

Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing

The Yakult Group operates its global business under the philosophy of “We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular”.

And we believe that only when everything on the planet is healthy, from water, soil, air, plants, animals and the societies woven together by people, can people live healthy lives.

We have established the [Yakult Group Environmental Vision](#), which aims “To realize a society where people and the planet coexist as one through a value chain that has zero environmental impact” and the [Yakult Group Human Rights Policy](#) to realize a responsible value chain in which all human rights are respected. In line with this vision and policy, we promote initiatives to address environmental and human rights issues in our supply chain.

We also recognize that the process of conducting business and the value chain may directly or indirectly affect the global environment and human rights and are committed to sustainable raw material procurement in accordance with the Yakult Group CSR Procurement Policy.

Basic policy to eliminate deforestation

In our raw material procurement activities, we are particularly aware of the importance of protecting forest ecosystems, and deforestation is closely linked to global issues related to the Yakult Group’s materiality such as climate change, water and supply chain management.

For raw materials such as palm oil and soy, there is a risk of deforestation within the supply chains, as well as risks associated with deforestation including water and soil pollution and biodiversity loss.

In addition, forests support the livelihoods of people living in and around them. We recognize that there is a risk of human rights abuses associated with deforestation for indigenous peoples and local communities, including the loss of places to live and livelihoods due to deforestation.

From this perspective, we regard deforestation as an important business risk/threat that needs to be addressed for the sustainability of the Yakult Group, which is supported by natural capital and local communities. Therefore, we hereby establish the 'Deforestation and Conversion Free (DCF) Commitment to Responsible Sourcing' (hereafter referred to as the Commitment) and aim to achieve zero deforestation in the supply chain for raw materials with a high-risk of deforestation.

Initiatives and Targets/KPIs

1. Scope

The Commitment covers all consolidated sites in Japan and overseas involved in the procurement of raw materials to produce food and beverages, pharmaceuticals and cosmetics for the Yakult Group. The Yakult Group also expects all suppliers involved in its products and services to support the Commitment, and requires suppliers to understand and cooperate with it, and to work together to achieve zero deforestation in the supply chain.

2. Responsible sourcing of raw materials with high-risk of deforestation

The Yakult Group aims to achieve zero deforestation in its supply chain by not sourcing raw materials from primary forests, High Conservation Value (HCV) areas, High Carbon Storage (HCS) areas and peatlands.

We identify **pulp and paper, palm oil, soy and dairy products** (e.g. skim milk powder) as raw materials with a high-risk of deforestation, set Targets and KPIs for their sustainable procurement, and promote responsible procurement in our supply chain.

*The quantitative targets and KPIs will be reviewed and updated as appropriate to improve ongoing efforts in the Commitment.

(1) Pulp and paper

We promote sustainable procurement by reducing the use of virgin materials in the Yakult Group's paper containers and packaging. We will also promote the switch to eco-friendly paper, such as FSC® certified paper, for various types of printing materials, office paper and sales promotion materials other than paper containers and packaging materials.

<Quantitative targets>

By the end of FY2025, 100% of paper and pulp procured for paper containers and packaging materials shall be internationally certified products such as FSC® or recycled paper.

(2) Palm oil

The Yakult Group supports the NDPE policy and promotes sustainable procurement of palm oil.

<Quantitative targets>

By the end of FY2025, 100% of palm oil procured shall be RSPO-certified (MB or above).

By the end of FY2030, we are to achieve 100% traceability of palm oil procured as a primary raw material back to the agricultural origin of its production.

(3) Soy

We promote sustainable procurement of the soybeans used by the Yakult Group.

<Quantitative targets>

By the end of FY2030, we are to achieve 100% traceability of soybean procured as a primary raw material back to the agricultural origin of its production.

*We will also consider the use of certified soy products, taking into account their availability.

(4) Dairy products (e.g. skim milk powder)

As dairy cattle feed may contain soy and other ingredients that carry a risk of deforestation, we monitor the traceability of skim milk powder, whole milk powder and other dairy products used by the Yakult Group, and promote sustainable procurement.

<Quantitative targets>

By the end of FY2030, we are committed to achieving 100% traceability back to the source, such as the dairy farmer, in collaboration with suppliers like dairy manufacturers.

3. Establishment of promotion structure

The content of initiatives based on the Commitment shall be deliberated and discussed by the CSR Promotion Committee headed by the director who holds the position of divisional general manager of the Management Support Division, and other bodies. All matters of import are to be reported to the Board of Directors.

The Yakult Group shall provide necessary education and ability development to its executives and employees to achieve the Commitment in our business activities and implement it with certainty.

4. Collaboration with suppliers

To achieve a deforestation-free supply chain, we shall work with suppliers and other stakeholders to promote initiatives such as the establishment of a traceability system for important raw materials.

We conduct a risk assessment of sustainable sourcing, including deforestation risks, by surveying our suppliers' initiatives through self-assessment questionnaires (SAQ) and international information sharing platforms on responsible sourcing on a regular basis, e.g. at least once a year.

We confirm the compliance status of our suppliers, and if any violations of laws and regulations or other areas requiring improvement are identified, we take remedial action and engagement, while setting a time bound action plan for improvement to be implemented.

5. Information disclosure

The Yakult Group will regularly disclose information on the progress and results of its efforts based on the Commitment, e.g. at least once a year, on its websites.

Established: March 22, 2023

*The definition of 'deforestation' in the Commitment is as follows.

- Conversion of natural forest, HCV and HCS areas to agriculture or non-forest land uses
- Conversion of natural forest, HCV and HCS areas to plantation forests
- Loss of natural forest, HCV and HCS areas due to severe and continuous degradation

[References]

H C V: HCV stands for High Conservation Value, which means that an area is valuable and of high conservation value, taking into account biodiversity, water conservation, culture, landscape, etc. *Details based on FSC[®] Principles and Criteria for Forest Stewardship Standard.

H C S: HCS stands for High Carbon Stock, meaning that the land contains high concentrations of organic matter and stores large amounts of carbon, including carbon dioxide, a greenhouse gas.

F S C[®]: FSC[®] stands for Forest Stewardship Council[®], an international, non-governmental organization that dedicated to promoting responsible management of the world' s forests.

NDPE: NDPE stands for No Deforestation, No Peat, No Exploitation and represents the policies and principles aiming for zero deforestation, zero peatland exploitation and no human rights abuses in the supply chain.

RSPO: RSPO stands for Roundtable on Sustainable Palm Oil, a non-profit organization made up of seven stakeholders in palm oil, with an international certification system for sustainable palm oil.