

Promoting materiality

Following discussion and review by the Sustainability Committee and further discussion by the Board of Directors, the Group finalized key measures to be implemented in each area of materiality and KPIs to be achieved by fiscal

2026. The measures and KPIs were disclosed in May 2021. Directors were also assigned to each project to lead the implementation of the various measures and achieve the targets.

Materiality	Key measures	KPIs [Targets for fiscal 2026]	Related SDGs
<p>1. Contribute to local healthcare CSV issue (S)</p> <p><Project leader> Miya Oishi (Managing Director, In charge of Dispensing Pharmacy Operating Management)</p>	<p>We will surely fulfill the roles requested and expected of pharmacies to realize the proper use of medicines, and take the initiative in creating new mechanisms required by society.</p>	<ul style="list-style-type: none"> •Number of certified pharmacies*¹ [All pharmacies have obtained one of the following certifications: Specialized medical institution coordination pharmacy Community coordination pharmacy] •Number of health support pharmacies*² [Secure certification for more than 50% of pharmacies] •Number of home-based services [All pharmacies to conduct at least 24 cases per year] 	
	<p>Contribute to the sustainability of the social security system by controlling medical costs through efficient pharmaceutical usage and healthcare provision.</p>	<ul style="list-style-type: none"> •Number of primary care pharmacists [Deploy primary care pharmacists to all pharmacies] •Generic drug usage rate [Maintain usage rate at 85% or higher at all pharmacies] 	
	<p>Protect the lives and health of employees and ensure the continued provision of pharmaceuticals and healthcare services, even during natural disasters, pandemics and other major events.</p>	<ul style="list-style-type: none"> •Continually improve BCP and strengthen execution capabilities [Achieve 100% response rate for safety verification drills*³] •Ratio of disaster base hospital pharmacies with emergency stockpiles [Ensure all pharmacies supporting disaster base hospitals have stockpiles] 	

Strengthening ESG

Materiality	Key measures	KPIs [Targets for fiscal 2026]	Related SDGs
2. Provide beauty and happiness CSV issue (S) <Project leader> Kaori Ishikawa (Executive Officer, Division Manager of Cosmetic and Drug Store Operating Management Division)	Open stores with product ranges aligned with retail trends, consumer needs and local areas to empower people through beauty.	<ul style="list-style-type: none"> •Use app to connect with users and offer more buying opportunities [Official app Number of active users 1 million/month Number of page views 1.5 million/month] 	
	Develop innovative and original products that help customers create their own unique lifestyles.	<ul style="list-style-type: none"> •Number of manufactured clean beauty*4 private brand products [50% of manufactured products] 	
3. Safety, peace of mind and trust Business process issue (S) <Project leader> Miya Oishi (Managing Director, in charge of Dispensing Pharmacy Operating Management)	Continually improve quality assurance and safety management systems to reinforce product quality and safety.	<ul style="list-style-type: none"> •Internal audit performance [Number of issues raised in pharmacy chain: 0] [All cosmetic & drug stores with outstanding ratings*5] 	
	Identify and reduce greenhouse gas emissions.	<ul style="list-style-type: none"> •Build processes to ascertain the Group's greenhouse gas emissions [— Develop reduction plan after emission volume has been ascertained] 	
4. Protect the environment and reduce environmental impact Business process issue (E) <Project leader> Hideki Fujiwara (Senior Executive Officer, Division Manager of Operational Support)	Protect the environment by reducing industrial waste.	<ul style="list-style-type: none"> •Pharmaceutical disposal rate [Disposal rate of less than 0.02%] 	
	Implement human rights initiatives.	<ul style="list-style-type: none"> •Formulate human rights declaration [Disclose human rights declaration] •Develop awareness checklist and set benchmarks for test rate and correct answer rate [Test rate: 100%, correct answer rate: 100%] 	
5. Ensure sound management base Management structure issue (G) <Project leaders> Toshihide Mizushima (Representative Senior Managing Director, in charge of Operating Management, Operational Support and Information Technology); Miya Oishi (Managing Director, in charge of Dispensing Pharmacy Operating Management); Rieko Kimei (Director, in charge of Personnel Department); Hideki Fujiwara (Senior Executive Officer, Division Manager of Operational Support); Toshiya Wada (Executive Officer, Division Manager of Digital Promotion); Koji Nozawa (Executive Officer, Division Manager of Corporate Planning)	Promote diversity and inclusion by hiring diverse personnel and efficiently deploying human resources.	<ul style="list-style-type: none"> •Kurumin / Platinum Kurumin certification*6 and Eruboshi / Platinum Eruboshi certification*7 [Maintain Platinum Kurumin, Platinum Eruboshi certification, etc.] •Female manager ratio [Female manager ratio: 40%] •Disclose LGBT declaration 	
	Step up efforts to improve employee health.	<ul style="list-style-type: none"> •Address all items needed to receive outstanding health and productivity management organization certification*8 [Secure certification (White 500)] 	
	Reinforce systems to protect corporate information assets and increase system security; also establish regulations and standards and overhaul the management framework to ensure secure system operation.	<ul style="list-style-type: none"> •Number of security incidents [Major security incidents: 0] 	
	Deepen engagement with various stakeholders and continually reinforce board oversight functions.	<ul style="list-style-type: none"> •Board of Directors evaluation points [At least 4 or 5 points for all categories] •Number of outside directors [At least two-fifths of board] •Number of female directors [At least one-third of board] 	
6. Cooperate with local communities and businesses Local community / partner cooperation issue (S/E) <Project leaders> Toshihide Mizushima (Representative Senior Managing Director, In charge of Operating Management, Operational Support and Information Technology); Miya Oishi (Managing Director, in charge of Dispensing Pharmacy Operating Management)	Contribute to society through wellness activities and other initiatives to build mutually beneficial partnerships with local communities.	<ul style="list-style-type: none"> • Number of community events held [At least four each year at all pharmacies] 	
	Promote sustainability across the entire supply chain by implementing CSR procurement.	<ul style="list-style-type: none"> •Develop CSR procurement guidelines, raise awareness and implement [Disclose CSR procurement guidelines] [Hold briefings for companies in supply chain and monitor implementation] 	
	Work with pharmaceutical wholesalers to build systems that reduce environmental impact.	<ul style="list-style-type: none"> •Number of pharmaceutical deliveries at participating pharmacies [Implement at 500 pharmacies] [Reduce CO2 emissions from deliveries by 75% by cutting number of deliveries] [Reduce delivery inspection time by 75% by cutting number of deliveries] 	

*1 Certified pharmacies (specialized medical institution coordination pharmacy / community coordination pharmacy): A new function-based pharmacy certification system starting in August 2021 as part of revisions to the Pharmaceuticals and Medical Devices Act.

*2 Health support pharmacies: Pharmacies that meet certain standards set out by the Minister of Health, Labour and Welfare; pharmacies with basic primary care pharmacists and functions that also actively help people in the local community to independently maintain and improve their health.

*3 Safety verification drills: Training to confirm the safety of employees and their families and safe conditions at pharmacies/stores as a matter of priority and to assess support systems to ensure the continued viability of medical service provision.

*4 Clean beauty: Beauty items that contain (i) ingredients that are kind on the body and skin (mild formulas), and (ii) natural or naturally derived ingredients (organic) and environmental ingredients (eco-friendly, cruelty-free).

*5 Outstanding stores: Stores with three or fewer categories flagged in internal audits.

*6 Kurumin / Platinum Kurumin certification: A certification system developed by the Ministry of Health, Labour and Welfare based on the Act for Measures to Support

the Development of the Next Generation; companies with general employer action plans that meet certain standards with respect to progress versus targets are certified as Parenting Support Companies. Kurumin-certified companies that implement more far-reaching initiatives receive special Platinum status from the Minister of Health, Labour and Welfare.

*7 Eruboshi / Platinum Eruboshi certification: A certification system developed by the Ministry of Health, Labour and Welfare based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace; companies that meet certain standards with respect to supporting women's participation and career advancement in the workplace receive Eruboshi certification as outstanding companies. Eruboshi-certified companies that implement more far-reaching initiatives receive special Platinum status.

*8 Outstanding health and productivity management organization: A program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi recognizing outstanding companies in health and productivity management. The top 500 large enterprises for health and productivity management are included in the White 500.

Reducing environmental impact with new pharmaceutical distribution model

Materiality area 6:
Cooperate with local communities and businesses



We started building a new pharmaceutical distribution model in 2020. Drawing on inventory optimization controls from our pharmacy-led project to improve efficiency, we are working with wholesalers to significantly reduce CO₂ emissions by minimizing delivery operations. Protecting the global environment is our priority, but we are also rolling out the model nationwide to boost operational efficiencies, which will improve employee productivity and reduce costs.



Certified as outstanding health and productivity management organization

Materiality area 5:
Ensure sound management base



On March 4, 2021, the AIN Group received certification as an Outstanding Health and Productivity Management Organization 2021 under a program administered by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi that recognizes leading companies in health and productivity management.

Health and productivity management involves strategically supporting the health of employees and other stakeholders from a management perspective, while the Outstanding Health and Productivity Management Organization system recognizes large enterprises and SMEs that take a particularly advanced approach to health and productivity management, such as implementing initiatives that tackle health issues in local communities or that support Nippon Kenko Kaigi's health improvement initiatives.



Empowering female employees

Materiality area 5:
Ensure sound management base



The AIN Group has a large number of female employees, accounting for 81% of the total workforce (as of end-April 2021). We have put in place systems to help female employees continue their careers with the AIN Group during changes in their lives, such as childbirth and parenting. From May 2020, we also introduced a new system that allows full-time employees to choose their working hours. They can select one of three options – 32 hours or 40 hours per week, or another schedule of their choice – giving them the flexibility to balance work commitments with parenting, nursing care or other family duties. With work practices becoming increasingly diverse, the system also allows employees to choose what time they work to suit their lifestyles. We aim to increase the ratio of female managers to 40% by fiscal 2026, and we will continue to actively help women advance their careers in the AIN Group.



Fiscal 2021 data	
Maternity leave:	351 employees
Childcare leave:	640 employees
Reduced working hours for childcare:	875 employees
Female manager ratio	32.6%

Response to the COVID-19 pandemic

Materiality area 1:
Contribute to local healthcare



Responding to the COVID-19 pandemic, we immediately secured logistics supply routes, sourced face masks, sanitizer and other medical materials to protect our employees in the workplace and adapted dispensing pharmacy environments to ensure the continued provision of healthcare services. As the outbreak spread and shortages of medical materials emerged, we donated face masks to medical institutions nationwide and procured items for Sapporo City as part of its Civic Corporate Partnership Program.