Materiality Initiatives (Progress vs. KPIs)

In May 2021, to promote sustainability management, the AIN Group disclosed key initiatives, KPIs and targets for the fiscal 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.

Materiality	Key measures	KPI	Targets for the fiscal year ending April 2026	Reports for the fiscal year ended April 2023
1. Contribute to local healthcare Operate pharmacies that contribute to healthcare that treats and supports people throughout the local community <Project leader> Susumu Watanabe Senior Executive Officer, Deputy Division Manager of Dispensing Pharmacy Operations 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.	■ Number of certified pharmacies*1 • Specialized medical institution coordination pharmacy • Community coordination pharmacy ■ Number of health support pharmacies*2 ■ Number of home-based services	■ All pharmacies to obtain either one of the two certifications ■ More than 50% of pharmacies to be certified as health support pharmacies ■ All pharmacies to conduct at least 24 cases per year	■ Specialized medical institution coordination pharmacies: 23 Community coordination pharmacies: 468 ■ Health support pharmacies: 171 ■ Conducted at 85.2% of pharmacies
	Contribute to the sustainability of the social security system by controlling medical costs through efficient pharmaceutical usage and healthcare provision.	■ Number of primary care pharmacists ■ Generic drug usage rate	■ Deploy primary care pharmacists to all pharmacies ■ Maintain usage rate at 85% or higher at all pharmacies	■ Deployed primary care pharmacists to 86.2% of pharmacies ■ Maintained usage rate at 70.8% of pharmacies
	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.	■ Continually improve BCP and strengthen execution capabilities ■ Ratio of disaster base hospital pharmacies with emergency stockpiles	■ Achieve 100% response rate for safety verification drills*3 ■ Ensure all pharmacies supporting disaster base hospitals have stockpiles	■ 95.8% *Conducted in March 2023 [Created evacuation training manual (stores and head office divisions)] [Conducted evacuation training in all pharmacies]
2. Provide beauty and happiness Provide beauty and happiness for people to enjoy every day of their lives in modern society <Project leader> Tamami Maki Executive Officer, Division Manager of Cosmetic and Drug Store Business of AIN PHARMACIEZ INC.	Open stores with product ranges aligned with retail trends, consumer needs and local areas to empower people through beauty.	■ Use app to connect with users and offer more buying opportunities	■ Official AINZ & TULPE app • Number of active users1 million / month • Number of page views1.5 million / month	■ Official AINZ & TULPE app • Number of active users 331 thousand / month • Number of page views 585 thousand / month
	Develop innovative and original products that help customers create their own unique lifestyles.	■ Number of manufactured clean beauty*4 original brand products	■ 50% of manufactured products	■ 4.6%
3. Safety, peace of mind and trust Deliver safety, peace of mind, and trust through our day-to-day operations <Project leader> Susumu Watanabe Senior Executive Officer, Deputy Division Manager of Dispensing Pharmacy Operations 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*5: 0 ■ All stores*5 with outstanding ratings*5	■ Issues raised at 52.2% of pharmacies ■ 70.0% of stores with outstanding ratings
4. Protect the environment and reduce environmental impact Contribute to environmental protection and reducing environmental impact <Project leader> Hideki Fujiwara Senior Executive Officer, Division Manager of Operational Support	Identify and reduce greenhouse gas emissions.	■ Build processes to ascertain the Group's greenhouse gas emissions	■ <2030 Targets> Scope 1 and 2*6 CO_2 emissions Reduction rate of 30% compared to the reference year (fiscal year ending April 2022)	■ Scope 1: 1.1 (t-CO_2, thousand) Scope 2: 18.0 (t-CO_2, thousand) Scope 3: 667.9 (t-CO_2, thousand) ■ Reduction rate • Total: 9.0% • Emissions per unit of production*7: 19.4%
	Protect the environment by reducing industrial waste.	■ Pharmaceutical disposal rate	■ Disposal rate of less than 0.02%	■ 0.06%

Materiality	Key measures	KPI	Targets for the fiscal year ending April 2026	Reports for the fiscal year ended April 2023
5. Ensure sound management base Reinforce sound management base <Project leader> Toshihide Mizushima Representative Senior Managing Director, in charge of Operations Management, Operational Support and Digital Promotion Rieko Kimei Director, Division Manager of Personnel Hideki Fujiwara Senior Executive Officer, Division Manager of Operational Support Toshiya Wada Senior Executive Officer, Division Manager of Digital Promotion	Implement human rights initiatives.	■ Formulate human rights policy ■ Develop awareness checklist*8 and set benchmarks for test rate and correct answer rate	■ Disclose human rights policy ■ Test rate: 100% Correct answer rate: 100%	■ Formulated and disclosed the human rights policy in December 2021 ■ 98.2% 87.7%
	Promote diversity and inclusion by hiring diverse personnel and effectively deploying human resources.	■ Kurumin / Platinum Kurumin certification*9 and Eruboshi / Platinum Eruboshi certification*10 ■ Ratio of female managers*11 ■ Formulate LGBT declaration	■ Maintain Platinum Kurumin, Platinum Eruboshi certification, etc. ■ Female manager ratio: 40% ■ Disclose LGBT declaration	■ Received Kurumin certification / Platinum Kurumin certification / received Eruboshi certification (third level) ■ 35.9% Internal rules on personal appearance unified for men and women
	Step up efforts to improve employee health.	■ All items needed to receive outstanding health and productivity management organization certification*12	■ Secure certification (White 500*11)	■ Received certification as an Outstanding Health and Productivity Management Organization for 2023 (large enterprise category)
	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.	■ Number of security incidents	■ Major security incidents: 0	■ 1*13
	Deepen engagement with various stakeholders and continually reinforce board oversight functions.	■ Board of Directors evaluation points ■ Ratio of outside directors ■ Ratio of female directors	■ Board of Directors evaluation points At least 4 or 5 points for all categories ■ At least two-fifths of board ■ At least one-third of board	■ An average of 4.4 out of 5 points for all categories ■ One third of board (4 out of 12 members) ■ One quarter of board (3 out of 12 members) [Conducted employee engagement survey in August 2022]
6. Cooperate with local communities and businesses Promote the creation of a healthy society and the implementation sustainability activities together with local communities and the supply chain <Project leader> Toshihide Mizushima Representative Senior Managing Director, in charge of Operations Management, Operational Support and Digital Promotion Susumu Watanabe Senior Executive Officer, Deputy Division Manager of Dispensing Pharmacy Operations Management	Contribute to society through wellness activities and other initiatives to build mutually beneficial partnerships with local communities.	■ Number of community events held	■ At least four each year at all pharmacies	■ Held 275 community events
	Promote sustainability across the entire supply chain by implementing CSR procurement*14.	■ Formulate CSR Procurement Policy and Guidelines, raise awareness and implement them.	■ Disclose CSR Procurement Policy and Guidelines ■ Hold briefings for companies in supply chain and monitor implementation	■ Formulated and disclosed them in November 2022 ■ Held briefings for companies in supply chain in July 2023
	Work with pharmaceutical wholesalers to build systems that reduce environmental impact.	■ 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	■ Implemented at 49 pharmacies ■ Achieved reduction of CO_2 emissions by 75% ■ Achieved reduction of delivery inspection time by 75%

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

*5 All pharmacies: All pharmacies in the dispensing pharmacy business
All stores: Stores in the cosmetic and drug store business
Outstanding stores: Stores with three or fewer categories flagged in internal audits.

*6 Scope 1: Direct greenhouse gas emissions by an enterprise
Scope 2: Indirect emissions from electricity, heat, and steam provided by other companies

*7 Calculated in terms of Scope 1 + 2 emissions (t-CO_2) / consolidated net sales (¥100 million)

*8 Awareness checklist: A checklist administered to all Group officers and employees during sustainability training conducted once per year. We implemented tests under themes such as business education, compliance (corporate ethics), human rights, health of employees (health and productivity management), information security, the environment, etc.

*9 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.
Furthermore, Kurumin-certified companies that implement more far-reaching initiatives receive special Platinum status from the Minister of Health, Labour and Welfare.

*10 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 can receive special Platinum status.

*11 Managers: Persons in Subsection Chief, Pharmacy Manager, Store Manager, or higher level positions

*12 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.

*13 We discovered an occurrence of some personal information leakage due to an unauthorized access to a subsidiary's website. We are carrying out thorough measures to improve security and working as a Group to further enhance our monitoring system and prevent reoccurrences.
See the following page for details.
https://www.ainj.co.jp/corporate/assets/upload/news/20230105_newsrelease.pdf (Japanese only)

*14 CSR procurement: Responsible, socially- and environmentally-friendly procurement initiatives conducted by companies in collaboration with their suppliers (business partners and members of the supply chain)