Our Responsibility to Customers

We strive to improve the quality of life (QOL) of patients by supplying superior medicines and accurate information through medical professionals.

Quality Management

Quality Management Measures

We have established a thorough quality management system for pharmaceutical products to maintain quality throughout all of our manufacturing processes and provide customers with the intangible value of reassurance. Each and every one of our employees is constantly aware that beyond the pharmaceutical products we manufacture, there are the patients and their families who need these products. To ensure that our employees maintain this mentality, we have formulated a Quality Assurance Policy, and conduct quality assurance operations in accordance with this policy.

Quality Assurance Policy

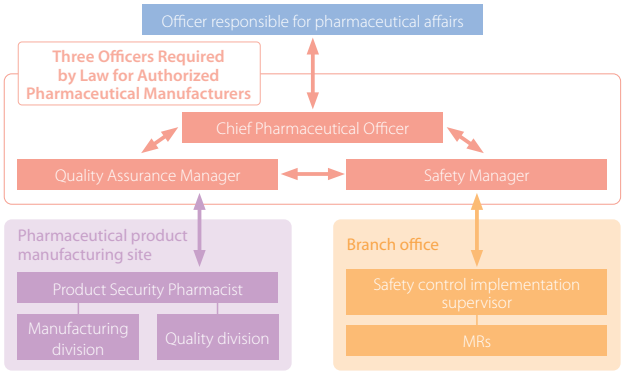
1. We are attentive to the opinions and requests of customers and actively strive to improve the quality of our products.
2. We work closely with manufacturing sites to maintain a constant supply of products with stable quality.
3. We bring together our knowledge and experience to carry out quality assurance activities based on facts and data.

Quality Assurance and Safety Control System

In order to comply with various laws, ordinances, and regulations, we have established the three officers required by law for authorized pharmaceutical manufacturers (Chief Pharmaceutical Officer, Quality Assurance Manager, and Safety Manager) under the Officer responsible for pharmaceutical affairs. These three work closely together to thoroughly ensure the quality assurance and the safety of pharmaceutical products after their launch.

We perform quality assurance of pharmaceutical products through proper operation on a daily basis including making appropriate decisions on market release and managing and supervising domestic and overseas manufacturers responsible for manufacturing active ingredients, and handling quality information and quality defects.

Quality Assurance and Safety Control System



GQP- and GMP-based Product Assurance

GQP, which stands for Good Quality Practice, refers to standards that define the method of quality control of pharmaceutical products and stipulate the necessary operations for pharmaceutical manufacturers and distributors to ensure the quality of the products they manufacture and sell. GMP, short for Good Manufacturing Practice, refers to standards for manufacturing control and quality control of pharmaceutical products and defines the requirements for pharmaceutical products manufacturing sites to ensure that pharmaceutical products are consistently produced and controlled in accordance with quality standards.

Under the GQP-based control system, Torii regularly visits manufacturing sites that manufacture drug substances and formulations to confirm manufacturing control and quality control based on GMP. While sharing information regarding product quality with each manufacturing site on a daily basis, we are working to achieve process improvements and to further ensure stable quality with the aim of providing pharmaceutical products that patients can use with the utmost confidence.

Response to Product Recall

In the event of quality defects that require a pharmaceutical product recall, our highest priority is to ensure the safety of patients. Under the direction of the Chief Pharmaceutical Officer, we report to the administrative authorities, share information with medical institutions and other organizations, rapidly recall affected products, identify the cause of the issue, and implement improvement measures. We also review and revise supply schedules and provide information on alternative products to avoid inconveniencing the patients that use the pharmaceutical product in question.

Considerations for Packaging, Labeling and Individual Product Boxes

We consider and revise designs of packaging and labeling, reflecting information from medical institutions and patients as well as the industry guidelines. In order to increase visibility, identification, and convenience of individual product boxes, we engage in discussions with related divisions and make necessary improvements, such as change of the font size of text, incision of perforated lines on the boxes for scrapping, as desirable, for ease of disposal by medical institutions, and change of sealing tapes in accordance with the industry guidelines.

Stable Supply

Stable Supply Measures

Providing a stable supply of pharmaceutical products is one of the most important missions of companies that handle pharmaceutical products, on which people's lives directly depend.

Providing a stable supply of pharmaceutical products requires measures that encompass entire supply chains, and involve Torii itself and numerous partners responsible for every phase from the procurement of drug substances (active pharmaceutical ingredients) and other raw materials to manufacturing of pharmaceutical products, inventory optimization, and logistics.

We have put in place systems in preparation for various contingencies, including procurement of drug substances and raw materials from multiple suppliers. We are striving to ensure stable supply to provide the amounts of pharmaceutical products needed, when needed, where needed.

Measures for Managing Logistics while Ensuring Quality

To fulfill our duty as a pharmaceutical company, we have built a system ensuring stable supply of safe, high-quality pharmaceutical products manufactured under strict quality control.

With regard to temperature control, our logistics center stores pharmaceutical products in a refrigerated or room-temperature warehouse in accordance with the temperature control category (refrigerated storage or room-temperature storage) defined for each pharmaceutical product.

For management of logistics, we exclusively use dedicated temperature-controlled vehicles for pharmaceutical product transport and regularly monitor temperature of the vehicles for thorough quality control during transport.

With regard to risk management, anticipating the possibility of a large-scale disaster, we operate two logistics centers, one in East Japan and the other in West Japan. Under this system, if one center is affected by the disaster, the other center can continue to supply pharmaceutical products.

Appropriate Information Provision

Information Collection and Provision

Torii strives to promote the proper use of pharmaceutical products, and through our MRs we collect safety information from medical professionals such as data on side effects.

The information we collected and analyzed is provided on an ongoing steady basis as feedback to medical professionals, contributing to the safe and effective use of pharmaceutical products by patients.

We also participate in relevant academic society meetings and update product information sites for medical professionals to provide a wide range of information on the proper use of pharmaceutical products.

Promotion of Proper Use

In order to ensure safer use of pharmaceutical products, we constantly collect safety information such as on side effects. We evaluate and analyze the safety information collected, and when the results indicate the need for additional information on proper use, we revise the risk management plan (RMP) and drug package inserts and update the drug information. We have implemented measures so that our pharmaceutical products are used more safely by notifying medical professionals of the contents of these revisions.

Measures through MRs

The mission of our MRs is to accurately convey various information on pharmaceutical products to medical professionals, collect information such as that on the safety of products after launch, and provide information on proper use obtained as a result of the evaluation and analysis of this information by the Pharmacovigilance Department to medical professionals. This helps ensure that pharmaceutical products are used properly.

MRs work to promote the proper use of pharmaceutical products for the sake of patients by providing information to medical professionals as well as collecting information from them.

MR Education and Training

We carry out a range of education and training programs to ensure that our MRs properly provide information on our pharmaceutical products to medical professionals and collect their feedback.

Various divisions of Torii collaborate in human resource development of MRs so that they can earn the trust of medical professionals. Practical training is designed to cultivate a mindset attuned to attending to the needs of individual patients and developing the ability to propose the optimum treatment for the patient.

Customer Support Department

Customer Support Department Initiatives

Our Customer Support Department interfaces directly with medical professionals, patients, and their families, handling a broad range of inquiries.

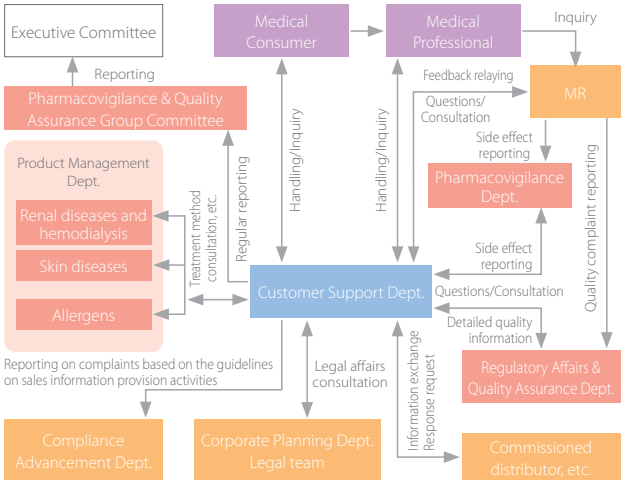
No matter how excellent a pharmaceutical product may be, it is only effective when used properly. To this end, we have worked to provide high-quality, appropriate, science-based drug information that takes into account the needs of our customers.

Sharing Customer Feedback within the Company

As an open corporate contact point with customers, the Customer Support Department shares questions and opinions from customers with corresponding divisions, enabling them to consider future actions based on the latest information on safety, interaction, usage method and others.

In order to meet customers' expectations, we will continue to reflect customer feedback in product improvements and the provision of high-quality information, contributing to patients' health.

System for Sharing Information within the Company

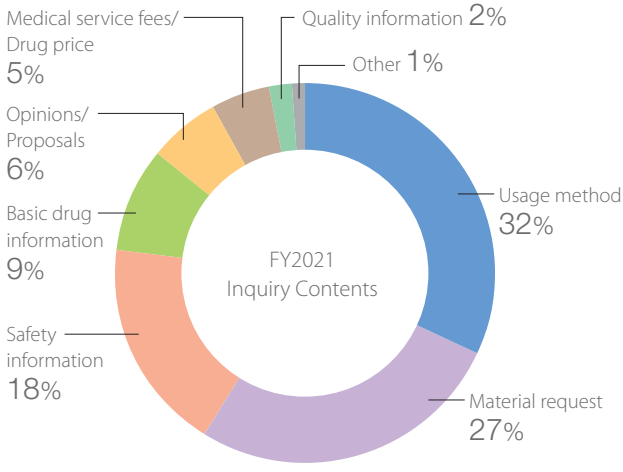


Customer Support Education

We participate in external training related to customer service both inside and outside the pharmaceutical industry, to ensure that each and every customer is treated with integrity. Staff members who deal with customers are trained using the same continually updated materials as are used by MRs, and participate actively in study sessions held by related divisions, workshops, and academic society meetings so that they understand the latest drug information. This enables them to provide customers with accurate, appropriate information.

Communication and Awareness-Raising through the Website "Health Information" Section and Pamphlets for Patients

The "Health Information" section of our website provides health-related information such as information regarding disease mechanisms and symptoms. We have created websites such as "Touseki no Kayumi (Dialysis Pruritus).jp" and "Torii-san's Allergen Immunotherapy Navigation," through which we provide information to foster an accurate understanding of disorders. Furthermore, we have created PDF versions of pamphlets such as "Jozuna Rin to Kalium no Torikata (How to Efficiently Control Intake of Phosphorous and Potassium" and "Kichin-to Shirou Atopic Dermatitis (Atopic Dermatitis Navigation)," which are available on our website. We provide this information to help patients deepen their understanding of diseases, their treatments, and points to remember in everyday life, in order to contribute to the health of patients.



Our Responsibility to Shareholders

We disclose timely, accurate corporate information and endeavor to generate appropriate shareholder returns and improve our corporate value.

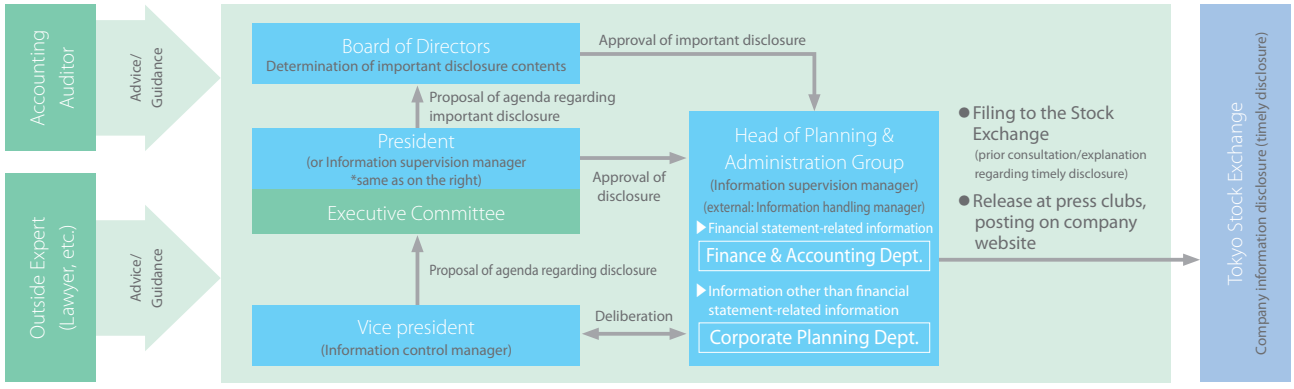
Information Disclosure

Information Disclosure Measures

Communication with our shareholders and investors

In order to promote dialogue with our shareholders and investors, Torii holds individual consultations upon request, as well as endeavors to disclose information in a timely and appropriate manner by posting financial highlights, financial results, securities reports, annual reports, press releases, and other information on the Torii website.

Overview of Torii's Timely Disclosure System



Dividend Policy

Torii's basic policy is to distribute its surplus dividends in a stable and continuous manner based on the understanding that generating appropriate shareholder returns is one of the key roles of management.

Torii's basic approach is to pay surplus dividends twice per year in the form of an interim dividend and a year-end dividend. The interim dividend is decided by the Board of Directors, and the year-end dividend is decided by the General Meeting of Shareholders. The Articles of Incorporation of Torii stipulate that interim dividends may be decided by resolution of the Board of Directors.

At the 130th General Meeting of Shareholders, held on March 29, 2022, it was resolved that Torii will pay a year-end dividend of ¥24 per share for the current fiscal year. Together with the ¥24 per share paid in interim dividends, this amounts to an annual dividend of ¥48 per share.

Surplus dividends whose record date falls within the current fiscal year are as follows.

Resolution date	Total dividends (Millions of Yen)	Dividend per share (Yen)
July 30, 2021 Resolution by Board of Directors meeting	674	24
March 29, 2022 Resolution by General Meeting of Shareholders	674	24

The business environment surrounding the pharmaceutical industry is rapidly changing. In order for Torii to continue to fulfill its responsibility to stakeholders, it is becoming increasingly necessary for Torii to continue to create new drugs that meet medical needs. Torii recognizes that it needs to continue to make investments that will contribute to future growth as a top priority, including the acquisition of new in-licensed drugs. In particular, during the period of the Medium-Term Management Plan 2022-2024, Torii will be more aggressive than before in its efforts regarding in-licensed drugs and will use retained earnings to aggressively promote business investments.

Regarding shareholder returns for fiscal 2022, in addition to the basic policy of distributing dividends in a continuous and stable manner, Torii will continue to pay the same level of dividends as in previous years, while considering business investments for future growth more aggressively than before.

Our Responsibility to Society

We strive to mitigate global warming as we maintain a high ethical standard regarding our corporate social responsibility through business activities that reflect the needs of society in order to be a good corporate citizen.

Torii Pharmaceutical Environmental Charter

Basic Policy on the Environment

As a company aspiring to contribute to the health and happiness of people through pharmaceutical products, Torii Pharmaceutical considers protection of the global environment to be an important issue and conducts business activities with environmental protection in mind.

Code of Conduct

1. Throughout our business activities from R&D to production, distribution, provision of information on pharmaceutical products, and sales, we comply with environmental laws and regulations applicable to our operations and internal rules. At the same time, we recognize the impact of our operations on the environment and strive to reduce it.
2. Upon grasping and understanding the Environmental Action Plan, we actively collaborate on company-wide measures concerning environmental issues in addition to engaging in the environmental initiatives of our own departments.
3. While promoting resource saving and energy saving and endeavoring to realize a low carbon society, we strive to reduce waste and facilitate recycling.
4. We monitor industrial waste processors to which disposal is consigned, raw materials suppliers, etc. to confirm their compliance with laws and regulations and their initiatives for environmental issues.
5. We actively collaborate on company-wide social contribution activities in addition to engaging in the social contribution activities of our own departments.
6. We also strive to take action concerning environmental issues and endeavor to make social contributions in our private lives.

Environmental Action Plan

Achieved Unachieved

		FY2021 Environmental Action Plan	FY2021 results	Evaluation	FY2022 Environmental Action Plan
Greenhouse gas emissions reductions	Head office	**FY2021 target: 326 t-CO_2 or less** [Main measures] ■ Continue installing energy-saving vending machines ■ Continue implementing Cool Biz and Warm Biz energy-saving initiatives	**FY2021 result: 323 t-CO_2** **Vs. FY2021 target: 0.9% reduction** [Measures implemented] ■ Continued installing energy-saving vending machines ■ Continued implementing Cool Biz and Warm Biz energy-saving initiatives	☺	**FY2022 target: 328 t-CO_2 or less** [Main measures] ■ Continue installing energy-saving vending machines and review the number of vending machines installed ■ Continue implementing Cool Biz and Warm Biz energy-saving initiatives ■ Strengthen initiatives for paperless operation
	Sales vehicles	**FY2021 target: 974 t-CO_2 or less** [Main measures] ■ Continue selecting fuel-efficient vehicles such as hybrids ■ Continue promotion of eco-drive awareness and education activities ■ Introduce telematics to reduce fuel consumption by minimizing sudden start, sudden braking, etc.	**FY2021 result: 874 t-CO_2** **Vs. FY2021 target: 10.3% reduction** [Main measures] ■ Continued selecting fuel-efficient vehicles such as hybrids ■ Continued promotion of eco-drive awareness and education activities ■ Introduced telematics to reduce fuel consumption by minimizing sudden start, sudden braking, etc.	☺	**FY2022 target: 874 t-CO_2 or less** [Main measures] ■ Continue selecting fuel-efficient vehicles such as hybrids ■ Continue promotion of eco-drive awareness and education activities ■ Introduce telematics to reduce fuel consumption by minimizing sudden start, sudden braking, etc.
Maintain/increase waste recycling rate	Head office	**FY2021 target: 97% or above** [Main measures] ■ Continue to consign disposal to industrial waste processors with high recycling rates ■ Continue selling off items with value	**FY2021 result: 98.5%** [Measures implemented] ■ Continued to consign disposal to industrial waste processors with high recycling rates ■ Conducted monitoring of industrial waste processors ■ Continued selling off items with value	☺	**FY2022 target: 98% or above** [Main measures] ■ Continue to consign disposal to industrial waste processors with high recycling rates and continue monitoring of industrial waste processors ■ Continue selling off items with value

Overview of Business Activities and Their Environmental Impacts

Head office / Branch offices

INPUT

Total energy usage

Electricity:	1,023,000 kWh
City gas:	3,600 m^3
Gasoline:	377 kL

Offices

Planning and administration, Information systems, General office work, sales

OUTPUT

Waste and generation of items with value

Total waste discharge:	22.0 t
Items with value sold:	0.0 t
Recycling volume:	21.7 t
Final disposal volume:	0.3 t

Emissions into the atmosphere

CO_2:	1,311 t

Compliance Measures

Response to the Violation of the Antimonopoly Act

In March 2020, Torii received a cease and desist order and a surcharge payment order from the Japan Fair Trade Commission (JFTC) pursuant to the Antimonopoly Act for a violation of the Antimonopoly Act concerning the setting of the wholesale price of the CALVAN Tablets. Taking these orders gravely and seriously, we revised the Code of Conduct and established and notified the guidelines as measures to prevent recurrence. We are holding regular training sessions and continuing implementation of strengthened supervisory functions in order to keep the need for vigilance at the forefront of our minds. We will continue our efforts to ensure thorough compliance with laws and regulations in order to prevent recurrence and restore trust as soon as possible.

Compliance as a Pharmaceutical Company

Pharmaceutical companies are required to constantly maintain a high level of ethics and transparency in their corporate activities.

Torii has defined various internal standards such as the Torii Pharmaceutical Promotion Code based on the JPMA Code of Practice by the Japan Pharmaceutical Manufacturers Association and the guidelines on sales information provision activities by the Ministry of Health, Labor and Welfare, and engages in compliance-oriented activities.

Compliance Promotion Structure

Torii positions ensuring compliance as one of the foundations for business operation. In order to ensure heightened effectiveness, we formulated rules for the compliance structure and established the Compliance Committee. Chaired by the President, this committee directly reports to the Board of Directors and deliberates on compliance promotion issues.

The Compliance Advancement Department, which spearheads company-wide compliance promotion operations, also supervises Torii's sales information provision activities in response to the guidelines on sales information provision activities, which came into force in 2019. The department screens Torii's academic information materials and monitors information provision activities to confirm whether the information provision activities are in compliance with the guidelines. The department also conducts review of research support for academia.

Employee Awareness-Raising and Education

Torii defines compliance as maintaining the trust of stakeholders and not disappointing them. To this end, we distribute a compliance book that defines concrete action standards serving as guidelines for specific actions as well as values and ethics that all employees should share, and we engage in education and awareness-raising activities on a continual basis. We conduct compliance training in our new employee training and new General Manager training programs, and we hold two study sessions per year in each of our company's divisions to thoroughly ingrain compliance throughout the Company.

Furthermore, we implement drug injury education for all employees to deepen the knowledge of drug-related injuries and foster awareness on patients' use of drugs.

Compliance Questionnaires

We administer compliance questionnaires every two years to understand and evaluate employees' attitudes towards compliance, current company and workplace compliance conditions, and compliance implementation conditions, and we use these findings in our future compliance promotion activities.

The results of these questionnaires are posted for viewing by all employees on our company intranet. The issues identified through these questionnaires are also used as topics in our compliance study sessions.

Compliance Book

Compliance Card

Reporting and Consultation Contact Point (Hotline)

We have established an internal reporting and consultation desk and an external reporting contact point (lawyer) for compliance issue reporting and consultation. We strive to promptly identify and minimize the threats posed to the company by legal violations. In addition to our company-wide reporting and consultation desk, we have also established consultation desks within individual groups to better facilitate consultation.

Transparency Initiatives

Collaboration with universities and other research institutions and medical institutions is vital and essential for us to contribute to peoples' health as a pharmaceutical company.

During the course of these activities, we sometimes pay medical institutions compensation for their contributions, and we believe that we must maintain transparency in our relationships with them. We also believe that we must guarantee transparency in the relationships between patient groups and pharmaceutical companies so that the opinions and input from patients and supporters can be sufficiently leveraged within medical treatment as a social resource.

Based on this philosophy, we have defined Transparency Guideline for the Relation between Corporate Activities and Medical Institutions and Transparency Guidelines for the Relation between Corporate Activities and Patient Groups. We will fulfill our responsibility to society through our activities, which are based on these guidelines.

Our Responsibility to Employees

We aim to motivate all our employees and offer them every opportunity to achieve fulfillment by respecting every individual, ensuring equal opportunities for career advancement, and treating employees fairly on the basis of unbiased assessments.

Human Resources Development

To reinforce our organizations, we offer not only position-specific training but also elective training for which employees apply as well as distance learning programs focused on the business skills that we believe employees need to conduct their work, continuously implementing measures that support and promote employees' self-led development.

Training programs for managerial personnel are designed to enhance their human resources development- and management-related skills and knowledge in areas such as subordinate development, encouragement of departments and teams, and appropriate evaluation. In tandem with e-learning, we are conducting ongoing, systematic personnel development.

Training Participation Results (Fiscal 2021)

Learning and training	Number of participants
Life planning training (information provision)	16 [31]
Topic-specific training (business basics, team power, global)	11 [14]
Management training (including e-learning)	435 [228]
Position-specific training (excluding new employee training)	81 [97]
New employee training	12 [0]
Distance learning/e-learning (self-improvement)	124[356]

Note: Figures in brackets are the previous year's figures.

Creating Better Working Environments

Measures for Realizing Working Environments in which Each and Every Employee Works Enthusiastically

For Torii to achieve sustainable growth and enhancement of corporate value over the medium to long term, flexible and swift actions are required. For this purpose, we aim to realize inclusive environments where each and every employee can work on their own initiative and work flexibly. Our goal is for each and every employee to work independently and autonomously with awareness. We aim become an enabling organization by offering organizational support to employees through the Company's systems and raising awareness.

As one of the measures of this initiative, we have also formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.

Status of Measures for Promoting Active Participation by Female Employees

Item	As of December 31, 2021
Percentage of women in management positions	10.0% [9.9%]
Percentage of women in all employees	22.1% [21.8%]
Percentage of women in newly hired employees	42.9% [44.4%]
Average years of service between Male vs Female	Men: 14.6 years Women: 11.2 years [Men: 13.8 years Women: 10.8 years]
Average overtime per month	17.6 hours [14.5 hours]
Rate of taking annual paid leave (April 2021 to March 2022)	68.4% [59.1%]

Note: Figures in brackets are the previous year's figures.

Human Rights Measures

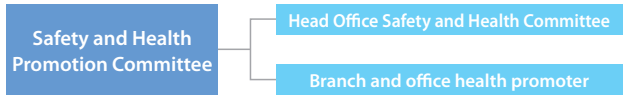
We believe it is important that people working in the same workplaces respect one another and build relationships of mutual trust, and that as members of society all people always respect the rights of others. This is why on December 10, Human Rights Day, we carry out measures aimed at developing a shared awareness of human rights throughout workplaces and heightening respect for human rights. These measures include familiarizing employees with pamphlets created by the Human Rights Bureau of the Ministry of Justice containing information regarding human rights issues and initiatives.

Occupational Safety and Health

Each of our work sites carries out safety and health measures in order to achieve safe and healthy work environments.

In addition to the holding of a monthly meeting of the Safety and Health Promotion Committee, the head office carries out Health Officer inspections (once per week), Industrial Physician inspections (once per month), and Safety and Health Committee inspections (held for each floor five times per year), and labor and management work to improve workplace environments through deliberations at Head Office Safety and Health Committee meetings held each month.

Company-Wide Safety and Health Control Organizations



* A Safety and Health Committee is established for worksites with 50 or more full-time workers.
* A Health promoter officer is appointed for worksites with 10 or more but less than 50 full-time workers.