

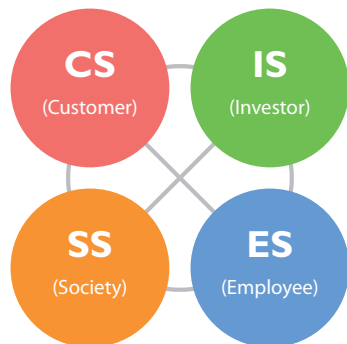
Sustainability

At Torii, we have formulated the Basic Policy on Sustainability to maintain stakeholder trust, promote the sustainable growth of the Company, and enhance our corporate value over the medium-/long-term. As part of this basic policy, we have identified a set of material issues (materiality) that we must address.

Going forward, we will enhance the initiatives we carry out based on our 4S MODEL, Basic Policy on Sustainability and materiality.

Basic Policy on Sustainability

In order to realize Torii Pharmaceutical's Purpose permanently, our corporate philosophy, we will work ceaselessly to fulfill our responsibilities in a well-balanced manner for each of our stakeholders and enhance their overall satisfaction, based on the 4S MODEL, our basic management stance. Through this, we will not only achieve sustainable growth and improve our medium- to long-term corporate value, but we will also contribute to the realization of a sustainable society. To promote the implementation of our sustainability initiatives, we have identified material issues (materiality) which have a large impact on the sustainability of society and of our business and which we should therefore give high priority. In identifying these material issues, we have taken into consideration the expectations and needs of stakeholders recognized by collaborating with them through our communications and cooperation, and therefore we will work appropriately to solve these issues.



(Note) 4S is the collective term for CS, IS, SS, and ES.

CS Customer Satisfaction 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.

Investor Satisfaction IS Our Responsibility to Shareholders

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

Materiality related to our business

Contribute to patients by exploring and developing new and valuable drugs that meet unmet medical needs

Contribute to patients by providing high-quality and valuable medical information to medical professionals

Assure the quality and ensure the safety of our products

Co-create with diverse partners with specialized functions in order to maximize the value we deliver to the medical field

Supply our products stably through our entire supply chain initiatives

Materiality related to our management foundation

Develop employees with high levels of expertise and provide them with growth opportunities

Cultivate a culture of implementing TORII's POLICY (Our Important Values)

Realize an environment in which each and every employee works enthusiastically

Corporate governance

Compliance

Corporate activities with environmental protection in mind

We maintain a high ethical standard regarding our corporate social responsibility through business activities that reflect the needs of society.

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

SS Social Satisfaction Our Responsibility to Society

Employee Satisfaction ES Our Responsibility to Employees

Materiality

As below, we have linked the material issues (materiality) that we must address in line with the Basic Policy on Sustainability with our business strategies and the major initiatives in our Medium-Term Management Plan.

Links between materiality and business strategies, major initiatives of the Medium-Term Management Plan, etc., and the overview of major promotion measures

	Materiality	Business strategies, major initiatives of the Medium-Term Management Plan, etc.	Overview of major promotion measures
Materiality related to our business	① Contribute to patients by providing high-quality and valuable medical information to medical professionals	[Business strategy] Create a framework for maximizing product value Spread, cultivate, and maximize the value of new drugs in the growth phase	<ul style="list-style-type: none"> Strengthen our system and capability for providing and collecting information on our pharmaceutical products Utilization of digital technology
	② Contribute to patients by exploring and developing new and valuable drugs that meet unmet medical needs	[Business strategy] Enhance in-licensed activities	<ul style="list-style-type: none"> Initiatives to enhance in-licensed activities Promote new drug development
	③ Co-create with diverse partners with specialized functions in order to maximize the value we deliver to the medical field	VISION2030 (our business model): Focus on core functions × collaboration with companies specializing in each function	<ul style="list-style-type: none"> Continue and upgrade the initiatives in each division of focusing on core functions × collaborating with companies specializing in each function
	④ Supply our products stably through our entire supply chain initiatives	[Foundation for business operation] Improve and strengthen stable supply systems	<ul style="list-style-type: none"> Strengthen the CEDARCURE production system Appropriate supply and demand management Establish a commercial production system for developed drugs
	⑤ Assure the quality and ensure the safety of our products	[Foundation for business operation] Compliance with pharmaceutical regulations and quality assurance	<ul style="list-style-type: none"> Respond to various revisions in pharmaceutical regulations Implementation based on schedule for developed drugs and in-licensed drugs
Materiality related to our management foundation	⑥ Corporate activities with environmental protection in mind	Environmental response	<ul style="list-style-type: none"> Formulate and promote the environmental action plan
	⑦ Develop employees with high levels of expertise and provide them with growth opportunities	Education and training/human resource development	<ul style="list-style-type: none"> Company-wide training, job-specific training Career development support Self-improvement support
	⑧ Cultivate a culture of implementing TORII's POLICY (Our Important Values)	Corporate culture reform	<ul style="list-style-type: none"> Understanding and dissemination of the corporate philosophy system Conduct corporate culture reform working groups
	⑨ Realize an environment in which each and every employee works enthusiastically	Maintenance of human resource systems in line with management strategies and work-style reforms	<ul style="list-style-type: none"> Improve human resource systems Initiatives to promote the active participation of women and support the development of the next generation Promote of health and productivity management
	⑩ Compliance	[Foundation for business operation] Reinforce compliance	<ul style="list-style-type: none"> Compliance with various laws and regulations Compliance with industry rules
	⑪ Corporate governance	Enhance corporate governance	<ul style="list-style-type: none"> Enhance information disclosure Action to implement management that is conscious of cost of capital and stock price Transition to a company with an Audit and Supervisory Committee Established the Nomination and Compensation Advisory Committee

CS

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

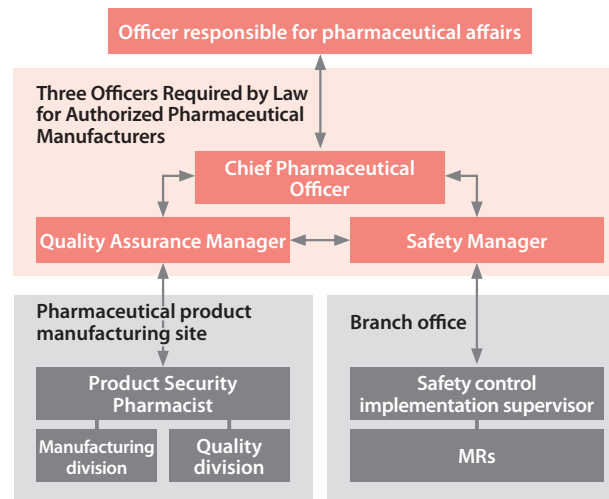
- ① We are attentive to the opinions and requests of customers and actively strive to improve the quality of our products.
- ② We work closely with manufacturing sites to maintain a constant supply of products with stable quality.
- ③ We bring together our knowledge and experience to carry out quality 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, the Company 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 as necessary, reflecting information from medical institutions and patients as well as the industry guidelines. Moreover, aiming for even better packaging for our individual product boxes, we are making improvements as necessary in line with industry and other guidelines.

Our Responsibility to Customers

■ 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 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 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.

Our Responsibility to Customers

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.

Customer Support Education

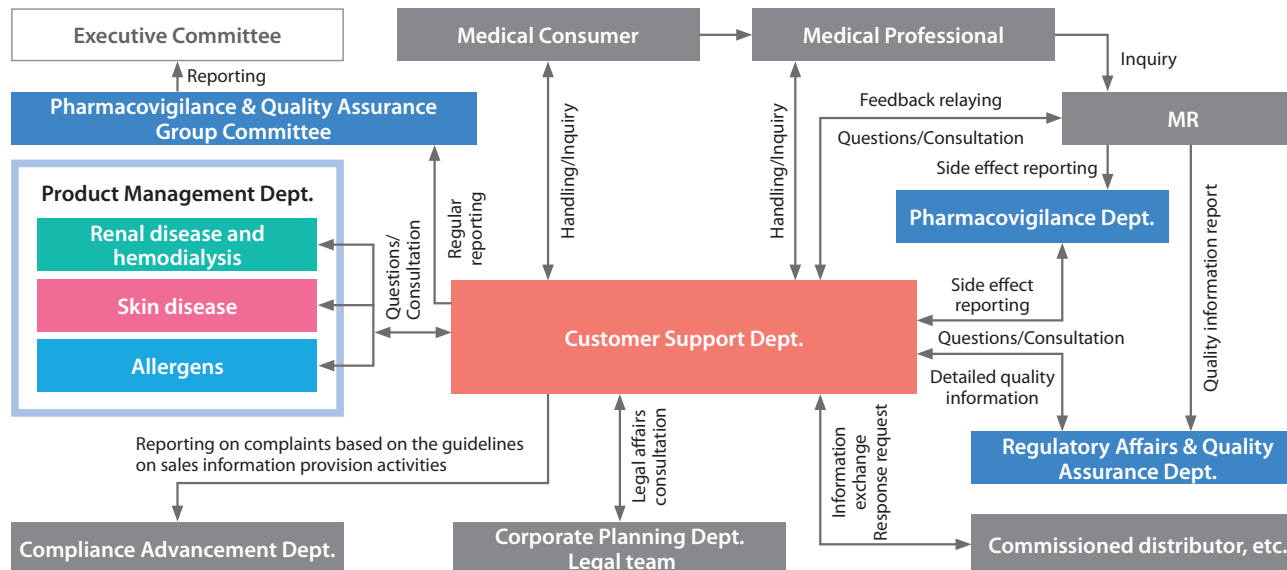
We participate in external training related to customer service both inside and outside the pharmaceutical industry, to ensure that each and every customer is treated with integrity. Staff members who deal with customers are trained using the same continually updated materials as are used by MRs, and 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

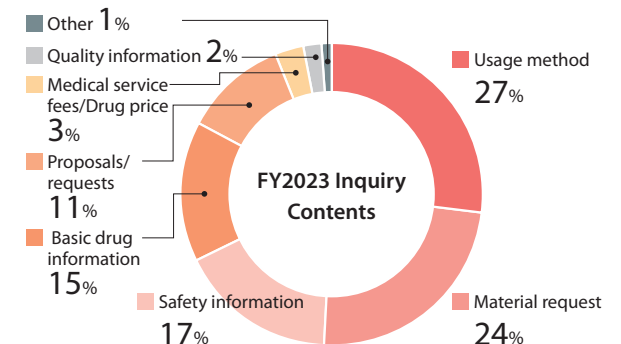
The "Health Information" section of our website provides health-related information such as information regarding disease mechanisms and symptoms. We have created websites such as "Touseki no Kayumi (Dialysis Pruritus).jp" and "Torii-san's Allergen Immunotherapy Navigation," through which we provide 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 "Kichinto 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.

System for Sharing Information within the Company



For details,
please refer to:

<https://www.tousekinokayumi.jp/>
<https://www.torii-alg.jp/> (Japanese only)



IS Our Responsibility to Shareholders

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

Initiatives for Enhancement of Corporate Value

Our PBR has been less than 1.0x since FY2019, and has also remained in the 0.8 to 0.9x range in FY2023. There are various reasons as to why our PBR remains less than 1.0x. For example, our

ROE continues to be at a low level of around 3%. In addition, investors and shareholders are unsure of our growth strategies, highlighting the need for more clear and convincing explanations. Moreover, because we are a listed subsidiary, our corporate governance requires even further enhancements.

In line with the above, we have set the following targets to further enhance our corporate value, and are currently implementing various initiatives to meet them.

Furthermore, to address the above issues, we are also working to further reinforce our communication with the capital markets.

Targets for enhancement of corporate value

▶ Achieve the targets of Medium-/Long-Term Business Vision “VISION2030”

- Net sales: over ¥80.0 billion
- Operating income: operating income comes within the range of breaking the all-time high in 2032

▶ Achieve ROE of 8% or higher in 2030 or as soon as possible thereafter

- Specific ROE target and timeline for its achievement will be disclosed once sufficient progress has been made in intensive business investment, allowing for a clearer outlook on mid- to long-term growth.

▶ Achieve a DOE level that compares favorably with that of other companies within the same industry (currently approx. 3.5%), while focusing on sales and profit growth through business investment

- Specific timeline for its achievement will be disclosed once sufficient progress has been made in intensive business investment, allowing for a clearer outlook on mid- to long-term growth.

Initiatives for enhancement of corporate value

▶ Realize what the Medium-/Long-Term Business Vision “VISION2030” aims for

- Focus on “maximizing the value of existing products and developed products” and “obtaining new in-licensed drugs.”
- To this end, implement ¥40.0 billion in intensive business investments by 2027

▶ Improve ROE

- Aim for steady improvement of ROE through increases in sales and profit
- Following the period of intensive business investments through to 2027, we believe ROE will improve in line with the following factors
 - The market launch of developed products will lead to the start of amortization of previously capitalized upfront licensing payments and the reduction of shareholders’ equity
 - Market launch of developed products as core products will lead to an increase in sales and profit

(Although we will conduct intensive business investments in the period up to 2027, some upfront in-licensing payments and milestone payments in line with development progress will be capitalized, rather than recording them as costs. As such, in-licensing process will not directly result in a reduction of shareholders’ equity, and amortization will begin after the product is launched. Furthermore, it will take a certain amount of time to achieve sufficient sales and profit after market launch. Therefore, we anticipate that gradual improvements in ROE will begin from 2028 onwards)

▶ Enhance corporate governance

- Under the new Board of Directors structure since transitioning to a company with an Audit and Supervisory Committee, we will continue to ensure independence from controlling shareholders and protect minority shareholders, while simultaneously improving corporate value by incorporating more diverse values into management

▶ Shareholder returns See P25 for more on initiatives for shareholder returns

Our Responsibility to Shareholders

Shareholder returns

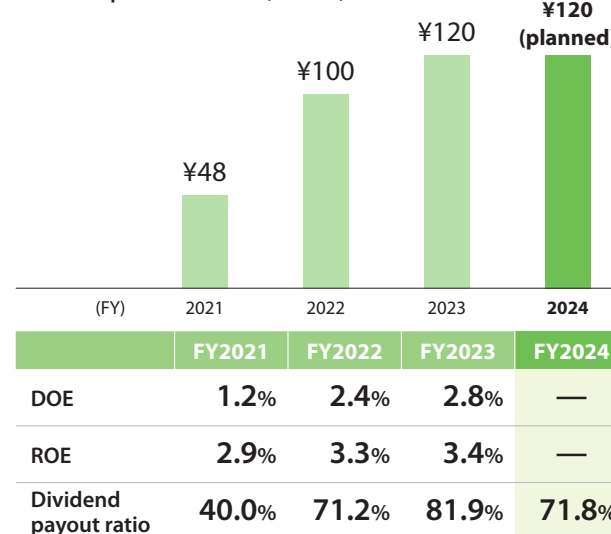
Torii recognizes that generating appropriate shareholder returns is the key issue of management. Our basic policy on shareholder returns is to provide continuous and stable dividends. In addition, we recognize that meeting shareholder expectations also requires enhancing our medium-/long-term corporate value through business investment. Based on this understanding, we will prioritize the use of funds in hand for business investments to continuously increase sales and profit, with the aim of enhancing our medium- to long-term corporate value with a focus on capital costs. Moreover, regarding the repurchase of treasury stock, we will consider whether or not to implement and their scale, comprehensively taking into consideration the business environment and the progress of investments, etc.

With regard to shareholder return indicators, we believe it is appropriate to use dividend on equity ratio (DOE) which is based on shareholders' equity, rather than using dividend payout ratio which is impacted by net income, in light of our business characteristics in which R&D investments can drastically impact our profits. Going forward, we aim to achieve a DOE level that compares favorably with that of other companies within the same industry (currently around 3.5%), while focusing on sales and profit growth through business investment. However, as a certain amount of time is required for licensed products to reach market launch, and several years are typically needed post-launch for them to generate sufficient sales and profit as a core product, we believe it will be challenging to reduce shareholders' equity and increase profit in the short term. Although drastic improvements in DOE will take at least around five years, we will continue to provide continuous and stable dividends in line with our basic policy. Specific timeline for DOE achievement will be disclosed once sufficient progress has been made in intensive business investment, allowing for a clearer outlook on mid- to long-term growth.

Regarding appropriation of surplus for FY2023, based on the fact that the probability of future growth has increased in our medium-/long-term financial forecasts, as a result of progress in major initiatives in FY2023 toward the Medium-Term Management Plan 2023-2025, such as favorable progress in promoting new drug development (filed application for approval of manufacturing and sales of JTE-061, top-line results of TO-208 Phase III clinical study) and acquisition of two new in-licensed drugs (NAC- GED-0507, GRAZAX), we increased the annual dividend by ¥20 from FY2022, bringing it to ¥120 per share. In line with our concept to enhancing shareholder returns.

For FY2024, in accordance with the policy and concept above, we plan to pay an annual dividend of ¥120 per share.

Dividend per share trend (annual)



Communication with capital markets

We recognize the importance of dialogue with investors and shareholders, and we will continue to enhance communication by improving opportunities for dialogue and methods of information dissemination moving forward.

In FY2023, we held 53 meetings with our investors and shareholders, which was 13 more compared to FY2022. Looking ahead, to ensure we can engage in constructive dialogue with as many investors and shareholders as possible, we will aim to further increase our opportunities for communication. The details of these conversations with investors and shareholders are regularly reported to the Directors via the departments in charge, and the information is used in initiatives for enhancement of corporate value.

Moreover, aiming to enhance our methods of communication with investors and shareholders, we are increasing opportunities for dialogue with Directors including Outside Directors, publishing an integrated report, continuing regular financial briefings, creating easy-to-understand disclosure materials, among other measures.

For details,
please refer to: ▶

https://www.torii.co.jp/company/pdf/2024_cg_h_k.pdf (Japanese only)

SS

Our Responsibility to Society

We maintain a high ethical standard regarding our corporate social responsibility through business activities that reflect the needs of society.

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

- 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.
- 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.
- While promoting resource saving and energy saving and endeavoring to realize a low carbon society, we strive to reduce waste and facilitate recycling.
- 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.
- We actively collaborate on company-wide social contribution activities in addition to engaging in the social contribution activities of our own departments.
- We also strive to take action concerning environmental issues and endeavor to make social contributions in our private lives.

Environmental Action Plan

 Achieved  Unachieved

Item	FY2023 Environmental Action Plan	FY2023 Results	Evaluation	FY2024 Environmental Action Plan
Greenhouse gas emissions reductions	Head office FY2023 target: 335t-CO₂ or less Main measures <ul style="list-style-type: none"> Review usage of energy-saving equipment, lighting, etc. Continue and review implementing Cool Biz and Warm Biz energy-saving initiatives Enhance employees' awareness about environmental protection 	FY2023 result: 344t-CO₂ Measures implemented <ul style="list-style-type: none"> Reviewed usage of energy-saving equipment, lighting, etc. Implemented Cool Biz and Warm Biz throughout the year Enhanced employees' awareness about environmental protection 		FY2024 target: 344t-CO₂ or less Main measures <ul style="list-style-type: none"> Renew energy-saving equipment, review usage of lighting, etc. Enhance employees' awareness about environmental protection Examine introduction of renewable energy
	Sales vehicles FY2023 target: 956t-CO₂ or less Main measures <ul style="list-style-type: none"> Continue selecting fuel-efficient vehicles such as hybrids Continue promotion of eco-drive awareness and education activities Continue introduction of telematics to reduce fuel consumption by minimizing sudden start, sudden braking, etc. 	FY2023 result: 931t-CO₂ Measures implemented <ul style="list-style-type: none"> Introduced 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. 		FY2024 target: 1,000t-CO₂ or less Main measures <ul style="list-style-type: none"> Continue selecting environmentally friendly vehicles such as hybrids Examine introduction of EVs Continue promotion of eco-drive awareness and education activities Continue introduction of telematics to reduce fuel consumption by minimizing sudden braking, etc.
Maintain/increase waste recycling rate	Head office FY2023 target: 98% or above Main measures <ul style="list-style-type: none"> Continue to consign disposal to industrial waste processors with high recycling rates and continue monitoring of industrial waste processors Strengthen initiatives for paperless operation 	FY2023 result: 98.6% Measures implemented <ul style="list-style-type: none"> Continue to consign disposal to industrial waste processors with high recycling rates and continue monitoring of industrial waste processors Strengthen initiatives for paperless operation 		FY2024 target: 98% or above Main measures <ul style="list-style-type: none"> Monitor industrial waste processors Strengthen initiatives for paperless operation Strengthen recycling of paper documents

Our Responsibility to Society

Overview of Business Activities and Their Environmental Impacts (Head Office / Branch Offices)



Climate Change Initiatives

In addition to implementing initiatives on sustainability based on the 4S MODEL, we have identified "Corporate activities with environmental protection in mind" as one materiality, and are implementing appropriate responses to address relevant challenges.

To further examine the impact that climate change could have on our business in line with the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD), following discussions among management, we set up an examination and preparation team in FY2023. We are currently moving forward with these examinations while sharing our understanding of the background of the TCFD recommendations and the necessity and importance of scenario analyses.

In FY2024, we began defining the scenarios related to the transition to a decarbonized society and the progression of climate change, assessing the impacts they could have on our business, and examining the necessary countermeasures. We are also aiming for information disclosure related to the four elements which are key to corporate management and operation, namely Governance, Strategy, Risk Management, and Metrics and Targets, by the end of FY2024.

Internal Awareness-Raising Education

To enhance understanding on environmental issues, we have conducted an environmental e-learning program for all employees. In a post-program awareness survey, 97% or more employees responded that their understanding of environmental issues had improved. Going forward, to continue implementing corporate activities with environmental protection in mind, we will further proceed with activities aimed at improving understanding of environmental issues.

Social Contribution Activities

In collaboration with the Japanese Red Cross Tokyo Metropolitan Blood Center, we have continued to host blood donation events since 1971. In FY2023, we held two blood donation events in the grounds of our head office building, and numerous local residents attended in addition to our employees.

Moreover, we also host sales stalls for bread and other products, with the cooperation of a social welfare corporation managed by a municipal lifestyle support facility for people with intellectual disabilities in Chuo-ku, Tokyo. These sales events were held three times in our head office lobby during FY2023.

Going forward, we will continue to support the creation of opportunities for people to flourish in cooperation with our local communities.

ES

Our Responsibility to Employees

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

Human Capital

See P11 for more on the background and strategies of human capital initiatives

Acquisition of Required Human Resources For Executing Business Strategies

While looking at the quantity and quality of the human resources required for us to execute our medium-/long-term business strategies, we visualize the aspects that we are currently lacking, and recruit, develop, and assign human resources to address the gap between the current situation and the plan. In doing so, we are improving our working environment so that we can acquire human resources with advanced expertise in a stable manner.

Logical Development of Medical Representatives (MRs) Over the Medium-/Long-term

In line with our medium-/long-term business plans, we have logically identified a set of expertise and skills, as well as their required levels, that we require our MRs to possess in order for us to execute our business strategies. Based on them, we create a roadmap for developing such personnel in a systematic manner. We are regularly checking on the results and issues of these development activities, and reviewing the process annually to further enhance the effectiveness of the development program. In this manner, we are developing MRs with high levels of expertise who can engage in high-value information provision and collection activities.

Maintenance of Human Resource Systems in Line with Management Strategies

To realize VISION2030 and promote the sustainable growth of both our employees and the company, we are examining the direction for revising our human resources systems to promote the improvement of employees' expertise and ensure more role- and results-based treatment than ever before. We are aiming to create systems that promote the growth of our employees by indicating their expected roles and levels more appropriately, and creating more variation in their assessment and treatment.

Support for Self-Directed Career Development

At Torii, we provide support for employees to develop their careers in a self-directed manner. Through promoting self-understanding and understanding of organizations and duties, as well as providing opportunities for training programs on an application basis, we support employees in creating and achieving self-directed career plans. We also offer position- and topic-specific training, life planning training, distance learning, and e-learning. Furthermore, we also promote systematic human resource development of organizations and work to match it with self-directed career development of individuals.

Improvement of Environments for Diverse Human Resources to Thrive

An environment where diverse human resources can thrive is essential for us to co-create value with diverse organizations and individuals inside and outside the Company. As such, we are working to improve our working environment so that diverse individuals can thrive, regardless of their gender, background (new graduate hire or mid-career hire), or other personal attributes, or their individual circumstances, such as whether they are raising children or providing nursery care. Our indicators and results for the above initiatives are as follows.

Indicators	FY2023 (FY2022)	
Percentage of female employees in management positions*	9.8%	(10.6%)
Percentage of female employees in all employees	23.7%	(22.7%)

*Target: 11% or above

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. 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.

Acquisition of the Kurumin Certification

As individuals' values diversify and the environment continuously changes, as one part of our initiatives to improve working environments to enable each and every employee to work enthusiastically, we have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Advancement of Measures to Support Raising Next-Generation Children. Having achieved the targets we set out in an action plan spanning between April 1, 2019 and March 31, 2022, and meeting other certification criteria, we acquired the Kurumin Certification from the Minister of Health, Labour and Welfare as a company with outstanding support for childcare.



Our Responsibility to Employees

Corporate Culture Reform

In addition to respecting a diverse range of values, we have formulated TORII's POLICY as our important values as we aim to fulfill our corporate philosophy, Torii Pharmaceutical's Purpose, and we are working to share and implement these values. Every year, we conduct a corporate culture reform survey that measures factors including the degree of implementation of TORII's POLICY. In addition to gauging employees' level of understanding and implementation, we examine and implement improvement measures in line with any issues we discover. In this manner, we

ensure the consistent implementation of TORII's POLICY among both individuals and organizations, and aim to improve systems and develop human resources that will realize Torii Pharmaceutical's Purpose.

Implement Health and Productivity Management

For both the company and its employees to grow in a sustainable manner, it is essential to ensure that each and every employee is in good physical and psychological health, and to create environments in which they can work enthusiastically. Based on our

Health Declaration, we are implementing measures to maintain and promote employee health (including measures to reduce absenteeism and presenteeism). Through these measures, we are aiming to prevent future workforce losses and improve work engagement, and to realize environments where each and every employee can work enthusiastically. Our indicators and results for the above initiatives are as follows.

Indicators	FY2023 (FY2022)	
Percentage of taking annual paid leave*1	79.6%	(79.3%)
Average number of days of*1,*2	16.4 days	(16.3 days)
Average overtime per month	15.2 hours	(17.1 hours)

*1: Results for April 2023 to March 2024 *2: Target: more than 14 days

Furthermore, we were recognized under the 2024 Certified KENKO Investment for Health Outstanding Organizations Recognition Program (Large Enterprise Category) as part of a program jointly run by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi to certify large enterprises implementing outstanding health management measures.



Cultivation of Corporate Culture

To cultivate a corporate culture that will enable us to realize Torii Pharmaceutical's Purpose, we are providing opportunities for dialogue between executives and employees, as well as cross-departmental initiatives for employees to take the lead in solving issues.

In terms of dialogue between executives and employees, since 2022 we have held public hearing from executives for employees for all executives and employees to participate in. We continue to hold public hearing from executives for employees today. Furthermore, since 2023 we have held President-employee dialogue sessions, which is held with the aim of allowing the President and employees to communicate directly in small groups. As part of these sessions, the President visits each department in the head office, and each of the nationwide branches and offices. Participants in these sessions have commented that hearing directly from the President about the thoughts incorporated in the corporate philosophy has improved their awareness of and sympathy for the corporate philosophy. As a result, employee satisfaction has improved.

For cross-departmental initiatives in which employees take the lead in solving issues, we have continued to hold corporate culture reform working groups since 2021. Multiple employee representatives from each region comprise the key members of the working groups, several of which are set up at the head office and different branches. Each working group independently formulates and implements measures to enhance the corporate culture, operation improvements, and employee fulfillment at their respective workplaces. Members of these working groups regularly interact, and cooperate with other departments and worksites depending on the issue to work on solutions. The predecessor to these working groups was a project that formulated the important values in TORII's POLICY, and as such, the working groups have been positioned as a platform to implement TORII's POLICY.



President-employee dialogue sessions



Corporate culture reform working groups

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.