facilities management company has in place to manage forced labor risk in sub-contracted workforces (including their commitment to following Takeda's Supplier Code of Conduct).

In addition, we have commenced a similar exercise in relation to a construction project in China. Furthermore, during the year we took steps towards the expansion of our onsite assessment program beyond direct raw materials suppliers to facilities management services providers with a primary focus on labor risk and forced labor.

## Takeda's clinical studies and 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. Further information can be found within [Takeda's Human Rights at a Glance statement](#).

# Effectiveness in addressing key risk areas of our business and supply chains

## Due diligence and addressing risk within our supply chain

This year we conducted due diligence on over 3,100 new and existing suppliers to Takeda. In addition, Takeda conducted 40 sustainable procurement audits for high risk suppliers. These suppliers agreed to, or created, time-bound corrective action plans for improvement across multiple areas, including human rights and labor standards. These assessments were conducted primarily for direct material suppliers according to the Pharmaceutical Supply Chain Initiative framework. We have not identified any incidences of modern slavery – conditions of forced or child labor, human trafficking, slavery or servitude, through these audits.

During 2017 Takeda significantly increased the utilization of the Ecovadis platform, providing the ability to monitor environmental, ethical and human rights practices of suppliers remotely and on a continuous basis. Since the implementation of the platform in 2016, 161 Takeda suppliers shared their approach to human rights via the platform and the average scoring of these suppliers showed an ‘engaged’ outcome specifically related to human rights and labor standards.

In addition, Takeda service providers who perform regulated activities (such as pharmaceutical manufacturing sites) are subject to monitoring visits and/or regulatory compliance evaluations 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.

## Addressing risk upstream within our supply chain

During the year we became aware of potential modern slavery risks existing in the upstream supply chain of carnauba wax, sourced from Brazil (a raw material utilized in limited volumes by Takeda).

Although the risk was not linked to the pharmaceutical sector and did not reference Takeda’s supply chain directly, we conducted an assessment of the risk to our business. Through this, we mapped the supply chain to producer level and were assured that a number of our suppliers have signed up to the Brazilian government’s commitments to cease procurement of raw material from suppliers that have been found to be exploiting workers.

In cases where this commitment is not in place we intend to leverage our supplier relationships to move towards this over time. This activity increased our awareness of the risk that may exist upstream within our supply chains and has led to an increased focus on sustainable raw materials sourcing in the coming year.



**PSCI**  
 PHARMACEUTICAL  
 SUPPLY CHAIN  
 INITIATIVE

Takeda is a member of the Pharmaceutical Supply Chain Initiative (PSCI) a group of pharmaceutical and healthcare companies who share a vision of better, social, environmental and economic outcomes in the communities where we buy. Takeda is a leading member of the PSCI labor standards sub-committee where members collectively review challenges related to labor standards within our supply chains – including the risk of forced labor and modern slavery. Over the next year, Takeda will support the PSCI in delivering supplier awareness-raising workshops focused on addressing modern slavery and forced labor risk within our supply chains.

# Training about modern slavery and human trafficking available to our employees

Global Procurement staff and other employees continue to undergo periodic training related to Takeda's Supplier Code of Conduct, and training to outline how suppliers are qualified through due diligence. In the coming year we will continue to improve the education and awareness of modern slavery and forced labor related risk to our employees in order to embed a better understanding of high risk goods, services and countries.

Approved by the Board of Directors

Takeda Pharmaceuticals International AG



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Giles Platford  
President, Europe and Canada



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Andrea Ferrari  
General Counsel, Europe and Canada

Takeda UK Limited



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Jon Neal  
Managing Director



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Costa Saroukos  
Chief Financial Officer