

Corporate Governance Report

June 14, 2016
Takeda Pharmaceutical Company Limited
<http://www.takeda.com>

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Takeda's mission is to "strive towards better health for people worldwide through leading innovation in medicine." In line with this mission, Takeda is establishing a management framework appropriate for a world-class pharmaceutical company that operates on a global scale. We are strengthening internal controls, including rigorous compliance and risk management, and establishing a structure that will allow rapid decision-making that is also sound and transparent. Through these efforts, we will further improve our corporate governance, thereby maximizing corporate value.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The company is in compliance with all of the principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] **Update**

This report covers each and every principle requiring disclosure under the Corporate Governance Code.

(1) Company objectives, business strategies and business plans...Principle 3.1 (i)

a. Company objectives:

Based on the corporate philosophy of "Takeda-ism" (Integrity: Fairness, Honesty and Perseverance) developed over its more than 230 year history, Takeda conducts its business activities in order to realize its corporate mission: "We strive towards better health for people worldwide through leading innovation in medicine."

The values of Takeda-ism guide our behavior. Specifically we put priority on the patient (putting the patient at the center of everything we do), trust (building trust with society), reputation (further improving our reputation), and business (growing our business) – in that order.

b. Corporate strategies:

By putting patients and customers at the center of everything we do, the company aims to be a best-in-class company that has an agile global organization that fosters talent, has world class R&D capabilities, and maintains high standards of financial discipline.

- The company will be well positioned to sustain sales and profit growth through its growth drivers (Gastroenterology, Oncology, Central Nervous System and Emerging Markets) and cost discipline.
- The company will focus on developing its world class R&D capabilities with new approaches to innovation and will further broaden its therapeutic modality expertise beyond small molecules such as biologics and regenerative medicines, etc. in the future.
- The company will strengthen global talent development programs, and will further promote the implementation of Diversity & Inclusion programs in Japan.

Please refer to the "Presentation materials from the President & Chief Executive Officer (CEO) presented at the FY2015 Financial Results Announcement held on May 10, 2016" and "Presentation materials from President, Global Oncology Business Unit and Chief Medical & Scientific Officer at Takeda IR Day held on June 9, 2016" for details on the company's corporate strategies:

http://www.takeda.com/investor-information/files/qr2015_full_p01_en.pdf

http://www.takeda.com/investor-information/files/qr2016_e1_p01_en.pdf

http://www.takeda.com/investor-information/files/qr2016_e1_p02_en.pdf

c. Business plans:

The company's management indicators (management guidance) that are being targeted for FY2016 are as follows:

- Underlying Revenue: Mid-single digit growth (%)
- Underlying Core Earnings: Low-to mid-teen growth (%)
- Underlying Core EPS: Low- to mid-teen growth (%)

For details on these management indicators, please refer to the "Presentation materials from the Acting CFO presented at the FY2015 Financial Results Announcement held on May 10, 2016 (pages 23, 24, and 26)" and the "Summary of financial statements [IFRS] (Consolidated) for the fiscal year ended March 31, 2016 (page 26)"

d. Basic views and guidelines on corporate governance... Principle 3.1 (ii)

Please refer to “Basic Views” in Part I section 1 of this report.

(2) Securing the Rights and Equal Treatment of Shareholders

e. General shareholder meeting

- The company sends a notice of convocation of Ordinary General Meeting of Shareholders three weeks prior to the day of the meeting and discloses the agenda as soon as possible on its website so that shareholders have sufficient time to review it.
- The company translates the notice of the meeting into English. The company utilizes an electronic platform for voting so that institutional and foreign investors can execute their voting rights easily.

f. Cross-Shareholdings...Principle 1.4

- The company holds shares of other companies with which it has business relationships as cross-shareholdings. The board reviews the mid- to long-term need for and effect of major cross-shareholdings.
- The company makes a decision on the exercise of voting rights regarding cross-shareholding after comprehensively reviewing whether the proposal makes a positive contribution to shareholder value. The company will object to any proposals that are deemed detrimental to shareholder value or corporate governance.

g. Related Party Transactions...Principle 1.7

- The company surveys Directors and Corporate Auditors and seeks direct confirmation from Directors and Corporate Auditors about the existence of related party transactions such as transactions involving Directors, Corporate Auditors, and their close relatives.
- The company has procedures that comply with the provisions of the Companies Act on competitive and conflict-of-interest transactions.
- Investments in, and loans and guaranties provided to affiliated companies require the approval of the board depending on the amount of the investment, loan, or guarantee.
- In addition to the above, the company will investigate any unusual transactions between the company and affiliated companies and consider the accounting and disclosure of such transactions, and, where the amounts are significant monitor such transactions on a quarterly basis.
- The company will apply the above procedures to any "major shareholder" (a shareholder who holds more than 10% of total shares as defined in the Financial Instruments and Exchange Act) although the company has no "major shareholders" at present.

(3) Appropriate Cooperation with Stakeholders Other Than Shareholders

- The company takes into account the interests of various stakeholders including patients, customers, employees, clients, creditors, local communities, and shareholders in order to improve long-term corporate value.

(4) Ensuring Appropriate Information Disclosure and Transparency

- The company makes timely and appropriate disclosures in a fair, detailed, and understandable manner to keep all shareholders informed in accordance with applicable laws including the Companies Act, the Financial Instruments and Exchange Act, and the Financial Instruments Exchange rules.
- The company promptly discloses financial and non-financial information beneficial to stakeholders such as shareholders in addition to the information required by laws and regulations.

(5) Responsibilities of the Board

h. Roles and Responsibilities of the Board... Supplementary Principle 4.1.1

- The board is responsible for establishment of and amendments to Takeda's corporate philosophy as well as important management policies and plans such as mid- to long-term strategies and corporate plans. In addition, it is responsible for important business decisions, stipulated by the Companies Act, as well as for the supervision of business executed by the management in accordance with management policies and plans. The Board of Directors Bylaws detail matters for resolution by the board.
- Items other than those set aside for resolution by the board are delegated to the management. Specifically, they are delegated to the Business Review Committee (which is responsible for general management matters), the Portfolio Review Committee (which is responsible for R&D and product-related matters), and Audit, Risk and Compliance Committee (which is responsible for internal audit, risk, management and compliance matters) respectively. The board supervises the management's execution of these matters through the reports of the abovementioned committees.

- Matters not requiring the attention of the abovementioned committees are delegated to the Takeda Executive Team who report directly to the President & CEO. Takeda aims for rapid and efficient decision-making across the group.

i. Composition of the board... Principle 4.8, Supplementary Principle 4.11.1

- The company has eight Directors, of which three are independent outside Directors at the time of writing.
- The company makes appropriate Director and Corporate Auditor appointments, and constitutes the board based on the following principles:
 - Appoint inside or outside Directors irrespective of nationality or gender who can contribute to the balance of knowledge, experience, and capacity needed for governance of the company's global operations.
 - The board shall be a size that allows effective and agile decision-making and appropriate supervision of management (the company's Articles of Incorporation limit the maximum number of Directors to 12 and Corporate Auditors to four).

j. Policies and procedures in the nomination of directors and corporate auditor candidates... Principle 3.1 (iv), (v)

- The company nominates candidates for Directors considering whether they possess ample experience adequate for overseeing management of Takeda Global as a whole, great insight and dignity required of a directorship position, demonstrated competencies or high-level performance required of business managers and embodied "Takeda-ism" at a high level.
- The company nominates candidates for Corporate Auditors among those who have outstanding integrity and assume a firm attitude in carrying out duties in all circumstances and have wide range of expertise and/or knowledge that guarantees sound audit for Takeda's global operations.
- Candidates for members of the Board of Directors are nominated by the Board of Directors approval. For Inside Director candidates, the Nomination Committee has been established with an Outside Director as its Chairperson and with the majority of members being Outside Directors, to ensure the appropriateness of the candidate. Candidates for Corporate Auditors are nominated by Board of Directors' approval, after agreement of the Board of Corporate Auditors.
- The profiles of nominated Director and Corporate Auditor candidates are disclosed in the "Notice of Convocation of Ordinary General Meeting of Shareholders" and the Securities Report. The company has disclosed the reasoning for individual appointments and nominations in the proposals for the election of officers since this fiscal year's Ordinary General Meeting of Shareholders.

k. Remuneration of the directors, etc.... Principle 3.1 (iii)

- Please refer to "Policies determining the amount of remuneration or the method for calculating remuneration" in Part II section 1 of this report.

l. Independent Directors... Principle 4.9, Supplementary Principle 4.11.2

- The company has established its own standards for determining the independence of outside Directors and Corporate Auditors to ensure such Directors are of a character that will help the company achieve a genuine sharing of interests with its shareholders.
- Please refer to Internal Criteria for Independence of Outside Directors / Corporate Auditors of the Company under the title of "Independent Directors" in Part II section 1 of this report.
- Where positions of outside Directors and Outside Auditors are held concurrently this is stated in the "Notice of Convocation of Ordinary General Meeting of Shareholders" and the Securities Report. In addition, the company believes the concurrent holding of these positions does not prevent Outside Directors and Outside Auditors from allocating sufficient time and attention to perform the roles and duties of both offices.

m. Director and Corporate Auditor Training... Supplementary Principle 4.14.2

- The company provides necessary information about the company (Takeda-ism, governance, business strategies etc.), industry trends and legal responsibilities (duty of care, duty of loyalty etc.) to Directors and Corporate Auditors when they take office.
- The company continues to provide useful information and learning opportunities etc. after Directors and Corporate Auditors take office.
- In addition, the company provides specific information about Takeda and pharmaceutical industry, and it provides study sessions and site visits as appropriate.
- The company bears the expenses for all training.

n. Board Effectiveness... Supplementary Principle 4.11.3

- Each Director contributes to an evaluation of the board's effectiveness at least once a year. The board analyzes and evaluates the effectiveness of the board and acts on any opportunities for improvement.
- In fiscal year 2015, the review of the performance and effectiveness of the Board of Directors was conducted by third party

organizations in a way that the individual opinions of the Directors and the Corporate Auditors were easily provided. That is, all Directors and Corporate Auditors individually completed a questionnaire and then were individually interviewed. This review and discussion based thereon provided an opportunity for the members of the Board of Directors to gain a deeper understanding of its strengths and opportunities to enhance its processes and better align its strategic priorities to deliver maximum corporate value. Also in this review, it was concluded that the Board of Directors of the Company works effectively.

(6) Dialogue with Shareholders... Principle 5.1

- Takeda has a structure in place to continue "purposeful dialogue" with shareholders on topics including corporate governance, corporate strategy, capital policy, business performance, and business risk. Engaging in dialogue from a long-term perspective, and with transparency and fairness, enables the company to build strong relationships of trust with its shareholders, who share the common interest of realizing "sustainable growth of corporate value".
 - The Chief Financial Officer (CFO) is responsible for overall engagement with shareholders, and the Head of Investor Relations (IR) in the Global Finance department is accountable for operational IR activities. When planning and conducting meetings with shareholders, the Head of IR determines the meeting style and Takeda participants (which may include the President & CEO, the CFO, or other senior management), taking into consideration the objectives and impact of the meeting, and the characteristics of each shareholder.
 - The IR team promotes dialogue with shareholders by collecting necessary information from various internal divisions such as finance, R&D, and commercial, and devising ways of effective communication to shareholders through close collaboration with these divisions.
 - Takeda continues to enhance activities aiming to deepen the understanding of shareholders about topics including the company's management policy, corporate governance, strategies, and current business status. With respect to engagement with institutional investors, in addition to daily one-on-one meetings, Takeda holds quarterly earnings conferences and hosts IR Day events that focus on topics of high shareholder interest. Information about these events is disclosed to individual investors through posting on the corporate website, and Takeda also holds company presentation meetings specifically for individual investors.
 - Shareholders' interests and concerns which are raised during dialogue with the company are shared with the senior management and are utilized for business analysis and for considering the optimal way of disclosing information.
 - When engaging in communication with shareholders, Takeda appropriately manages insider information in compliance with internal rules. In advance of earnings announcements, Takeda implements a "silent period", during which no communication with shareholders regarding earnings information is permitted.

2. Capital Structure

Foreign Shareholding Ratio: More than 30%

[Status of Major Shareholders] **Update**

Name / Company Name	Number of Shares Owned	Percentage (%)
Nippon Life Insurance Company	50,760,385	6.42
The Master Trust Bank of Japan, Ltd. (Trust account)	36,307,600	4.59
Japan Trustee Services Bank, Ltd. (Trust account)	33,222,500	4.20
JP Morgan Chase Bank 380055	30,670,311	3.88
Takeda Science Foundation	17,911,856	2.27
Barclays Securities Japan Limited	15,000,000	1.90
State Street Bank West Client-Treaty 505234	13,740,583	1.74
JP Morgan Chase Bank 385147	11,358,100	1.44
Japan Trustee Services Bank, Ltd. (Trust account 7)	10,902,900	1.38
State Street Bank and Trust Company 505225	10,043,588	1.27

Controlling Shareholder (except for Parent Company): --

Parent Company: N/A

Supplementary Explanation: --

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo 1st Section, Nagoya 1st Section, Sapporo Existing Market, Fukuoka Existing Market
Fiscal Year-End	End of March
Type of Business	Pharmaceuticals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000 persons
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion Yen
Number of Consolidated Subsidiaries as of the End of the Previous	100 companies or more and less than 300 companies

Fiscal Year	
-------------	--

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

—

5. Other Special Circumstances which may have Material Impact on Corporate Governance **Update**

At the 140th Ordinary General Meeting of Shareholders to be held on June 29, 2016, the Company will propose partial amendments to the Articles of Incorporation to change its corporate governance system from a “Company with a Board of Corporate Auditors” to a “Company with an Audit and Supervisory Committee”. Please refer to the Proxy Statement for details.

Notice of Convocation of the 140th Ordinary General Meeting of Shareholders (p.3):

http://www.takeda.com/investor-information/meeting/files/sm_140_01_en.pdf

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form: Company with Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12 persons
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman of the Board
Number of Directors	8 persons
Election of Outside Directors	Elected
Number of Outside Directors	3 persons
Number of Independent Directors	3 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	D	e	f	g	h	i	j	k
Fumio Sudo	Coming from another company											
Yorihiko Kojima	Coming from another company											
Masahiro Sakane	Coming from another company											

*1 Categories for “Relationship with the Company

- Executive of the Company or its subsidiaries
- Non-executive Director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/auditor
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- Executive of a company, between which and the Company Outside Directors/Corporate Auditors are mutually appointed (the Director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
------	-------------------------------------	---	------------------------

Fumio Sudo	✓	N/A	The Company has evaluated Mr. Fumio Sudo and determined that he is qualified to be an Outside Director of the Company because he has been active as management executives for many years in the companies doing business globally and has advanced insight based on a wealth of experience in corporate management. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an Outside Director.
Yorihiko Kojima	✓	N/A	The Company has evaluated Mr. Yorihiko Kojima and determined that he is qualified to be an Outside Director of the Company because he has been active as management executives for many years in the companies doing business globally and has advanced insight based on a wealth of experience in corporate management. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an Outside Director.
Masahiro Sakane	✓	N/A	The Company has evaluated Mr. Masahiro Sakane and determined that he is qualified to be an Outside Director of the Company because he has been active as management executives for many years in the companies doing business globally and has advanced insight based on a wealth of experience in corporate management. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an Outside Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee: Established

Committee's Name, Composition, and Attributes of Chairperson

Nomination Committee

Name	Nomination Committee
Number	3 persons
Chairman	Outside Director
Member	1 Outside Director and 1 Inside Director

Compensation Committee

Name	Compensation Committee
Number	3 persons
Chairman	Outside Director
Member	1 Outside Auditor and 1 Inside Director

Supplementary Explanation

Nomination Committee and Compensation Committee were established as advisory bodies to the Board of Directors. The committees serve to ensure transparency and objectivity in decision-making processes and results relating to personnel matters for Inside Directors (appropriate standards and procedures for appointment and reappointment, and having and administering appropriate succession plans) and results relating to the compensation system (appropriate levels of compensation for the Directors, appropriate performance targets within the Director bonus system, and appropriate bonuses based on business results).

[Corporate Auditors]

Establishment of the Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	4 persons

Number of Corporate Auditors	4 persons
------------------------------	-----------

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Departments

(Cooperation between Corporate Auditors and Accounting Auditors)

Corporate Auditors receive reports on audit plans, audit structure/system and audit results for each business year from Accounting Auditors, and Corporate Auditors and Accounting Auditors closely cooperate with each other by exchanging information and opinion as necessary.

(Cooperation between Corporate Auditors and Internal Audit Division)

Corporate Auditors receive reports on the results of internal audits from Group Internal Audit, and use the audit results to improve auditing efficiency. The Corporate Auditors and Group Internal Audit closely cooperate with each other by exchanging information and opinion as necessary.

(Relationship between Corporate Auditors and Internal Control Division)

Corporate Auditors receive reports and request explanations as necessary from Internal Control Division (a division supervising the internal control function) concerning the maintenance of internal control system.

The Outside Corporate Auditors cooperate with other Corporate Auditors and perform audits through the aforementioned 1) the cooperation between Corporate Auditors and Accounting Auditors, 2) the cooperation between Corporate Auditors and Internal Audit Division, and 3) the relationship between Corporate Auditors and Internal Control Division.

Appointment of Outside Corporate Auditors	Elected
Number of Outside Corporate Auditors	2 persons
Number of Independent Corporate Auditors	2 persons

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsuguoki Fujinuma	Certified public accountant													
Shiro Kuniya	Lawyer										✓			

*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiary
- b. Non-executive Director or accounting advisor of the Company or its subsidiaries
- c. Non-executive Director or executive of a parent company of the Company
- d. Auditor of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the auditor himself/herself only)
- k. Executive of a company, between which and the Company Outside Directors/Corporate Auditor are mutually appointed (the auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)
- m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Tsuguoki Fujinuma	✓	N/A	The Company has evaluated Mr. Tsuguoki Fujinuma and determined that he is qualified to be an Outside Corporate Auditor of the Company because he has been active as a certified public accountant for many

			years and has a wide-ranging experience and a high level of knowledge in the area of finance and corporate accounting. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an Outside Corporate Auditor.
Shiro Kuniya	✓	The Company receives advice, etc., on legal matters as needed basis from other lawyers working at Oh-Ebashi LPC & Partners, the law firm where Corporate Auditor Shiro Kuniya works concurrently, but the proportion of the annual value of those transactions to the sales of the Company and of Oh-Ebashi LPC & Partners is less than 1% in both cases. In addition, there is no advisory contract between the Company and Oh-Ebashi LPC & Partners.	The Company has evaluated Mr. Shiro Kuniya and determined that he is qualified to be an Outside Corporate Auditor of the Company because he has been active as an attorney at law for many years and has a wide-ranging experience and a high level of knowledge in the area of corporate and international legal affairs. The Company deemed that he is highly independent and designated him as an Independent Director of the Company because there is no risk of conflict with the interests of the Company's general shareholders as he executes his duties as an Outside Corporate Auditor.

[Independent Directors]

Number of Independent Directors	5 persons
---------------------------------	-----------

Independent Directors

The Company has set the "Internal criteria for independence of Outside Directors/Corporate Auditors" as follows, and elected all Outside Directors/Corporate Auditors who meet these criteria as Independent Directors.

<Internal Criteria for Independence of Outside Directors/Corporate Auditors of the Company>

The Company will judge whether an Outside Director/Corporate Auditor has sufficient independence against the Company with the emphasis on his/her meeting the following quality requirement, on the premise that he/she meets the criteria for independence established by the financial instruments exchanges.

The Company believes that such persons will truly meet the shareholders' expectations as the Outside Directors/Corporate Auditors of the Company, i.e., the persons who can exert strong presence in a diversified members of the Directors and Corporate Auditors of the Company by proactively continuing to inquire the nature of, to encourage improvement in and to make suggestions regarding the important matters of the Company doing pharmaceutical business globally, for the purpose of facilitating impartial and fair judgment on the Company's business and securing sound management of the Company.

The Company requires the persons to be the Outside Directors/Corporate Auditors to meet two or more items out of the following four items of quality requirements:

- (1) He/She has advanced insights based on the experience of corporate management;
- (2) He/She has a high level of knowledge in the area requiring high expertise such as accounting and law;
- (3) He/She is well versed in the pharmaceutical and/or global business; and
- (4) He/She has advanced linguistic skill and/or broad experience which enable him/her to understand diverse values and to actively participate in discussion with others.

[Incentives]

Incentive Policies for Directors	Adoption of performance-based remuneration system
----------------------------------	---

Supplementary Explanation

Inside Directors: The compensation consists of "Basic Compensation" which is paid in a fixed amount, and "Bonus" to be paid based on the consolidated financial results, etc. for each fiscal year, and compensation based on the "long-term incentive plan (Stock compensation)" linked with medium-long term financial results over 3 years and the Company's share price.

Outside Directors: The compensation consists of fixed "Basic Compensation" only.

"Long-term incentive plan (Stock compensation)" is an incentive plan for Directors based on the Performance Share system and

Restricted Stock system in the US wherein Company shares that are acquired by the Board Incentive Plan Trust and others will be granted to Company Directors based on the achievement of performance indicators, etc.

Business objectives for this plan include consolidated revenue, etc. over 3 years.

In the former and existing compensation system for Directors, the ratio of "Performance-based compensation" including bonuses and compensation under the long-term incentive plan (Stock Option Plan) is more than 60 % of the total compensation. After the revision, the ratio of "Performance-based Compensation" in the total compensation will be further increased by increasing the ratio of the long-term incentive plan especially linked with medium-long term performance.

As a result of the introduction of the above mentioned scheme, stock options will no longer be issued to the Company's Directors.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Partially disclosed individually
--	----------------------------------

Update

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods: Business Report

The total amounts of remuneration, etc., for Directors and Corporate Auditors for fiscal year 2015 are as follows.

Directors 11: 1,183 million JPY

(3 of the Directors are Outside Directors: 54 million JPY)

Corporate Auditors 5: 137 million JPY

(2 of the Corporate Auditors are Outside Corporate Auditors: 29 million JPY)

(Notes)

- The figures above include 3 Directors and 1 Corporate Auditor who retired as of the conclusion of the 139th Ordinary General Meeting of Shareholders held on June 26, 2015.
- The total amounts of remuneration, etc., for Directors above include the following basic compensation and cost postings related to stock compensation including Stock Options which were granted until fiscal year 2013. These amounts do not include the salaries that Directors who also work as employees receive as the employee portions of their remuneration, and the bonuses.
 - The basic compensation is fixed amount depending on each position, and its total amount per month is no more than 90 million JPY (among these, no more than 10 million JPY per month is for Outside Directors) (based on a resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014).
 - The cost posting related to stock options is the value posted during FY2015 within remuneration, etc., concerning Stock Acquisition Rights allotted as stock options (68 million JPY). The number of Stock Acquisition Rights to be allotted is, in principle, calculated by dividing the amount equivalent to 60% of the basic compensation by the option value of the Stock Acquisition Rights on the allotment date, and the maximum amount of remuneration, etc., concerning Stock Acquisition Rights is 350 million JPY per year (based on a resolution of the 132nd Ordinary General Meeting of Shareholders held on June 26, 2008). The cost posting related to stock compensation is the value posted during FY2015 (559 million JPY). The number of stock compensation is, in principle, calculated by dividing the Company's stock price on the grant date, and the maximum amount of remuneration, etc., concerning stock compensation is 2,000 million JPY per year (based on a resolution of the 138th Ordinary General Meeting of Shareholders held on June 27, 2014).
- If the proposal of "Payment of Directors' Bonuses" is proposed at the 140th Ordinary General Meeting of Shareholders to be held on June 29, 2016 and approved as proposed, Directors' bonuses, among the remuneration, etc., for Directors for FY2015, are to be paid within the amount set forth in the said proposal. Directors' bonuses are calculated depending on each position based on the Company's financial results (achievement of key performance indicators such as the consolidated revenue, Core Earnings and EPS). Based on the report of the Compensation Committee, the actual payment amount of bonuses is to be resolved at the meeting of the Board of Directors to be held after the said General Meeting of Shareholders.
- The value of the basic compensation of Corporate Auditors is no more than 15 million JPY per month (based on a resolution of the 132nd Ordinary General Meeting of Shareholders held on June 26, 2008).

Policies determining the amount of remuneration or the method for calculating remuneration	Update	Exist
--	---------------	-------

Policies determining the amount of remuneration or the method for calculating remuneration

The company has formulated the following "Directors Compensation Policy", and based on this policy and the decision-making process, the Directors' Compensation Level and Mix are determined. The compensation for Corporate Auditors (including Outside

Corporate Auditors) consists of fixed "Basic Compensation" only.

Directors' Compensation Policy for fiscal year 2015

1. Guiding Principles

The Company's compensation system for Directors has the following guiding principles under the corporate governance code to achieve management objectives:

- To attract, retain and motivate managerial talents to realize Global One Takeda
- To improve the Company's mid and long term performance and leverage awareness of contributions toward increasing corporate value
- To be closely linked with company performance, highly transparent and objective
- To support shared sense of profit with shareholders or improving managerial mind-set focusing on shareholders
- To encourage Directors to have challenging mind in compliance with a spirit of "perseverance" of Takeda-ism

2. Level of Compensation

We aim to be competitive not only in Japan but also in the global marketplace to transform into a "Best in Class" global pharmaceutical company.

Directors' compensation should be competitive in the global market consisting of major global companies. Precisely, the global market refers to "global executive compensation database" developed on the basis of the professional survey data with an addition of compensation data in US, UK and Switzerland, where we need to be competitive with other major pharmaceutical companies.

3. Compensation Mix

The compensation of Directors (excluding Outside Directors) consists of "Basic Compensation" which is paid in a fixed amount, and "Performance-based Compensation" which is paid in a variable amount based on company performance, etc.

"Performance-based Compensation" further consists of "Bonus" to be paid based on the consolidated financial results, etc. for each fiscal year, and "Long-term Incentive Plan (stock compensation)" linked with long-term financial results over 3 years and with the Takeda's share price. The compensation of Outside Directors consists of fixed "Basic Compensation" only. For the purpose of increasing the corporate value in the mid and long term and matching the benefit of Takeda's Directors and Takeda's shareholders, especially the ratio of Long-term Incentive will be gradually increased in the Performance-based Compensation in future. Current compensation mix is "Basic Compensation", "Bonus" with target of 100% of the Basic Compensation and "Long-term Incentive" with target of 60% to 80% of the Basic Compensation (excluding foreign-national Directors invited from overseas). Those targets will be changed to finally 100% of Basic Compensation for "Bonus" and 200% to 400% of Basic Compensation for "Long-term Incentive", reflecting the practice of global companies. The increase in the Basic Compensation will be minimized, and Long-term Incentive will be increased.

4. Performance-based Compensation

Long-term Incentive Plan is in place which is similar to Performance Share and Restricted Stock to strengthen linkage between compensation and the company performance and the share price, for the Directors to enhance commitment to the increase of the corporate value in the mid and long term. Performance indicators used for the Long-term Incentive will be linked with the latest mid- to long-term performance objectives such as consolidated revenue, operating free cash flow, EPS and R&D target, etc., as transparent and objective indicators. The variable range is from 0% to 200%, based on the performance achievement.

On the other hand, Bonus will be paid based on the performance achievement of annual goals. Bonus will be paid in the range of 0% to 200% in accordance with the achievement of performance indicators such as the consolidated revenue, Core Earnings and EPS, etc., established for a single fiscal year.

5. Compensation Governance

The Compensation Committee has been established with an Outside Director as its Chairperson and with the majority of members being Outside Directors, to serve as an advisory organization for the Board of Directors to ensure the appropriateness of Directors' compensation, etc. (excluding Outside Directors) and the transparency in its decision-making process. (5 meetings of Compensation Committee have been called during fiscal year 2015) Level of Compensation, compensation mix and performance-based compensation (Mid- and Long-term Incentives and Bonus programs) for Directors are reviewed by the Compensation Committee before resolution by the Board of Directors. The Guiding Principles for the Directors' compensation will be revised for the purpose to develop compensation programs based on Directors' accountabilities and responsibilities, as well as to develop compensation programs to create shareholder value in alignment with Takeda-ism.

[Supporting System for Outside Directors and/or Corporate Auditors] Update

(Supporting System for Outside Directors)

The Chairman and CEO Office is in charge of delivery and acceptance of materials, etc. and supports Outside Directors in conjunction with the Business Partners

(Outside Corporate Auditors)

According to Rules of Corporate Auditors Audit, Office of Corporate Auditors, where dedicated staff members are allocated, shall be established to provide assistance to Corporate Auditors in their duties and functions as a secretariat of the Board of Corporate Auditors. Personnel matters with respect to the members of Office of Corporate Auditors shall be handled through consultations among Directors and Corporate Auditors pursuant to Rules of Corporate Auditors Audit.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Update

At Takeda, the Board of Directors determines the fundamental policies for the Group, and management and business operations are then conducted in accordance with their decisions. Transparency of the Board of Directors is achieved through audits conducted by Corporate Auditors. Moreover, as management tasks continue to diversify, the company shall establish Takeda Executive Team that consists of members who manage and supervise each function of Takeda Group under President & CEO, and also establish Business Review Committee (which is responsible for general management matters), Portfolio Review Committee (which is responsible for R&D and products related matters), and Audit, Risk and Compliance Committee (which is responsible for internal audit, risk management and compliance matters) that review important matters to ensure systems whereby faster and more flexible work execution and deeper cooperation among the various functions take place.

Board of Directors

Takeda has given its Board of Directors the primary functions of observing and overseeing business execution as well as decision-making for company management. The Board of Directors consists of 8 Directors (all male), 6 Japanese and 2 non-Japanese, including 3 Outside Directors, and meets in principle once per month to make resolutions and receive reports on important matters regarding management.

Corporate Auditors' Audit

According to the provisions of the audit policy, duty assignments, etc. that are provided by the Board of Corporate Auditors, each Corporate Auditor is to conduct deliberate and resolute audits on the execution of Directors' duties in a planned manner, attend the Board of Directors and other important Meetings and deliver his opinions. In order to adopt the perspectives of outside experts in such audits, 2 of the 4 Corporate Auditors (all male members) shall be Outside Corporate Auditors as prescribed by the Companies Act. The Company established the Office of the Corporate Auditors to support the operations of Corporate Auditors and to serve as a secretariat of the Board of Corporate Auditors.

Takeda Executive Team

The Takeda Executive Team consists of members who report to the President & CEO. Each members manages each of the following Takeda Group's functions; corporate strategy, finance and accounting, human resources, legal, corporate communication, R&D, manufacturing, quality control, each regional business unit of Japan, US, Europe & Canada and emerging market and each specialty business unit of oncology and vaccine.

Business Review Committee

The Business Review Committee consists of the President& CEO, internal board members, and Takeda Executive Team members. In principle, it holds a meeting twice a month to discuss and make decisions on important matters for corporate management and business execution.

Portfolio Review Committee

The Portfolio Review Committee consists of the President& CEO, Takeda Executive Team members and the heads of the following functions; R&D, manufacturing, each business unit of Japan, US, Europe & Canada, emerging market, oncology and vaccine, etc. In principle, it holds a meeting twice a month to discuss and make decisions on important matters for R&D and pipeline/on-market products including business developments.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee consists of the President& CEO, Takeda Executive Team members and the heads of the following functions; legal, internal control, finance & accounting and compliance, etc. In principle, it holds a meeting once a quarter to discuss and make decisions on important matters for internal controls, risk managements and compliance.

Accounting Audit

The accounting auditor of the Company is KPMG AZSA LLC, which was elected at a shareholders' meeting. The Company's accounting was audited by the following three certified public accountants from KPMG AZSA LLC: Mr. Koichi Kohori (consecutive auditing period: 2 year,) Mr. Kengo Chida (consecutive auditing period: 4 year) and Mr. Naohiro Nishida (consecutive auditing period: 1 year). These 3 certified public accountants were supported by 12 other certified public accountants and 25 other persons.

Liability Limitation Agreement

The Company has executed agreements with Outside Directors and Outside Corporate Auditors stating that the maximum amount of their liabilities for damages as set forth in Article 423, Paragraph 1 of the Companies Act shall be the amount provided by law.

3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the current corporate governance system that consists of the Board of Directors, which makes decisions on important matters of business execution and supervises the execution of Directors' duties, and the Board of Corporate Auditors and Corporate Auditors, which are independent from the Board of Directors and audit the execution of Directors' duties.

The Board of Directors consists of Directors who are from the Company and specialize in the Company business, and Outside Directors who have a wide range of insights and extensive experience in global business management; thus, the aim of this Board of Directors is to execute business efficiently, fairly, and without being bound by industry norms. The Company also ensures the soundness and transparency of business management by means of an audit by the Board of Corporate Auditors and by the inside and outside Corporate Auditors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights **Update**

Early Notification of General Shareholder Meeting	The notice is dispatched three weeks prior to the day of the meeting. In addition, Takeda strives to disclose the notice earlier than the dispatch of it on its website and other websites, including that of the administrator of the shareholder's register, Mitsubishi UFJ Trust and Banking Corporation.
Scheduling AGMs Avoiding the Peak Day	Takeda is aiming to convene its General Meeting of Shareholders on a date other than that set by many Japanese companies. However, meeting date is decided based on availability of venue as well as administrative schedule.
Allowing Electronic Exercise of Voting Rights	Takeda shareholders have been able to exercise voting rights by electronic means since the General Meeting of Shareholders held in June 2007.
Participation in Electronic Voting Platform	Takeda has been utilizing the electronic voting platform operated by Investors Communications Japan, Inc. (ICJ) since the General Meeting of Shareholders held in June 2007.
Providing Convocation Notice in English	To encourage shareholders to vote, Takeda publishes the Japanese and English versions of the notice of convocation on its website and other websites, including that of the administrator of the shareholder's register, Mitsubishi UFJ Trust and Banking Corporation.
Other	Takeda organizes the General Meeting of Shareholders to try to present material to shareholders in a format that is easy to understand, including the use of slide and video presentations by the President & CEO to explain performance and business policies.

2. IR Activities **Update**

	Supplementary Explanations	Presentation made by senior management
Preparation and Publication of Disclosure Policy	Takeda formulates disclosure guidelines that specify disclosure policies, the functions within Takeda with responsibility for information disclosure, and the related communication channels and procedures.	
Regular Investor Briefings for Individual Investors	During fiscal year 2015, Takeda's department responsible for IR organized company presentations aimed at retail investors 6 times throughout Japan with support from securities companies and the securities exchange.	No
Regular Investor Briefings for Analysts and Institutional Investors	Takeda holds earnings release conferences twice a year on the same days as the full-year and second quarter results are released. These events include results presentations and a Q&A session in which participants can	Yes

	ask senior management questions directly. Conference calls are held when the quarterly results for the first and third quarters are released. These also include presentations of results and the opportunity to question senior management directly.	
Regular Investor Briefings for Overseas Investors	Conference calls are held in English on the release of the full-year results and the results for the first, second and third quarters. Conference call participants have the opportunity to question senior management directly. In June 2016, Takeda organized the company presentation in Tokyo focused on Oncology and R&D strategies. For overseas investors, a live audio webcast was streamed and participation through a conference call was made available.	Yes
Posting of IR Materials on Website	URL : http://www.takeda.com/ Material available: Quarterly financial statements, data book, presentation materials used in earnings release conferences, annual reports, notices of convocation of ordinary general meetings of shareholders, presentations given at conference held by securities companies, notices of resolutions, and others.	
Establishment of Department and/or Manager in Charge of IR	Department responsible for IR: Global Finance, IR	

3. Measures to Ensure Due Respect for Stakeholders **Update**

Stipulation of Internal Rules for Respecting the Position of Stakeholders	Takeda's mission of "striving towards better health for people worldwide through leading innovation in medicine" expresses a commitment to make a positive contribution to patients and healthcare professionals through pharmaceuticals. The Takeda values emphasize relationships with stakeholders, explicitly citing the values of commitment (Takeda works to meet its responsibilities to stakeholders) and transparency (Takeda appropriately shares information and promotes dialogue with stakeholders thereby building trust). Moreover, the Takeda Global Code of Conduct (Japan edition) provides ethical guidelines for employees based on respect for the perspectives of stakeholders.
Implementation of Environmental Activities, CSR Activities etc.	Environmental protection activities: Takeda engages in these activities from a medium to long-term perspective, based on its "Global EHS Policy". As well as setting specific performance targets as "Environmental Action Plan" for global warming countermeasures and waste reduction centered on the production and research facilities of Group companies worldwide, Takeda also engages in a voluntary "Responsible Care" program to ensure environmental protection, safety, and health as part of its responsibilities as a company that manages chemical substances. CSR activities: A dedicated CSR unit within the Corporate Communications & Public Affairs oversees CSR activities that emphasize the importance of global corporate citizenship, based on international CSR-related principles and standards such as the Sustainable Development Goals (SDGs) and the United Nations Global Compact.
Development of Policies on Information Provision to Stakeholders	Takeda formulates disclosure guidelines that specify disclosure policies, functions with responsibility for information disclosure, and the related communication channels and procedures.
Other	We will continue to actively appoint diverse members to the Company's Board of Directors, with the aim of strengthening systems further so that we can reflect viewpoints from multiple perspectives in management decisions. Furthermore, female business division heads take part in discussions and decision-making on management strategies and other important management and operational matters. Takeda established a Global Diversity and Inclusion (D&I) statement and continued to support regional D&I initiatives. Significant effort has been dedicated to accelerating D&I in Japan by shifting the mindset of our employees and driving leadership commitment and accountability. KPIs are in place to measure progress in 3 areas: gender diversity, career diversity and work style diversity. Takeda has established a numerical target of achieving a 5% ratio of women in managerial positions by fiscal 2015 and we achieved 6.2%. This can be attributed to our women's

	<p>career advancement program WILL, enhanced recruitment efforts, and leaderships commitment to promote employees based on ability and performance not gender.</p> <p>We are also focused on creating a more flexible working environment for all of our employees. We recently introduced a flexible work style system that gives eligible employees the option to choose a schedule that accommodates their personal choices while meeting their business obligations. Employees can opt to work at home, work at another office, and/or use flex time.</p>
--	---

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development **Update**

Based on the “Mission” and “Takeda-ism” (Integrity: Fairness, Honesty and Perseverance),” the Company shares the priority order of Patient-Trust-Reputation-Business with the entire Takeda Group and promotes the creation of a disciplined and sound corporate culture. Based on the above mentioned principle, the Company has implemented the following measures for the internal control system, taking it as an important component of corporate governance functioning alongside risk management:

(1) Systems that ensure the appropriateness of operations in Takeda Group

- The Board of Directors makes decisions related to the most important matters for the business operation of Takeda Group, including matters related to Basic Management Policy such as Values, etc., and the matters related to the policy on internal control including compliance and risk management, and monitors and supervises the execution of these operations.
- To strengthen its global business management system, the Company shall establish Takeda Executive Team that manage and supervise each function of Takeda Group under President & CEO, and also establish Business Review Committee (which is responsible for general management matters), Portfolio Review Committee (which is responsible for R&D and products related matters), and Audit, Risk and Compliance Committee (which is responsible for internal audit, risk management and compliance matters) that review important matters to ensure systems whereby faster and more flexible work execution and deeper cooperation among the various functions take place.
- The Company shall clarify the roles and responsibilities of each function based on the “Takeda Group’s Management Policy”, which summarizes the business management systems, decision-making systems and its operational rules and other important management rules of the Takeda Group. With regard to certain material items, the Company shall oblige each function to propose or report to the decision making bodies including the Board of Directors of the Company according to the materiality. Concurrently, a certain level of decision making authorities shall be delegated to President & CEO or to each Takeda Executive Team member, and the decision making authorities shall be exercised under the proper governance. In addition, the Company shall maintain Global Policies, etc. (Global Policies mean the rules applied to employees of three or more Takeda Executive Team organizations) for respective operations of specialized functions and shall manage and supervise across the entire Takeda Group based thereon.
- Based on the “Global Risk Management Policy,” “Global Crisis Management Policy” and “Takeda Group Global BCP (Business Continuity Plan) Policy”, which respectively lay out the structure of risk management system, crisis management systems and BCPs of the Takeda Group, the Company shall promote the construction of the system in which each group company responds adequately to risks and crises and ensures business continuity, and shall facilitate the disciplined management in Takeda Group.
- The Global Compliance, in conjunction with the relevant function, shall disseminate the “Takeda Global Code of Conduct” to all group companies and construct and disseminate the compliance programs of all group companies based on that code under the Global Compliance Promotion System. In addition, the Global Compliance and the relevant function shall periodically report to the Board of Directors about compliance related affairs of Takeda Group, including affairs notified through interoffice notification.
- The Group Internal Audit shall conduct regular internal audit of each function of the Company and each group company based on the “Group Internal Audit Charter.”
- The Corporate Finance, Global Finance, shall apply the “Control Self Assessment (CSA) Program” to each group company and each function of the Company so that the head of each group company and each function of the Company shall conduct self-assessment of the status of the internal control, shall undertake the implementation of the improvement plan responding to warnings or recommendations, and shall certify the appropriateness of its internal control.
- Based on the Financial Instruments and Exchange Act, the Company shall maintain systems of internal control to ensure the reliability of financial reporting and conduct effective and efficient management and assessment of those systems.

(2) System for retention and management of information in connection with the execution of the duties of Directors

- The minutes of meetings of the Board of Directors, requests for and approvals of managerial decisions and other information concerning the execution of the duties of Directors shall be appropriately retained and controlled in keeping with the term, method and place of retention designated for each category of information determined in accordance with the “Policy on Document Control” in either form of hard copy or electromagnetic record and for ease of inspection.

(3) Risk management rules and other systems

- With respect to all risk factors, including major potential risks of the Company (research and development, intellectual property rights, decline of sales due to the expiration of patents, etc., side-effects, drop in prices caused by measures for constraint of cost of medicines, fluctuation of foreign exchange rates, corporate acquisitions, country risks, stable supply, litigation and other legal matters, and IT security and information control), the person(s) in charge of each function shall control and manage these risk factors in each area of charge from the aspect of qualitative and quantitative criteria in designing and implementation of mid-range and annual plans and shall take all necessary measures or remedies available to avoid and minimize such risk factors, depending on the degree and content of the risk the Company is exposed to, in compliance with the countermeasures to cope therewith and any contingency plans.
- In order to prevent and respond to emergency situations, the Company shall establish the crisis management systems through appointing persons to be in charge of crisis management and persons to be in charge of crisis management in each local region and establishing crisis management committee under the “Policy on Crisis Management”. In addition, from the perspective of business continuity, the Company shall design Business Continuity Plan in each function under the “BCP Policy.”

(4) Systems that ensure the duties of Directors are executed efficiently

- A system that enables the duties of Directors to be executed appropriately and efficiently shall be ensured pursuant to the “Bylaws of Board of Directors” and other internal company regulations with respect to authorities and rules for decision-making.

(5) Systems that ensure Directors and employees comply with laws and regulations and the Company’s Articles of Incorporation in executing their duties

- In accordance with the “Compliance Promotion Rule” that provides for basic policies and procedures in relation to the implementation of the compliance program on ethical and legal requirements of the Company, Compliance Officer, Compliance Promotion Committee and Compliance Secretariat shall be established to promote the company-wide compliance policy.
- The interoffice notification system, a system established for the purpose of i) reflecting the opinions and proposals of corporate executives and employees to the Company’s compliance and ii) protecting the whistleblowers, shall be fully utilized in compliance practices.

(6) System that ensures audits by Corporate Auditors are conducted effectively

Each of the items stated below shall be set forth in accordance with the “Corporate Auditors Audit Rule”:

- The Office of the Corporate Auditors shall be established to provide assistance to the Corporate Auditors in their duties and functions as a secretariat of the Board of Corporate Auditors.
- Personnel matters with respect to the members of the Office of the Corporate Auditors shall be handled through consultations among the Directors and the Corporate Auditors.
- A Director shall notify to the Board of Corporate Auditors those matters concerning the Company’s basic management policy and plans, material matters including the ones in subsidiaries and affiliated companies in advance (provided, however, that this shall not apply if Corporate Auditors attend a meeting of the Board of Directors or any other meeting at which such matter is discussed).
- If a Director becomes aware of a fact that might cause material damage to the Company, such Director shall, without delay, notify such fact to the Board of Corporate Auditors.
- A Corporate Auditor shall, upon consultation with the President & CEO, attend important meetings, in addition to meetings of the Board of Directors, in order to gain a better understanding of the decision-making process with respect to material issues and the execution of operations.
- A Corporate Auditor may have access to important documents concerning the execution of operations and may ask Directors or employees to provide an explanation in respect thereof, whenever necessary.
- A Corporate Auditor shall investigate each function and, if it is necessary to audit the execution of the duties of Directors, request reports on the business from the subsidiaries, or investigate the operational and financial status of the subsidiaries.
- A Corporate Auditor shall have a close communication with the Group Internal Audit and Accounting Auditors, and improve the efficiency of audit by utilizing their audit results.
- A Corporate Auditor shall request the Company to reimburse the cost for performing their duties, and submit the budget therefor to the Company every year.

2. Basic Views on Eliminating Anti-Social Forces

The Company’s basic policy is to eliminate any relationship, including normal transactions, with antisocial forces that pose a threat to the order or safety of civil society. The Takeda Global Code of Conduct (Japan edition) is clear in this regard and stipulates behavior that all Directors and employees should adhere to, in addition to the following actions.

- The Company has built and maintains close cooperative relationships with the supervising police station and external specialized institutes, to proactively collect information on antisocial forces.
- The Company disseminates information on antisocial forces to Company divisions, and also to employees as necessary during internal training, etc., in order to implement activities to prevent any damage from antisocial forces.

V. Other

1. Adoption of Anti-Takeover Measures

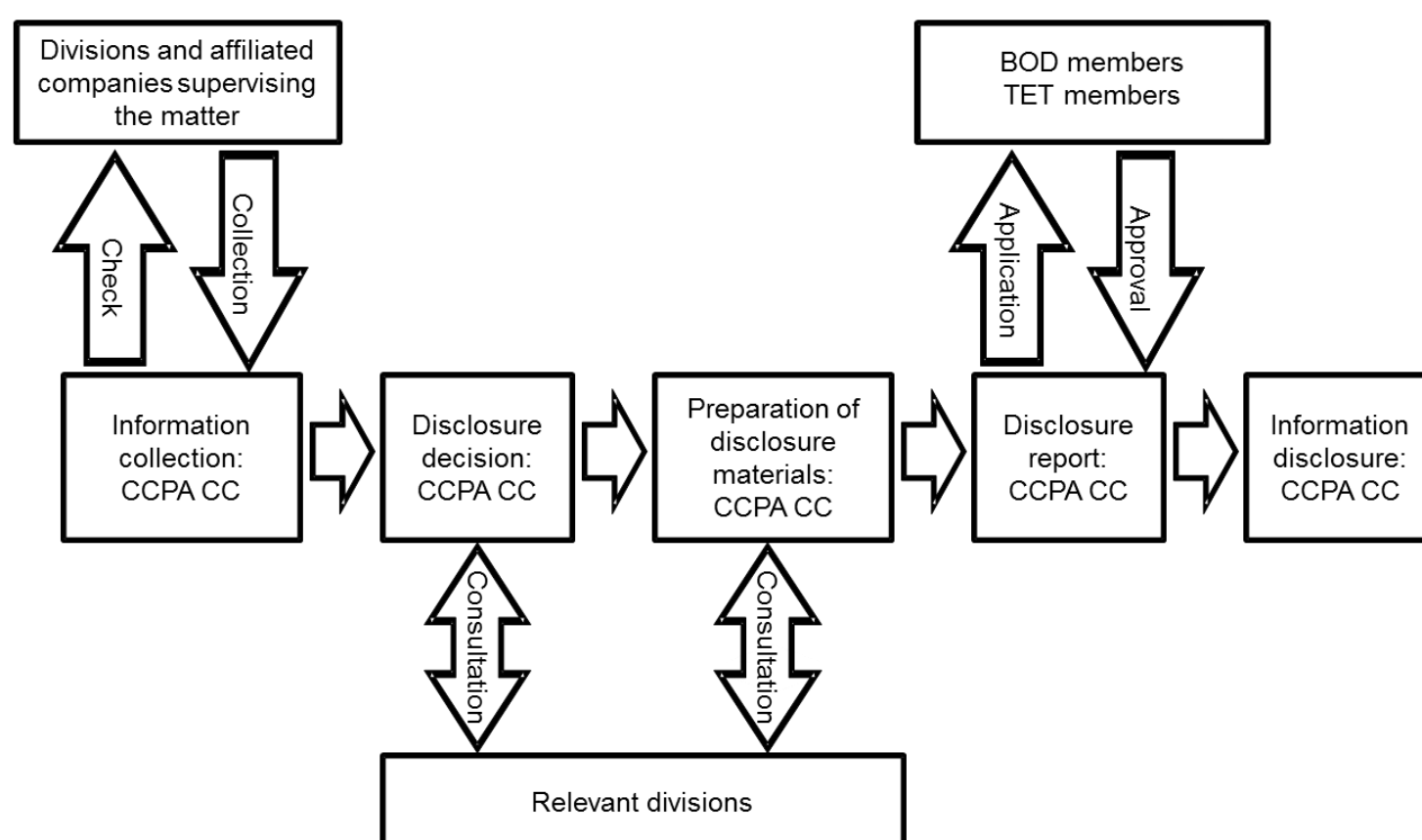
Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

The Company has not adopted any defense measures against hostile takeovers.

2. Other Matters Concerning to Corporate Governance System

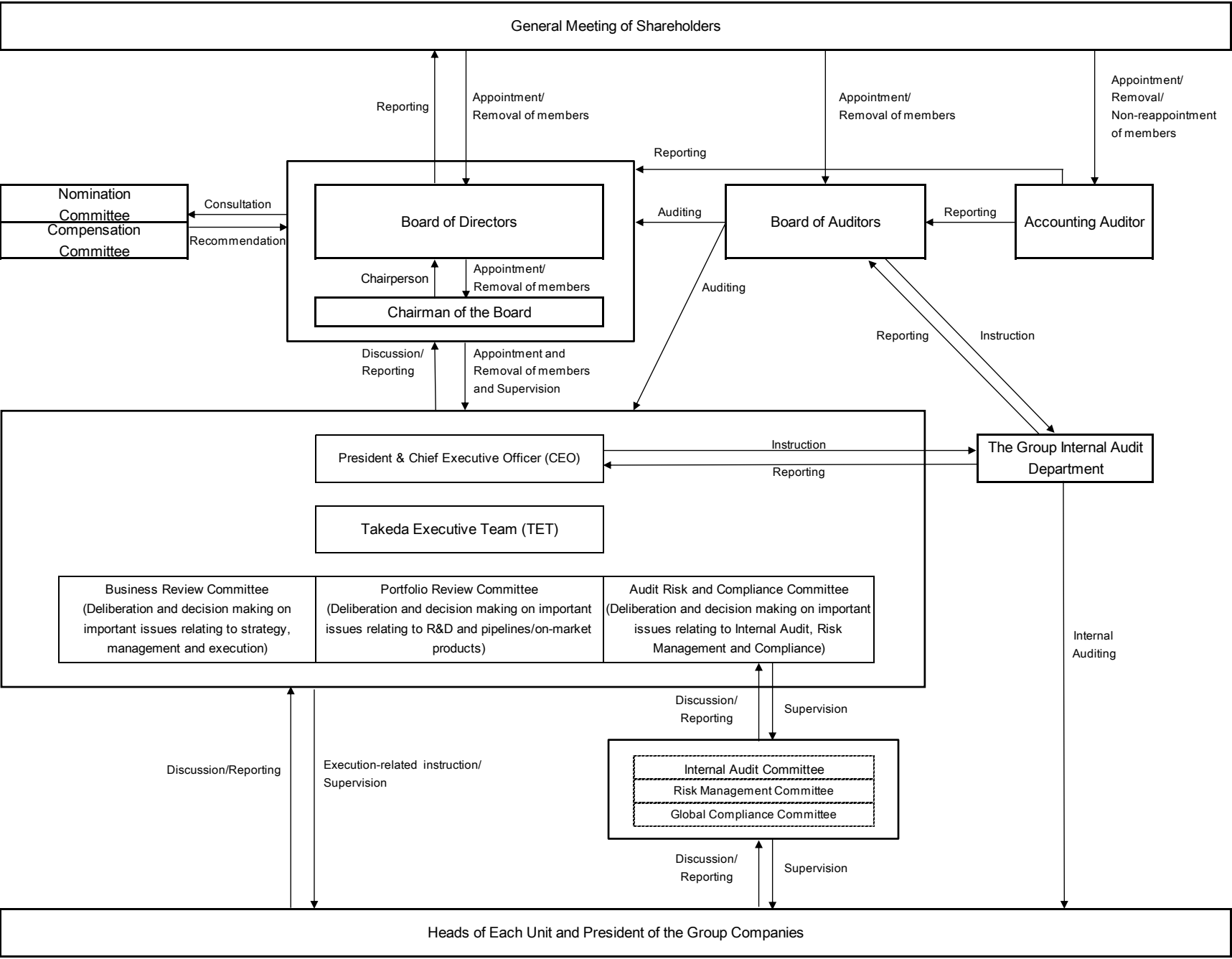
The basic procedures for Company information disclosure according to the Information Disclosure Guidelines are as follows:



BOD : Board of Directors
 TET : Takeda Executive Team (TET consists of President & CEO and his direct reports)
 CCPA CC : Corporate Communications & Public Affairs, Corporate Communications

Reference: Schematic Diagram of Takeda's Corporate Governance System, Including the Internal Control System

Reference: Schematic Diagram of Takeda's Corporate Governance system, Including the Internal Control System



The end of the document