

REINFORCING THE MANAGEMENT BASE

Materiality Initiatives (Progress vs. KPIs)

In May 2021, to promote sustainability management, the AIN Group disclosed key initiatives, KPIs and fiscal 2026 targets (year ending April 30, 2026) in each area of materiality. Officers were also assigned to each project to lead the roll out of measures to achieve the targets. In this section, we provide an update of progress with these materiality initiatives.

Materiality	Key measures	KPI Targets for fiscal 2026	KPI Outcomes in fiscal 2022	Related SDGs
1. Contribute to local healthcare CSV issue S <Project leader> Miya Oishi Managing Director, Division Manager of Dispensing Pharmacy Operating Management	We will 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. Contribute to the sustainability of the social security system by controlling medical costs through efficient pharmaceutical usage and healthcare provision. 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.	Number of certified pharmacies*1 All pharmacies have obtained one of the following certifications <ul style="list-style-type: none"> 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 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 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	Specialized medical institution coordination pharmacies: 18 Community coordination pharmacies: 178 Health support pharmacies: 126 Conducted at 67.9% of pharmacies Deployed primary care pharmacists to 85.4% of pharmacies Maintained usage rate at 57.9% of pharmacies Achieved 96.0% response rate Completed registration of company vehicles exempt from traffic rules in event of emergency	
2. Provide beauty and happiness CSV issue S <Project leader> Kaori Ishikawa Executive Officer, Division Manager of Cosmetic and Drug Store Operating Management	Open stores with product ranges aligned with retail trends, consumer needs and local areas to empower people through beauty. Develop innovative and original products that help customers create their own unique lifestyles.	Use app to connect with users and offer more buying opportunities Official app <ul style="list-style-type: none"> Number of active users 1 million / month Number of page views 1.5 million / month Number of manufactured clean beauty** private brand products 50% of manufactured products	Number of active users 330 thousand / month Number of page views 560 thousand / month 5.4% of manufactured products	
3. Safety, peace of mind and trust Business process issue S <Project leader> Miya Oishi Managing Director, Division Manager of Dispensing Pharmacy Operating Management	Continually improve quality assurance and safety management systems to reinforce product quality and safety.	Internal audit performance Number of issues raised in pharmacy chain: 0 All cosmetic & drug stores with outstanding ratings*5	Issues raised at 57.0% of pharmacies 64.0% of cosmetic & drug stores with outstanding ratings*5	
4. Protect the environment and reduce environmental impact Business process issue E <Project leader> Hideki Fujiwara Senior Executive Officer, Division Manager of Operational Support	Identify and reduce greenhouse gas emissions. Protect the environment by reducing industrial waste.	Build processes to ascertain the Group's greenhouse gas emissions Reduce Scope 1 and 2 CO ₂ (GHG) emissions by 30%*6 *Set as vision for fiscal 2031 Pharmaceutical disposal rate Disposal rate of less than 0.02%	CO ₂ (GHG) emissions Scope 1 and 2 21,000 t-CO ₂ Scope 3 684,500 t-CO ₂ Disposal rate of 0.05%	

Materiality	Key measures	KPI Targets for fiscal 2026	KPI Outcomes in fiscal 2022	Related SDGs
5. Ensure sound management base Management structure issue G <Project leaders>*10 Toshihide Mizushima Representative Senior Managing Director, in charge of Operating Management, Operational Support and Digital Promotion Miya Oishi Managing Director, Division Manager of Dispensing Pharmacy Operating Management Rieko Kimei Director, Division Manager of Personnel 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	Implement human rights initiatives. Promote diversity and inclusion by hiring diverse personnel and efficiently deploying human resources. Step up efforts to improve employee health. 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. Deepen engagement with various stakeholders and continually reinforce board oversight functions.	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% Kurumin / Platinum Kurumin certification*7 and Eruboshi / Platinum Eruboshi certification*8 Maintain Platinum Kurumin, Platinum Eruboshi certification, etc. Female manager ratio Female manager ratio: 40% Disclose LGBT declaration Address all items needed to receive outstanding health and productivity management organization certification*9 Secure certification (White 500) Number of security incidents Major security incidents: 0 Board of Directors evaluation points At least 4 or 5 points for all categories Ratio of outside directors At least two-fifths of board Ratio of female directors At least one-third of board	Formulated and disclosed the AIN Group Human Rights Policy in December 2021 Test rate: 98.0%, correct answer rate: 91.8% On track to receive Platinum Kurumin certification in fiscal 2024 Female manager ratio: 34% Rules on personal appearance unified for men and women Awarded certification as an Outstanding Health and Productivity Management Organization (large enterprise category) in March 2022 Major security incidents: 0 4 or 5 points for all categories Ratio of outside directors one third of board (4 out of 12 members) Ratio of female directors one quarter of board (3 out of 12 members)	
6. Cooperate with local communities and businesses Local community / partner cooperation issue S E <Project leaders>*10 Toshihide Mizushima Representative Senior Managing Director, in charge of Operating Management, Operational Support and Digital Promotion Miya Oishi Managing Director, Division Manager of Dispensing Pharmacy Operating Management	Contribute to society through wellness activities and other initiatives to build mutually beneficial partnerships with local communities. Promote sustainability across the entire supply chain by implementing CSR procurement. Work with pharmaceutical wholesalers to build systems that reduce environmental impact.	Number of community events held At least four each year at all pharmacies Develop CSR procurement guidelines, raise awareness and implement Disclose CSR procurement guidelines Hold briefings for companies in supply chain and monitor implementation Number of pharmaceutical deliveries at participating pharmacies Implement at 500 pharmacies Reduce CO ₂ emissions from deliveries by 75% by cutting number of deliveries Reduce delivery inspection time by 75% by cutting number of deliveries	Held 278 events nationwide Formulated draft CSR procurement policy and guidelines Implemented at 49 pharmacies Reduce CO ₂ 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 started 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. The rate of reduction is based on emissions in fiscal 2022.
 *7. 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.
 *8. 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.
 *9. 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.
 *10. Project leader assigned to each initiative.