Takeda Pharmaceutical Company Limited
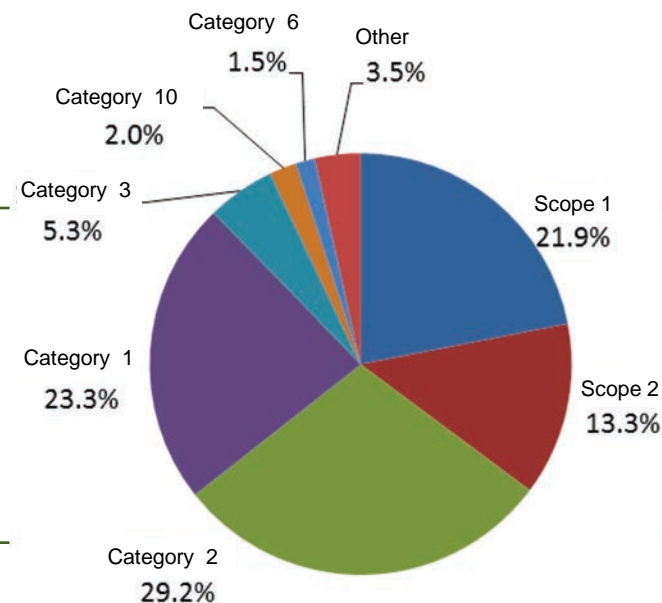
	Company thinking
☐ **Background and purpose for accounting**	• In order to achieve our corporate mission of, "Striving towards better health for people worldwide through leading innovation in medicine," we are making every effort to maintain and improve our entire business process by understanding the various effects that our business has on society. In addition, as a corporate citizen, we believe that it is important for us to be involved in activities that contribute to a sustainable society. • The management of the environmental load, including the supply chain, is a necessary part of the range of responsibility of a company, and one way of managing the environmental load is to understand the environmental load that each phase of the supply chain causes. • To comprehend the greenhouse gas emissions from out business activities, including the supply chain, and to communicate them in an appropriate fashion through our annual reports and other media.
☐ **Utilization of accounting results**	• Quantitatively assess the effects of our emission reduction measures by monitoring the changes in emissions over time. • To disclose information through our annual reports and CSR data books, and to fulfill our responsibility to our stakeholders by explaining our circumstances.
☐ **Advantages of accounting**	• By accounting for the greenhouse gas emissions by category, it is possible to specify the supply chain phases in which there are high levels of emissions and which have the potential for large reductions. • We are able to aggressively announce our efforts to society as a whole through CDP and other media, and also are able to accurately communicate our environmental efforts to our stakeholders.
☐ **Internal accounting organization**	• Activity data is collected from the related internal departments, and the environmental department conducts the accounting.

Category 6 1.5%
Other 3.5%
Category 10 2.0%
Category 3 5.3%
Scope 1 21.9%
Category 1 23.3%
Scope 2 13.3%
Category 2 29.2%

	Company thinking
☐ **To reduce supply chain emissions**	• After accounting was completed, it was confirmed that the largest environmental loads were from Category 1 "Purchased Goods and Services" and Category 2 "Capital Goods." Category 2 fluctuates depending on the yearly capital investment plans, but with respect to Category 1 we shall reduce use of raw materials by improving yields by optimizing production processes. • We were the first company in the Japanese pharmaceuticals industry to use "Biomass Poly Bottles" made from plant-based polyethylene bottles as containers for drugs. We are conducting further studies of products that can use Biomass Poly Bottles. • We shall continue to account for supply chain emissions while improving accuracy, specify categories for which reductions are possible, and promote effective reduction activities.
☐ **Tasks to account for supply chain emissions**	• Because our suppliers cover a wide range, cumulative accounting is difficult, so that our calculations are based on emission factor. Therefore, a reliable emission factor database that includes our overseas activities is necessary. • If only calculations based on emission factor are used exclusively, there is a potential problem in that detailed environment-friendly activities in each phase of the supply chain aren't considered. • The emission calculation methods differ for each category and there are also differences in accuracy. Therefore, when comparing Scope 3 gross amounts with Scope 1 and Scope 2 or with the emissions from other companies, we must carefully examine their conditions.
☐ **For those starting to account for supply chain emissions**	• Internal cooperation between departments in indispensable for collecting various types of activity emissions. Therefore, it is desirable to clarify the purpose for calculating supply chain emissions. • An enormous effort is necessary to calculate everything accurately from the start. We believe that it is more effective to first gain an understanding of the overall emissions situation by acquiring rough emissions numbers with emission factor calculations, and then improve the accuracy in individual areas.

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Category	Accounting methods	
	Activity data	Emission factor
Category 1: Purchased goods and services	• Procurement amount of raw materials and other materials	• Database
Category 2: Capital goods	• Procurement amount of capital goods	• Database
Category 3: Fuel and energy related activities not included in Scope 1 or 2	• Fuel and electricity usage	• Emission factor per energy amount
Category 4: Transportation and delivery (upstream)	• Ton-km in shipping by the sender	• Database
Category 5: Waste generated in operations	• Incineration, landfill and recycling amounts by type of waste	• Emission factor per type of waste
Category 6: Business travel	• Amount of transportation expenses paid by means of transportation (Number of flights per route for overseas flights)	• Emission factor, etc. per transportation expenses paid
Category 7: Employee commuting	• Amount of commuting expenses paid by means of transportation	• Emission factor per transportation expenses paid
Category 8: Leased assets (upstream)	• Fuel used by cars leased by the company	• Emission factor per energy amount
Category 9: Transportation and delivery (downstream)	• Estimated ton-km for downstream distribution	• Database
Category 10: Processing of sold products	• Shipment amounts of products processed at other companies	• Internally set emission factor
Category 11: Use of sold products	• Not applicable because there are no products that use energy in the usage phase.	
Category 12: End-of-life treatment of sold products	• Product container and package usage	• Emission factor per type of waste
Category 13: Leased assets (downstream)	• Not relevant	
Category 14: Franchises	• Not relevant	
Category 15: Investments	• Number of shares owned for each invested company	• Ratio between waste amount at invested companies and number of shares owned