

Yakult

Yakult

CSR Report 2016



About This Report

Editorial policy

This *Yakult CSR Report 2016* summarizes the Yakult Group's corporate social responsibility (CSR) activities in fiscal 2015.

Yakult Honsha Co., Ltd. began publishing the *Yakult Environmental Report* in fiscal 2000 and subsequently expanded and upgraded the reported content in fiscal 2005 with the publication of the *Yakult Social & Environmental Report* and in fiscal 2015 with the publication of the *Yakult CSR Report*. We also expanded the scope of reporting from Yakult Honsha to the entire Yakult Group. In fiscal 2015, Yakult began systemizing its CSR activities based on ISO 26000 and newly formulated the CSR Action Plan in fiscal 2016. Accordingly, the *Yakult CSR Report 2016* has been edited with an awareness of the Seven Key Principles and Seven Core Subjects of ISO 26000 as in the previous fiscal year. In this report, we have included special features on "Health," "Local Communities" and the "Environment," which the Yakult Group regards as highly important. Concurrently, the report also includes concise descriptions of each stakeholder. Additionally, we have enhanced comparability by concretely listing various indicators that are expressed in numerical figures as part of efforts to create an easy-to-understand communication tool.

In the future as well, we will take a global perspective and further expand and upgrade the content of the CSR Report for the Yakult Group, which is contributing to the development of societies in each country and region.

Publishing date

October 2016
(Next version: October 2017)

Publishing format

Website only. We publish Japanese and English versions of this report.

Period

April 1, 2015 through March 31, 2016
This report includes some information pertaining to before or after the period.

Scope of data

All business sites of Yakult Honsha Co., Ltd. and a portion of the Yakult Group

References to the "Yakult Group" contained in this report include Yakult Honsha, domestic marketing companies, logistics companies and affiliated companies as well as overseas business sites.

Inquiries

CSR Promotion Department,
Public Relations Department, Yakult Honsha Co., Ltd.
1-19, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8660,
Japan
Telephone: +81-3-3574-8960
Fax: +81-3-3575-1636

Disclaimer

Please be advised that, with the exception of past factual matters, the contents in this report contain forward-looking statements regarding the future that include elements of uncertainty.

Contents

01	Overview of Yakult's Operations
02	Shirota-ism
04	Yakult's Business Operations
06	To Our Stakeholders

08	Special Feature 1: Health The Yakult Central Institute was reborn in April 2016 and remains committed to contributing to the health of people around the world.
10	Special Feature 2: Local Communities We are engaged in carefully crafted community-based activities.
12	Special Feature 3: Environment Our production activities place importance on the global environment and the local community.

14	Management of the Yakult Group
21	Together with Customers
24	Together with Local Communities
28	Together with Business Partners
29	Together with Shareholders
30	Together with Employees
36	Together with the Global Environment

47	Domestic Business Site Reports
48	History of Yakult CSR Activities
49	Third-Party Comments

Overview of Yakult's Operations

Corporate profile

Profile of Yakult Honsha (as of March 31, 2016)

Name: Yakult Honsha Co., Ltd.
 Address: 1-19 Higashi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8660, Japan
 Founded: April 9, 1955
 Businesses: Manufacturing and marketing of foodstuffs, pharmaceuticals, cosmetics and others
 Paid-in capital: ¥31,117 million
 Net sales: ¥178,821 million (non-consolidated)
 ¥390,412 million (consolidated)
 (as of fiscal year ended March 31, 2016)
 Business sites: 5 branches, 7 plants, 1 research institute, 10 medical branches, 13 logistics centers
 Number of employees: 2,872 (including 311 seconded employees and 167 contract employees)

Profile of Yakult Group

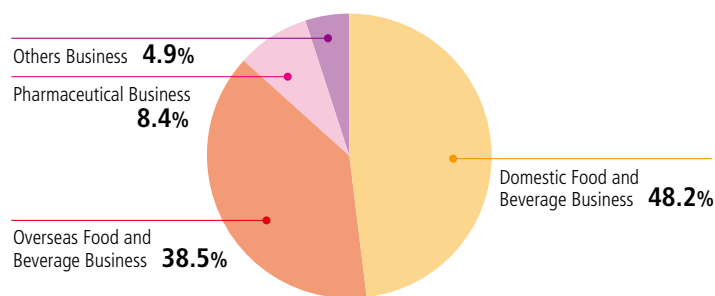
Japan (as of March 31, 2016)

Marketing companies: 103 companies
 Number of employees: 13,158
 Number of Yakult Ladies: 36,536
 Bottling companies: 5 companies
 Number of Yakult Beauty Advisors: 5,066
 Affiliated companies, etc.: 13 companies and 4 associations

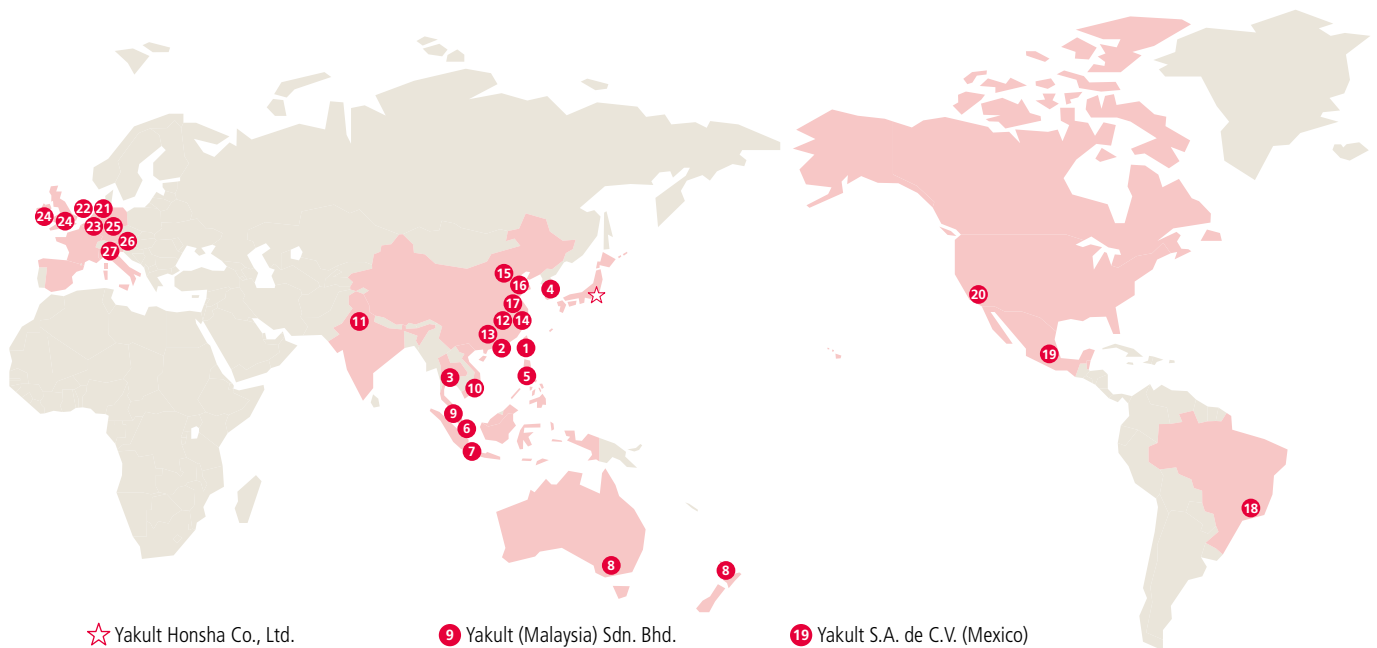
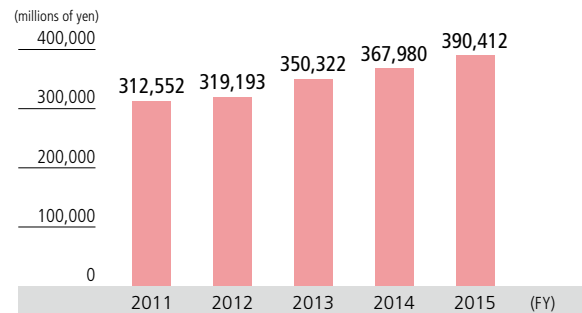
Overseas (as of December 31, 2015)

Business sites: 27 companies
 Number of employees: 19,611
 Number of Yakult Ladies: 44,848
 Marketing regions: 32 countries and regions

Sales structure by segment (consolidated)



Five-year overview of net sales (consolidated)



- ☆ Yakult Honsha Co., Ltd.
- ① Yakult Taiwan Co., Ltd.
- ② Hong Kong Yakult Co., Ltd.
- ③ Yakult (Thailand) Co., Ltd.
- ④ Korea Yakult Co., Ltd.
- ⑤ Yakult Philippines, Inc.
- ⑥ Yakult (Singapore) Pte., Ltd.
- ⑦ P.T. Yakult Indonesia Persada
- ⑧ Yakult Australia Pty. Ltd. (New Zealand Branch)

- ⑨ Yakult (Malaysia) Sdn. Bhd.
- ⑩ Yakult Vietnam Co., Ltd.
- ⑪ Yakult Danone India Pvt. Ltd.
- ⑫ Yakult (China) Corporation
- ⑬ Guangzhou Yakult Co., Ltd.
- ⑭ Shanghai Yakult Co., Ltd.
- ⑮ Beijing Yakult Co., Ltd.
- ⑯ Tianjin Yakult Co., Ltd.
- ⑰ Wuxi Yakult Co., Ltd.
- ⑱ Yakult S/A Ind. E Com. (Brazil)

- ⑲ Yakult S.A. de C.V. (Mexico)
- ⑳ Yakult U.S.A. Inc.
- ㉑ Yakult Europe B.V.
- ㉒ Yakult Nederland B.V.
- ㉓ Yakult Belgium N.V./S.A.
- ㉔ Yakult UK Ltd. (Ireland Branch)
- ㉕ Yakult Deutschland GmbH
- ㉖ Yakult Oesterreich GmbH
- ㉗ Yakult Italia S.R.L.

We will meet the expectations of society with “Shirota-ism” as our roots.

▶ Yakult’s roots: Shirota-ism

● Yakult’s beginnings

Yakult’s founder, Minoru Shirota, a Doctor of Medicine, began his medical studies in 1921 at Kyoto Imperial University (now Kyoto University). At the time, Japan had yet to achieve economic prosperity, and unsanitary conditions caused large numbers of children to die of infectious diseases.

Disturbed by that reality, Dr. Shirota, while still a medical student, set his sights on the field of preventive medicine, which aims to help people avoid sickness rather than treating diseases after they occur, and started down the path of microorganism research.

In his research, Dr. Shirota discovered that lactobacilli were effective in suppressing harmful bacteria within the intestines. He later became the first to successfully strengthen and culture a strain of lactobacilli, which is now known as *Lactobacillus casei* strain Shirota.

Dr. Shirota, together with volunteers, then developed an inexpensive, good-tasting beverage, so that as many people as possible could benefit from *Lactobacillus casei* strain Shirota, which reaches the intestines alive and promotes intestinal health. That is how the Yakult fermented milk drink was born in 1935.

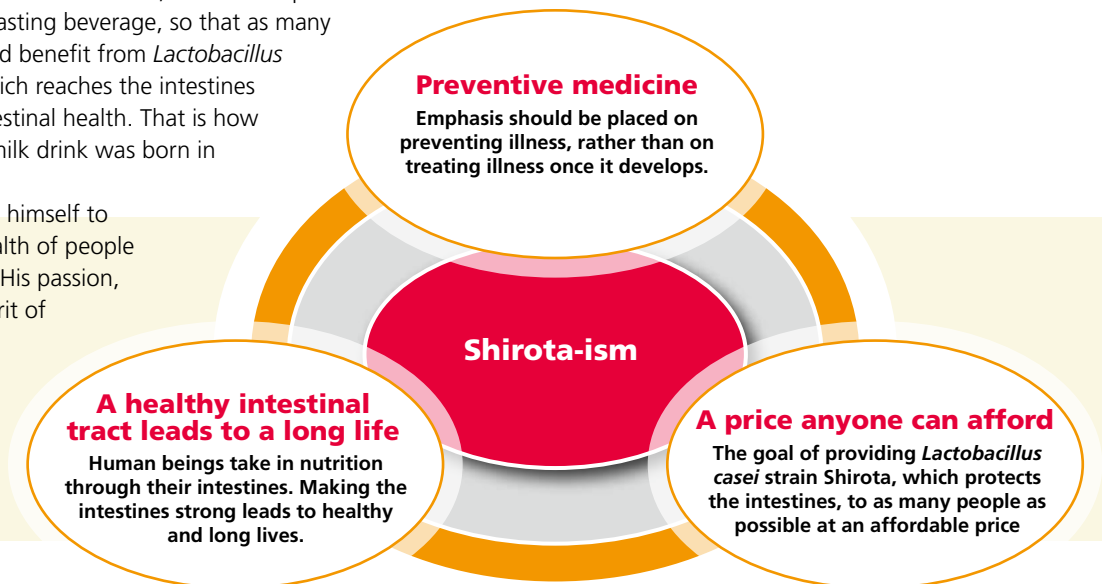
Dr. Shirota dedicated himself to helping protect the health of people throughout the world. His passion, ideas and relentless spirit of inquiry live on today.

● Shirota-ism—The root of our business

At Yakult, these ideas of Dr. Shirota are referred to as Shirota-ism and serve as the root of all of our business activities.



Yakult’s founder, Minoru Shirota, M.D. (1899-1982)



▶ The Yakult Group’s businesses activities and CSR



Research and Development

We develop products that contribute to the health of customers and provide these at prices anyone can afford.



Procurement

We procure raw materials that are safe and offer peace of mind through fair transactions.



Production

We use environmentally conscious methods to produce safe, high-quality products that offer peace of mind.

The Yakult Group’s CSR foundation = Shirota-ism,

● **Legacies**

We deliver our products personally to people at their homes and other locations. That approach, which puts our products directly into people’s hands, is rooted in Dr. Shirota’s principles, which emphasize propagation of the preventive medicine approach and the idea that a healthy intestinal tract leads to a long life, and stress sincerity and harmony among people. These concepts—“sincerity,” “harmony among people,” “honesty and kindness,” “caring enough to broaden acceptance” and “caring enough to make home deliveries”—have remained constant over the years and are still a touchstone for Yakult today.

● **With Shirota-ism at its heart, Yakult is gaining recognition throughout the world**

Yakult is developing its business based on its corporate philosophy. Expressed as, “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,” this philosophy is based on Shirota-ism.

Our corporate philosophy addresses everything from R&D to production, the delivery of good health to people throughout the world and contributions to the health of the planet and society.

Working in close cooperation with each other, our individual businesses have all fully inherited the concepts of Shirota-ism and are infused with the passionate desire to contribute to the health and happiness of people around the world. That desire has reached around the world, making Yakult a familiar name across the globe.

Moving forward, in order to maintain the trust we have earned throughout the world, we at Yakult will continue to honor Shirota-ism and the ideas it encompasses.

▶ **Importance of CSR**

Corporate Social Responsibility (CSR) is becoming increasingly important for being a company that is trusted by society.

CSR activities deepen relationships with customers, local communities, business partners and other stakeholders, help solve various social issues and play a key role in achieving growth to become a company whose continued existence and development are needed by society.

With Shirota-ism as its roots, the Yakult Group’s CSR activities respond to a host of contemporary social issues and have been expanded to include activities that lead to the creation of a healthy and livable society. Specific CSR activities include “Courtesy Visit Activities” by Yakult Ladies, health education through the dispatching of guest lecturers and holding of plant tours, and consideration of the environment for product containers and packaging as well as production and shipping processes.

Yakult Honsha established the Yakult CSR Action Plan in April 2016 to strengthen its CSR. Going forward, every person in each division, including research and development, procurement, production, logistics and marketing, will proactively undertake activities that contribute to business and local communities in keeping with Shirota-ism, our Corporate Philosophy, Basic Policy on CSR, the Yakult Ethical Principles and the Yakult CSR Action Plan. The flow diagram below shows the activities we value in each process.

▶ **Significance of publishing a CSR report**

This CSR Report systematically organizes the Yakult Group’s activities and allows us to confirm the results of our activities. The report also serves as a communication tool for earning recognition from society. In fiscal 2015, we distributed the CSR Report to all employees aimed at raising the awareness of employees. We will further evolve our CSR activities through dialogue with stakeholders as well as promote sincere communications to become a Group that meets the expectations of society.



Logistics

We deliver products using methods that consider both safety and the environment.



Sales

We contribute to the healthy lives of our customers through the delivery of our products.



Community

We contribute to the creation of a healthy, sound and secure society.

Yakult's Business Operations

We are expanding our operations to food and beverages such as fermented milk drinks, as well as cosmetics, pharmaceutical products and international business, with life science as our foundation.



International Business

Yakult's business expansion into overseas countries flowed naturally from a desire to fulfill Dr. Shirota's wish to "help protect the health of people throughout the world."

In 1964, Yakult Taiwan Co., Ltd. commenced operations, marking the start of Yakult's overseas business. *Yakult* is presently sold in 33 countries and regions spanning Japan and Asia, Oceania, the Americas and Europe. *Yakult* and our other popular dairy products are now consumed at a rate of 35 million bottles per day throughout the world.

Food and Beverage Business

In 1930, Dr. Shirota became the first in the world to successfully strengthen and culture a strain of lactobacilli, and in 1935, *Yakult*, a beverage containing *Lactobacillus casei* strain Shirota, was born. In 1963, the Yakult Lady home delivery system was launched throughout the country to disseminate the value of *Yakult*. Products in the Food and Beverage Business have been expanded from *Yakult* fermented milk drinks to *Joie* and other fermented milk products, and juice and other beverages such as *100% Juice*.



- Fermented milk drinks
- Fermented milk products

Life Science

Yakult Vision 2020

In January 2011, we drafted "Yakult Vision 2020," a long-term business management vision covering the 10-year period from fiscal 2011 through fiscal 2020.

Background of Yakult Vision 2020's formulation

Yakult formulated the long-term vision to share with its employees the company's aspired shape in 10 years and the directions it will pursue in the future, as well as to serve as a guidepost for responding to drastic changes in the business management environment.

The vision sets targets to be attained by 2020 in each of the three core business fields—food and beverages (both in Japan and overseas), pharmaceuticals and cosmetics—and Yakult will be striving to achieve dramatic growth as a global enterprise by making concerted companywide efforts to attain these targets.

Pharmaceutical Business

Since the founding of Yakult, Dr. Shirota focused not only on preventive medicine but also on therapeutic medicine. In 1956, Yakult commenced the development of pharmaceutical products that utilize the characteristics of lactobacilli and also began research on enzymes. In 1961, Yakult commenced the manufacture and sales of enzymes for pharmaceutical ingredients. Presently, we have expanded this business to the fields of ethical therapeutic drugs such as anti-cancer agents, quasi-drug products, medical devices and test reagents.



- Pharmaceutical products
- Ethical therapeutic drugs (anti-cancer agents, lactobacilli-based drugs, etc.)
- OTC drugs
- Medical devices
- Quasi-drug products

Cosmetics Business

Yakult's Cosmetics Business began with the discovery of the cosmetic efficacy of a fermented lactic acid bacteria extract by Dr. Shirota. In 1955, Yakult launched a skin lotion and a moisturizing cream and introduced the Yakult Beauty Advisor delivery system in 1970. Based on the concept of preserving the health of skin through life science, Yakult provides a variety of cosmetic products centering on basic skin-care products.



- Cosmetics products for women (basic skin-care products, other cosmetics)
- Hair-care products
- Body-care products

Life science serves as the foundation of Yakult's business. The passionate desire of our founder Dr. Shirota in pursuing the potentials of lactobacilli is being carried on today in the form of Shirota-ism (refer to page 2).

Qualitative goals

- Let's promote the idea that a healthy intestinal tract leads to a long life to as many people as possible on earth!
- Let's apply our unique combination of preventive medicine and therapeutic medicine to realize a healthy society!
- Let's offer satisfaction and happiness to our customers and ourselves by delivering the best technology with sincerity and gratitude!

Quantitative goals (Fiscal year 2020)

Number of bottles of dairy products sold worldwide:	36.5 million bottles per day
Consolidated net sales:	500.0 billion yen
Consolidated operating income:	50.0 billion yen

The Yakult Group is fulfilling its social responsibilities as a life science-based global company.

In fiscal 2015, the Yakult Group recorded an all-time high in average sales of dairy products per day, which amounted to 35 million bottles daily worldwide. The Company posted consolidated net sales of ¥390.4 billion, consolidated operating income of ¥40.0 billion and consolidated ordinary income of ¥50.6 billion, as each of these figures reached a record high for the third consecutive year.

We achieved these excellent results thanks to the support of our stakeholders, for which we are deeply grateful.

Going forward, we will raise corporate value by focusing on such areas as the creation of healthier lives through product development, manufacturing that is safe and offers peace of mind, the promotion of good health habits through Yakult Lady home deliveries and our contributions to local communities. By undertaking these initiatives, we aim to attain Yakult Vision 2020, the Yakult Group's long-term business management vision.

In the future, we will continue contributing to even healthier and happier lives through the pursuit of excellence in life science based on the key phrase “Yakult, dedicated to science.”

Yakult's business was born in 1935 and originated with the desire for people worldwide to achieve good health through Yakult.” As a result of implementing corporate activities based on Shirota-ism, which consists of the concepts of “preventive medicine,” “a healthy intestinal tract leads to a long life” and “a price anyone can afford,” Yakult products are currently enjoyed in 33 countries and regions around the world including Japan.

In 2015, the Yakult Group marked the 80th anniversary of its founding. Along with the completion of the new Yakult Central Institute, we have positioned 2016 as a “Science Year” and will pursue the theme “Yakult, dedicated to science.” The Yakult Central Institute will focus on undertaking basic research in the intestinal microbiota and probiotics fields as well as carry out applied research for products and safety-related research.

Each day our customers consume our food and beverages, take our pharmaceuticals and apply our cosmetics to their skin. On the basis of manufacturing products that are safe and offer peace of mind, Yakult will continue to focus on research and development and contribute to the health and happiness of people around the world.

Over 80,000 Yakult Ladies throughout the world contribute to the health of people and the creation of livable communities.

To contribute to the health of people around the world, the Yakult Group not only delivers a variety of products mainly through the Yakult Lady home delivery system but also carries out awareness-raising activities for establishing healthy living habits and undertakes regional contribution activities.

In Japan, approximately 37,000 Yakult Ladies deliver Yakult products to customers each day. We also proactively dispatch guest lecturers based on the theme of intestinal health and in fiscal 2015 more than



Corporate
Philosophy

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.

190,000 people attended these lectures. Moreover, Yakult Ladies are contributing to the creation of safe, secure and livable communities through “Courtesy Visit Activities,” in which they pay visits to more than 44,000 elderly persons living alone under an agreement with approximately 140 local governments and other institutions in Japan. In addition, Yakult Ladies are also participating in safety and crime prevention watches in cooperation with approximately 700 police departments and local governments nationwide. Furthermore, as one measure to support the employment of Yakult Ladies, we also operate in-house daycare centers at around 1,200 locations throughout Japan that take care of approximately 8,400 preschool age and younger children.

Overseas, Yakult undertakes its operations in 32 countries and regions and approximately 44,800 Yakult Ladies are delivering good health to customers, primarily in Asian countries. By carrying out its business activities, the Yakult Group provides employment opportunities to women in respective communities and promotes the spread and expansion of good health habits through the consumption of Yakult products while also raising awareness through health education activities and helping vitalize local communities.

We are undertaking CSR activities based on the ISO 26000 global standard.

In fiscal 2016, Yakult Honsha formulated the key themes of its CSR Action Plan and began promoting CSR activities in accordance with ISO 26000, the international standard for social responsibility.

From fiscal 2001, Yakult started promoting CSR initiatives based on the Yakult Environmental Action Plan and formulated the Basic Policy on CSR in fiscal 2012 in line with efforts to fulfill its social responsibilities as a company by achieving sustainable growth. Going forward, we will strengthen CSR activities across the entire Yakult Group with a deep awareness that we are a global company.

September 2016



Sumiya Hori

Sumiya Hori
Chairman and Representative
Director
Chief Executive Officer (CEO)



Takashige Negishi

**Takashige
Negishi**
President and Representative
Director
Chief Operating Officer (COO)

The Yakult Central Institute was reborn in April 2016 and remains committed to contributing to the health of people around the world.



The Yakult Central Institute is engaged in a variety of research activities based on Shirota-ism and the results of this research have been applied to foodstuffs, pharmaceuticals and cosmetics for the purposes of preventive medicine and health maintenance. In April 2016, the new Yakult Central Institute was completed with the facilities, organization and environment to drive evolution in and strengthen collaboration between core technologies. Here, we will further develop core technologies for intestinal microbiota and probiotics in a wide range of fields aimed at enhancing the health of people around the world.



Yakult Central Institute



Shirota Memorial Museum traces Shirota-ism, the origins of Yakult.

We research intestinal microbiota from the perspective of preventive medicine.

The human intestine is colonized by some 100 trillion bacteria, of which there are around 1,000 different types, with a total weight amounting to 1kg. In particular, a diverse array of intestinal bacteria inhabits the area from the lower section of the small intestine to the large intestine and is called intestinal flora since the clusters resemble flower gardens. It has been discovered that intestinal flora is closely related to lifestyle diseases and stress in addition to the health of the intestine and the development and maintenance of immunity.

Research into intestinal flora from the standpoint of preventive medicine is a major pillar of activities at the Yakult Central Institute. The institute has created an integrated database of the groups of intestinal bacteria for over 2,000 Japanese people using our proprietary intestinal flora analysis system known as YIF-SCAN® (Yakult Intestinal Flora SCAN). Research is also being conducted into the differences in the intestinal flora of people living in various cities in Asia and abnormalities in intestinal flora when ill. Going forward, we will focus on functional analysis of intestinal bacteria and contribute to the maintenance and enhancement of people's health the world over.



Intestinal flora analysis system YIF-SCAN®

Research into probiotics, the core of Shirota-ism

Probiotics* refer to live microorganisms that exert a beneficial effect on people by enhancing the balance of intestinal flora. Lactic acid bacteria, which work in the small intestine, and bifidobacteria, which work in the large intestine, are representative examples. Research using *Lactobacillus casei* strain Shirota, discovered by Dr. Minoru Shirota, and *Bifidobacterium breve* strain Yakult has consistently led the world in the field of probiotics.

* "Probiotics" is derived from the word "probiosis," which refers to symbiotic relationships between organisms.

We place an emphasis on research and assurance to ensure that products are safe and offer peace of mind.

Yakult provides foodstuffs, pharmaceuticals and cosmetics that customers place directly into their mouth or put directly onto their skin. The Yakult Central Institute incorporates facilities that specialize in research and assurance related to product safety and reliability. The Safety Research Department evaluates the safety of all materials and products and conducts research activities to ensure reliability from safety perspectives. The Analytical Science Department ensures the safety and reliability of products and supports research efforts using our proprietary measurement technologies. In addition, the Quality Assurance Unit has the duty of ensuring the credibility of various research data relating to the verification of safety and efficacy in product development from a third-party perspective.

Striving for harmonious coexistence with the environment and the local community as a research institute surrounded by forest and water

The Yakult Central Institute, positioned in a rich natural setting full of greenery and clear streams in Kunitachi City, Tokyo, conducts activities aimed at ensuring harmonious coexistence with the environment and the community. Such activities include installing solar panels, building a walkway around the premises, cleanup activities and supplying drinking water in times of disaster.



Collection of microorganisms such as lactic acid bacteria and bifidobacteria



Histopathological diagnosis



Cleanup activity



Letter of appreciation from Kunitachi City



A walkway created around the institute



We promote a global research strategy.



Hideyuki Shibata
 Manager
 International Science
 Management Section
 Research Management Center
 Yakult Central Institute

The International Science Management Section was newly established in response to the expansion of overseas business. My work involves supporting Yakult's overseas business and safe operations from a scientific perspective. In recent years, research into probiotics and intestinal bacteria has been taking off around the world, and with this in mind, we will promote a global research strategy that leverages Yakult's global business network.

We aim to further enhance research reliability.



Yoko Yokota
 Associate Senior Researcher
 Quality Assurance Unit
 Yakult Central Institute

The Quality Assurance Unit conducts activities to ensure the reliability of studies relating to the safety and efficacy of materials and products. We have become an independent entity at the new research institute in an effort to raise objectivity. As such, we aim to conduct operations with a stern eye at all times so that we can fulfill our responsibilities. Going forward, we will also strive to raise awareness for the purpose of further increasing the reliability of research activities and research data.

We are engaged in carefully crafted community-based activities.



Second grade students from Iwamizawa Minami Elementary School on a tour of the Iwamizawa Sales Center



How is Yakult made?

Why are Yakult containers shaped the way they are?

Saori Honma, Registered Dietician in the CS Promotion Section at Yakult Iwamizawa Sales Co., Ltd., answers the children's questions.

The Yakult Group not only supplies products but also conducts a wide range of activities for the health, safety and peace of mind of people in local communities centered on the Yakult Lady home delivery system. In this section, we introduce the corporate social responsibility (CSR) activities of Yakult Iwamizawa Sales Co., Ltd., a sales company in the Hokkaido region, and hear from the Director of a special elderly nursing home that requested a health-related lecture, as well as a teacher at an elementary school that took a tour of a Yakult sales center.

As a company understood and trusted by customers

Yakult Iwamizawa Sales, which is responsible for Iwamizawa City, Ebetsu City and Takikawa City in Hokkaido, conducts community-based CSR activities over a broad area, from a region gradually urbanizing as a commuter town of Sapporo to an agricultural region in the mountains.

"Instead of simply selling products, it's important to have the understanding of customers when they consume Yakult products in order to fulfill our corporate mission of contributing to the health and happiness of people. To achieve this, each and every employee will confidently and enthusiastically strive to disseminate the value of Yakult products while it is also necessary for our company and employees to be trusted by the local community," says Toshihiro Araki, President and Representative Director of Yakult Iwamizawa Sales.

Based on this philosophy, the company provides information that can be of benefit to people and their health by dispatching guest lecturers, holding health-related lectures and seminars, and giving tours of sales centers that include a tour of the workplace. In addition, Yakult Ladies visit elderly citizens living on their own to make sure they are safe as part of "Courtesy Visit Activities" and also participate in safety and crime prevention watches in cooperation with local government, police and fire departments to enhance the safety and peace of mind of the local community.



Toshihiro Araki
President and Representative Director
Yakult Iwamizawa Sales Co., Ltd.

VOICE

The creativity and attention they showed us ensured a meaningful tour.



Junya Fukui
Second Grade Teacher
Minami Elementary School
(Iwamizawa City, Hokkaido)

In our look at people working as part of our socio-environmental studies class, we took second grade students in our elementary school on a tour of a Yakult sales center. In addition to showing us the facilities, staff used slides and images to answer the children's questions and taught us about lactobacilli and the workings of the intestine. They were creative and attentive, which stimulated the children's interest, and that really impressed me.

Seeking to convey correct knowledge about health

We invite outside lecturers to give health-related seminars in the key regions of Iwamizawa, Ebetsu and Takigawa, with 2015 marking the seventh year of the program.

"We usually ask one expert to give the seminars in all of the regions, but in 2015 we had an expert from different medical institutions in each region give a talk on a topic in their specific field of expertise," explains Keita Araki, Director and General Manager of the Home Delivery Sales Department at Yakult Iwamizawa Sales. "Since the experts were well known to everyone in each region, the number of participants jumped to 381 in total for the three areas, well over previous years."

A health-related seminar on preventing dementia and ingesting/swallowing (Ebetsu City)



Keita Araki
 Director and General Manager
 Home Delivery Sales Department
 Yakult Iwamizawa Sales Co., Ltd.



Risa Matsumoto
 Registered Dietician
 CS Promotion Section
 Sales Department
 Yakult Iwamizawa Sales Co., Ltd.

Yakult Iwamizawa Sales hired two registered dieticians in 2013 to take charge of dispatching guest lecturers and health-related lectures that are given to a wide range of people, including high school students, neighborhood associations and elderly care facilities in addition to classes on intestinal health for children from daycare and kindergarten age to elementary school age.

"Each time I try to stand in the position of the people I'm going to address and come up with interesting content that suits them," says Risa Matsumoto, Registered Dietician in the CS Promotion Section at Yakult Iwamizawa Sales. "It's the best feeling when participants express their appreciation after a lecture. I make a point of visiting the school or facility before and after the lecture for meetings and follow-up, which helps to gradually strengthen bonds. I sometimes get introduced to a new place through word of mouth and often get asked to come back again, which gives me a tremendous sense of motivation."

Yakult Iwamizawa Sales also pours its energy into training and education so that employees and Yakult Ladies can provide correct information to customers and respond accurately to various queries. It aims to be a company that is trusted as a member of the local community.

I ask the staff about the health condition of people in the nursing home and recommend products that suit each person. They always give me words of encouragement and are very thoughtful, which is really uplifting. (Chieko Kawamata, Yakult Lady in charge of Special Elderly Nursing Home Kaoru-en)



Health-related lecture at Kaoru-en

VOICE

The simple explanation regarding health was well received by residents, their families and local people.



Kana Kamigori
 Director, Special Elderly Nursing Home Kaoru-en, Meiwakai Social Welfare Corporation

I wanted to use Yakult products for our program that aims to reduce the need of residents to wear diapers, which was the impetus for requesting a health-related lecture. The content was easy to understand and the lecturer explained things well, which earned the appreciation of the residents' families. Since then, we have asked for lecturers to come to training sessions we hold for people living nearby and in the region, which serves to enhance people's health alongside our efforts at the nursing home.

Our production activities place importance on the global environment and the local community.



Tianjin Plant, a manufacturing site with the latest equipment.

In the operation of its plants around the world, the Yakult Group places a focus on protecting the environment and building relationships of trust with stakeholders. In China, we started production at the Guangzhou Plant (Guangzhou Yakult Co., Ltd.) in 2002 and the Shanghai Plant (Shanghai Yakult Co., Ltd.) in 2006 and have expanded our sales coverage centered on the coastal areas of China. In this article, we introduce initiatives undertaken for the environment and the local community at the Tianjin Plant (Tianjin Yakult Co., Ltd.), which started production in 2011 as our third manufacturing site in China.

Complying with national environmental regulations and carrying out eco-friendly manufacturing

The Tianjin Plant, which is situated in the Tianjin Economic-Technological Development Area (TEDA), operates around the clock and produces approximately 3.5 million bottles of Yakult products per day. Companies operating businesses in TEDA are required to duly consider people's health and local ecosystems as well as reduce the impact of energy usage and waste on the environment in accordance with state regulations. The Tianjin Plant promotes energy conservation activities and the effective use of resources based on the corporate slogan "In order for people to be healthy everything around them must also be healthy."

Deploying various initiatives such as effective utilization of energy and resources and raising employee awareness

The Tianjin Plant has installed a natural gas boiler with excellent energy efficiency and implements meticulous operational control by monitoring the amount of steam consumed in the production line in order to reduce CO₂ emissions. The installation of a low-energy heat exchanger in the work area serves to both conserve energy and ensure a comfortable work environment. In addition, the plant has introduced highly efficient fluorescent lighting that realizes a 20% reduction in power compared with conventional fluorescent bulbs. In addition, regular patrols by management contribute to further power conservation.

In terms of effective resource utilization, the plant supplies backwash water generated in the treatment of water used for products to toilets inside the facility, which has led to the reuse of over 30% of wastewater. The plant also recycles the metal, cardboard, plastic and aluminum cap waste it generates. As part of their training, employees are taught to be conscious of making double-sided copies and using the backside of paper, which has helped reduce waste.



Natural gas boiler



Water treatment facility

Deepening communication with local residents and customers

The Tianjin Plant holds tours of the facility to ensure smooth communication with the local community and promote understanding of the Yakult Group among customers. A total of 18,355 people took part in the tours in 2015. The tours provide an insight into 5S activities (*seiri*: sort / *seiton*: set in order / *seiso*: shine / *seiketsu*: sanitize / *shitsuke*: sustain) for producing products that are safe and offer peace of mind. Some of the participants in the tour stated how impressed they were with the exceptional cleanliness of the plant.



Plant tour



Cleaning



Production line



Commuter bus

Creating a pleasant work environment and reducing environmental impact

The Tianjin Plant actively recruits people from outside TEDA as well. A dormitory has been set up for employees that come from far away and the plant runs a commuter bus. Employees have commented on how convenient it is to be able to walk from the dormitory to work and others on how grateful they are to have the commuter bus since they don't own a car. The Tianjin Plant is a firm supporter of the CO₂ reduction project being implemented by TEDA, and as part of such efforts, introduced the commuter bus.

VOICE

We can work with pride knowing that we always consider the environment.



Liang Wang
 Manager
 Molding Section
 Production Department
 Tianjin Yakult Co., Ltd.

We aim to contribute to the protection of the global environment by reducing unnecessary energy consumption in such areas as electricity and gas, reusing water and separating and recycling waste. We can work with pride if we always keep in mind that we are contributing to the global environment and the local community.

We focus on hygiene-related training for employees as a way to create safe and reliable manufacturing.



Lin Wang
 Deputy Manager
 Quality Control Section
 Production Department
 Tianjin Yakult Co., Ltd.

The Tianjin Plant is a young facility that started production five years ago and has over 300 employees, which has made hygiene-related training very important. We work hard to have customers who visit the plant consume Yakult products with peace of mind by showing them the way we work and our facility.

Management of the Yakult Group

We will achieve sustainable growth and fulfill our social responsibility as a company.

Basic Policy on CSR

We will implement corporate social responsibility (CSR) activities by generating tangible benefits in accordance with our corporate philosophy and realizing sustainable corporate growth. Specific CSR activities in accordance with this objective are articulated in our Basic Policy on CSR, which was formulated in April 2012.

Basic Policy on CSR
<p>All of us in the Yakult Group will strive through corporate activities based on our corporate philosophy to earn the trust of all the Group's stakeholders and promote mutually beneficial relationships with all stakeholders.</p>

By supporting efforts for all the Yakult Group units to undertake increasingly systematic social and environmental activities going forward, we will increase the clarity of Yakult's CSR management policies, and we will also appropriately disclose related information to stakeholders.

CSR Action Plan

From fiscal 2015, the Company has been systemizing and undertaking its CSR activities in accordance with ISO 26000, the international standard for social responsibility. In fiscal 2016, we formulated key themes for our CSR Action Plan in accordance with the core subjects of ISO 26000, and related departments are now planning specific targets based on this plan. We intend to announce specific contents and progress on our website and in this report.

Yakult CSR Action Plan

ISO 26000 Core Subjects	Key Themes
Organizational governance	Implement corporate governance
	Promote business in accordance with compliance
	Disclosure of corporate information and communication with society
Human rights	Thorough confidentiality
	Respect for personalities and human rights
Labour practices	Promote diversity
	Promote work-life balance
	Promote workplace safety and health
	Promote diversity
The environment	Promote active roles for women
	Realize a low-carbon society
	Effectively use resources
Fair operating practices	Preserve and utilize biodiversity
	Promote fair and sound business transactions
Consumer issues	Promote CSR procurement
	Customer-first principle
	Protect customer personal information
Community involvement and development	Provide safe and reliable products
	Respect for local cultures and customs
	Activities for solving local issues
	Promote social contribution activities
	Strengthen relations with local communities

CSR activities which domestic and overseas Yakult Group companies are promoting as a reference

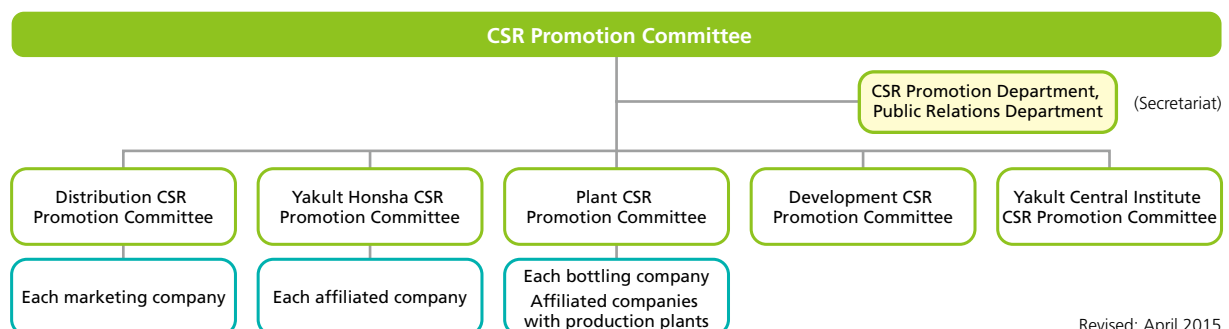
■ CSR Promotion Committee

We established the CSR Promotion Committee chaired by the director in charge of CSR. This committee discusses and monitors the state of progress of CSR promotion policies and promotion measures. When necessary, matters considered by this committee are brought up for discussion at the Executive Officers Committee.



CSR Promotion Committee

Yakult CSR Promotion Organization



Revised: April 2015

Compliance programs

The Company emphasizes compliance and recognizes that actively promoting compliance serves as the basis of its business activities and thus undertakes specific initiatives that also include Group companies.

■ Yakult Ethical Principles and Code of Conduct

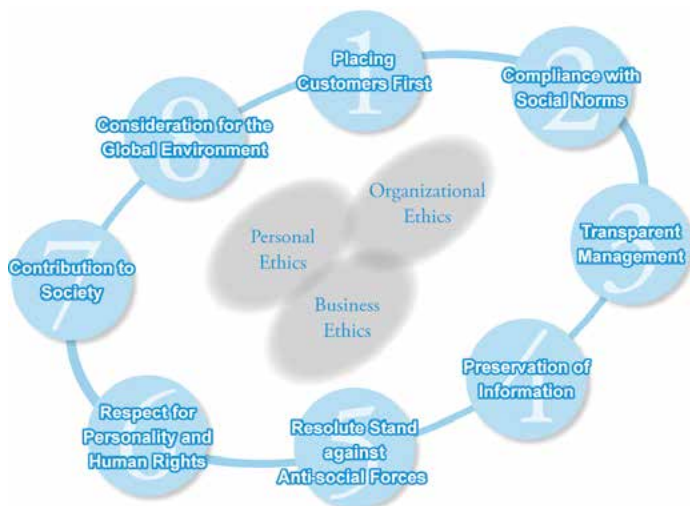
In 2000, Yakult instituted the Yakult Ethical Principles and Code of Conduct to serve as guidelines for proper corporate activities. Subsequently, we appended more specific conduct standards and concrete examples of such standards while making revisions as needed in accordance with changes in the times. Moreover, in 2007 the scope of application of the principles and code was expanded to include all Yakult Group companies.

Taking into consideration the changes in the environment surrounding companies, in 2013 we reviewed the contents of the principles and code and revised them to make these more readable and friendly with the aim of enhancing the effectiveness of compliance promotion.

A pocketbook including the Yakult Ethical Principles and Code of Conduct has been distributed to employees so that they can easily refer to them at any time during their day-to-day work when they need to confirm a particular decision-making process. The Yakult Ethical Principles and Code of Conduct are also posted on the Company's website.



Yakult Ethical Principles



■ Compliance promotion system

To create an organization for proactively and flexibly promoting internal compliance within Yakult Honsha, the Company has established its Compliance Promotion Team, which is composed of staff from four units, namely the Legal Department, General Affairs Department, Human Resources Department and Auditing Department. As an additional measure to strengthen the compliance promotion system, compliance managers have been appointed within each unit of Yakult Honsha and each Group company and given responsibility for checking to ensure that day-to-day operations are being properly implemented.

■ Training and learning activities

Yakult regularly organizes position-specific training programs related to compliance for groups of employees ranging from directors and managers to newly hired employees as well as training programs for such specialists as compliance managers. Besides this, we employ our internal LAN to provide all employees with e-learning courses on an ongoing basis.

Additionally, we prepare and distribute compliance handbooks as needed and utilize these in compliance training and education activities. In line with these efforts, we distribute the groupwide, common-use Compliance Guidebook, which explains the fundamentals of compliance, to all directors and employees as we strive to promote a wider understanding of compliance. Moreover, every year we designate a specific month as Compliance Emphasis Month and implement initiatives that raise awareness of compliance.

■ Compliance Committee

In 2000, Yakult established its Compliance Committee, which is composed of independent experts from outside the Company. The Compliance Committee regularly meets with directors of Yakult Honsha to discuss such themes as the financial situation and compliance promotion situation of each department. Members provide wide-ranging opinions and recommendations related to a broad range of corporate activities from the perspective of compliance, as well as confirm that there are no situations that were problematic in terms of compliance.

■ Corporate Ethics Committee

In 2002, Yakult established its Corporate Ethics Committee, which is primarily composed of independent experts from outside the Company. This committee convenes on a regular basis for the purpose of checking on the implementation status of the Company's corporate ethics activities (such as avoiding relationships with anti-social forces), and through confirmation by committee members the Company aims to maintain sound management.

■ Internal reporting system

In 2006, we set up the Yakult Compliance Hotline as an internal reporting system for quickly discovering and correcting any violations of laws during the execution of

Management of the Yakult Group

business. In operating this hotline, we have established internal and external (consulting law office) contacts and ensure the protection of whistleblowers through Internal Reporting Regulations that assure the confidentiality of reported information and prohibit the adverse treatment of whistleblowers.

Fundamental corporate governance policy

Yakult's fundamental corporate governance policy is to "devote thorough efforts to steady business development centered on core business operations and promote highly transparent management functions." We undertake management that emphasizes enhanced internal control functions beginning with the optimization of management organizations and decision-making. We believe that such management is important in implementing our corporate philosophy: "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."

Corporate governance system

On June 22, 2011, we introduced the executive officer system. This aims to strengthen the Board of Directors' decision-making functions and supervisory functions as well as clarify responsibilities, and it is increasing the efficiency of both kinds of functions. In addition, to promote effective management activities and accelerate decision-making, we have established the Management Policy Council, which includes Representative Directors, Divisional General Managers and Audit & Supervisory Board Members, and the Executive Officers Committee,

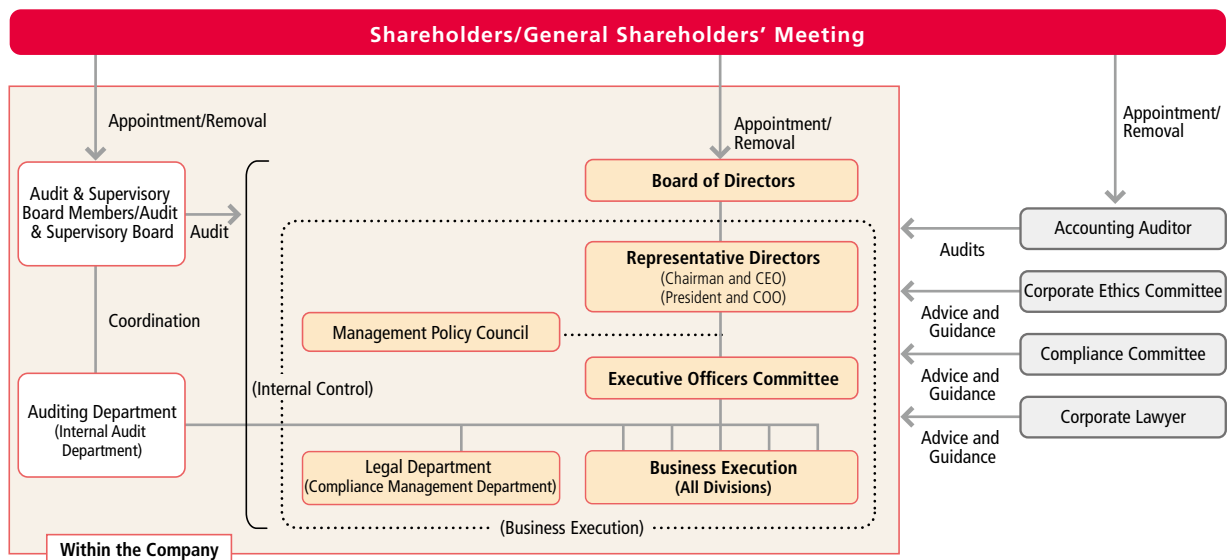
which includes Executive Officers and Audit & Supervisory Board Members. The Board of Directors is composed of 15 Directors (including four outside directors), and the Audit & Supervisory Board is composed of seven members (including five outside auditors, one of whom is a female auditor).

We will firmly respond to Japan's new Corporate Governance Code that was adopted in June 2015 and strive to further strengthen our governance.

■ Outside Directors

Outside Directors Ryuji Yasuda and Masayuki Fukuoka maintain objective standpoints independent from the Company's management team that executes business duties. Ryuji Yasuda provides pertinent advice regarding the overall management of the Company based on expert knowledge regarding business strategy that he has accumulated over the years in wide-ranging positions, including those of university professor, consultant and business manager. Masayuki Fukuoka provides objective views to the Company's management based on his expert knowledge and experience as a university professor specializing in political science studies. Outside Directors Bertrand Austruy and Filip Kegels are from our largest shareholder. Both provide appropriate advice from a broad perspective regarding overall management based on their wealth of overseas management experience. We appointed these persons as Outside Directors based on our judgment that through their experience we can strengthen the monitoring and surveillance of the execution of business and further strengthen and enhance our management structure.

Corporate governance framework



■ Auditing entities

Internal audits

Yakult has set up the Auditing Department as an organization reporting directly to the president to perform accounting audits and operational audits as well as internal control system audits that also cover affiliated companies in Japan and overseas. With a 14-person staff under the department general manager, this department currently handles internal auditing functions that include risk avoidance, implements internal audits covering the entire operations of each internal department and each affiliated company and provides specific advice and recommendations for improving operations.

Audit & Supervisory Board Member audits

Based on the audit policies and audit plans determined by the Audit & Supervisory Board, the seven Audit & Supervisory Board Members (including five outside auditors, one of whom is a female auditor) audit the operational execution situation of Directors and Executive Officers by attending meetings of the Board of Directors and other important meetings of the Company and examining documents related to decision-making and other matters. We have also secured a system for supporting Audit & Supervisory Board Member audits by deploying two full-time auditors possessing thorough knowledge of company operations and who can appropriately assist the work of the auditors.

External audits

The Company has appointed Deloitte Touche Tohmatsu to serve as the accounting auditor for the audit of its business accounts as required by law.

Approach to the environment

Yakult established organizational units focused on environmental protection measures in November 1991 and instituted its Groupwide Yakult Basic Policy on the Environment in June 1997. In accordance with the Environmental Philosophy and Guidelines for Activities within the Basic Policy on the Environment, we are promoting environmental protection activities throughout all our business fields.

In accordance with the Basic Policy on the Environment as indicated on the right, we have drafted new versions of the Yakult Environmental Action Plan at three-year intervals since fiscal 2001. Based on these plans, all the Yakult Group's research and development, manufacturing, marketing and office units have been moving ahead with environmental measures designed to reduce the Group's environmental impact.

Yakult Basic Policy on the Environment

Environmental Philosophy

Recognizing that environmental preservation and harmony with society are among the most important corporate management objectives, Yakult Honsha and all the Yakult Group business units will give due consideration to environmental preservation with regard to all types and aspects of its corporate activities.

Action Directives

1. To realize the measures determined by the CSR Promotion Committee within Yakult Honsha, all Yakult Group business units will work concertedly, proactively, and in a sustained manner to address environmental issues associated with business activities.
2. Each business unit will build environmental management systems and systematically work with the participation of all employees to realize the objective of reducing environmental impact and will also seek to realize sustained improvement in environmental performance by periodically checking the implementation of associated measures, auditing such measures, and reevaluating environmental activities.
3. Besides maintaining rigorous compliance with environment-related laws, regulations, and agreements, each business unit will autonomously set its own environmental standards, strive to further improve the level of its environmental management, and strive to eliminate environmental pollution risk factors before they become problematic.
4. In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impact.
 - (1) Efforts will be made to design containers and packaging based on due consideration of such objectives as reducing the volume of resource usage and waste products associated with containers and packaging, optimizing disposal, and promoting resource recycling.
 - (2) Regarding product manufacturing, efforts will be made to thoroughly prevent environmental pollution as well as to reduce emissions of waste products, greenhouse gases, and other problematic substances through resource and energy conservation measures. In addition, to promote the creation of a recycling-oriented society, efforts will be made to recycle waste products and utilize green purchasing methods.
 - (3) Regarding product distribution and marketing, efforts will be made to reduce environmental impact stemming from motor vehicles and other transportation equipment, recycle resources associated with product containers and packaging, and reuse marketing-related equipment and materials.
 - (4) All Yakult Group offices will strive to conserve resources and energy and thereby reduce their generation and emission of waste products, greenhouse gases, and other problematic substances. In addition, they will strive to recycle waste products and utilize green purchasing methods.
 - (5) Regarding research activities, efforts will be made to reduce environmental impact and to thoroughly manage substances with the potential for causing environmental pollution or safety hazards.
5. All employees will be thoroughly provided with environmental education, and efforts will be made to increase consciousness of environmental issues.
6. Information related to environmental activities will be appropriately disclosed, and efforts will be made to communicate effectively with society at large.
7. The Group will act as an exemplary corporate citizen by proactively supporting and cooperating with activities aimed at protecting the global environment.

Established: June 24, 1997

Revised: March 8, 2004

Revised: January 25, 2010

Management of the Yakult Group

Efforts for Quality and Environmental Management

To ensure that customers can enjoy products manufactured by Yakult with peace of mind, the Yakult Group works to carry out appropriate quality control while curbing the environmental impact during the manufacturing and logistics stages. As a part of associated efforts, Yakult Honsha plants, the Yakult Central Institute, bottling companies, marketing companies and overseas Group companies have obtained international management system certifications for quality and the environment that include ISO 9001, ISO 14001, HACCP, ISO 22000 and GMP.

■ Receipt of ISO certifications by Yakult Honsha plants, bottling companies and other group units in Japan

All Yakult Honsha dairy product plants and all Group bottling companies have obtained ISO 9001 certification. Each year, these business sites and companies implement activities related to the goals of the ISO 9001 standards, thereby working to further upgrade their quality performance.

All Yakult Honsha plants, all Group bottling companies* and the Analytical Science Department's Analysis Laboratory No. 3 at the Yakult Central Institute have obtained ISO 14001 certification.

* Yakult Okayama Wake Plant Co., Ltd., which began full-scale operations in February 2015, is currently preparing to obtain certification.

Status of ISO certifications obtained by Yakult Honsha plants (as of March 31, 2016)

Plant name	Location	Number of employees	Products produced	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Fukushima Plant	Fukushima-shi, Fukushima	136	Concentrated <i>New Yakult</i> , concentrated <i>New Yakult Calorie Half</i> , concentrated <i>Yakult 400</i> , <i>Sofuhl</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i>	2011	2002	1998
Ibaraki Plant	Sashima-gun, Ibaraki	94	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400LT</i> , concentrated <i>Yakult Gold</i> , <i>BF-1</i> , <i>Mainichi Nomu Yakult</i>	2011	2002	1998
Shonan Cosmetics Plant	Fujisawa-shi, Kanagawa	42	Cosmetics products		2002	
Fuji Susono Plant	Susono-shi, Shizuoka	220	Concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , <i>Pretio</i> , <i>Joie (Drinkable Yogurt)</i> , <i>Joie (Yogurt Cup)</i> , <i>Sofuhl</i>	1997	2000	1998
Fuji Susono Pharmaceutical Plant	Susono-shi, Shizuoka	64	Quasi-drugs, prescription drugs and active pharmaceutical ingredients		2003	
Hyogo Miki Plant	Miki-shi, Hyogo	141	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400LT</i> , concentrated <i>Yakult Ace</i> , <i>Sofuhl</i> , <i>Sofuhl Genki Yogurt</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i>	2013	2014	2013
Saga Plant	Kanzaki-shi, Saga	122	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , <i>Pretio</i> , <i>Joie (Drinkable Yogurt)</i>	2011	2001	1998

Status of ISO certifications obtained by Yakult Central Institute (as of March 31, 2016)

Institute name	Location	Number of employees	Research fields	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Yakult Central Institute	Kunitachi-shi, Tokyo	286	Development research for foodstuffs, pharmaceuticals and cosmetics; research related to intestinal bacteria; bioactive substance discovery research; biotechnology research; product and material safety testing and research; analytical testing		2001	

Status of ISO certifications obtained by bottling companies (as of March 31, 2016)

Company name	Location	Number of employees	Products produced	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Yakult Iwate Plant Co., Ltd.	Kitakami-shi, Yamagata	87	<i>New Yakult</i> , <i>Yakult 400</i> , <i>New Yakult Calorie Half</i> , <i>Yakult 400LT</i> , <i>Yakult Gold</i>	2012	2004	2008
Yakult Chiba Plant Co., Ltd.	Yotsukaido-shi, Chiba	64	<i>New Yakult</i> , <i>Yakult 400LT</i>	2012	2003	1998
Yakult Aichi Plant Co., Ltd.	Nisshin-shi, Aichi	104	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>	2012	2004	2009
Yakult Okayama Wake Plant Co., Ltd.	Wake-gun, Okayama	140	<i>New Yakult</i> , <i>Yakult 400LT</i> , <i>Yakult Ace</i>	2015		2015
Yakult Fukuoka Plant Co., Ltd.	Chikushino-shi, Fukuoka	82	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>	2012	2004	1998

■ Marketing companies acquisition of ISO certifications

In the early 2000s, the acquisition of ISO certifications of marketing companies began when a customer of a Yakult marketing company in Hiroshima Prefecture that had already obtained ISO 14001 certification requested that the Yakult marketing company follow suit.

The operations of Yakult marketing companies center on the provision of products manufactured by Yakult Honsha to customers via the Yakult Lady home delivery system as well as via direct sales involving stores and vending machines. Given the nature of those operations, we concluded that besides just reducing environmental impact, making concurrent efforts to reevaluate quality factors including products and services would be important in management quality.

The two management systems (ISO 14001/ISO 9001) also have features in common. Accordingly, efforts have begun to secure these certifications at numerous business

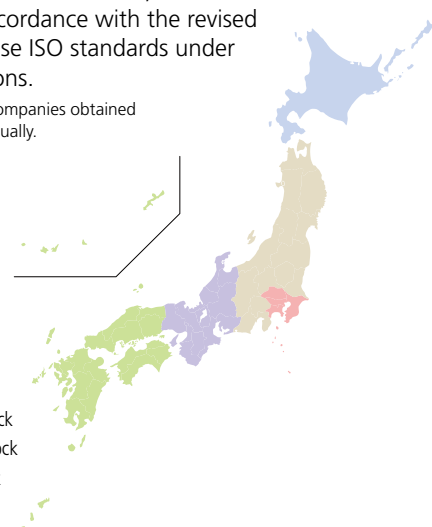
sites centering on Yakult Honsha's Marketing Company Modernization Department.

As a matter of course, marketing companies that have obtained these certifications* commenced activities as members of the Yakult Marketing Group. This will help further raise the quality of Group management through continuous improvements and also lead to the sharing of information as well as the effective utilization of funds.

In fiscal 2016, through operational follow-ups and ISO meetings, ISO-related activities will be carried out on a day-to-day basis with the aim of undertaking an even higher level of activities.

Additionally, in fiscal 2016, we will commence initiatives in accordance with the revised content for these ISO standards under the 2015 versions.

* Some marketing companies obtained certification individually.



Number of marketing companies and employees (as of March 31, 2016)

Block name	Number of marketing companies	Number of employees		
		Number of marketing companies' employees	Number of Yakult Ladies	Number of Yakult Beauty Advisors
Hokkaido	9	457	1,930	930
East Japan	29	3,185	8,747	762
Metropolitan	16	3,785	7,959	795
Central Japan	19	3,381	9,325	1,016
West Japan	30	2,712	8,575	1,563
Total	103	13,518	36,536	5,066

Status of ISO certifications obtained by marketing companies

Block name	No.	Company name	Year of receipt		
			ISO 9001	ISO 14001	ISO 22000
Hokkaido	1	Yakult Sapporo Sales Co., Ltd.		2013	
	2	Yakult Iwate Sales Co., Ltd.		2007	
East Japan	3	Yakult Odate Sales Co., Ltd.		2012	
	4	Yakult Yonezawa Sales Co., Ltd.*2	2004		
	5	Yakult Miyagi Chuo Sales Co., Ltd.		2010	
	6	Yakult Mito Sales Co., Ltd.*2	2007		
	7	Yakult Niigata Chuo Sales Co., Ltd.*1		2007	
Metropolitan	8	Yakult Saitama Nishi Sales Co., Ltd.*2		2005	
	9	Yakult Chiba Ken Sales Co., Ltd.		2012	
	10	Yakult Tokyo Sales Co., Ltd.		2007	
	11	Yakult Kanagawa Tobu Sales Co., Ltd.		2008	
Central Japan	12	Yakult Kinki Chuo Sales Co., Ltd.*1		2008	
	13	Yakult Hyogo Sales Co., Ltd.*2			2008
West Japan	14	Yakult Shin Hiroshima Sales Co., Ltd.		2005	
	15	Yakult Yamaguchi Sales Co., Ltd.		2009	
	16	Yakult Hiroshima Chuo Sales Co., Ltd.		2005	
	17	Yakult Saga Ken Sales Co., Ltd.		2008	
	18	Yakult Sasebo Co., Ltd.		2011	
	19	Yakult Miyazaki Sales Co., Ltd.		2006	
	20	Yakult Miyakonojo Sales Co., Ltd.		2006	
	21	Yakult Sendai Sales Co., Ltd.		2006	
	22	Yakult Kagoshima Sales Co., Ltd.		2006	
	23	Yakult Kagoshima Tobu Sales Co., Ltd.		2006	

*1 Certification obtained for a portion of branches.

*2 Marketing companies obtaining certification individually. Others obtained certification as the Yakult Marketing Group.

Utilizing ISO certification in operations

Twelve years have passed since we obtained ISO 9001 certification for establishing a management system that extends all the way to Yakult Ladies, who represent the front line of our home delivery organization. I feel our PDCA cycle that is based on a manual is now functioning very naturally. In the future, we will continuously execute improvement measures with an awareness of "C" (check) and "A" (action) with the aim of raising our management quality to an even higher level.



Daisuke Sato
President and Representative Director
Yakult Yonezawa Sales Co., Ltd.

Standards certification obtained in Japan and overseas

- ISO 9001: An international standard for quality management systems
- ISO 14001: An international standard for environmental management systems
- HACCP (Hazard Analysis and Critical Control Point): A system for assuring safety by implementing thorough hygiene management across the entire manufacturing process
- ISO 22000: An international standard for food safety management systems based on the hygiene management methods of HACCP
- FSSC 22000: An international standard for food safety management systems based on ISO 22000 that incorporates food defense and other matters
- GMP (Good Manufacturing Practice): An international standard for pharmaceuticals and food manufacturing management and quality management
- HALAL: A standard for food quality management systems based on Islamic Law
- OHSAS 18001: An international standard for occupational health and safety management systems

Management of the Yakult Group

■ Certifications obtained at overseas business sites

The Yakult Group carries out the manufacture and sales mainly of the fermented milk drink *Yakult* in 32 countries and regions, with operations centering on 27 business sites and one research institute.

Status of certifications obtained by overseas group (as of December 31, 2015)

	Region	No.	Company name	Start of operations	Number of employees	Number of Yakult Ladies	Plant name	Year of receipt								
								ISO 9001	ISO 14001	ISO 22000	FSSC22000	HACCP	GMP	HALAL	OHSAS	
Manufacturing and marketing companies	Asia and Oceania	1	Yakult Taiwan Co., Ltd.	1964	293	1,379	Zhongli Plant						2002			
		2	Hong Kong Yakult Co., Ltd.	1969	191	0	Tai Po Plant	2001		2013		2013				
		3	Yakult (Thailand) Co., Ltd.	1971	1,348	3,340	Bangkok Plant					2005	2004	2014		
							Ayutthaya Plant					2012	2012	2014		
		4	Korea Yakult Co., Ltd.	1971	1,026	12,321	Pyeongtaek Plant						1998			
							Nonsan Plant						1998			
							Yangsan Plant						1998			
							Cheonan Plant					2002	2011			
		5	Yakult Philippines, Inc.	1978	1,209	2,869	Calamba Plant							2005		
		6	Yakult (Singapore) Pte. Ltd.	1979	151	350	Singapore Plant	2003				2002		1999		
		7	P.T. Yakult Indonesia Persada	1991	4,528	6,647	Sukabumi Plant			2011					1998	
							Surabaya Plant								2012	
		8	Yakult Australia Pty. Ltd.	1994	101	0	Australia Plant	2004				2009				
9	Yakult (Malaysia) Sdn. Bhd.	2004	274	500	Malaysia Plant					2006		2004				
10	Yakult Vietnam Co., Ltd.	2007	348	294	Vietnam Plant		2011	2009		2009			2013			
11	Yakult Danone India Pvt. Ltd.	2008	156	262	Sonipat/Rai Plant	2011				2010			2012			
12	Guangzhou Yakult Co., Ltd.	2002	1,127	1,983	Guangzhou Plant 1	2003	2003			2004	2006					
					Guangzhou Plant 2	2014	2014			2014	2014					
13	Shanghai Yakult Co., Ltd.	2005	391	425	Shanghai Plant	2008				2008						
Manufacturing companies	The Americas	14	Yakult S/A Ind. E Com. (Brazil)	1968	2,495	5,277	Lorena Plant					2004	2003			
		15	Yakult S.A. de C.V. (Mexico)	1981	3,183	8,796	Ixtapaluca Plant					2002	2002			
							Guadalajara Plant					2006	2005			
16	Yakult U.S.A. Inc.	1999	96	0	California Plant					2016						
Manufacturing companies	Asia and Oceania	17	Tianjin Yakult Co., Ltd.	2011	344	—	Tianjin Plant									
		18	Wuxi Yakult Co., Ltd.	2015	139	—	Wuxi Plant									
Marketing companies	Europe	19	Yakult Europe B.V.	1996	113	—	Almere Plant	2005	2000		2015					
	Asia and Oceania	20	Yakult (China) Corporation	2007	1,814	164	—									
		21	Beijing Yakult Co., Ltd.	2006	209	241	—									
	Europe	22	Yakult Nederland B.V.	1994	16	0	—									
		23	Yakult Belgium N.V./S.A.	1995	6	0	—									
		24	Yakult UK Ltd. (Ireland Branch)	1996	19	0	—	1999	1999							
		25	Yakult Deutschland GmbH	1996	18	0	—									
		26	Yakult Oesterreich GmbH	2005	3	0	—									
		27	Yakult Italia S.R.L.	2007	13	0	—									

Together with Customers

We will continue to maintain research domains related to people's health based on the use of beneficial microorganisms as a distinctive corporate activity and provide high-quality products and services upon accurately understanding customer needs and that consider the customer's perspective. Working to ensure safety in every stage of our operations, not only in research, development and production but also transportation, shipment and delivery, we provide products and services that are trusted by and satisfy customers.

Efforts to Ensure Safety and Peace of Mind

We endeavor to manufacture products that are safe, offer peace of mind and are of high quality.

Ensuring the safety of raw materials

When selecting raw materials (including raw materials for packaging, etc.), Yakult selects suppliers based on thorough investigations and analyses conducted at the product design stage that enable the full confirmation of safety issues along with taking measures to ensure rigorous compliance with quality standards. With respect to raw materials used at Yakult plants both in Japan and overseas, the Company confirms the inspection performance of raw materials suppliers before selecting raw materials and then undertakes additional inspections upon the receipt of raw materials to ensure that only materials that are in compliance with relevant standards are used. Regarding raw materials suppliers, we conduct investigations of relevant manufacturing plants and processes to confirm local hygiene situations, inspection systems and quality management systems as well as, when necessary, request that improvements be implemented.

Providing products that are safe and offer peace of mind

Yakult sets internal product quality standards that are much more rigorous than standards set by relevant laws and regulations and establishes original systems that integrate ISO 9001-certified quality management systems with Hazard Analysis and Critical Control Point (HACCP) systems and food defense in connection with its efforts to provide products that are safe and of dependably high quality.

In Japan, we have developed and installed various kinds of inspection equipment that enable us to undertake continuous quality monitoring processes and inspect entire production batches. Our highly sophisticated quality management systems are ensuring the safety of all our products. Overseas, we conduct strict quality management suited to the laws and regulations and culture of each country based on our own internal standards.

To verify that our plant employee technical education programs, facility management systems, food hygiene management systems and other systems are functioning

effectively, we autonomously implement audits on inter-unit, inter-plant, intra-company and other bases as part of our efforts to identify and respond to problems as quickly as possible.

Yakult Honsha operates one of Japan's most rigorous product safety systems focused on the detection of radioactive substances, which it uses to assess each blending tank for each type of product.

In addition, certain countries overseas have attained HALAL certification (see page 20).



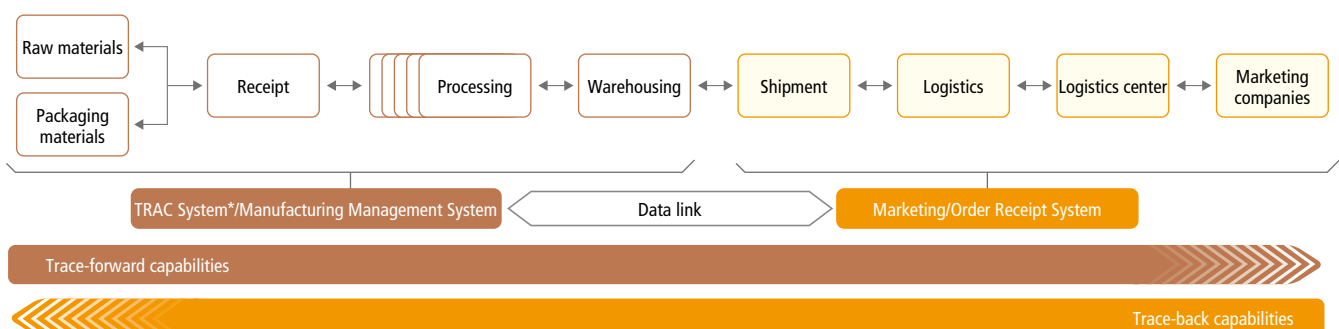
Quality inspection

Product quality issues

Just as in fiscal 2014, Yakult had no product quality issues requiring autonomous product recalls or similar measures during fiscal 2015.

Traceability system

Each individual Yakult product package bears a recommended use-by date and a production lot code printed with an ink-jet printer. The Yakult Group's traceability system enables "trace-back" capabilities so that we can access the manufacturing history (raw materials, packaging materials, production situations, etc.) of specified products and "trace-forward" capabilities so that we can determine primary shipment destinations of specified products.



* The TRAC system refers to a system that enables a search of manufacturing history and is connected with other mission-critical systems.

■ Communication with Customers

We respond quickly, accurately and with sincerity to customer feedback.

■ Role and systems of the Customer Support Center

Day-to-day consultations with customers are an important resource that facilitates Yakult's efforts to ensure we can provide products and services that help customers lead healthy and enjoyable lives. We are extremely pleased to have opportunities to consult with our customers, and we do our utmost to respond to customer consultations rapidly, accurately and conscientiously.

The Customer Support Center has one of the important roles of gaining a good grasp of the full significance of each individual customer consultation; communicating information on consultations to employees, related organizational units and top executives; and promoting concrete measures to improve products and services. Regarding inquiries, the center strives to politely provide each customer with easy-to-understand answers that meet the individual customer's needs. With respect to customer complaints and comments that require such follow-up measures as investigations of product situations, the center keeps in close contact with marketing companies throughout Japan to arrange visits to and discussions with customers.

Customer Feedback

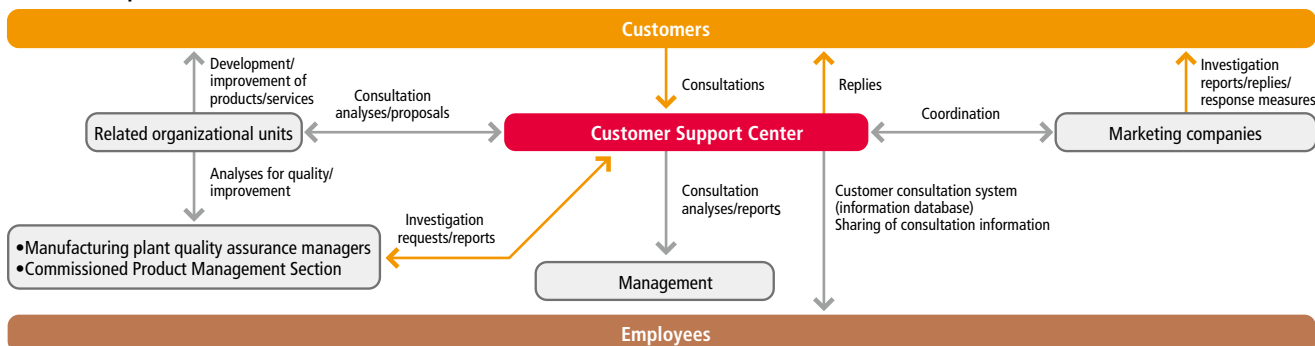
We organize our customer consultations into the categories of inquiries, applications, complaints, discontinuations/suspensions, changes and others.

In fiscal 2015, the Customer Support Center received 44,761 consultations, down slightly from 46,888 in the previous year.

Customer consultations in fiscal 2015

Type	Number
Inquiries	33,527
Applications	3,949
Complaints	4,222
Discontinuations/suspensions	1,121
Changes	325
Others	1,617
Total	44,761

Customer response flow



Customer Support Center Toll-Free: **0120-11-8960** (In Japan only) (9:00 to 17:30, except Saturdays, Sundays, holidays, and year-end and New Year holidays)

■ Initiatives overseas

● Sincere response to customer inquiries (Yakult Philippines, Inc.)

Yakult Philippines has created a detailed database of customer inquiries and feedback that it receives by phone and other means on a daily basis and is using the information to make improvements to customer service. All of the inquiries and opinions are collated by the Marketing & Promotion Department, with information and reports on the inquiries submitted by respective departments to finalize answers to customers.



Responding to a telephone inquiry

● Sale of new product in response to customer feedback (Yakult S/A Ind. E. Com. (Brazil))

In January 2014, Yakult Brazil started selling *Sofyl Light*, which is sugar-free and cuts the calorie count by 44%*, based on customer feedback calling for dairy products that do not contain sugar. Demand for low-calorie products has been growing each year in Brazil. The new product has been received favorably by existing Yakult product customers as well as new customers.

*Compared with the existing *Sofyl Vanilla*



Sofyl Light

■ Research and Development

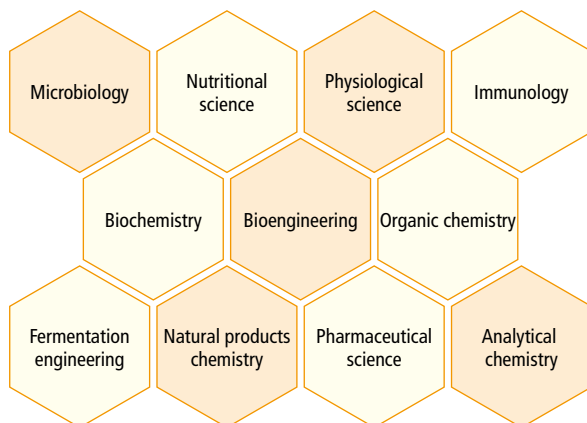
We conduct R&D that contributes to the concepts of “preventive medicine” and “a healthy intestinal tract leads to a long life.”

■ History of the Yakult Central Institute

—Inheriting and putting into practice “Shirota-ism” —
The Yakult Central Institute traces its roots back to a facility established by Dr. Minoru Shirota, the Company’s founder and a medical doctor, at a site in Kyoto in 1955. At that time, the facility each day dynamically carried out and expanded the scope of research designed to realize progress regarding Dr. Shirota’s key objectives: “preventive medicine” and “a healthy intestinal tract leads to a long life.” Dr. Shirota passionately discussed with researchers what should be done to prevent diseases instead of treating them after they occur and what is important for making the intestines healthy and living a long life as he sought to guide Yakult’s research programs along the most potentially productive paths. The ideas actively put forth by Dr. Shirota, known as Shirota-ism, are an invaluable heritage that the Tokyo-based Yakult Central Institute remains committed to building on.

The Yakult Group aims to realize diverse and important objectives in accordance with our corporate philosophy, “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.” In doing so, Yakult strives to uncover the essence of preventive medicine from various fields, and based on the foundation of our research regarding intestinal microorganisms, we are working to broaden the scope of our research related to beneficial microorganisms and put into practice Shirota-ism at all times in order to propose specific methods of maintaining health.

Key research fields



■ Research and development activities overseas

Yakult Honsha opened the Group’s first overseas research base in Ghent, Belgium, in 2005. Setting up a research facility in Europe where yogurt has been popular over the ages and the concept of probiotics was born has made it possible to employ various studies targeting people in Europe who have different lifestyles, including eating habits, from Japanese. The research center proactively pursues joint

research with such institutes as universities and hospitals in Europe. Previously, it was discovered by the center in a human study that *Lactobacillus casei* strain Shirota reaches the intestines alive when commercial products (*Yakult*) produced locally are consumed by Europeans and that *Yakult* has the effect of improving fecal properties.

By accumulating such data, Yakult aims to establish a research foundation in pursuit of global business expansion spanning from Europe to the United States and Asia.



Yakult Honsha European Research Center for Microbiology, ESV (YHER) (located on the first floor)

■ Expansion of joint research

The research institute actively conducts joint research with a number of universities, hospitals and research institutes and elucidates the benefits of Yakult’s probiotics from different perspectives. There are expectations that future joint research will give rise to new knowledge.

As one example, we started joint research using the International Space Station (ISS) in conjunction with the Japan Aerospace Exploration Agency (JAXA) starting from April 2014. The key objective of this project is to verify scientifically the effects of the continuous intake of probiotics (*Lactobacillus casei* strain Shirota) on the immune functions and intestinal environment of astronauts on long-term stays aboard the ISS. The aim is to use the findings to maintain the health of astronauts in the coming space-exploration age and discover new effects of probiotics.



International Space Station (ISS)

Together with Local Communities

As a member of the local community, we respect regional cultures and customs and promote corporate activities in cooperation with local communities. We believe that contributing to society as a good corporate citizen is the responsibility of the Company and each employee proactively conducts social contribution activities. These activities lead to the resolution of social issues such as building safe and secure communities and establishing healthy living habits.

■ Relationships with Local Communities

We actively communicate with local communities and undertake social contribution activities.

■ Courtesy Visit Activities

For 40 years, Yakult Ladies have been visiting single elderly people as they make their deliveries to confirm that they are safe and to spend some time chatting with them.

This activity began when a Yakult Lady in Koriyama, Fukushima Prefecture, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news of one such person whose death went unnoticed. Her initiative resonated with both the local Yakult marketing company and social workers in the region and moved many local governments to take action. As a result, these visits by Yakult Ladies, known as "Courtesy Visit Activities," have spread throughout Japan. As of March 2016, over 3,200 Yakult Ladies are paying regular visits to more than 44,000 elderly people in response to requests from around 140 local governments and other institutions in Japan.

As part of activities organized to celebrate the 70th anniversary of Yakult's founding, since September 2005 we have presented flowers to elderly people on Respect for the Aged Day. We deliver attractive flowers and a message card to elderly people visited as part of our "Courtesy Visit Activities." As this program has been highly evaluated, we continued it for the 11th consecutive year in fiscal 2015.

Overseas, Korea Yakult Co., Ltd. undertakes activities to verify the safety of approximately 27,000 elderly persons living alone.



A Yakult Lady delivers special presents on Respect for the Aged Day.

■ Providing communities with safety and peace of mind

—Yakult Ladies' community safety watch and crime prevention activities—

Being well positioned to observe every corner of their sales areas during daily delivery rounds, Yakult Ladies contribute to communities' safety and peace of mind by participating in crime watch and other activities undertaken in cooperation with approximately 700 local governments and police units as well as other local organizations around Japan.

In Yamaguchi Prefecture, marketing companies Yakult Yamaguchi Ken Tobu Sales Co., Ltd. and Yakult Yamaguchi Sales Co., Ltd. signed an agreement with the prefectural authorities concerning regional safety watch activities in 2014 and a memorandum of understanding concerning

local safety measures with prefectural police headquarters in 2015. In this way, we are pouring our efforts into joint safety and crime watch activities in collaboration with the prefecture and police units in Yamaguchi Prefecture.

As a result of these activities, there have been cases where Yakult Ladies have felt something was not normal at a customer's residence and reported it to the police, who have found and rescued the person.

We are carrying out such safety watch and crime

prevention programs in all of Japan's regions, and these programs are earning growing support and recognition from people in each region. As of March 2016, 101 marketing companies throughout Japan have created organizations to contribute to communities' safety and peace of mind.



Signing a memorandum of understanding concerning local safety measures with prefectural police headquarters (Yakult Yamaguchi Ken Tobu Sales Co., Ltd. and Yakult Yamaguchi Sales Co., Ltd.)

■ Implementing social activities with vending machines

As of the end of March 2016, the Yakult Group has installed approximately 52,000 vending machines throughout Japan. Some of these vending machines have special social contribution functions that can offer important assistance to people in local communities.

One example of such vending machines are models installed together with automated external defibrillators (AEDs) that can save the lives of people with cardiac arrhythmias that can lead to cardiac arrest. In fiscal 2015, Yakult installed 291 vending machines (926 machines in operation) with AED units.

In addition, we are installing universal design models that are easy to use for everyone, disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models



Universal design vending machine

"Pink Ribbon" vending machine

that incorporate security cameras that can play useful roles in crime prevention activities. In cooperation with Kirin Beverage Value Vendor Company, Limited, which is a partner in Yakult's vending machine operations, we are moving ahead with the installation of "Pink Ribbon" vending machines that contribute a portion of their proceeds to the Japan Cancer Society. Yakult is working to install vending machines with special social contribution functions, and in fiscal 2015, 24 "Pink Ribbon" vending machines (204 in operation) were installed throughout Japan.

■ **Backing support facilities for persons with disabilities**

In cooperation with pachinko and pachislot cooperative associations in respective prefectures, Yakult provides work opportunities to persons with disabilities who use welfare facilities, which helps support their participation in social activities. The work involves requesting persons with disabilities at the welfare institutes to attach stickers that include New Year and summer greetings to Yakult products that are distributed to customers at pachinko and pachislot parlors. In fiscal 2015, Yakult had the stickers attached to a total of around 1,580,000 bottles at 62 institutes in 18 prefectures. Going forward, we will continue conducting this activity and look to expand the number of prefectures and institutes.

■ **Provision of information regarding bowel cancer**

Yakult provides the opportunity to deepen understanding of bowel cancer through pamphlets and a website that offer simple explanations of the disease for people suffering from bowel cancer and their families as a social contribution activity relating to the Pharmaceutical Business.

■ **Symposium on Intestinal Flora cosponsorship**

Coordinated by the Yakult Bio-Science Foundation and supported by the Ministry of Education, Culture, Sports, Science and Technology, the Symposium on Intestinal Flora has been organized to promote greater public awareness and understanding of bioscience issues centered on those related to intestinal flora. Yakult Honsha has been cooperating with respect to this symposium program since its inauguration. Held on October 30, 2015, at Yakult Hall, the 24th session of the symposium focused on the main theme of "Dynamism of Intestinal Microbiota – Pathophysiology of Microbial Metabolites."

The symposium began with highly detailed lectures by top-class researchers based in Japan and abroad and was followed by a lively general discussion as well as active exchanges of questions and answers.

■ **Dispatching guest lecturers/Health-based lectures**

The Yakult Group not only delivers products to customers but also looks to be of benefit to local communities through the active provision of health-related



Guest lecture (Yakult Iwaki Sales Co., Ltd.)



Health-based lecture (Yakult Shonan Sales Co., Ltd.)

information to people living in the area.

Yakult Honsha branches and marketing companies in each region of Japan dispatch guest lecturers to kindergartens, elementary schools and other locations, where they use scale models and other instructional tools to provide easy-to-understand information about the important role of the intestines and the importance of healthy eating habits conducive to good bowel functions. This initiative has been held in high esteem and has been reported as a good example to model in the *Journal of Japanese Society of Shokuiku*. In fiscal 2015, Yakult conducted 2,780 guest lectures for roughly more than 190,000 participants nationwide. Guest lectures are also being given overseas in such countries as Hong Kong, Thailand, Malaysia, India and China.

In addition, marketing company employees and Yakult Ladies in each region serve as lecturers for health-based lectures on a broad range of topics, including the importance of the intestines, probiotics and seasonal ailments, which are held using Yakult centers (Yakult Lady sales hubs) and community facilities.

■ **Cleanup campaigns**

The Yakult Group believes that, as a good corporate citizen, it naturally has a responsibility to work to protect the environment in cooperation with local communities.

To carry out this responsibility, for many years we have proactively implemented cleanup campaigns aimed at cleaning up roads, rivers, shorelines and other areas that are primarily in the vicinity of Yakult Group plants.

In fiscal 2015, 13 business sites helped beautify nearby areas by implementing 130 cleanup campaigns in which a total of 1,072 employees participated.



Cleanup campaign (Yakult Chiba Plant Co., Ltd.)

■ **Plant festivals and tours**

Aiming to deepen friendly relations with local communities, we annually organize festivals at each plant and invite the members of local communities to participate. During fiscal 2015, five Yakult Honsha plants and four bottling companies held festivals, which a total of



Plant festival (Yakult Aichi Plant Co., Ltd.)



Plant tour (Fukushima Plant)

of approximately 20,000 people attended.

In addition, with the objective of deepening understanding of Yakult's products and the Group's commitment to environmental awareness and products that are safe and offer peace of mind, we proactively offer tours of each plant. We offer plant tours to members of the general public ranging from

children to the elderly as well as such programs as sociology and environmental education programs for elementary school students, and we also seek to use such tours to obtain feedback information from opinion leaders and people with a particularly strong interest in health issues. During fiscal 2015, six Yakult Honsha plants, including the Shonan Cosmetics Plant, and five bottling companies hosted approximately 210,000 people.

Plant tours are also actively being conducted at overseas facilities in such places as Hong Kong, the Philippines, Singapore, Indonesia, Malaysia, Vietnam, India, China, the United States and Europe.

■ Initiatives at marketing companies

The Yakult Group works proactively to implement regional and social contribution activities in its marketing companies.

● Supporting organizations that provide medical services in remote areas and isolated islands

Yakult Okinawa Co., Ltd. donated ¥500,000 to MESH (Medical Evacuation Service with Helicopter) Support, a non-profit organization (NPO) providing operational support of private emergency helicopters, in April 2016.

MESH Support provides emergency medical transport by way of emergency helicopter so that people living in remote areas where it is difficult to receive adequate medical services, particularly the northern part of Okinawa Prefecture, do not lose their lives due to transport time and distance.

Yakult Okinawa has continued to provide support to this organization since 2009, with this year marking the eighth occasion. Cumulative donations during that period amount to ¥5,420,000.



Ceremony for support funds

■ Activities promoting sports

The Yakult Group actively promotes various sports as well as undertakes regional and social contribution activities.

● Baseball clinics

Yakult holds baseball clinics nationwide that are run by



Baseball clinic

current players from the Tokyo Yakult Swallows in the professional baseball offseason. In 2015, more than 1,300 children took part in the clinics at 10 different venues.

The NPO Tsubame Sports Promotion Association was established in 2005 and holds baseball clinics and coach training through retired players from the Tokyo Yakult Swallows. In 2015, clinics and training were conducted at 27 venues and over 5,200 people participated.

● Track and field club and rugby club

The track and field club, founded in 1972, participates in different sporting events such as various *ekiden* (road relay races), including the New Year Ekiden held every year on January 1, as well as marathons. Yakult running clinics have been staged annually since 1988 as a place for athletes and local citizens to come together. Approximately 80 people participated in 2015.

The Yakult Levins rugby club was founded in 1980 and takes part in Japan Rugby's Top East Division 1 League. It also plays an active role in helping to spread the game of rugby and assists with the running of the Toda Rugby Festival held every year in Toda City, Saitama Prefecture, and a tag rugby clinic at a elementary school in Chiba Prefecture.

The track and field club and rugby club continue to conduct activities that contribute to the local community such as active participation in local cleanup campaigns.



Yakult running clinic (Nakadai Sports Park Athletic Stadium)



Tag rugby clinic (Takayanagihigashi Elementary School, Kashiwa City)

● Bound tennis

The Yakult Group takes on activities aimed at promoting "bound tennis" as a sport for all ages through support of the Japan Bound Tennis Association.

The Japan Bound Tennis Association held its 33rd national bound tennis championship tournament at the Tokyo Metropolitan Gymnasium in June 2015, and more than 1,000 contestants from throughout Japan participated in this competition.

● Support of FINA

Since 2005 Yakult has cosponsored international swimming competition events as an official partner of the Fédération Internationale de



2015 FINA World Championships

Natation (FINA), as FINA's efforts to promote good health by means of participation in aquatic sports resonate with Yakult's corporate philosophy.

Regional and social contribution activities overseas

In addition to Japan, the Yakult Group implements regional and social contribution activities overseas as well through a number of different initiatives.

Yakult 10 Miler run (Yakult Philippines, Inc.)

Yakult Philippines has held the Yakult 10 Miler run since 1988, which was a precursor to the city marathon, with 2015 marking the 26th such occasion. The event included three races, the 3km, 5km and 10-mile (16km), and attracted a total of 2,000 competitors. Everyone ran hard and had fun with their families.



Yakult 10 Miler

Cleanup activities around the plant (Yakult Danone India Pvt. Ltd.)

Yakult Danone India holds local cleanup activities around its plant in line with World Environment Day, which is observed every year on June 5. The event is held amid broad awareness of environmental pollution in India among local people. Although the Government of India and local governments are undertaking various efforts to improve the environment, few of the programs really stand out, whereas this cleanup



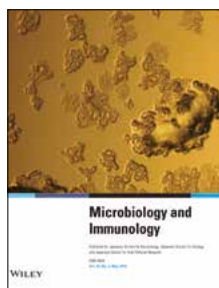
Local cleanup activity

activity has been extremely well received by local residents and administrative officials. The company will continue the activity going forward and aims to be an organization that is admired by the local community.

Promotion of joint research with university and hospital (Yakult (China) Corporation)

Yakult (China) investigated the survivability of *Lactobacillus casei* strain Shirota in people's intestines in conjunction with China Agricultural University and in May 2015 published a research paper in *Microbiology and Immunology* related to how *Lactobacillus casei* strain Shirota reaches the intestines alive.

Yakult (China) also conducted joint research with Suzhou Municipal Hospital and in 2016 published a paper in the *Chinese Journal of Microecology* demonstrating the effect of improvements in clinical



Microbiology and Immunology

medical condition through the parallel use of mesalazine and *Yakult* in patients with ulcerative colitis.

Christmas party for children with cerebral palsy (Guangzhou Yakult Co., Ltd.)

Guangzhou Yakult held a Christmas party for children with cerebral palsy at the Happy Valley amusement park together with an organization for persons with disabilities in Shenzhen in December 2015. A special show was arranged for the children on the day. Employees dressed up as Santa Claus interacted with the children and showed them around the park.



Christmas party at an amusement park

Running a pavilion at KidZania (P.T. Yakult Indonesia Persada)

P.T. Yakult Indonesia Persada has run a pavilion at KidZania Jakarta since it opened in 2008.

Through the Yakult pavilion, a large number of children get to learn about the workings of the human digestive system and the positive effects of beneficial bacteria, mainly *Lactobacillus casei* strain Shirota. A research laboratory for bacteria complete with a microscope was set up for children aged six and over so they could get a close-up view of beneficial bacteria and harmful bacteria as well as learn about the structure and workings of the human digestive system using a model of the human body. Currently, around 120 children visit the Yakult Pavilion in a day.

KidZania pavilions are also being run in Japan, Brazil and Singapore.



Yakult pavilion at KidZania Jakarta

Sponsor of the Netherlands Philharmonic Orchestra (Yakult Europe B.V.)

Yakult Europe has been delivering classical music to local people as the main sponsor of the Netherlands Philharmonic Orchestra for the past 22 years. The orchestra performs at Yakult Hall, where approximately 200,000 people come to enjoy music each year.

Provision of Yakult to the poor in Almere (Yakult Europe B.V.)

Almere in the Netherlands is home to a food bank where underprivileged families can buy basic food supplies and other necessities at an affordable price. Yakult Europe has been supporting those that are less fortunate by providing *Yakult* to the food bank since 2014.

Together with Business Partners

We are determined to avoid illegal actions and the use of improper methods to pursue profits as well as placing undue burden on business partners. We are also committed to ensuring fair, transparent and free competition and conducting appropriate transactions. Our purchasing transactions are decided based on appropriate procedures.

■ Purchasing Activities

We are working to improve the quality of raw materials and enhance the level of stable supply.

■ Promoting fair and sound transactions

To maintain thoroughly sound relationships with our business partners and promote fair purchasing and sales transactions, we have instituted action standards with specific provisions.

Aiming to further upgrade performance with respect to the quality of raw materials purchased, stable supplies and other issues, we have undertaken efforts with the understanding and cooperation of our business partners to fairly and equitably review the characteristics of transactions and our business partners are given feedback on the results.

As part of this process, we confirm the acquisition status of ISO 9001 and ISO 14001 certification and the release of CSR reports among other efforts by our business partners.

These initiatives serve as the basis for proactive efforts to improve the characteristics of transactions.

■ Green procurement

In March 2001, we instituted the Yakult Basic Policy on Green Procurement, which covers raw materials, secondary materials and equipment, facilities and packaging materials related to manufacturing, marketing, office and R&D activities at all of the Company's business sites.

Since fiscal 2001, all of the Company's business sites have worked based on the basic policy and in cooperation with business partners to engage in procurement activities in a manner that promotes the protection of the global environment, the reduction of environmental impact, contributions to the creation of a recycling-oriented society and other environmental objectives.

■ Green purchasing

Yakult instituted its Green Purchasing Guidelines in fiscal 1999 prior to the 2001 implementation of Japan's Act Concerning the Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act on Promoting Green Purchasing). In accordance with the guidelines, we have taken measures to promote the purchasing and use of environment-friendly products with respect to office automation paper, printed materials, stationery and other office-use products, and sanitation-related products. These measures have been sustained based on provisions in each phase of the Yakult Environmental Action Plan since the first phase was begun in April 2001.

The green purchasing ratio for fiscal 2015, the third fiscal year of the plan's fifth phase, decreased 0.8% year on year to 93.3% companywide. Plans call for sustaining efforts to promote further progress in augmenting green purchasing going forward.

Yakult Basic Policy on Green Procurement

With respect to items used at all of Yakult Honsha's business sites and in all of the Company's business activities, we will strive to procure environment-friendly products that promote the protection of the global environment, the reduction of environmental impact, contributions to the creation of a recycling-oriented society and other environmental objectives. In accordance with these goals, we have established the basic policies described below.

Scope of policies

All manufacturing, marketing, office and R&D facilities

Basic policies

1. Avoid procuring items with a potential for harming the environment or human health.
2. Procure items that give due consideration to resource conservation and energy conservation.
3. Procure items provided with crating and packaging materials that incorporate a high proportion of recycled materials.
4. Procure items provided with crating and packaging materials designed to be reused, particularly when the materials can be reused many times.
5. Procure items provided with crating and packaging materials with minimal portions that must be disposed of as waste and for which those minimal portions that must be disposed of as waste can be easily processed and disposed of.
6. Procure items that are manufactured, marketed and shipped by companies proactively addressing environmental protection objectives by such means as building environmental management systems, disclosing environmental information and cooperating with Yakult's environmental protection activities.

Established March 5, 2001

■ Subcontract Act compliance manual

A Subcontract Act compliance manual has been created for operational managers in departments that deal with subcontractors, while Yakult also promotes fair trade by holding training sessions as required to ensure a thorough understanding of and compliance with the law.



Together with Shareholders

We disclose information covering all aspects of general management that is required by society in a timely and appropriate manner and undertake fair and transparent corporate activities. In addition to disclosing accurate information on a timely basis, we work to continuously provide a stable level of dividends for all shareholders and in turn realize long-term investments in Yakult stock.

■ IR Activities

We value connections with securities analysts, institutional investors and individual investors.

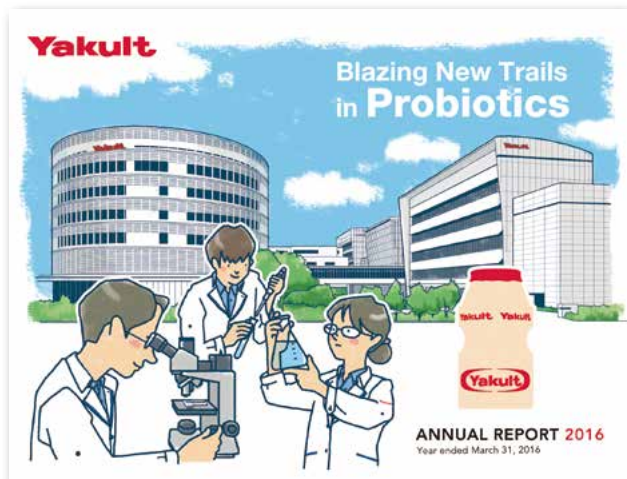
■ Relationship with shareholders

Yakult's investor relations (IR) activities are focused primarily on securities analysts and institutional investors. Specifically, we hold business results briefings and business explanation meetings and collaborate with securities companies to organize small meetings and business site tours for institutional investors. We also produce annual reports and other materials for overseas institutional investors and undertake various other kinds of IR activities.

Regarding individual investors, our main objective is to "cultivate Yakult fans through the provision of products and services, thereby promoting long-term investments in Yakult stock by individual investors." We reduced the size of our shareholding unit from 1,000 shares to 100 shares as a means of facilitating the acquisition of our stock by a greater number of individual investors, and we have also worked to strengthen and expand our systems for providing shareholders with special benefits.



Financial Results Briefing



Yakult Annual Report 2016

With respect to our dividend policies, we give top priority to providing shareholders with dividends at a stable level continually, and we have, therefore, adopted the policy of setting the annual base dividend amount at ¥30.0 per share.

Actual dividend levels are determined by adjusting the base amount based on the comprehensive consideration of funding requirements related to strategies for future business expansion and profitability increases, the current financial position, recent corporate performance and other relevant factors.

With respect to fiscal 2015, dividends for the year amounted to ¥50.0 per share, including an ordinary dividend of ¥30.0 and a commemorative dividend of ¥20.0.

We had approximately 28,000 shareholders as of March 31, 2016.



Reports to shareholders

■ IR information disclosure

Yakult's IR activities focus on ensuring transparency in management by appropriately disclosing financial information pursuant to laws and regulations and actively releasing information regarding our corporate philosophy and management policies to the public. We also disclose fair and accurate information regarding the stock market.

Principal kinds of information in the "For Investors" website section

What's new

Top Message

Management Policy

Profile, Corporate Governance, Stock Data and Long-Term Vision

Financial Information

Supplementary Materials for Financial Statements and Fact Book/Financial Data

IR Library

Together with Employees

We strive to create workplaces free of discrimination based on race, religion, nationality, birthplace, educational background, gender or disability and promote fair employment. We also respect the individuality of our employees and foster human resources who are independent and creative in order to build a free-spirited and open corporate culture.

■ Employees' Missions and Motivation

We are making efforts to create pleasant and motivating workplaces for all employees.

■ Personnel systems for promoting employees' missions and motivation

Based on the belief that we must be a company in which hard work is rewarded, Yakult pays careful attention to operating a personnel system that is fair, just and has the understanding of all involved. Specifically, in light of differences among the size of the roles the Company expects individual employees to play, methods of contributing to performance and job types, Yakult undertakes human resource management by classifying employees into different role groups (levels) and career courses (occupational category). Newly hired employees are assigned to a specific role group and career course and given opportunities to develop the skills they require and contribute to corporate performance as they seek to expand and raise the level of their own roles in the Company.

● Self-Reporting/In-House FA (Free Agent) system

In Yakult's Self-Reporting system, employees state their personal opinions and desires concerning job details, skills development, placement and transfer once a year, which contributes to more effective implementation of human resource management.

The In-House FA (Free Agent) system, which enables employees to announce their desire to shift to a new position, helps those employees move to new workplaces where they can make the most of their individual capabilities at a higher level, which leads to organizational dynamism.

● Career Course Switch System

The Career Course Switch System is designed to enable employees to switch to the career course they desire following a set number of years of experience, enhance the levels of employees' missions and motivation by encouraging individual career development after joining the company and create dynamic workplaces full of vitality. The system serves to draw out the motivation and maximize the potential of employees. In the 12 years since it was introduced, 201 employees have changed career courses of their own volition and set about meeting the challenges of new career development paths.

● Job Rotation System

The Job Rotation System is designed to help assess employees' aptitudes and facilitate employees' long-term career development. Employees hired for the comprehensive course in the office section are transferred to new positions at roughly three-to-four-year intervals following initial training, thereby experiencing work in three organizational units within 10 years. By experiencing work both in metropolitan

areas and outlying regions, marketing departments as well as administrative departments, other departments and overseas sites, employees expand the horizons of their experience in a balanced manner and gain an understanding of what kind of position is most appropriate for them to make the most of their abilities.

■ Increasing employee satisfaction

As part of its welfare program, Yakult introduced a Cafeteria Plan System in fiscal 1998, thereby enhancing employee satisfaction.

The system assigns all employees a certain number of points applicable to individual years. Employees can freely choose the way they apply those points to obtain various benefits available on the menu. Unused points can be carried over to subsequent years, further increasing the flexibility of the system. Principal menu items cover a wide spectrum and include travel and leisure activity subsidies, *shinkansen* (bullet train) commuting subsidies, self-development subsidies and subsidies for making use of sports clubs and engaging in other recreational activities, as well as subsidies for child raising and medical expenses. Results show that employees consume approximately 90% of their annual allocation of points, which proves that employees are actively using the system in line with individual needs.

■ Continuous Employment System

Yakult introduced a Continuous Employment System in April 2006, which is designed to reemploy personnel who have reached retirement age as full-time and contract workers. The system has been revised as needed in alignment with the intent of the Act for Stabilization of Employment of Older Persons etc. Currently, it is basically being utilized as a system to reemploy persons desiring to continue work up until they reach the age they begin to receive a welfare pension (earnings-related component). In fiscal 2015, 54 of the 61 persons of retirement age continued working under this scheme. As of April 2016, a total of 153 employees who have chosen to continue working have made effective use of their wealth of experience and knowledge and leveraged their skills in respective places of work to ensure they fulfill their maximum potential.

Ratio of continuous employment at retirement age

Fiscal year	2011	2012	2013	2014	2015
Number of persons at mandatory retirement age	72	58	68	69	61
Number engaged in continuous employment at Yakult	42	30	35	40	43
Number of continuous workers who transfer to another company	10	13	16	14	11
Number of persons who choose to retire	20	15	17	15	7
Ratio of continuous employment* (%)	72.2	74.1	75.0	78.3	88.5

* Calculation of continuous employment rate includes those persons who have transferred to another company.

■ Empowerment of female employees

A critical issue in Yakult's human resource strategy concerns the empowerment of female employees, not only in response to the problems of an aging population and a declining birthrate plus a decline in the productive population, but also since the home delivery business, which is core to the Company, is supported by the female labor force.

Yakult also formulated an action plan that fits with the basic tenets of the Act on Promotion of Women's Participation and Advancement in the Workplace that was enforced in April 2016. The fundamental philosophy of the plan can be summarized in the following three points.

1. Promote optimal employee placement in light of abilities, desire and competence, irrespective of gender.
2. Enhance the workplace environment so that women aspiring to have a career are able to both work and take care of their family.
3. Set precise target figures and formulate an action plan.

The percentage of women in managerial positions stood at 6.2% as of April 2016, with 47 of 755 persons in management, and this figure is rising annually. Going forward, we will expand and enhance our systems offering a sustainable balance between work and home life not only for existing female managers but also to increase the number of women at the assistant manager level who are candidates for managerial positions. We will also promote use of a shortened work hour system for women engaged in child rearing as well as the Career Course Switch System to achieve this goal.

Ratio of women in managerial positions

Month/Year	Apr. 2012	Apr. 2013	Apr. 2014	Apr. 2015	Apr. 2016
Total number of managers	811	810	804	780	755
Female managers	33	35	40	45	47
Ratio of women in management (%)	4.1	4.3	5.0	5.8	6.2

■ Employment of persons with disabilities

Yakult actively promotes the recruitment of persons with disabilities with the aim of creating environments in which diverse human resources can work with vitality. After entering the Company, those with disabilities receive help from those around them and work in the same manner as persons without disabilities, with this system generating positive results.

Although we fell slightly short of the legally mandated rate of 2.0% in the employment of persons with disabilities since the stipulated figure was raised in fiscal 2013, we once again have exceeded the rate in fiscal 2015 with a result of 2.20%. Going forward, in addition to complying with the legally mandated rate, we will continue to actively employ persons with disabilities and make the most effective use of our human resources as part of our corporate social responsibility.

Rate of persons with disabilities employed

Fiscal year	2011	2012	2013	2014	2015
Rate of persons with disabilities employed (%) (annual average)	1.81	1.84	1.98	1.99	2.20
Legally mandated employment rate (%)	1.8	1.8	2.0	2.0	2.0

■ Worker safety and peace of mind

Yakult is committed to safety management and strives to create comfortable work environments so that employees can work with peace of mind. A particular area of focus has been mental health measures, an area that has become a social issue in recent years. We have been conducting initiatives related to health management from both mental and physical perspectives for employees throughout the company.

As a result of these efforts, the rate of accidents at work at Yakult is at an extremely low level.

Work accident frequency rate and severity rate

Fiscal year	2011	2012	2013	2014	2015	Whole industry average* ₃
Work accident frequency rate* ₁ (%)	0.17	0.17	0.33	0.71	0.873	1.66
Work accident severity rate* ₂ (%)	0.0003	0.006	0.002	0.0066	0.0059	0.09

*₁ Work accident frequency rate = Injuries and deaths caused by work accidents ÷ Total work hours x 1,000,000

*₂ Work accident severity rate = Number of work days lost ÷ Total work hours x 1,000

*₃ Whole industry average: Partial extract from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents (2014)

● Mental health measures

Yakult promotes motivation at work by reducing stress that comes from the weight of work and responsibility and also endeavors to create a bright and welcoming workplace through various actions that serve as mental health measures.

Specifically, a mental health consultation desk has been set up which provides health consultations and counseling through resident health outreach workers as well as counseling as required through company-designated industrial physicians. Mental health advisors with knowledge of ways to deal with persons who are mentally unwell have been assigned to respective business sites and they endeavor to realize early detection of mental health issues and undertake the appropriate response.

In order to promote understanding relating to prevention of mental illness and suitable response among all employees, Yakult has been running regular workshops at business sites nationwide since 2012 while individual stress tests have been undertaken since 2014.

In addition, since 2015 in anticipation of the

enforcement of the revised Industrial Safety and Health Act, which will make it compulsory to provide stress tests, we have conducted stress tests using a method based on the act.

Besides this, we are working to further enhance understanding and increase knowledge of mental health through various level-specific workshops for persons from newly hired employees to newly appointed managers.

● **Employee consultation desk**

Yakult has established both an internal consultation desk (health management office) and an external consultation desk as a means to enhance and expand our consultation system for employees concerning mental health and harassment.

In particular, we switched the company for our external consultation desk in fiscal 2015, which has enabled us to further improve our consultation system with face-to-face counseling in addition to email and phone consultations. We have broadened the scope of the system so that not only employees but also the family members of people working at Yakult can seek consultation. This makes it possible to address private concerns as well as issues at work.

■ **Helping realize an optimal work-life balance**

Yakult's objective regarding work-life balance is "to create pleasant working environments that enable each employee to maintain good health, maintain an optimal balance between their work and the rest of their lives, make the most of their abilities and live active lives with high energy levels." We are moving ahead with efforts to prevent excessive work hours and create pleasant work environments that facilitate work activities by raising awareness of the need for an optimal work-life balance among all employees.

● **Training related to work-life balance**

In order to promote initiatives related to work-life balance across the organization, Yoshie Komuro, CEO of Work Life Balance Co., Ltd. and a leader in the work-life balance field, has been invited to give speeches at training workshops for directors and employees. Subsequent to this, Yakult has been continuing to increase awareness related to work-life balance through such means as e-learning for all employees and training workshops for newly appointed managers.

Additionally, as part of efforts to ensure a good work-life balance, Yakult has set one day each week as well as payday and bonus day as "no overtime days" and is implementing a number of initiatives to encourage employees to finish work at the fixed time without doing any overtime work as a general rule.

● **Promoting the use of annual allotments of paid holidays**

To promote employees' use of their annual allotments of paid holidays, Yakult Honsha has created a system that encourages the use of a paid holiday by each employee on his or her birthday and anniversary, as well as for volunteer activities. Going forward, we will push ahead with the creation of work environments in which it is even easier to take annual allotments of paid holidays.

Rate of using annual allotment of paid holidays

Fiscal year	2011	2012	2013	2014	2015
Rate of using annual allotment of paid holidays (%)	53.6	47.7	50.6	53.0	55.5

● **Acquisition of Kurumin Mark certification**

In July 2012, Yakult was certified by Japan's Ministry of Health, Labour and Welfare as an "enterprise that supports child rearing" and received the "Kurumin" next-generation accreditation mark from the Tokyo Labor Bureau.

The Kurumin Mark was created based on the Act for Measures to Support the Development of the Next Generation, which has the objective of helping create environments that facilitate the healthy birth and appropriate rearing of Japan's next generation. Companies that institute action plans to support the development of the next generation and that implement action plan measures that meet specified standards are deemed qualified to receive the Kurumin Mark.



● **Parental child-rearing leave for men**

Yakult has established a saved leave system in which employees can make use of the portion of paid vacation that exceeds the limit allowed to carry forward for other purposes. Such saved leave can be used for child-rearing leave or nursing care leave, which has led to an increase in the number of men taking child-rearing leave.

Number of men taking child-rearing leave

Fiscal year	2011	2012	2013	2014	2015
Number of men taking child-rearing leave	2	4	2	3	5
Rate of men taking child-rearing leave* (%)	2.4	5.3	2.6	2.7	5.4

* Rate of men taking child-rearing leave: Number of male employees taking child-rearing leave divided by the number of male employees whose spouse has given birth



Moriya Tsukimoto
 Researcher at the Yakult Central Institute, who took child-rearing leave

● **Round-table meetings for child-rearing leave takers prior to returning to workplaces**

As part of its efforts to provide pleasant workplace environments, Yakult is providing diverse kinds of information and support to employees who are completing their child-rearing leaves so that they can return to their workplaces with peace of mind and subsequently maintain a good balance between work and child-rearing tasks. We offer the additional initiative of organizing meetings for child-rearing leave takers preparing to return to their workplaces.

The round-table meetings serve as a platform for the Human Resources Department to provide diverse kinds of information and to exchange ideas with employees who have already achieved a good balance between work and child-rearing. Encouraging a smooth return to work for participants helps realize an efficient way of working, even when there are restrictions, and a dynamic work environment.

In addition, Yakult has introduced a shortened working hour system for when child-rearing leave takers return to work, and allows the system to be used up until the child reaches the fourth year of elementary school, which is above and beyond the legal requirement of cutoff when the child turns three. This has helped facilitate an environment that enables employees to balance work and child rearing with peace of mind over the long term.



Participants in a round-table meeting

Round-table meetings for child-rearing leave takers prior to returning to work: Feedback from participants

- Being able to talk with others who had given birth around the same time enabled me to consult and exchange information not only on work issues but also concerning child-rearing, which has given me confidence for after I return to work. I think Yakult should continue holding the round-table discussions.
- It was really useful for me to listen to the opinions of employees who had actually used the shortened work hour system.
- Hearing about the recent condition of the company and the actual experiences of senior personnel helped me mentally prepare for my return to work, so I hope Yakult keeps having these round-table discussions in the future.



Daycare center

■ **Establishment of daycare centers for Yakult Ladies that are open to the public**

The Yakult Group supports women's advancement in society and supports the creation of a pleasant working environment for Yakult Ladies from diverse perspectives. One of these is the running of daycare centers that have been set up inside marketing companies nationwide, a program that began in the 1970s.

Approximately 8,400 children were using approximately 1,200 daycare centers as of the end of March 2016.

In addition, 59 of the daycare centers in certain regions are open to the public so that children from surrounding areas can also attend.

■ **Initiatives at overseas Group companies**

● **Follow-up seminar for Yakult Ladies / Sales technique competition and awards ceremony (P.T. Yakult Indonesia Persada)**

P.T. Yakult Indonesia Persada holds follow-up seminars for Yakult Ladies who have spent three months on the job following recruitment.

The seminars, which aim to stimulate motivation by reaffirming the importance of working as a Yakult Lady and boost the ability to communicate with persons completely unknown to them by conducting activities between participants, are held once every three months at the Sukabumi Plant and the Surabaya Plant. Between 130 and 140 Yakult Ladies take part each time.

P.T. Yakult Indonesia Persada also pours its efforts into sales techniques between Yakult Ladies and customers and every year holds a sales technique competition for all Yakult Ladies. The competition evaluates sales techniques in set situations. A national competition pits the top Yakult Ladies from preliminary rounds at the center, branch and regional level against each other to select three persons as the winners. The winners are presented with a trip to Japan in years that the World Convention is held and a motorcycle in years it is not held. The sales technique competition plays a key role in boosting the communication skills of Yakult Ladies.



Winners of the sales technique competition

■ **Basic philosophy on human resources development**

Yakult emphasizes Shirota-ism, the root of our business, in human resources development as well. This means respecting and valuing others based on sincerity, harmony among people, and honesty and kindness, and fully reflecting our corporate philosophy in operations. We believe that there is absolutely no place for disreputable behavior, that rules and manners are to be observed and that operations should always be conducted with respect for others, with these ideals being integral components of Yakult's business. In addition, individual employees must understand and embrace the idea that they are the face of the company, acknowledge this responsibility and be conscious of the fact that they are representatives of the company in their actions.

■ **Employee education**

In order to further advance the Yakult Group, we devise and implement training and development programs that encourage the growth of employees and the organization according to the following basic policies.

Basic policies
<ol style="list-style-type: none"> 1. Promote the dynamic perpetuation of the spirit of our founding by including material on Shirota-ism within training programs for all levels of employees. 2. Create training programs that generate results in actual business operations by avoiding isolated, one-shot programs and by consistently organizing programs that involve prior preparation, actual training and subsequent follow-up processes. 3. Emphasize the expansion of educational opportunities and the actual use of education at business sites, and visit business sites to take part in programs that are being implemented. 4. In addition to developing and upgrading the personal skills of individual employees, undertake management support activities that help increase the vitality of marketing company organizations.

In fiscal 2015, a total of 554 employees from Yakult Honsha and 2,597 employees from Yakult Group companies underwent training courses.

● **Kokusaijuku (International training course)**

Yakult plans to continue moving into emerging countries, and as such, a pressing task involves the development of global human resources internally. We hold *Kokusaijuku*, an international training course, every year for that purpose, in which participants deepen their understanding of other cultures and hone the skills that will be required overseas.



Final presentation in English

● **Training on human rights**

Training on human rights is given as needed, such as training on human rights issues when a new recruit joins the company. The training includes a lecture on basic

knowledge concerning human rights and harassment, and seeks to deepen understanding of the risks involved in violating a person's human rights unconsciously, which includes discrimination and prejudice born from common assumptions. We pay particular attention to ensuring an understanding of our philosophy so that individuals become neither perpetrator nor victim.

■ **Distributing CSR materials**

In fiscal 2015, Yakult distributed a booklet version of this report to all employees. In a survey, some of the respondents commented that being given the report enabled them to read it thoroughly and that it helped boost motivation at work. We plan to distribute the report again this fiscal year. We also distributed CSR-related posters to marketing companies and affiliated companies as well as CSR-related leaflets to Yakult Group employees such as Yakult Ladies and Yakult Beauty Advisors, which served to enhance awareness throughout the Group.

■ **Promotion of CSR-related training**

We have implemented CSR management seminars for managers since fiscal 2002. In fiscal 2015, Professor Yasuhiro Haga from the School of Business, Aoyama Gakuin University was invited to lead a seminar on the theme of "Strategic CSR and Marketing" that was attended by 51 people, including directors and organizational unit managers.

Yakult provides a host of opportunities for employees to learn and think about the environment and CSR by way of new employee training, level-specific training and an e-learning system using the Company's internal LAN.

■ **Yakult CSR campaigns**

The Yakult Group has implemented unified Yakult CSR campaigns since fiscal 1994 in line with Japan's Environment Month set forth by the Ministry of the Environment.

In fiscal 2015, the Group implemented a campaign that involved employees donating used books to be sold with the proceeds going to the Children's Forest Program sponsored by OISCA* to support an area of social contribution that the employees selected. Some 6,724 employees participated in the campaign, which saw 28,895 books and ¥423,313 collected. Yakult matched the donation so that a total of ¥846,626 was donated for use in OISCA's Children's Forest Program.



CSR campaign poster

Yakult continued to participate in Green Wave in 2015, which is advocated by the Ministry of the Environment, and planted trees in 14 locations, including Joyama Park in Kunitachi City, Tokyo, where the Yakult Central Institute is adjacently located, and plants throughout the country.

* The Organization for Industrial, Spiritual and Cultural Advancement (OISCA) is an international non-governmental organization (NGO) that promotes rural development, human resources development and greenification campaigns focused primarily on the Asia Pacific region. Our donations have been used to fund programs in various locations including Indonesia, the Philippines and China's Inner Mongolia Autonomous Region.

The 2015 Yakult World Convention was held, with 10,000 people gathering from around the world, including Yakult Ladies.



Opening remarks by Yakult Honsha Chairman Sumiya Hori

The Yakult Group continues to hold the Yakult World Convention with the aims of awarding Yakult Ladies who deliver health to customers and strengthening bonds within the Yakult Group by reaffirming Shirota-ism, the root of our business. The convention was held at Tokyo Dome on December 6, 2015 and was attended by more than 10,000 people from 33 countries and regions of the world, including Japan.



Speech by the award winners representative Yoshiko Abe
Yakult Lady, Kaisei Sales Center, Yakult Ishinomaki Sales Co., Ltd.

“People exist to be of service to others and society,” explained Chairman Sumiya Hori of Yakult Honsha in his address at the event. “Towns are more lively and people are healthier thanks to the work of Yakult Ladies. Please continue doing your job with pride. Yakult’s business is built on social contribution. Because you are happy and healthy, I too can be happy and healthy. This is also our passion in establishing our business that makes me more determined than ever to make sure Yakult operates well into the future.”

The Yakult Lady representing the award winners called upon others to continue the work: “The mission of people working at Yakult is to know and appreciate the local community and meet the expectations of customers with affection, keep providing warm and sincere service that exceeds expectations, and bring smiles and cheer to customers the world over. Let’s all create history at Yakult by working hard to achieve ever-higher aspirations.”

Comments from participants



I’m happy that I can contribute to the creation of a healthy society.

Doralice Santos Ferreira
Yakult Lady
Novo Jardim Ester Marketing Office
Yakult S/A Ind. E. Com. (Brazil)

My family and my customers say they are proud of me for taking part in the World Convention. I am so pleased I got the chance to meet Yakult Ladies from different countries and regions. The event helped me reaffirm the importance of Yakult products to people’s health and made me want to continue this work even more.



I’m proud to be a member of Yakult.

Dirk Seewald
Team Leader (South)
Field Sales
Yakult Deutschland GmbH

It was very impressive meeting colleagues from all over the world and deepening mutual understanding with staff from other countries, and thus I gained a deeper insight into what it means to be a part of the Yakult family. The dedication of Yakult Ladies to spread health and happiness all over the world inspired me and will influence my daily work.

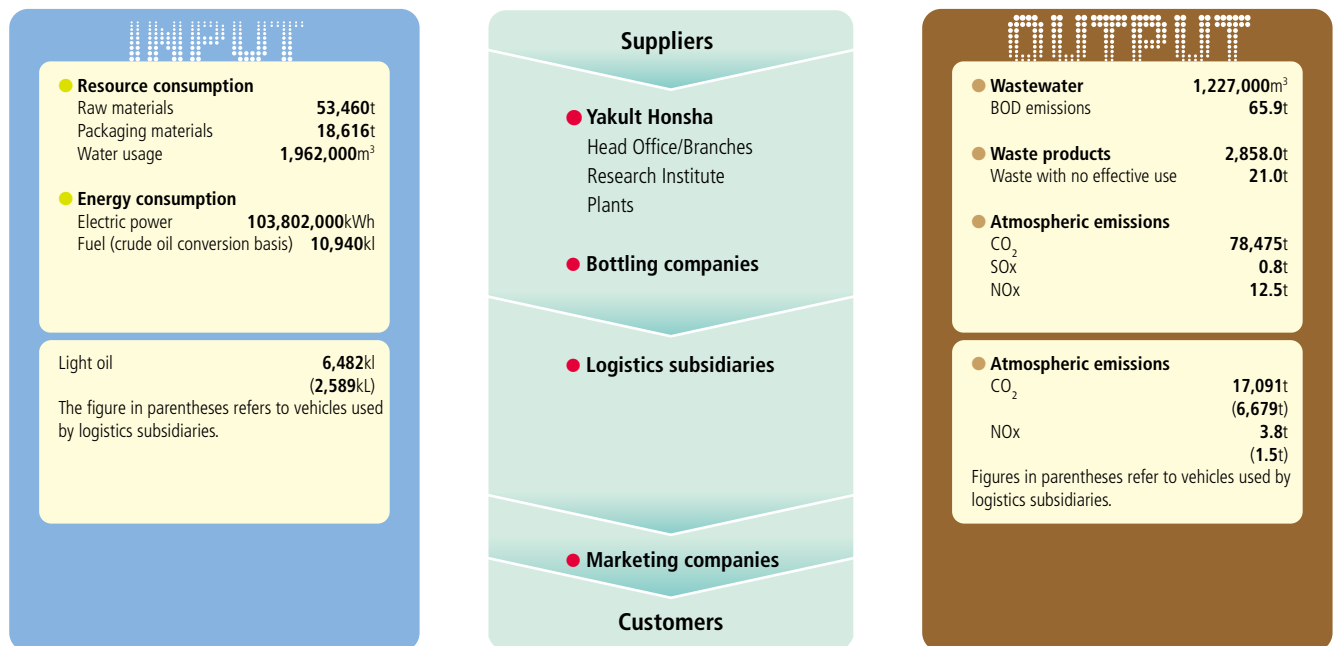
Together with the Global Environment

Based on a keen awareness that protecting the natural environment is a critical issue facing all of humankind, we conduct corporate activities in consideration of the environment from all perspectives in research and development, procurement, production, logistics and sales.

■ Environmental Impact of Business Activities

We strive to identify the environmental burden of our business activities and connect this to effective environmental protection.

■ From production through delivery



■ Specify and reduce critical areas of environmental burden

The Yakult Group has specified critical areas of environmental burden in the lifecycle of its products, from production and logistics to sales and recycling, and is working to effectively reduce this burden based on the Yakult Environmental Action Plan and other means.

■ Production

The fermented milk drink *Yakult* and other dairy products are produced at five Yakult Honsha plants and five bottling companies. We are pushing ahead with effective utilization of raw materials (skim milk powder, etc.), electric power, fuel, water resources and packaging materials (paper, plastic) used in production at respective plants and bottling companies in line with ISO 14001 objectives and targets.

■ Logistics

The transport of products manufactured in plants and bottling companies is primarily handled by logistics subsidiaries. As Yakult has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), we are required to annually reduce

energy consumption per unit of freight by an average of 1% or more during a five-year period. This requirement has been incorporated within the Yakult Environmental Action Plan, and we are seeking to ensure the requirement is met. In addition, each logistics subsidiary has created and renewed its environmental management and promotes eco-driving methods as a means of reducing CO₂ emissions.

■ Marketing

Efforts are being made to conserve energy in vending machines and promote the use of recycled (overhauled) vending machines.

■ Recycling

The containers of *Yakult* and other products delivered to customers' homes and offices are subject to Japan's Containers and Packaging Recycling Act, thus we have the responsibility to recycle them. Yakult has commissioned the Japan Containers and Packaging Recycling Association, which is specified by the national government as a qualified recycling organization, to handle this recycling process and pays the association a commission for this service.

■ Environmental Action Plan

We have formulated and are implementing an Environmental Action Plan aimed at strengthening our environmental management foundation.

To generate concrete results in efforts to realize the objectives of the Yakult Basic Policy on the Environment and to strengthen the foundation of environmental management, Yakult has been implementing its Environmental Action Plan since April 2001. The fifth phase of the plan was completed in fiscal 2015.














■ Yakult Environmental Action Plan—Overview of Phase 5 Plan action targets

Under the Phase 5 Plan, we formulated the following action items and targets mainly for the reduction of greenhouse gas emissions and measures for waste, and we carried out activities from April 2013.

A summary of the Phase 5 Plan action targets and the status of achievement are as follows.

Yakult Environmental Action Plan—Phase 5 Plan action targets

(Period: April 1, 2013 to March 31, 2016)

Action item	Action target	Achievement level
1. Reduction of greenhouse gas (CO ₂) emissions	(1) Reduce annual CO ₂ emissions of Yakult Honsha plants (including pharmaceutical and cosmetics plants) and bottling companies to 1% below the average annual level in the three years through fiscal 2011 by fiscal 2015	
	(2) Reduce annual CO ₂ emissions of Yakult Central Institute facilities covered by the Tokyo Metropolitan Ordinance on Environmental Preservation by 8% each year compared with the base year targets for the two-year period through fiscal 2014 and reduce by 17% in fiscal 2015 compared with the base year targets	
	(3) Meet requirements as a designated shipper based on Japan's revised Act on the Rational Use of Energy (Energy Conservation Act) by reducing annual energy consumption per unit of freight (including outsourced transport operations) by an average of 1% or more each year compared with the level in fiscal 2012	
2. Reduction of waste emissions	(1) Reduce waste emissions from the Head Office building (including food product waste) to 6% below the level in fiscal 2012 by fiscal 2015	
	(2) Reduce waste emissions from the Yakult Central Institute (including food product waste) by 5% each year compared with the base year (fiscal 2012) and maintain a 95% recycling rate	
	(3) Promote the material recycling of waste emissions of Yakult Honsha plants (including pharmaceutical and cosmetics plants) and bottling companies	
3. Resource conservation	(1) Reduce the volume of office automation paper used at the Head Office* to 6% below the level in fiscal 2012 by fiscal 2015	
	(2) Reduce electric power consumption at the Head Office building to 3% below the level in fiscal 2012 by fiscal 2015	
4. Continuation of green purchasing promotion	Keep the green purchasing ratio at the Head Office* to 95% or higher each year (including office automation paper, office supplies and sanitary supplies)	
5. Vending machine policies	(1) Install a number of overhauled units representing approximately 33% of all newly installed vending machines in fiscal 2015	
	(2) Increase the share of newly installed vending machines that incorporate heat pumps to 90% in fiscal 2015	
6. Support for biodiversity	(1) Consider countermeasures regarding the relationship between business activities and biodiversity	
	(2) Implement environmental education programs, etc., related to biodiversity	

* Head Office: Includes all Head Office units in the Head Office building, Hatagaya, the Ginza-Kobiki Building and the Ginza MTR Building.

● Ratings for achievement level



Adequate results attained



Results in line with targets on the whole



Initiatives were insufficient

■ **Yakult Environmental Action Plan—Overview of Phase 6 Plan action targets**

In the Phase 6 Plan, we formulated the following plan for which we will implement activities from 2016 in addition to tackling the key issues of protecting water resources and ensuring environmental consideration for containers and packaging.

Yakult Environmental Action Plan—Phase 6 Plan action targets

(Period: April 1, 2016 to March 31, 2019)

Action item	Action target
1. Reduction of greenhouse gas (CO ₂) emissions	Reduce CO ₂ emissions to at least 5% below the level in fiscal 2010 by the end of fiscal 2018*
2. Reduction of waste emissions and promotion of recycling	(1) Reduce waste emissions to at least 10% below the level in fiscal 2010 by the end of fiscal 2018
	(2) Promote a recycling rate for food waste of at least 85%
3. Protection of water resources	Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2018
4. Preservation of biodiversity	(1) Support and participate in environmental protection activities
	(2) Promote education related to biodiversity
5. Environmental consideration for containers and packaging	(1) Reduce material consumption in containers and packaging
	(2) Minimize environmental burden by substituting materials used for containers and packaging
	(3) Utilize eco-friendly plant-derived materials used for containers and packaging

Scope: Yakult Honsha, bottling companies and logistics companies (designated shippers)

* The Yakult Central Institute will aim to reduce CO₂ emissions to at least 5% below the level in fiscal 2010 in terms of basic unit of floor area due to facility expansion.

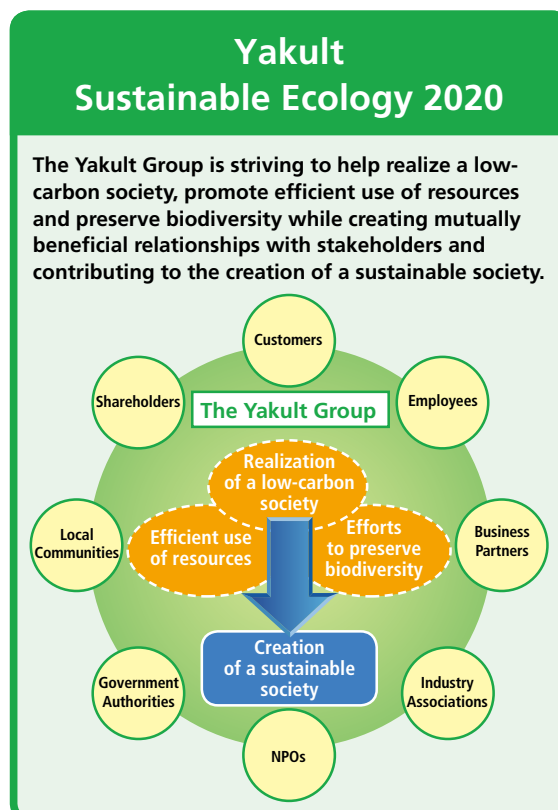
■ **Yakult Sustainable Ecology 2020**

Because of the fundamental nature of environmental measures, we believe that such initiatives must be implemented in a sustained manner along with our business activities. To focus on the realization of longer-term environmental objectives, we instituted Yakult Eco Vision 2010 in fiscal 2003. In 2012, we drafted Yakult Sustainable Ecology 2020, which focuses on continued environmental initiatives related to the sustainability of the overall global environment.

Realization of a low-carbon society
Proactively reduce greenhouse gas emissions
Strive to realize a low-carbon society

Efficient use of resources
Promote efficient use of resources by applying the “3Rs” (reduce, reuse and recycle) in ways that increase resource recycling

Efforts to preserve biodiversity
Gain a comprehensive understanding of the relationship between business activities and biodiversity, and work to preserve biodiversity



■ Environmental Accounting

We execute environmental measures based on an understanding of costs and economic benefits.

■ Environmental accounting

● Yakult's environmental accounting system

Based on the *Environmental Accounting Guidelines* issued by Japan's Ministry of the Environment in May 2001, Yakult drafted the Yakult Environmental Accounting Guidelines and began collecting environmental accounting information from fiscal 2001. This information is annually disclosed.

● Purpose of the system

1. Clarify the cost-effectiveness of environmental conservation expenses and employ cost-effectiveness information to optimize environmental management programs.
2. Carry out responsibility to society by working to disclose environmental information to stakeholders.

● Main features of the system

Scope of data

Yakult Honsha, on a non-consolidated basis

Time period

From April 1, 2015 through March 31, 2016

Noteworthy features

- (1) Data is compiled only for activities that are exclusively for the purpose of environmental protection.
- (2) Investment values for depreciable assets are stated at the original acquisition prices.
- (3) Depreciation expenses on depreciable assets and environmental business-related costs are not recorded.
- (4) Only economic benefits that are demonstrable based on solid evidence are recorded.

Fiscal 2015 economic accounting performance

(millions of yen)

Item	Main activities	FY2014			FY2015		
		Investment value	Expense value	Total	Investment value	Expense value	Total
(1) Costs within business areas	① Pollution prevention costs	50.5	240.3	290.9	80.3	240.8	321.0
	② Global environment preservation costs	301.5	9.3	310.8	470.4	10.4	480.7
	③ Resource recycling costs	56.2	79.0	135.2	44.4	81.0	125.5
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0.0	270.2	270.2	0.0	209.5	209.5
(3) Management activity costs	Plant grounds green area management, environmental management system renovation and maintenance, CSR Report, environmental impact monitoring expense, employee environmental education program expense	0.0	125.7	125.7	0.7	109.0	109.7
(4) R&D costs	Consideration of improvements to containers and secondary materials	0.0	17.0	17.0	0.0	10.2	10.2
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0.0	6.0	6.0	130.9	5.9	136.8
(6) Environmental damage costs*	Pollution load levy	0.0	0.0	0.0	0.0	0.0	0.0
Total		408.3	747.5	1,155.7	726.7	666.9	1,394.0

* Environmental damage costs = pollution load levy

This is a special charge levied on operators of facilities that generate soot, etc., and other specified facilities as a means of gathering a portion of the funds required for the distribution of compensation based on Japan's pollution-related health damage compensation system.

Economic benefits associated with environmental protection measures

(millions of yen)

Type of benefit	FY2014	FY2015
Reduction of waste disposal costs associated with recycling	0.1	0.0
Income from recycling	15.3	5.5
Cost reductions resulting from resource conservation	0.4	0.3
Cost reductions resulting from energy conservation	12.7	22.4
Cost reductions resulting from packaging weight reductions	12.5	3.8
Cost reductions resulting from the overhaul and reuse of vending machines	252.4	154.3
Gains resulting from green purchasing	0.0	0.0
Other	0.0	0.0
Total	293.4	186.3

Looking at environmental accounting results, Yakult's total environmental investments and costs were approximately ¥240 million higher than in the previous fiscal year. The increase in investments was approximately ¥320 million, and the decrease in expenses was approximately ¥80 million. The major factor causing these results was the building of a pedestrian path around the Yakult Central Institute as a gift to Kunitachi City in the previous fiscal year.

The level of economic benefits was down approximately ¥190 million compared with the previous fiscal year. Factors causing this decrease included a decrease in the number of vending machines overhauled due to an increase in Yakult's vending machines in cooperation with Kirin Vendor Value Vendor Company, Limited.

■ Responding to Environmental Laws and Regulations

We respond to environmental laws and regulations as a manufacturer of food products, pharmaceuticals and cosmetics.

■ Energy Conservation Act

For all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2015 and a medium- to long-term plan for the period beginning from fiscal 2016.

Yakult Honsha's total energy use during fiscal 2015 amounted to 27,088kl on a crude oil conversion basis, up 965kl from the previous fiscal year (101.2% compared with the base unit of the previous fiscal year). The main factor behind this result was an increase in energy use in line with extension work done at the Yakult Central Institute.

The amount of CO₂ equivalent greenhouse gas emitted in line with energy usage amounted to 55,539t (up 615t from the previous fiscal year). The CO₂ emission coefficient uses the actual emission factor for each electric power supplier.

■ Act for Rationalized Use and Proper Management of Fluorocarbons

The Act for Rationalized Use and Proper Management of Fluorocarbons went into effect in April 2015. Yakult conducts the appropriate management of equipment subject to this requirement at all business sites and departments based on this law.

■ Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food waste products and promote the recycling of such waste products. In fiscal 2015, the volume of food waste products was 615.6t, and recycling and other measures were undertaken for 91.3% of this waste. The Company also submitted a periodic report for fiscal 2015.

Food waste product reuse performance (fiscal 2015)

Volume generated (t)	Volume reused (t)	Reuse, etc. ratio (%)	Reuse applications
615.6	533.9	91.3	Fertilizer, animal feeds, etc.

■ Containers and Packaging Recycling Act

The Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act) was instituted in 1995 and revised in June 2006, with the revised law taking full effect in April 2008. As a manufacturer, Yakult has previously been obligated to undertake product recycling processes, and the Company has initiated additional measures regarding 3Rs (reduce, reuse, and recycle) promotion and the start of the system for making payments to the municipal governments handling sorted waste processing.

The amount of commissioned recycling fees and payments by Yakult in fiscal 2015 amounted to approximately ¥200 million.

Container and packaging obligatory recycling volume (fiscal 2015)

Container and packaging type	Obligatory recycling volume (t)
Glass bottles	325
PET bottles	102
Plastic containers and packaging	5,784
Paper containers and packaging	110
Total	6,321

■ PRTR Act*

Japan's Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR Act) took full effect in April 2003. It requires that companies measure the volume of their emissions of specified substances, transfers of such substances from their business sites and other data. It also requires the submission of reports on the volume of substances handled in the case of specified substances that are handled in volumes of one ton or more in the course of a year. The scope of Yakult's reporting obligation in fiscal 2015 includes only chloroform. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in October 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100kg or more. In fiscal 2015, the scope of Yakult's mandatory reporting based on that ordinance included six substances.

* PRTR Act: Pollutant Release and Transfer Registration Act

Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation (fiscal 2015)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Ordinance
Chloroform	1,190	(air) 13	(waste product) 1,177	○	○
Methanol	868	(air) 22	(waste product) 846		○
Hexane	676	(air) 13	(waste product) 663		○
Ethyl acetate	547	(air) 7.2	(waste product) 540		○
Acetone	114	(air) 0.4	(waste product) 114		○
Sulfuric acid	386	0	0		○

* The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc. The figures stated above and those reported to the government and Tokyo officials may differ due to differences in the number of significant figures.

■ Curbing Greenhouse Gas Emissions

We are promoting a reduction in CO₂ emissions through the implementation of energy conservation measures.

■ Measures at Yakult Honsha plants and bottling companies

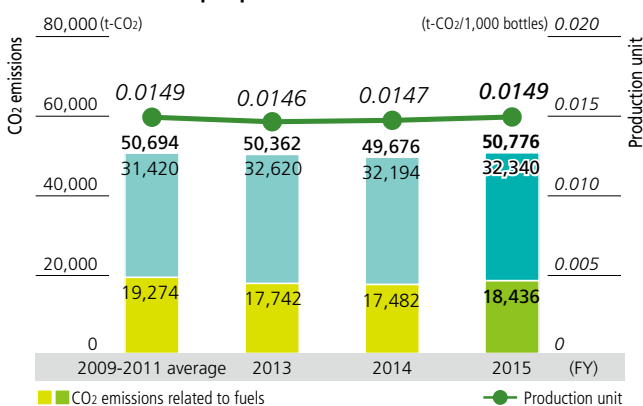
At Yakult Honsha's seven plants and five bottling companies, energy and resource conservation activities have been stepped up with the goal of attaining objectives and targets based on the ISO 14001 system.

In fiscal 2015, we endeavored to conserve energy at the Hyogo Miki Plant by installing a gas engine-driven cogeneration system. In addition, we implemented initiatives, primarily those focused on electric power, fuel and water usage, such as the replacement of mercury and fluorescent lamps with LEDs.

Looking at CO₂ emissions during fiscal 2015 in light of the effects of an increase in production, the volume of emissions was 0.2% higher than the annual average level during the three-year period from fiscal 2009 through fiscal 2011 (emissions associated with fuels were down 4.3%, and emissions associated with electric power were up 2.9%). (For emissions associated with electric power, the average CO₂ emission coefficient for the period from fiscal 2009 to fiscal 2011 is used.)

* The CO₂ emission coefficient for Yakult Okayama Wake Plant Co., Ltd. is calculated using the coefficient of Kansai Electric Power Co., Inc., which was the same as that of Yakult Osaka Plant Co., Ltd. and Yakult Kobe Plant Co., Ltd. before these two companies merged.

Yakult Honsha plants and bottling companies CO₂ emissions and CO₂ emissions per production unit



*1 The average CO₂ emission coefficient for the three-year period from fiscal 2009 to fiscal 2011 is used.
*2 Production unit is calculated solely using figures from dairy product plants.

■ LCA of Yakult products

In considering the environmental load of products, it is important to look at the entire product lifecycle to identify load in all phases, from raw material procurement to product use and disposal, in addition to recognizing the burden produced at one's own plant. With this in mind, Yakult made preliminary calculations based on a lifecycle assessment (LCA) for CO₂ emissions and water consumption. The results will be used for educational purposes within the Company to help permeate the concept of LCA and promote examination of the method of utilization.

■ Measures at the Yakult Central Institute

The Yakult Central Institute reduced environmental burden by installing solar power generation facilities (approximately 13kW) on the eaves of the first floor of the Basic Research Building when it was newly built. We measured the amount of power generated in fiscal 2015, and the result was a reduction of approximately 106MW of power per year (equivalent to 1% of annual power in the daytime) when adding in existing solar power generation facilities (approximately 96kW).



Solar power generation facilities at the Yakult Central Institute

■ Initiatives at overseas plants

As with Japan, new plant construction overseas factors in environmental consideration from the design stage in order to ensure eco-friendly plants.



Cogeneration facilities at the Hyogo Miki Plant

Solar power equipment at the Fukushima Plant



Compressors at the Zhongli Plant (Yakult Taiwan Co., Ltd.)

Boilers at the Surabaya Plant (P.T. Yakult Indonesia Persada)

The plants predominantly use gas as fuel for the boilers to reduce CO₂ emissions. In addition to inverter-type production equipment enabling optimal operation depending on energy load, the facilities introduce a system regulating the number of units in operation and high-efficiency lighting, thereby enhancing the ability to conserve energy throughout the entire production facility.

Yakult Vietnam Co., Ltd. has gained certification as a green factory following recognition of its activities that included increasing the green area of the factory and recycling all material waste. A variety of initiatives have been undertaken to reduce CO₂ emissions and help curb global warming, including using solar powered lights in the production room during the daytime, switching to LEDs for outside lights and using a battery with power stored from solar panels as a power source.

Hong Kong Yakult Co., Ltd. took the opportunity when upgrading the lighting system in the molding room and production room to install LEDs, which significantly reduced power consumption. In addition, a system was installed that can control lighting intensity depending on how bright it is outside, which has served to further reduce power consumption.

In overseas plants, the volume of CO₂ emissions for fiscal 2015 was approximately 150,000t. (The CO₂ coefficient for power uses the coefficient provided in the Greenhouse Gas Protocol and certain plants estimate the coefficient by using production volume based on total figures in other plants.)



Solar lights at the Vietnam Plant (Yakult Vietnam Co., Ltd.)

■ Logistics-related measures

The Yakult Group's shipping of dairy products and other food products as well as cosmetics products and other products to marketing companies throughout Japan is primarily handled by logistics subsidiaries.

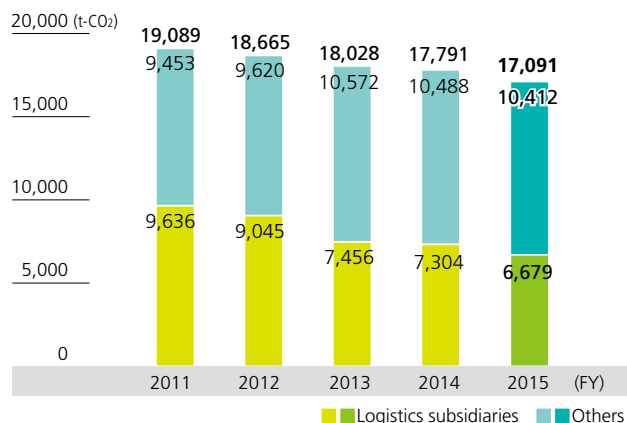
These logistics subsidiaries have obtained Green Management Certification* for each of their marketing offices and are striving to continuously reduce the environmental impact of their operations by rigorously practicing such eco-driving methods as those involving the operation of vehicles at speeds that maximize fuel economy and making efforts to minimize the time periods in which vehicle engines are allowed to idle.

Japan's revised Energy Conservation Act has required

Yakult to annually reduce its energy consumption per unit of freight by an average of 1% or more, and Yakult achieved a 1.0% average annual reduction during the five-year period through fiscal 2015 with a base year of fiscal 2011.

* Green Management Certification is obtained from the Foundation for Promoting Personal Mobility and Ecological Transportation, which evaluates business units' implementation of measures based on the Foundation's Green Management Promotion Manual and certifies that the business units have achieved a specified level of performance regarding those measures.

CO₂ emissions from logistics



● Acquisition of Eco Rail Mark certification

In recognition of our efforts to promote a modal shift from trucks to railway freight, we acquired company certification and product certification* under the Railway Freight Association's Eco Rail Mark system on February 26, 2015. Compared with transportation by truck, railway freight emits only one-eighth the amount of CO₂, making it extremely effective in curbing emissions. Promoting environmental conservation activities such as reducing the number of vehicles by undertaking joint delivery and pursuing a modal shift in addition to safe and secure transportation services on the part of logistics departments enables us to deliver products to customers while pouring our efforts into consideration of the earth's environment.

* Products certified: Toughman, Bansoreicha, Coffee Time, Kininaru Yasai and Menkyokaiden



■ Reducing Waste Product Volume

We do our best to reduce, reuse and recycle waste.

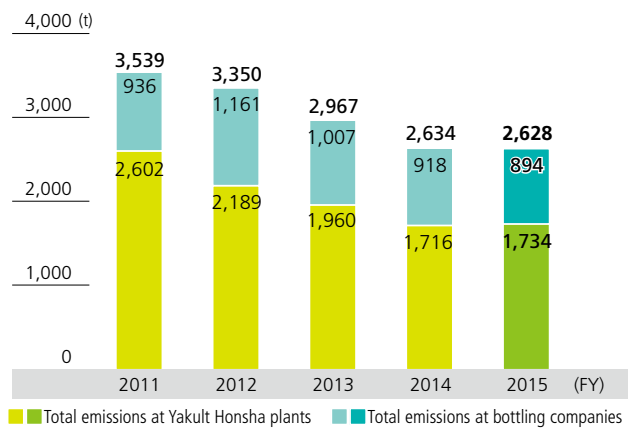
■ Yakult Honsha plants and bottling companies' waste product countermeasures and sustained zero emissions performance

Yakult Honsha plants and bottling companies are implementing measures to curb the generation of waste products as well as promote recycling.

The total volume of waste emissions at Yakult Honsha plants and bottling companies during fiscal 2015 was approximately 2,628t, a year-on-year decrease of approximately 5t, or 0.2% (Yakult Honsha plants: approximately 1,734t, bottling companies: approximately 894t).

We have also progressed with efforts to promote the reuse and returnability of packaging materials used at the plants and are advancing with a revised approach to utilizing the services of an outside specialist company to increase the use of thermal recycling methods as a means of material recycling. Consequently, we are continuing to make qualitative improvements to our recycling programs while concurrently reducing processing expenses.

Emission volume of waste products at Yakult Honsha plants and bottling companies



■ Total emissions at Yakult Honsha plants ■ Total emissions at bottling companies



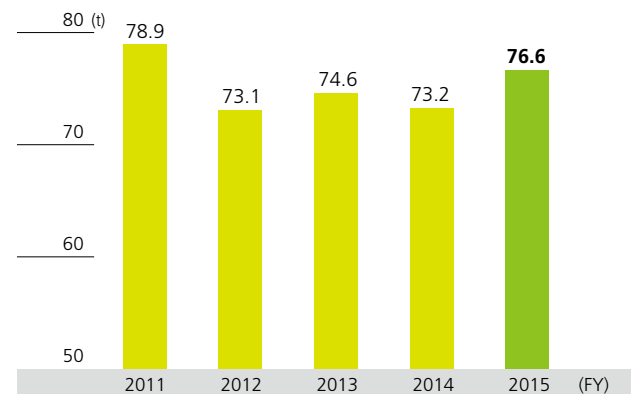
Eco station at Saga Plant

■ Curbing and sorting waste products at the Head Office building

At the Head Office building, efforts are being made to reduce waste generated in the office and promote separation and collection of waste. Although total waste emissions fluctuate up and down each fiscal year depending primarily

on how full the archive room is, we are committed to properly separating and collecting waste to enable recycling. Specifically, wastepaper-sorting boxes have been placed on each floor and a special garbage bin is used for other kinds of waste to ensure proper separation and collection. On top of this, we are working to promote resource recycling by actively utilizing toilet paper and paper towels recycled from different types of paper that have been separated and collected. In order to increase consciousness of these efforts, we constantly provide education and other awareness-raising activities for employees primarily via the company intranet and an e-learning system.

Total emission volume of waste products from the Head Office building



■ Appropriate management and recycling of waste products at the Yakult Central Institute

The institute generates a wide variety of waste products in its research. Outside specialist companies are commissioned and were able to recycle 95.5% of this waste (2015 result). Currently, the institute has contracts with 20 commissioned waste-processing companies, and on-site inspections of the facilities of eight of those companies were conducted during 2015, aiming to confirm that waste processing was being carried out appropriately. In addition, tours of sites related to waste processing are conducted, which has served to deepen understanding of how to properly treat waste.



A tour of a site that is primarily concerned with waste processing

■ Environment-Friendly Design and Logistics

We are developing containers/packaging with low levels of environmental impact and recycling containers.

■ Eco-friendly packaging and other measures

In January 1995, Yakult drafted its Basic Policy on Environment-Friendly Containers and Packaging, which has the fundamental goals of ensuring the safety of containers and packaging, reducing the amount of packaging used, optimizing processing/disposal processes and promoting resource recycling. At the same time, we instituted our Container and Packaging Environment-Friendliness Evaluation Standards to more concretely guide efforts made in accordance with the basic policy to design containers and packaging with low levels of environmental impact for Yakult products, beginning with dairy products and also including other food products and cosmetics products. We have continually considered the means of improving and increasing the sophistication of these evaluation standards in light of changes in laws and regulations, progress in recycling technologies and other factors.

During fiscal 2015 as well, we considered the means of promoting the 3Rs (reduce, reuse and recycle) regarding containers and packaging items, including the crating methods used for products and secondary materials.

■ Development of environment-friendly containers/packaging

● Biomass shrink labels* for PET containers

Yakult pushed ahead with testing of a technology in conjunction with a manufacturer and has been using biomass shrink labels for PET containers from fiscal 2014. Currently, we have introduced the labeling for *Bansoreicha* (500ml, 1L and 2L PET bottle), *Bansoreicha Kobashifumi* (500ml PET bottle), *Mineral Charge* (500ml PET bottle) and *Sappari Shirobudo Sparkling* (265ml PET bottle).

* The labels are made with biomass plastic, of which at least 50% is comprised of plant-derived raw material, a renewable resource, and which boasts exceptional environmental suitability particularly in terms of curbing CO₂ emissions and reducing consumption of petroleum and other items.

■ Streamlined containers and packaging and reduced consumption

● Containers/packaging for food products

In fiscal 2015, Yakult introduced thinner shrink labels* for *New Yakult* and *New Yakult Calorie Half*.

Further, the weight of *Toughman*, *Toughman V* and *Toughman Super* bottles has been reduced by 4.5g, which has reduced glass consumption by 201.8t a year (reduction of 124.7t in CO₂ emissions).

In addition, for *Ocha*, *Milouge* and *Bansoreicha Kobashifumi* 500ml PET bottles we switched to short-flap cardboard boxes, which shorten the part where both sides of the cardboard box are bonded together from 105mm to 80mm. This has resulted in a reduction of 10.0t per year in cardboard box consumption (reduction of 8.6t in CO₂ emissions).

* By thinning down the label by more than 20% compared with standard labels used for *Yakult 400* and other drinks, we succeeded not only in conserving resources but also cutting CO₂ emissions deriving from the label by approximately 24%. The label is the thinnest in the world among sleeve-type (tubular) polystyrene-made shrink labels.

■ Various initiatives at marketing stages

During fiscal 2015, we worked to promote the recycling of used containers collected from suppliers by continuing to promote introduction of route delivery trucks with special container collection spaces designed based on consideration of efficiency factors as well as by continuing to retrofit route delivery trucks with container collection spaces attached to their roofs.

Since fiscal 2007 we have been introducing non-fluorocarbon vending machines that employ natural refrigerant (CO₂) that has a very low global warming potential and hybrid heat-pump-type vending machines that have the potential for generating significant energy conservation benefits. We have continued to promote energy conservation in fiscal 2015 by expanding installation of vending machines incorporating greater power-saving functions. In addition, we overhaul and reuse vending machines that have been removed in an effort to effectively utilize equipment and reduce waste.

Also, we introduced electric vehicles (COMS) in our home delivery service by Yakult Ladies to reduce CO₂ emissions. (Cumulative number of vehicles introduced as of March 2016: 862)

In our pharmaceutical business, marketing representatives are using hybrid vehicles with good fuel efficiency (excluding certain areas).

Introduction of environment-friendly equipment (fiscal 2015)

Item	Number introduced
Route delivery trucks with internal container collection spaces	65
Route delivery trucks with roof-mounted container collection spaces	10
Empty container collection boxes for vending machines	60
Hybrid heat-pump-type vending machines	1,111
Overhauled vending machines	313
Electric vehicles (COMS)	15



Electric vehicle (COMS)



Route delivery truck with a container collection space attached to the roof



New vending machine

■ Conservation of Water Resources

We make effective utilization of water resources and aim to ensure efficient management of wastewater.

■ Preserving water resources

The water resource problem has become a pressing challenge as water consumption increases along with a growing global population and economic development coupled with fluctuating regional rainfall amounts caused by climate change.

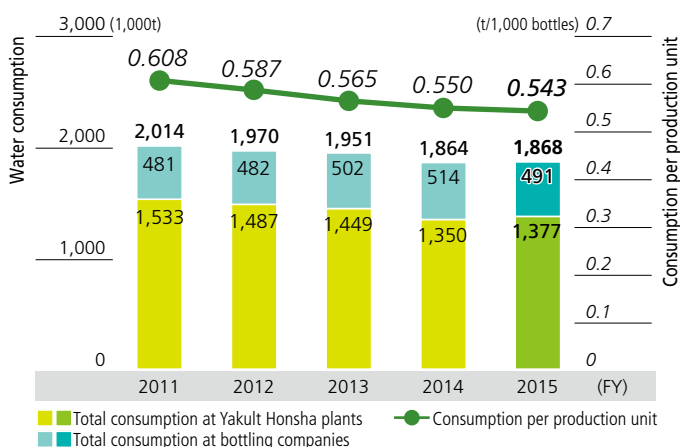
For the Yakult Group's business activities, water is not only a raw material used in actual products but is indispensable in various commodities supporting diverse Yakult products such as grain feed as well. It is for these reasons that we are committed to the effective utilization of water, management of wastewater and conservation of water resources.

■ Effective utilization of water resources

Water is applied in a variety of situations at Yakult Group plants, not only as a raw material in products but also to clean production equipment and cool products and machinery. In fiscal 2015, Yakult Honsha's plants and bottling companies used approximately 1,870,000t of water in total (Yakult Honsha plants: approximately 1,380,000t, bottling companies: approximately 490,000t), with the amount decreasing annually owing to the effects of reorganizing and consolidating dairy product plants from fiscal 2005 to fiscal 2013 and the plants' efforts to conserve water.

A number of key measures are undertaken at each plant to conserve water. For instance, rainwater is stored in tanks and used to water vegetation, while water that can be reused from the amount emitted from the facilities is employed to cool machinery.

Water consumption and consumption per production unit



* Consumption per production unit is calculated solely using figures from dairy product plants.

■ Yakult A&G Water Purification System incorporating *Yakult* containers introduced to treat plant wastewater

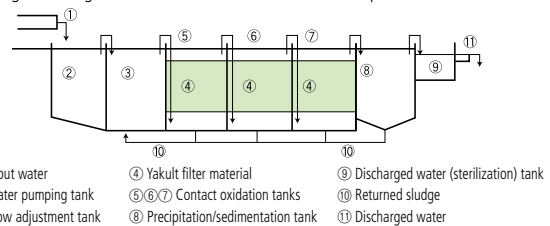
For the purpose of purifying wastewater, the dairy product plants of Yakult Honsha and other Group companies are introducing the Yakult A&G Water Purification System. This system has been installed at three of Yakult Honsha's plants,

namely the Fukushima, Fuji Susono and Hyogo Miki plants, as well as at bottling companies Yakult Iwate Plant Co., Ltd., Yakult Aichi Plant Co., Ltd. and Yakult Okayama Wake Plant Co., Ltd. Overseas, the system was introduced at the Sukabumi Plant of P.T. Yakult Indonesia Persada from 2010.

This system uses *Yakult* containers with the bottoms removed (*Yakult* filter material) as tools for culturing microorganisms that break down contaminants. One of the most noteworthy characteristics of the Yakult A&G Water Purification System is that it reduces the excess sludge processing volume to a level approximately 1/12 of the level typically seen with conventional activated sludge processing systems. Because of this, the running cost of the Yakult A&G Water Purification System can be reduced to approximately half the level of conventional activated sludge processing systems, and superior maintenance ease is another merit of this system.

Structure of the Yakult A&G Water Purification System

The *Yakult* filter material is randomly placed within contact oxidation tanks and diverse types of microorganisms take up residence on both the insides and outsides of the *Yakult* containers. These microorganisms thoroughly break down and digest the organic substances that contribute to water pollution.



■ Initiatives at overseas companies

The Ixtapaluca Plant of Yakult S.A. de C.V. (Mexico) uses discharged water processed at its effluent treatment station to water the lawn and plants on a soccer ground on the plant premises each day.

The daily watering helps retain a lush green feel for the soccer ground while the lawn is cut and the plants pruned with the utmost care, making the area perfect for both employee soccer tournaments as well as a place for visitors touring the plant to have lunch.

Water consumption at overseas plants for fiscal 2015 amounted to approximately 3,790,000t. (Certain plants estimate water consumption using production volume based on total figures in other plants.)



Watering discharged water (Yakult S.A. de C.V. (Mexico))

■ Efforts to Promote Biodiversity

Participation by employees and their families contributes to the preservation of biodiversity.

■ Biodiversity, an important issue for Yakult

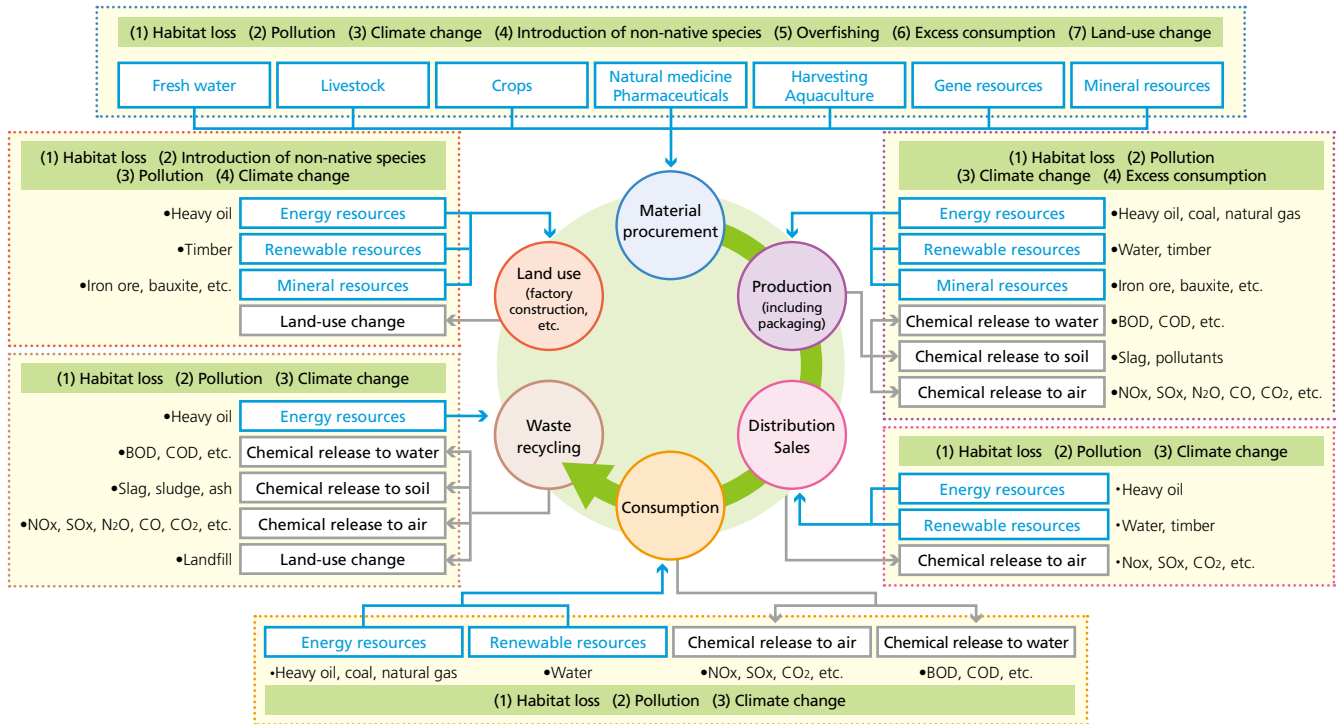
Yakult produces products using lactobacilli, a gift of nature. If we do not give consideration to the global environment or biodiversity, we will be unable to undertake corporate activities or benefit the health of customers. We will strive to preserve biodiversity going forward by making good use of the technology we have built up in research and development over the years.

■ Relationship between business activities and biodiversity

At each step of our business activities (raw material procurement, manufacturing to disposal, and recycling), we identify how dependent we are on nature and what effect we are having on the environment. We then clarify the relationship between business activities and biodiversity and promote initiatives that take biodiversity into account.

Map of relationship between business activities and biodiversity

Blue text → Input to business activities
Black text ← Output from business activities
Relationship with biodiversity



■ A program to raise awareness and experience activities aimed at preserving the natural environment using the Afan Woodland

Yakult signed a contract to become an official sponsor of the C.W. Nicol Afan Woodland Trust chaired by C.W. Nicol and has been supporting the forest preservation activities of the trust since fiscal 2012. In addition, Yakult signed an agreement to become a supporting partner in the Forest Foster Parent Program together with the C.W. Nicol Afan Woodland Trust, Nagano Prefecture and Shinano Town.

In fiscal 2015, we visited the site with 12 members, mainly from the CSR Promotion Committee and branch PR representatives on October 21 (Wednesday). On the day, there was a lecture by C.W. Nicol, a lecture on biodiversity, a tour of the forest and an experiential lesson on tree thinning. Feedback on the experience was shared at the respective workplaces of those who participated.



C.W. Nicol



Experiential lesson on tree thinning

Domestic Business Site Reports

Fukushima Plant

The Fukushima Plant worked in unison to implement various responses in expectation of an increase in electric power consumption accompanying rising outdoor temperatures in summer due to global warming and achieved results in implementing energy-saving measures that included shifting to the use of LEDs. Additionally, the plant secured parking for guests at the plant festival by creating a parking lot on acquired land as it also established a structure for contributing to the local community.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
179	7,720	1,386	285	2.89	7,101	0	2.903

Ibaraki Plant

In terms of community contribution activities, the Ibaraki Plant participated in the waterfront revitalization event *Ukiuki Festa* held at the adjacent Lake Miyuki as well as exhibited a model of a water purification system that uses *Yakult* containers and distributed a pamphlet advocating "In order for people to be healthy, everything around them must also be healthy" as part of environmental PR activities.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
197	5,074	957	207	0.48	4,413	0	1.215

Fuji Susono Plant/Fuji Susono Pharmaceutical Plant

The Fuji Susono Plant and Fuji Susono Pharmaceutical Plant announced a 1% reduction of power consumption as an environmental target and attained this goal by introducing high-efficiency equipment such as electric transformers and air-conditioning equipment when upgrading due to the aging of these facilities. Also, the plants proactively participated in a community environmental preservation activity (an event for filling Panorama Road in Susono City with flowers).

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
544	17,885	2,438	750	0.57	13,757	0.006	2.483

Hyogo Miki Plant

In fiscal 2015, the Hyogo Miki Plant introduced a gas-engine cogeneration system that covers 1,000kW of power usage, which is equivalent to approximately one-third of the plant's contracted electric power. Besides providing electric power, the facility also raises the thermal efficiency of boilers by utilizing waste heat and thereby contributes to our initiatives toward the earth's environment. Additionally, the Hyogo Miki Plant promotes efforts to be a "plant trusted by the local community" through various activities that include implementing craft workshops and introducing the plant's environmental initiatives to plant tour visitors.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
246	12,131	2,024	297	1.61	9,972	0	2.601

Saga Plant

In fiscal 2015, the Saga Plant conducted environmental protection activities aimed at reducing CO₂, as well as implemented improvement activities such as conserving water and enhancing operations, thus enabling the plant to attain its targets. Also, the plant carried out community contribution activities that included proactively undertaking community cleanup and other activities. Going forward, the plant will actively promote eco-friendly production activities and strive to implement environmental protection activities as a community-based plant.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
197	6,196	1,039	176	43.19	5,861	0	1.297

Shonan Cosmetics Plant

In fiscal 2015, the Shonan Cosmetics Plant established environmental objectives and targets based on plant policy and departmental policy and implemented environmental protection campaigns while improving operations. The plant also actively carried out community environmental protection activities (cleanup activities) as it aimed to become a plant trusted by local residents.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
15	535	31	19	2.27	331	0	0.019

Yakult Central Institute

The Yakult Central Institute sponsors events run by Kunitachi City (Tokyo) where it is located as well as provides drinking water during disasters in addition to employees engaging in volunteer activities on the third Thursday of every month (cleanup campaigns). These efforts help create a strong network and deepen ties with the local community.

In September 2015, a series of construction works for the new research institute was completed and state-of-the-art electrical, air-conditioning, and hygiene and other equipment were installed. Going forward, the Yakult Central Institute will efficiently operate this equipment with the aim of saving energy and reducing CO₂.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
73	16,843	1,653	153	0.3	11,701	0	0.857

* City gas and LPG are the predominantly used fuels.

History of Yakult CSR Activities

1970s	<ul style="list-style-type: none"> Started establishing daycare centers for Yakult Ladies
FY1972	<ul style="list-style-type: none"> Began "Courtesy Visit Activities" by Yakult Ladies
FY1976	<ul style="list-style-type: none"> Released the first issue of <i>Healthist</i> magazine providing health-related information Held the first Yakult Swallows baseball clinic
FY1990	<ul style="list-style-type: none"> Opened a Customer Support Center at each branch (with free dial access)
FY1991	<ul style="list-style-type: none"> Began using the Yakult A&G Water Purification System incorporating Yakult filter material to purify wastewater from Yakult Group plants, etc. Established the Environmental Countermeasures Committee and other environmental countermeasure units in Yakult Honsha to promote environmental management Awarded a special prize for outstanding corporate communication from Keizai Koho Center (Japan Institute for Social and Economic Affairs) for "Courtesy Visit Activities"
FY1992	<ul style="list-style-type: none"> Established Yakult Bio-Science Foundation Held the Symposium on Intestinal Flora
FY1994	<ul style="list-style-type: none"> Started the Yakult Environmental Protection Campaign (currently the Yakult CSR Campaign) Received the Minister of Health and Welfare Award for volunteer contributions as part of "Courtesy Visit Activities"
FY1997	<ul style="list-style-type: none"> Fuji Susono Plant attained ISO 9002 certification (currently transitioning to ISO 9001) Drafted the Yakult Basic Policy on the Environment
FY1998	<ul style="list-style-type: none"> Attained HACCP certification at 10 Yakult Honsha plants and two bottling companies
FY1999	<ul style="list-style-type: none"> Kyoto Plant attained ISO 14001 certification
FY2000	<ul style="list-style-type: none"> Began annually publishing and distributing the <i>Yakult Environmental Report</i>
FY2005	<ul style="list-style-type: none"> Began presenting flowers to elderly people on Respect for the Aged Day to commemorate the 70th anniversary of Yakult's founding Began sponsoring the FINA World Swimming Championships as an official partner Established the NPO Tsubame Sports Promotion Association Started producing the <i>Yakult Social & Environmental Report</i> (predecessor to this report)
FY2006	<ul style="list-style-type: none"> Yakult corporate slogan decided: "In order for people to be healthy, everything around them must also be healthy" Opened Yakult Science Lab Pavilion at KidZania Tokyo
FY2010	<ul style="list-style-type: none"> Fermented milk drinks recognized by Codex (international food standard) <i>Joie</i> containers won the AsiaStar Award and WorldStar Award
FY2011	<ul style="list-style-type: none"> Renamed the Environmental Measures Section as the CSR and Environmental Promotion Department Donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture
FY2014	<ul style="list-style-type: none"> Became official sponsor of Japan's national swimming team <i>Nyusankin Soy α</i> containers won the AsiaStar Award, WorldStar Award and Minister of the Environment Award for Contributions to the Promotion of a Recycling-Oriented Society in fiscal 2014 Yakult Group's program of dispatching guest lecturers for intestinal health and bowel movement classes received an Honorable Mention from the Judging Committee of the FY2014 "Awards for Companies Promoting Experience-based Learning Activities for Youth" sponsored by the Ministry of Education, Culture, Sports, Science and Technology (MEXT)
FY2015	<ul style="list-style-type: none"> Renamed the CSR and Environmental Promotion Department as the CSR Promotion Department
FY2016	<ul style="list-style-type: none"> Formulated key themes of the Yakult CSR Action Plan in accordance with ISO 26000 Commenced Yakult Environmental Action Plan Phase 6 Plan action targets

Third-Party Comments



Makiko Akabane
Director of CSR Asia Japan
office

In fiscal 2015, the Yakult Group achieved an all-time high in average sales of dairy products per day, which amounted to 35 million bottles daily worldwide, and attained record-high consolidated net sales, operating income and ordinary income for the third consecutive year.

Yakult products are currently enjoyed in Japan and 32 countries and regions around the world, and the number of overseas employees exceeds the number of employees in Japan, which is spurring a strong self-awareness that fulfilling social responsibilities as a global company will become increasingly important. As a manifestation of this awareness, in fiscal 2016 Yakult Honsha has formulated the key themes of its CSR Action Plan and declared that overseas and domestic Group companies will promote CSR activities in accordance with ISO 26000, a guideline for social responsibility. In this manner, Yakult's sincere approach of steadily promoting CSR wherever possible as a global company is becoming clearly evident.

In terms of specific initiatives as well, Yakult is ascertaining the performance of CSR activities overseas and demonstrating proactive responses. For the amounts of CO₂ emissions and water consumption, besides providing figures for Japan, from this year Yakult also began disclosing the total amounts for its overseas plants. Ascertaining and disclosing actual current circumstances in this way serves as the basis for relationships (engagement) with stakeholders both inside and outside the company and for this reason I am hoping Yakult will continue these efforts.

Despite being a food manufacturer, Yakult is also a company that is close to consumers as a corporate group that sells directly to consumers through Yakult Ladies, who are active in countries and regions throughout the world. Taking advantage of its closeness to customers, in Brazil, where obesity is becoming a social concern, Yakult S/A Ind. E. Com. developed and started selling *Sofyl Light*, a new product that is sugar-free and cuts the calorie count by 44%, based on customer feedback calling for dairy products that do not contain sugar. Listening carefully to customer opinions throughout the world and responding in this manner also demonstrates that Yakult's stakeholder engagement is definitely functioning smoothly and I believe this case serves as an outstanding example.

I recommend the following points from the perspective of CSR for the Yakult Group to become a company that is further acclaimed on the global stage.

The first is to contribute to the attainment of the UN Sustainable Development Goals (SDGs). Announced in 2015 and led mainly by the United Nations, SDGs aim at realizing the ideal state of the earth by addressing global-scale problems in the run-up to 2030 through worldwide initiatives that transcend the framework of such organizations as governments, companies and civil society. SDGs consist of 17 goals and include numerous issues that the Yakult Group is already addressing. Therefore, I wish to see Yakult's future strategic planning consider taking the targets of the SDGs into account when ascertaining and formulating action plans.

Next is policy formulation for social contribution activities. I highly applaud Yakult's extremely enthusiastic activities that are shaped in accordance with local needs in Japan and overseas. That said, I believe these can become even more strategic activities if Yakult's policies for social contribution activities become clearer. The issue of an aging society affects not only Japan but is also a social issue directly facing numerous high-income countries in Asia and elsewhere throughout the world. Nevertheless, although this issue is still lagging behind as an area in which companies are actively involved, Yakult has recorded achievements in this area in Japan and Korea. This leads me to believe Yakult has the potential to spread these achievements throughout the world as a prominent example if it can formulate more refined strategies and policies.

Along with the rebirth of the Yakult Central Institute, Yakult positioned 2016 as a "Science Year" and formulated the theme "Yakult, dedicated to science."

Yakult also creates numerous opportunities for young people to encounter science. These include running pavilions that enable children to experience the roles of scientific research staff at facilities for simulating adult occupations and dispatching guest lecturers. As one example in this area, there are now global companies providing support in education fields of science, which is representative of STEM (Science, Technology, Education and Mathematics) education, as part of efforts to increase the number of men and women involved in science in the future. Yakult has already accumulated experience in this domain and I therefore believe the company can further leverage its powers of appeal with a strategic policy in this field.

Response to third-party opinion



Hiroshi Wakabayashi
Director and Managing
Executive Officer
Divisional General Manager of
Management Support Division
Yakult Honsha Co., Ltd.

Ms. Makiko Akabane has continued to provide us with her third-party appraisal since fiscal 2013. She also provided her valuable opinion in fiscal 2015 and we are deeply grateful for her assessment.

During the year, Yakult Honsha formulated key themes of its CSR Action Plan in accordance with ISO 26000 based on our corporate philosophy, "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." Going forward, the Group will work in unison to undertake even more concerted efforts to promote CSR initiatives.

Regarding the proposed responses to SDGs, we will consider activities that enable us respond to SDGs upon investigating this necessary theme for a global company and identifying areas where Yakult Honsha has sufficient capabilities and areas where we must strengthen our initiatives.

We will responsibly accept the opinions regarding the formulation of policies for global social contribution activities and strategies for supporting STEM education and make considerations for future initiatives.

We greatly appreciate Ms. Akabane's guidance in these regards and we will be striving to make the most of her suggestions.

Yakult

YAKULT HONSHA CO., LTD.

1-19, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8660, Japan

Inquiries: CSR Promotion Department, Public Relations Department

Telephone: +81-3-3574-8960 Fax: +81-3-3575-1636

URL: <http://www.yakult.co.jp>

<http://www.yakult.co.jp/english/>

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