

Yakult CSR REPORT 2021



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About the terms used in this report

"Workers" referred to in this report are persons working for the Yakult Group, including independent contractors such as Yakult Ladies and Yakult Beauty Advisors. Where "employees" are mentioned in this report, the term includes regular employees, full-time contract employees, contract employees, and temporary staff, and excludes the independent contractors.

How to use this PDF

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Navigating through the report

Clicking on the left or right arrows ◀ ▶ at the bottom of each page navigates to the previous or next page. Clicking on the return arrow ↶ at the bottom of each page returns you to the page viewed directly beforehand.

Using the sidebar

Clicking on an item navigates you to the relevant section.



Yakult's corporate communications tools

- Company profile site
<https://www.yakult.co.jp/english/company/index.html>
- CSR information site
<https://www.yakult.co.jp/english/csr/>
- CSR Report (this report)
- CSR Communication Book
<https://www.yakult.co.jp/english/csr/download/>
- IR information site (management policy, financial and stock information)
<https://www.yakult.co.jp/english/ir/>
- Annual Report (English)
<https://www.yakult.co.jp/english/ir/management/library.html>

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Editorial Policy

The Yakult CSR Report 2021 was prepared based on the following key concepts, on the Yakult Group's CSR activities in fiscal 2020.

■Comprehensively disclosing CSR activities

Through dialogue and sincere communications with stakeholders, the Yakult Group aims to further develop its CSR activities and respond to the expectations of society.

We have prepared this report as a communications tool aimed at investors, those working at ESG research organizations and other stakeholders, using a comprehensive and structured presentation of our CSR activities that allows us to both verify the results of our own activities and be evaluated by society.

We also publish the CSR Communication Book as a communications tool aimed at general consumers.

■Presenting the Yakult CSR Action Plan by ESG area

Organizing our CSR activities in line with the seven core subjects of ISO 26000, we use the Yakult CSR Action Plan to identify and work on achieving specific annual action targets. The initiatives detailed in this report are separated by environmental, social and governance (ESG) areas.

■Greater reporting on materiality

The Yakult Group identified six materiality themes in March 2021. Accordingly, in this report we provide greater detail about our environmental materiality themes—climate change, plastic containers and packaging, and water—as well as provide information on initiatives and a message from the chief officers in charge of operations closely connected to each of our social materiality themes: innovation, value co-creation with communities and supply chain management.

■Timely disclosure of CSR activities

We update our CSR website in order to provide timely information about Yakult Group CSR activities. Pertinent information will be disclosed as necessary.

Publishing date

Japanese edition: September 2021
 (Previous edition: October 2020, next edition: September 2022)
 English edition: November 2021
 (Previous edition: November 2020, next edition: October 2022)

Publishing format

Published online only (in both Japanese and English)

Period covered

Fiscal 2020 (April 1, 2020 through March 31, 2021)
 Note that some information in this report covers periods before or after fiscal year 2020.

Scope of data

The report covers all business sites of Yakult Honsha Co., Ltd. and the Yakult Group. References to the "Yakult Group" contained in this report include Yakult Honsha, marketing companies, logistics companies and affiliated companies in Japan as well as business sites outside Japan.

Guidelines referenced

- GRI Sustainability Reporting Standards 2016 (Core option)
Note: GRI Guidelines Cross-Reference Table published on our website
- ISO 26000
- Environmental Reporting Guidelines
- Environmental Accounting Guidelines

Third-party assurance and opinions

This report publishes expert third-party opinions on CSR and ESG, and uses the PDCA cycle in reporting.

Disclaimer
 If information provided in previous CSR reports has been revised or restated, or if significant changes have been made, the details will be included in this report.

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Overview of Yakult's Operations

Profile of Yakult Honsha (as of March 31, 2021)

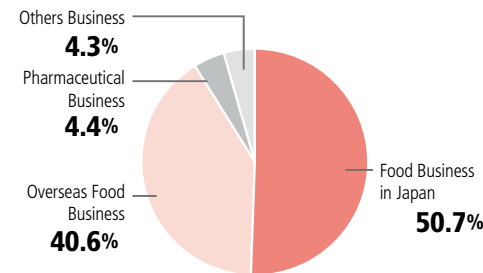
Name:	Yakult Honsha Co., Ltd.
Address:	1-10-30, Kaigan, Minato-ku, Tokyo, Japan
Founded:	April 9, 1955
Businesses:	Manufacturing and marketing of foods and beverages, pharmaceuticals, and cosmetics and other operations
Paid-in capital:	¥31.118 billion
Net sales:	(April 1, 2020 to March 31, 2021) ¥167.83 billion (non-consolidated) ¥385.71 billion (consolidated)
Total assets (consolidated):	¥635.10 billion
Net assets (consolidated):	¥439.76 billion
Business sites:	1 research institute, 5 branches, 7 plants, 8 pharmaceutical branches, 13 logistics centers
Number of employees:	2,874 (including 300 seconded employees and 161 contract employees)

Profile of Yakult Group (as of March 31, 2021)

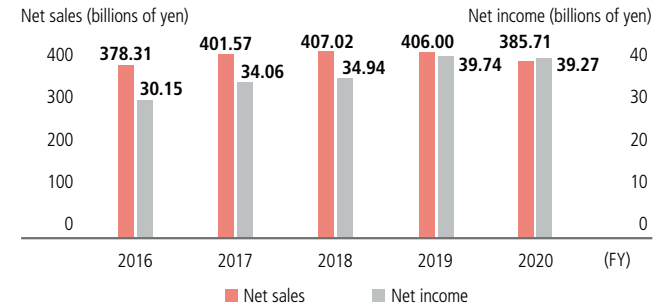
Japan	
Marketing companies:	101 companies
Number of employees:	13,487
Number of Yakult Ladies:	32,847
Number of Yakult Beauty Advisors:	4,126
Bottling companies:	5 companies
Affiliated companies, etc.:	21 companies and 4 associations
Overseas	
Companies:	29
Number of employees:	24,875*
Number of Yakult Ladies:	48,329*
Marketing regions:	39 countries and regions

* As of December 2020

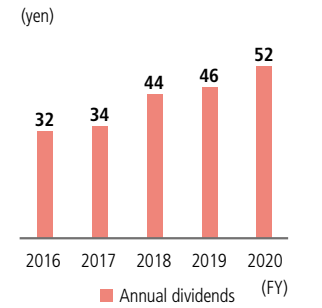
Sales by segment (consolidated)



Five-year overview of net sales and net income (consolidated)



Annual dividends



Overseas operations (as of March 31, 2021)

Yakult is developing its global business with a local focus, based on local production and local sales. We have established sales offices and production plants with deep ties to local communities, and actively hire local employees.

We also operate our original Yakult Lady home delivery sales system in many countries and regions around the globe.

29 Companies

- ① Yakult Taiwan Co., Ltd.
- ⑫ Yakult Danone India Pvt. Ltd.
- ⑲ Yakult S.A. de C.V. (Mexico)
- ② Hong Kong Yakult Co., Ltd.
- ⑬ Yakult Middle East FZCO
- ⑳ Yakult U.S.A. Inc.
- ③ Yakult (Thailand) Co., Ltd.
- ⑭ Yakult Myanmar Co., Ltd.
- ㉑ Yakult Europe B.V.
- ④ Korea Yakult (hy Co., Ltd.)
- ⑮ Yakult (China) Corporation
- ㉒ Yakult Nederland B.V.
- ⑤ Yakult Philippines, Inc.
- ⑯ Guangzhou Yakult Co., Ltd.
- ㉓ Yakult Belgium N.V./S.A.
- ⑥ Yakult (Singapore) Pte., Ltd.
- ⑰ Shanghai Yakult Co., Ltd.
- ㉔ Yakult UK Ltd.
- ⑦ P.T. Yakult Indonesia Persada
- ⑱ Beijing Yakult Co., Ltd.
- ㉕ Yakult Deutschland GmbH
- ⑧ Yakult Australia Pty. Ltd.
- ㉚ Tianjin Yakult Co., Ltd.
- ㉖ Yakult Osterreich GmbH
- ⑨ Yakult (Malaysia) Sdn. Bhd.
- ㉛ Wuxi Yakult Co., Ltd.
- ㉗ Yakult Deutschland GmbH
- ⑩ Yakult Vietnam Co., Ltd.
- ㉜ Yakult S/A Ind. E Com. (Brazil)
- ㉘ Yakult Italia S.R.L.

39 countries and regions

- Asia and Oceania**
Taiwan, Hong Kong, Thailand, South Korea, Philippines, Singapore, Brunei, Indonesia, Australia, China, Malaysia, New Zealand, Vietnam, India, United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, Myanmar
- Americas**
Brazil, Mexico, Uruguay, United States of America, Canada, Belize
- Europe**
The Netherlands, Belgium, France, United Kingdom, Germany, Luxembourg, Spain, Ireland, Austria, Italy, Malta, Switzerland, Denmark

Note: Basically each group company produces and sells products locally, but some group companies sell products that are supplied from others in their neighboring countries.

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Yakult's Business Operations

Our operations have expanded to include food and beverages such as fermented milk drinks, as well as cosmetics, pharmaceutical products and an international business, with life science as our foundation.

Food and Beverage Business In 1930, Dr. Minoru Shirota, the founder of Yakult, successfully strengthened and cultured a strain of lactic acid bacteria, and in 1935, *Yakult*, a beverage containing *Lactobacillus casei* strain Shirota*, was born. In 1963, the Yakult Lady home delivery system was launched throughout Japan to disseminate the value of *Yakult*. Products in the Food and Beverage Business include *Yakult* fermented milk drinks, *Joie* and other fermented milk products, and other beverages.

- Fermented milk drinks • Fermented milk products
- Other beverages

* Classified as *Lacticaseibacillus paracasei* strain Shirota since April 2020



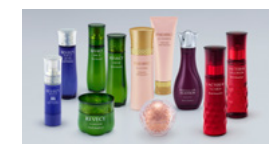
Pharmaceutical Business

- Pharmaceutical products - For medical use (e.g., anticancer agents) - For over-the-counter use (laxatives) • Quasi-drug products • Biochemical products - *Lactobacillus* preparations (reagents, food products, industrial products)

Since the founding of Yakult, Dr. Shirota focused not only on preventive medicine but also on therapeutic medicine. In 1956, the company began researching enzymes and developing pharmaceutical products that utilize the characteristics of *lactobacilli*, and then began manufacturing and sales of enzymes as pharmaceutical ingredients in 1961. We now focus on ethical drugs such as anti-cancer agents, and have expanded our business into the field of quasi-drug products.

International Business

The expansion of Yakult's business to 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 40 countries and regions (including Japan) spanning Asia and Oceania, the Americas, and Europe. *Yakult* and our other popular dairy products are now consumed at a rate of 40 million bottles per day throughout the world (as of fiscal 2020).



Cosmetics Business

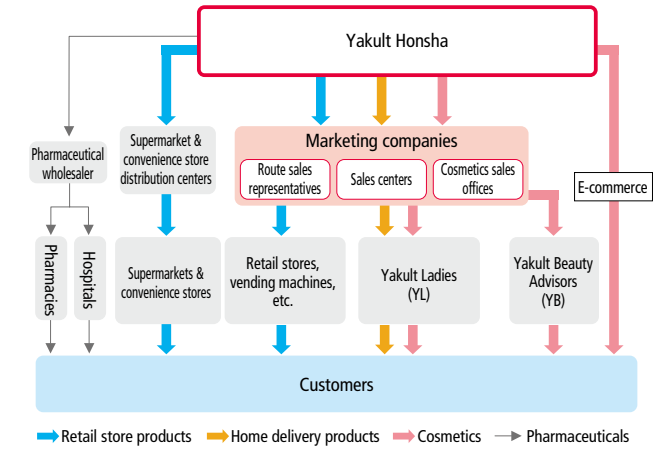
- Basic skin-care products • Makeup products
- Hair-care products • Toiletries

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 the skin through life science, Yakult provides a variety of cosmetic products under the Yakult Beautiens brand centering on basic skin-care products.

Life Science
Life science serves as the foundation of Yakult's business. 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.

Product distribution system

Headed by Yakult Honsha, the Yakult Group is made up of marketing companies that sell Yakult products, subsidiary bottling companies that turn the concentrated *Yakult* into bottled products, and other related companies, for a total of approximately 140 companies in Japan (approx. 170 when including overseas companies).



Route sales representatives

These representatives deliver products to sales routes including retail stores, vending machines, and for school meals. They carefully deliver our products, ensuring the delivery at an appropriate temperature and date so that customers fully enjoy our products. They also work on providing information at and suggest improvements for sales floors, so that customers continuously support our products and services.

Yakult Ladies (YL)

Since 1963, we have operated our unique home delivery system with Yakult Ladies, who now deliver *Yakult 1000* and *Yakult 400* series products and other foods and beverages, as well as cosmetic products to customers. Many Yakult Ladies are independent entrepreneurs, and they receive thorough training on food product hygiene and basic product knowledge to deliver and sell products. Sales centers are places to stock and store products, and where Yakult Ladies can share information, serving as valuable hubs to support customer contact.

Yakult Beauty Advisors (YB)

Yakult Beauty Advisors are women with specialized knowledge in beauty and cosmetics, who sell cosmetic products to customers at their homes and perform home beauty treatments. The cosmetics sales offices are places to stock and store products, and where Beauty Advisors can share information. Some are set up with beauty salons.

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Top Commitment

Returning to the spirit of our founding and corporate philosophy to work towards a sustainable society



Hiroshi Narita
President and Representative Director



It has been nearly 90 years since Yakult founder and doctor of medicine Minoru Shirota discovered a strain of lactic acid bacteria that reaches the intestines alive where it has beneficial effects, and brought *Yakult* to the world. An average of 40 million bottles of our dairy products are now enjoyed each day in 40 countries and regions around the globe including Japan. Good health is a desire shared by all of humanity regardless of language or culture.

The global COVID-19 pandemic that began in early 2020 has made us recognize anew the importance of being healthy. We will thus continue sharing the benefits of probiotics with people around the world while helping promote good health.

Yakult products received firm recognition as necessary goods that support health

There is as of yet no end in sight to the COVID-19 pandemic. In order for Yakult to safely and stably continue its business activities, we established the COVID-19 General Response Headquarters and have taken many steps to prevent infection throughout the Group. Our highest priority is the safety of our customers, Yakult Group workers and their families worldwide, and we have established guidelines, promoted remote working, held meetings online and refrained from business trips in order to continuously prevent the spread of the virus.

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Yakult products have also been recognized as necessary goods in some countries and regions overseas where a state of emergency or curfews have been issued, allowing us to continue manufacturing and sales. This has helped us truly realize that, even under these difficult circumstances, delivering good health remains our ultimate mission.

[▶ p.90](#) The Yakult Group's efforts to respond to COVID-19

Sales and operating profits increased over the 10 years of Yakult Vision 2020

Fiscal 2020 was the final year of our previous long-term vision, Yakult Vision 2020, formulated in 2010. Consolidated net sales reached 385.71 billion yen (up 26.1% compared to fiscal 2010) and consolidated operating income totalled 43.6 billion yen (up 113.7% compared to fiscal 2010), both growing significantly over the past 10 years. In Japan, consolidated operating income grew at an even greater rate than consolidated net sales due to factors such as the release of high value-added products useful in resolving the health issues of customers, and higher profit ratios thanks to price revisions following improved product value. Meanwhile overseas, in addition to an increased number of products sold primarily in Asia, we also advanced into new countries and regions to increase both the number of people we serve and our production bases, enabling us to extensively cultivate and expand markets.

Yakult Group Global Vision 2030 and Yakult Group Environmental Vision

June 2021 saw the launch of our new long-term vision, Yakult Group Global Vision 2030. Setting qualitative goals of delivering good health to as many people as possible around the world, offering customers new value that matches their needs, and realizing a society in which people and the planet co-exist, we aim to evolve into a healthcare company that continues contributing to people's health around the world.

In March 2021 we also established the Yakult Group Environmental Vision. Our ideal vision for the future is set out in the Environmental Vision 2050, which aims for net-zero carbon emissions (in scopes 1, 2 and 3) throughout the value chain by 2050. In order to make effective progress towards this vision, we have used backcasting to also establish both Environmental Targets 2030 and Environmental Actions (2021-2024), which are concrete efforts we will engage in to help achieve a sustainable society.

[▶ p.23](#) Yakult Group Environmental Vision

Yakult Group Global Vision 2030

We have established the long-term Yakult Group Global Vision 2030 as a guide to continuing our growth and responding to change.

Over the 10 years spanning fiscal 2021 to fiscal 2030, we will address social issues through our business activities in order to further exceed customer expectations, striving to improve corporate value by realizing our corporate philosophy and aiming for sustainable growth.

Our vision

- Evolve into a healthcare company that supports the health of people around the world

Qualitative goals

- Delivering good health to as many people as possible around the world
- Offering customers new value that matches their needs
- Realizing a society in which people and the planet co-exist

Quantitative goals (fiscal 2030)

- Bottles of dairy products consumed globally*1 52.5 million/day (10.5 million in Japan, 42 million outside Japan)
- Consolidated net sales**2 550 billion yen
- Consolidated operating profits 80 billion yen (operating profit rate: 14.5%)

Medium-term management plan (2021-2024)

Within the Yakult Group Global Vision 2030 we have established a medium-term management plan for the next four years through fiscal 2024. Our basic policy is to innovate and proactively strive to create new value that meets changes in society.

Key themes

- Expand business in response to diverse customer values
- Achieve sustainable growth through stronger global development
- Expand business areas to become a healthcare company
- Optimize utilization of Group management resources
- Further address environmental issues for sustainable growth
- Promote investment that spurs innovation

Strategies

To achieve these key themes, we will further expand our food and beverage (in and outside Japan), pharmaceutical and cosmetics businesses, and challenge new fields such as plant-based products and a microbiome research-based business, aiming to evolve into a healthcare company.

Quantitative goals (fiscal 2024)

- Bottles of dairy products consumed globally*1 45.4 million/day (10.4 million in Japan, 35 million outside Japan)
- Consolidated net sales**2 458 billion yen
- Consolidated operating profits 61 billion yen (operating profit rate: 13.3%)

*1 Dairy product sales volume (number of bottles per day)

*2 Consolidated net sales figures are values after applying revenue recognition standard

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Identifying six material themes in order to work with society towards sustainable growth

Based on the standpoint of the Sustainable Development Goals (SDGs), the Yakult Group referenced reports from groups like the IPCC* and World Economic Forum to identify challenges related to sustainability. We then established a cross-departmental working group that performed a materiality analysis with two mapped axes: "Impact for the Yakult Group" and "Importance for global sustainability," and ultimately identified six material themes to prioritize within the value chain. Moving forward, along with integrating these material themes into our management strategy, we will establish action plans and strategies to work towards realizing our corporate philosophy and uniting both "people and planet as one," improving the sustainability of our Group and the world as a whole.

Accordingly, this year's CSR report features expanded reporting related to our material themes.

p.14 Materiality assessment

* IPCC: Intergovernmental Panel on Climate Change, which releases an assessment report on climate change every 5-6 years. In their 2018 special report, "Global Warming of 1.5°C", they detailed the ramifications of a 2°C rise in global temperature, and pointed to the importance of taking immediate action to limit this rise to below 1.5°C.

Working towards zero environmental impact through a variety of environmental initiatives

Climate change | Plastic containers and packaging | Water

Of the six material themes identified, those related to environmental issues are climate change, plastic containers and packaging, and water. These three themes led to the establishment of Environmental Vision 2050, Environmental Targets 2030 and Environmental Actions (2021-2024).

Although there was a temporary decrease in global CO₂ emissions due to reduced economic activity in the wake of COVID-19, climate change remains an urgent issue. Disasters, loss of biodiversity and other risks caused by global warming are manifesting on a global scale, and a worldwide response is urgently needed. We recognize that climate change is also a key issue in the continuation of our business, and will work towards decarbonization by reducing our greenhouse gas emissions through efforts such as improving energy conservation and proactively utilizing renewable energy.

To fight plastic pollution in the environment, in January 2019 we announced our Declaration of Action on Plastic Recycling that sets the goal of maximum conversion to easily-recyclable materials

for containers and packaging by 2030. In accordance with this, we aim to reduce the environmental impact of our containers and packaging by converting to easily-recyclable materials, such as bioplastic straws and multi-pack shrink-wrap, with the goal of establishing the foundation for environmentally-conscious container and packaging technology. Furthermore, with the increasing worldwide movement towards regulating the use of plastic, we will continue to monitor regulations in each country and region and plan specific actions to respond accordingly.

Then there is water. It is a limited resource on earth and a catalyst for problems occurring at global scale, such as water inequality and water-related disasters. As it is one of our raw ingredients, we also see water as a key issue for our Group's business operations. We thus aim to reduce our water usage (per base unit) and will also establish management plans to address water risk at production bases, promoting water resource conservation and sustainable usage.

p.28 Climate change

p.32 Plastic containers and packaging

p.33 Declaration of Action on Plastic Recycling

p.35 Water

Promoting innovations that help facilitate healthy and enjoyable lifestyles

Innovation

Innovation is one materiality theme that we have long engaged with in our research and development based on life science.

One result of this is *Yakult 400W*, a Food with Function Claims product that was developed to improve the intestinal environment and bowel movements with *Lactobacillus casei* strain Shirota and galacto-oligosaccharides, and was released in some regions of Japan in October 2020. We are also proud that Yakult innovations in our other Food with Function Claims products are serving to solve modern health issues, such as *Yakult 1000*, a fermented milk drink with the highest concentration of lactic acid bacteria (one billion per mL) of any Yakult product that works to relieve temporary mental stress and improve sleep quality, and that became available nationwide via home delivery in April 2021. *Y1000*, which has the equivalent concentration of lactic acid bacteria as *Yakult 1000*, will be sold nationwide in supermarkets and convenience stores starting in October 2021.

p.45 Innovation

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Continuing to support local communities throughout the COVID-19 pandemic

Value co-creation with communities

The Yakult Group has long engaged in activities that support local communities and raise awareness of maintaining healthy lifestyles. We continue to dispatch guest lecturers to elementary schools, kindergartens and other locations to talk about gut health, and hold our health-related lectures for local communities at Yakult centers (Yakult Lady sales hubs), community facilities and long-term care facilities, by taking extensive measures to prevent the spread of COVID-19, such as by ventilating event spaces, disinfecting desks and chairs, and requesting that participants wear masks and maintain distance. For Courtesy Visit Activities, an initiative in partnership with local governments where Yakult Ladies make courtesy calls to the elderly living alone, we continue to check up on customers without direct contact by speaking with them via intercom or from a safe distance when they collect their products.

One of our great strengths is our unique distribution system through home deliveries by Yakult Ladies, which puts us in close contact with local communities. There are currently around 80,000 Yakult Ladies active worldwide, delivering not only products but also information on health, and contributing to the health and happiness of local communities by engaging with them personally. In Japan, to prevent the spread of COVID-19 while enabling safe and secure deliveries, we not only provided Yakult Ladies with face masks and alcohol-based disinfectant sprays, but also promoted contactless delivery with cool boxes. We also made it more convenient to order through Yakult Delivery Net.

 [p.49](#) Value co-creation with communities

 [p.50](#) Dispatching guest lecturers / Health-related lectures


 [p.51](#) Courtesy Visit Activities


Improving sustainability throughout the supply chain based on our CSR Procurement Policy

Supply chain management

As companies globalize and diversify, so do their business partners. Initiatives have become necessary that improve the sustainability not only of a single company, but that of the entire supply chain. To clearly define the Yakult Group's approach of working together with suppliers, we established the CSR Procurement Policy in fiscal 2018 and the Supplier CSR Guidelines in July 2020. The goal of these guidelines is to encourage our suppliers to consider human rights, labor, the environment and anti-corruption, and improve awareness of CSR throughout the supply chain.

Going forward, we will engage in more active communication with our suppliers to further our sustainable procurement activities.

 [p.55](#) Supply chain management

 [p.57](#) Supplier CSR Guidelines


Signing the UN Global Compact to work towards a sustainable society

We have signed the UN Global Compact (UNGC), an international framework for sustainable growth. The Yakult Group supports the 10 principles of the UNGC, and as a good corporate citizen in service to society, we will cooperate with people around the world and actively promote activities that work towards sustainable development.


Specifically, the Yakult Group has established policies on human rights, anti-corruption, tax, advertising and product quality basics. Moving forward, we will promote our business activities in line with the UNGC principles and each policy, partnering with our stakeholders to actively work towards improving the sustainability of society.


As a global company, we will continue responding to various challenges while maintaining a keen awareness of our social responsibility, aiming to both increase corporate value and further our CSR activities to work towards a sustainable society. We ask for your continued support going forward.


September 2021


 [p.21](#) Signing the UN Global Compact

 [p.60](#) Yakult Group Human Rights Policy

 [p.84](#) Yakult Group Anti-Corruption Policy

 [p.87](#) Yakult Group Tax Policy

 [p.70](#) Yakult Group Advertising Policy

 [p.64](#) Yakult Group Basic Quality Policy

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Yakult's Beginnings

The birth of Yakult

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, while still a medical student Dr. Shirota 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 lactic acid bacteria were effective in suppressing harmful bacteria within the intestines, and he later succeeded in strengthening and culturing strain so that it reached the intestines alive. This is now known as *Lactobacillus casei* strain Shirota.

In addition to preventive medicine, Dr. Shirota also advocated Shirota-ism, the idea that "a healthy intestinal tract leads to a long life" (humans absorb nutrients through the intestines, so making them healthy leads to a long life), and offered products at "a price anyone can afford" (in order to make *Lactobacillus casei* strain Shirota, which protects the intestines, available to as many people as possible).

Together with those who have the same spirits, Dr. Shirota then developed an inexpensive, good-tasting beverage, so that many people could benefit from *Lactobacillus casei* strain Shirota. 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.

Legacies

As well as selling our products in stores, we deliver them 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 dissemination 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.

Yakult delivering a message of health as it gains 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. Today that desire has reached around the world.

Moving forward, to continue to be trusted by customers across borders and generations, we at Yakult will continue to honor our corporate philosophy based on the ideals of Shirota-ism.

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.

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Corporate Slogan

**In order for people to be healthy,
everything around them must also be healthy.**

The belief embodied in our corporate slogan

Yakult believes that everything on the Earth must be healthy
—from the water, soil, air, plants and animals to humans—
in order for people to be able to live healthily and to build a sound society.

Carrying on Shirota-ism

To pass on and disseminate Shirota-ism, the root of our business, we use a unified curriculum when holding occasional Shirota-ism Workshops for all of the approximately 100,000 workers in the Yakult Group.

In particular, using programs developed in-house for milestone level-specific training helps both deepen understanding of Shirota-ism and foster shared values.



Training on Shirota-ism at Yakult (Malaysia) Sdn. Bhd.

Shirota Memorial Museum

Located on the grounds of the Yakult Central Institute, the Shirota Memorial Museum is open to the public. The museum welcomes visitors to follow the path of our founder Minoru Shirota, from his first ideas about preventive medicine to his success in strengthening and culturing a strain of lactic acid bacteria beneficial to health (later known as *Lactobacillus casei* strain Shirota), and from the birth of the *Yakult* fermented milk drink to the research, product development and dissemination activities that have made the Group what it is today. This is also a place for visitors to deepen their interest in science, learning directly from Institute researchers and observing *Lactobacillus casei* strain Shirota under a microscope.

* The museum is currently closed.

The history of Yakult

- 1930s**
 - 1930 Dr. Minoru Shirota succeeds in strengthening and culturing a strain of lactic acid bacteria beneficial to health (***Lactobacillus casei* strain Shirota**)
 - 1935 Start of production and sale of *Yakult*
- 1940s**
 - 1940 **Shirota Association for Promotion of Protective Bacteria offices** established in each region, specializing in sales, later becoming marketing companies
- 1950s**
 - 1955 **Yakult Honsha Co., Ltd.** and **research institute in Kyoto** established
- 1960s**
 - 1963 Yakult's unique **Yakult Lady home delivery system** introduced
 - 1964 **Yakult Taiwan Co., Ltd. starts operations** as the first overseas office
 - Yakult supplied to the Tokyo Olympic and Paralympic Games**
 - 1968 Plastic bottle introduced
 - Research institute established in Kunitachi City, Tokyo (future Yakult Central Institute)
- 1970s**
 - 1970 Launch of *Joie* fermented milk
 - 1970s Yakult daycare centers established
 - 1971 LStart of **full-scale sales of cosmetics products**
 - 1972 Start of **Courtesy Visit Activities** by Yakult Ladies
 - 1975 Launch of Biolactis Capsules medical drug, marking Yakult's **entry into the pharmaceutical business**
 - 1978 Launch of *Mil-Mil*
- 1980s**
 - 1980 Launch of *Toughman*
- 1990s**
 - 1990 Customer Support Center opened (toll-free number introduced)
 - 1992 The Yakult Bioscience Foundation established
 - 1994 Anticancer chemotherapy drug Irinotecan approved for pharmaceutical production and launched under the **brand name Campto**
 - 1998 *Yakult* is **approved for labeling as a Food for Specified Health Uses**
 - Launch of *Bansoreicha*
 - 1999 Launch of *Yakult 400*
- 2000s**
 - 2005 **Yakult Honsha European Research Center for Microbiology VOF (YHER)** starts operations
 - 2008 Launch of *Yakult 400LT*
 - 2009 Launch of *Yakult Calorie Half*
- 2010s**
 - 2012 Start of **Yakult Space Discovery Project**
 - Lactobacillus casei* strain Shirota obtains **GRAS Certification** from the US Food and Drug Administration (FDA)
 - 2019 Launch of *Yakult 1000*

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Corporate Social Responsibility

The Yakult Group Basic Policy on CSR has been established based on our corporate philosophy as well as our corporate slogan of "In order for people to be healthy, everything around them must also be healthy." We will now also contribute to the achievement of a sustainable society through initiatives based on material themes identified in April 2021.

Basic Policy on CSR

We at the Yakult Group 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.

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

Basic Policy on CSR 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.

Yakult Ethical Principles and Code of Conduct

We have instituted the Yakult Ethical Principles and Code of Conduct to serve as guidelines for proper corporate activities.

We have appended more specific conduct standards and concrete examples of such standards while making revisions as needed over time. In April 2020, we published the sixth edition in order to extensively update items and contents, and discuss how each item of the Yakult Ethical Principles and Code of Conduct



are connected to the SDGs.

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 when they need to confirm a particular decision-making process.

WEB For details, see the yakult Ethical Principles and Code of Conduct: <https://www.yakult.co.jp/english/csr/company/ethics.html>

CSR management structure

CSR promotion system

We have established a CSR Promotion Committee that is chaired by the General Manager of the Management Support Division (Senior Managing Executive Officer and Director*) and made up of executive officers from each division. We have additionally established five subcommittees aiming to further promote our CSR activities throughout the Group.

* As of March 2021

CSR Promotion Committee

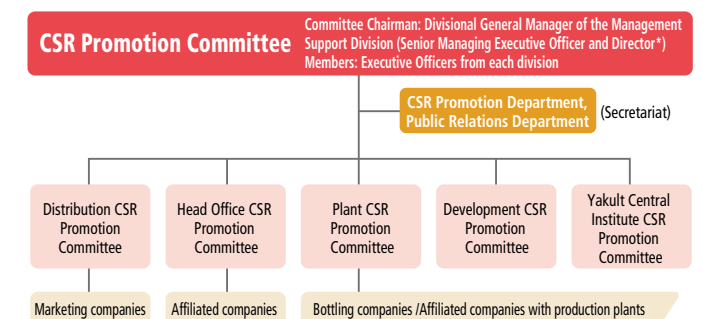
Meeting twice per year (every half term), the CSR Promotion Committee discusses policies and measures for promoting CSR and monitors the progress of each activity. Decisions of the CSR Promotion Committee are reported to the President for guidance. For important matters relating to management policy, there is a procedure to consult with the Executive Officers Committee, Board of Directors and Management Policy Council, which is formed of directors and auditors.

Verifying CSR activities / Issuing CSR Report

When setting targets for our CSR activities, we consult experts in addition to consideration by the CSR Promotion Committee.

Our CSR Report is prepared with the approval of the CSR Promotion Committee and includes a commitment from the President. We conduct an internal survey, and verify our CSR activities based on the opinions received through this survey.

CSR Promotion Organization



Revised: April 2015
* As of March 2021

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Group-wide CSR awareness

The Yakult Group sees its business itself as CSR. To encourage all workers to be a promoter of our CSR activities, we pursue CSR-conscious conduct in all daily business and promote understanding of CSR through various approaches.

Promoting CSR-related training

We provide opportunities to learn and think about CSR by way of new employee training and level-specific training. These training courses introduce the Yakult Group's CSR activities, the significance of CSR, and recent trends in CSR.

We also provide a CSR training session as an e-learning program to all employees. In fiscal 2020, 97% of employees undertook the training.

Yakult CSR campaigns

We have implemented Yakult CSR campaigns for all workers since fiscal 1994 in line with Japan's Environment Month set forth by the Ministry of the Environment.

The theme for fiscal 2020 was the UN climate change campaign Act Now. Participants made and carried out a personal action declaration based on 10 recommended key actions. These actions were given points, and the total number of points from all participants were converted into a sum that was donated to the Japan International Forestry Promotion and Cooperation Center's Tropical Forest Conservation and Afforestation Fund. The motivation of seeing one's actions become a donation led to 31,935 participants raising a total of 859,240 yen. These donations were used to create a community forest in Latt Htoke and Htet Lan Kan, Myanmar. We also donated to OISCA's Children's Forest Program and joined the Green Wave 2020 biodiversity project in Japan.



Campaign poster



Poster for outcome reporting



Yakult Forest, community forest project in Latt Htoke and Htet Lan Kan, Myanmar

Raising awareness of CSR trends

Every year we implement a campaign to further raise awareness of CSR trends within the Group.

With the fiscal 2020 theme of Act Now, we created posters and digital signage data that made Group climate change initiatives more visible and distributed them to all business sites.

Linking these initiatives with the CSR campaign goes beyond simply building knowledge to help workers understand the issues, and encourages them to brainstorm what they can do and spurs them to action.

CSR management seminars

We have implemented CSR management seminars for managers since fiscal 2002.

In fiscal 2020 we invited Megumi Sakuramoto of Asset Management One Co., Ltd. to give a lecture on "Corporate ESG Strategies from a Responsible Investment Standpoint" that was attended by 64 people including executives and department heads. Mr. Sakuramoto spoke about larger ESG investment and the background behind it, and provided advice from the perspective of an investor focused on ESG. It was an extremely valuable opportunity for us at a time when we are expanding our Group CSR and ESG initiatives globally.



CSR management seminars

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Dialogue with stakeholders

To continually grow as a corporation and fulfill our social responsibility, we believe it is essential to actively disclose our corporate activities and engage in two-way communication with stakeholders. The Yakult Group therefore promotes regular dialogue with various stakeholders, such as customers, local communities, shareholders and investors, workers, business partners, and civil society organizations. The insights we gain are then reflected in our business activities. Moving forward, we will continue deepening our relationships with stakeholders and taking action to build trust.

Industry groups and academic societies

The Yakult Group is involved with the industry groups and academic societies listed below. We cooperate with each group to advance the entire industry through information sharing, while striving to improve our corporate activities.

- Japan Dairy Industry Association
- Japanese Association of Fermented Milks and Fermented Milk Drinks
- Japan Soft Drink Association
- Japan Society for Dietary Education
- Japan Food Safety Management Association
- The Beverage Industry Environment Beautification Association
- Japanese Society for Bacteriology
- Japan Society for Lactic Acid Bacteria
- The Japan Dietetic Association
- Japan Climate Initiative

Customers

We provide high-quality products and services upon accurately understanding customer needs and considering the customer's perspective.

- Number of inquiries to Customer Support Center (received by Yakult Honsha): 33,946 (fiscal 2020)
- Issues of *Healthist* journal: 6 in Japanese and 1 in English per year
- Participants in plant tours: Tours suspended in Japan*1
Around 100,000 outside Japan (January-December 2020)
- Participants in tours of the Shirota Memorial Museum at the Yakult Central Institute: Tours suspended*1

▶ p.64-72

Shareholders and Investors

We promote fair and transparent corporate activities by disclosing accurate information to shareholders and investors in a timely and appropriate manner.

- General shareholder's meeting
- Business results briefings: twice a year (year-end settlement, second quarter settlement)
- Conference calls: twice a year (first quarter settlement, third quarter settlement)
- Individual interviews, telephone interviews: as needed
- Business site tours: as needed
- Communication tools: shareholder newsletters, annual report, company profile, CSR report, Yakult overviews

▶ IR information: <https://www.yakult.co.jp/english/ir/index.html>

Business Partners

We are committed to fair, transparent and free competition, and conducting appropriate transactions, while aiming to grow together with our business partners.

- Study session on logistics quality (training for business partners)*4
- Communication through purchasing activities
- CSR procurement survey (104 companies responded)
- Maintenance of a fair and impartial trading environment via online purchasing system: 88 participating business partners (Yakult Central Institute)
- Health-focused workshops for workers at business partners
- Logistics partners (approx. 200 companies)

▶ p.65,86-87

Local Communities

We respect regional cultures and customs and promote corporate activities in cooperation with local communities.

- Dispatch of guest lecturers*2:
In Japan: 1,511 lectures, 66,850 participants (fiscal 2020)
Overseas: 17,132 lectures, 1,279,210 participants (from January to December 2020)
- Health-related lectures*2:
In Japan: 7,624 lectures, 103,855 participants (fiscal 2020)
Overseas: 116,019 lectures, 7,895,796 participants (from January to December 2020)
- Courtesy Visit Activities: Around 36,000 elderly people visited (fiscal2020)*3
- Community safety watch and crime prevention activities: 925 local governments (fiscal 2020)
- Cleanup campaigns: 74 venues (fiscal 2020, plants and Yakult Central Institute)
- Social activities with vending machines

▶ p.49-54

Workers

Along with striving to create a comfortable working environment for our workers, we respect personal individuality through various types of interaction.

- Individual interviews
- Worker questionnaires
- Sharing information via the company intranet
- Internal newsletter
- Training programs
- Employee consultation desk
- Staff social events

▶ p.72-80

Civil Society Organizations

We are working to further advance our business and CSR activities based on our policy of cooperating with civil society organizations that specialize in resolving various issues.

- Social contribution activities
- Internal and external seminars
- Support projects (Japan: OISCA's Children's Forest Program; Overseas: China's Million Tree Project)

▶ p.43,49-54

*1 Tours of plants in Japan and the Yakult Central Institute have been suspended to prevent the spread of COVID-19. Some overseas plants are conducting online tours. We will also promote online tours at plants in Japan.

*2 To prevent the spread of COVID-19, we chose to reduce the dispatch of guest lecturers and health-related lectures in Japan and overseas. When group events are held, we take thorough protective measures. Some marketing companies in Japan are holding events online, and we will set up the necessary infrastructure so that this can be done nationwide.

Some countries and regions overseas are also running events online.

*3 We hold sessions while taking thorough measures to prevent the spread of COVID-19.

*4 Initiatives in 2020 through Yakult Logistics Co., Ltd. suspended to prevent the spread of COVID-19.

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Materiality assessment

We have identified six material themes to achieve sustainability as a further step in realizing our mission of contributing to the health and happiness of people around the world based on our corporate slogan, "In order for people to be healthy, everything around them must also be healthy."

To identify these themes, we established a cross-departmental working group that performed a materiality analysis with two mapped axes: "Impact for the Yakult Group" and "Importance for the sustainability of the earth and society." We also worked together with external experts and referenced reports from groups like the IPCC* and World Economic Forum (WEF).

Using these six themes, we will establish strategies and plans that work towards improving the sustainability of not only our own Group, but also of the planet and society, to make our corporate philosophy and goal of uniting both "People and Planet as One" a reality.

* IPCC: Intergovernmental Panel on Climate Change, which releases an evaluation report on climate change every 5-6 years. In their 2018 special report, "Global Warming of 1.5°C", they detailed the ramifications of a 2°C rise in global temperature, and pointed to the importance of taking immediate action to limit this rise to below 1.5°C.

Identifying material themes



Six material themes to achieve sustainability

To realize our corporate slogan of "In order for people to be healthy, everything around them must also be healthy" and achieve sustainability, we identified three social themes to prioritize within the value chain: innovation, value co-creation with communities, and supply chain management. We also analyzed factors such as climate change scenarios and water risk to identify three environmental themes: climate change, plastic containers and packaging, and water.

Six material themes

Innovation  Transition into a healthcare company, further pursue the potential of bacteria, provide new products and services, use resources effectively, and others ▶ p.45	Value co-creation with communities  Connect closely with local communities, deliver information on health, provide safe and reliable health products and services, and others ▶ p.49	Supply chain management  Maintain sound relationships with business partners, promote CSR procurement, ensure stable procurement of raw materials, and others ▶ p.55
Climate change  Reduce GHG emissions (decarbonize), proactively shift to renewable energy, introduce energy-saving practices, and others ▶ p.28	Plastic containers and packaging  Convert to fully-recyclable containers and packaging, reduce environmental impact by changing container materials, and others ▶ p.32	Water  Use sustainable water resources, reduce water consumption, and others ▶ p.35

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Expert opinions on the Yakult material themes

Overall assessment and suggestions on six material themes

- I find it great that many different departments and employees were involved in the material theme identification process.
- From a multi-stakeholder viewpoint, in the identification process I recommend engaging with Yakult Ladies and other stakeholders who have a large impact on business activities, and incorporating their views into future assessments.
- Human capital is important to Yakult's business, and in the future I'd like to see the company consider a material theme that specifically involves people.
- Product safety may be obvious for a food manufacturer, but I see issues such as traceability of dairy products as major topics that should be continuously addressed.



Hidemi Tomita
Director
Lloyd's Register Japan K.K.

Serving as the first general manager of the Sony Corporation's CSR Department after its launch before moving to Lloyds Register Quality Assurance Ltd., he is now the director of Lloyd's Register Japan K.K. He also contributed to the establishment of international standards such as ISO 26000 and the Global Reporting Initiative (GRI) Standards.

Expectations for individual materiality initiatives

- "Value co-creation with communities" wouldn't be possible without Yakult Ladies and Yakult Beauty Advisors. I hope they will form the core of initiatives involving this theme.
- For "climate change," I'd like the company to go further in comprehending Scope 3 emissions—including CO₂ emissions from home deliveries—and taking steps to address them.
- For "plastic containers and packaging," I hope Yakult goes beyond addressing packaging materials and creates systems for container collection and recycling.

Overall assessment and suggestions on six material themes

- I like that both environmental and social factors were considered in business risk, and from an environmental perspective, that water became a theme after using third-party organizations to comprehend water risk.
- Although health is central to the Yakult business, the fact that it's not a material theme makes the link appear weak, so I hope the company will consider adding it in the future.
- It also seems like people, including Yakult Ladies, are highly valued and can affect the business, so I hope they become a focus in the future.
- In order for these material themes to be integrated into management and business, I think it's important to both clarify their connection to business strategy, and create opportunities to consider the roles and relation of each department.
- To build awareness of material themes in employees, I think incorporating worker efforts toward initiatives into HR evaluations would boost motivation on an individual level.



Arisa Kishigami
Independent consultant
Japan Sustainable Investment
Forum Board Member

Served as head of ESG for the Asia Pacific region at FTSE Russell before becoming an independent consultant in April 2019. She is also a Japan Sustainable Investment Forum board member and a part-time lecturer of the spring semester for postgraduate courses at Waseda Business School.

Expectations for individual materiality initiatives

- For "supply chain," I would like to see awareness and action not only regarding the workers involved, but also on raw material procurement that contributes to the sustainability of the overall supply chain, such as ensuring animal welfare.
- For "climate change" and "plastic containers and packaging," I hope to see more aggressive medium-term targets set in the Yakult Group Environmental Vision to make the long-term goal of net zero more realistic.
- For "water," after identifying high-risk regions, I'd like clarification of how that information will be applied in future business development strategy.
- For "plastic containers and packaging," I hope to see more groundbreaking innovations, including in the form of *Yakult* containers and packaging themselves, as well as communication about the innovation process.

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The Yakult Group's contribution to the SDGs

The Yakult Group's corporate activities are widely related to all 17 SDGs, but based on our materiality we have identified the below eight goals as being most closely connected to our business. Moving forward, the entire Yakult Group will continue working towards helping achieve the SDGs.



Contributing to the SDGs through materiality

Materiality theme	Related SDGs
Innovation	3, 8, 9, 17
Value co-creation with communities	3, 5, 8, 17
Supply chain management	6, 8, 12, 13, 17
Climate change	13, 17
Plastic containers and packaging	12, 17
Water	6, 17

The Yakult CSR Action Plan and the SDGs

In order for the Yakult Group to take effective actions based on the Basic Policy on CSR, from fiscal 2015 we have been systemizing our CSR activities in accordance with ISO 26000, the international standard for social responsibility.

Specifically, in fiscal 2016 we formulated the Yakult CSR Action Plan in accordance with the seven core subjects of ISO 26000. In fiscal 2020, relevant departments set concrete action targets and implemented activities accordingly.

We believe the SDGs should be addressed as shared global challenges to achieve a sustainable society, and have included our approach to contributing to the achievement of the SDGs in the CSR Action Plan. Of the 17 goals, we have identified those that are highly relevant to the Group, and after clarifying their relationship with the seven core subjects and key themes in the Yakult CSR Action Plan, we are implementing initiatives at each stage of operations.

Raising awareness of the SDGs

Initiatives inside the Group

We conduct ongoing awareness programs for workers so that they can see the essence of the SDGs and take personal responsibilities themselves.

In 2018, we created posters showing the connection between the activities at each stage of the Yakult Group's business operations and the SDGs in nine languages (Japanese, English, traditional Chinese, simplified Chinese, Korean, Thai, Indonesian, Spanish and Portuguese).

In addition, the Yakult Ethical Principles and Code of Conduct were revised in April 2020 to include the SDGs related to each item of the Code of Conduct, in order to show that their thoughts and actions when properly carrying out corporate activities directly lead to the Group's CSR as well as contribute to achieving the SDGs.

Initiatives outside the Group

In February 2019, out of the 17 SDGs we presented our initiatives related to Goal 3 on health and exchanged views with about 30 students from 11 countries who were delegates of the Japan-ASEAN Students Conference (JENESYS 2018), an exchange program aiming to promote understanding of Japan run by Japan's Ministry of Foreign Affairs.

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The SDGs to which Yakult is contributing to through its business activities

Business activity	Related SDGs	Specific initiatives	Main risks and opportunities
<p>R&D We undertake research to realize the concepts of preventive medicine and the idea that a healthy intestinal tract leads to a long life, and are applying research results in the development of food and beverages, pharmaceuticals, and cosmetics.</p> 		<ul style="list-style-type: none"> Disclosure of research results Communication with consumers by opening the Shirota Memorial Museum to the public Product safety evaluation at the product development and post-marketing stages Product safety assurance by analysis and testing Reliability assurance by auditing of research data Joint research with universities, hospitals, and research institutes Promotion of research grant programs Sponsorship of academic conferences and symposiums Thorough management of chemical substances by research institute internal committee activities, etc. Strengthening of measures to prevent leakage of information by building a robust system and collaborating with external service providers 	<p>Risks</p> <ul style="list-style-type: none"> Inadequate safety evaluation could cause an interruption in business Insufficient response to diversifying consumer needs could affect business performance Infringement of intellectual property, leakage of research data, new infectious diseases or natural disasters could delay development <p>Opportunities</p> <ul style="list-style-type: none"> Development of highly safe products could lead to greater competitiveness Development of products responding to growing health consciousness could lead to greater competitiveness Promotion of joint research could lead to innovations
<p>Procurement We procure raw materials such as skimmed milk, sugar, and packaging materials through fair trade.</p> 		<p>Selection of sound business partners</p> <ul style="list-style-type: none"> Prior consultation and credit checks for new business partners Conclusion of contracts (including clauses regarding excluding antisocial forces) Verification of financial status of business partners <p>Promotion of fair trade</p> <ul style="list-style-type: none"> Implementation of an evaluation system for business partners <p>Stable procurement of raw materials</p> <ul style="list-style-type: none"> Purchasing from multiple business partners (suppliers) and appropriate stock management Promotion of business continuity planning (BCP) measures <p>Promotion of sustainable procurement</p> <ul style="list-style-type: none"> Risk assessment using CSR procurement survey Formulation of Supplier CSR Guidelines 	<p>Risks</p> <ul style="list-style-type: none"> Human rights violations (i.e. forced labor, child labor) at business partners (suppliers) could lead to less trust in the Group Unfair discrimination against business partners or corruption with business partners could lead to less trust in the Group Inadequate BCP could cause an interruption in business during emergencies <p>Opportunities</p> <ul style="list-style-type: none"> Promotion of sustainable procurement could lead to improved trust in the Group Cooperation with business partners (suppliers) could lead to stable supply and improved productivity
<p>Production We use finite resources efficiently and employ environmentally conscious methods to manufacture high-quality products that are safe and offer peace of mind to customers.</p> 		<p>Reduction in occupational accidents</p> <ul style="list-style-type: none"> Safety and health education and safety and health inspection tours Continuous capital investment to create a working environment where everyone can work in a healthy and safe manner <p>Promotion of energy saving, waste reduction and recycling</p> <ul style="list-style-type: none"> Reduction in CO₂ emissions and energy consumption by introducing highly efficient facilities and equipment, improved workflows, LEDs and solar power Waste reduction and appropriate disposal Proper management of waste water and reduced water usage <p>Establishment of a risk management system</p> <ul style="list-style-type: none"> Establishment of a system to enable production to continue and a fast recovery in the event of a disaster Establishment and occasional review of BCP and disaster preparedness manual Installation of earthquake early warning systems to achieve fast initial response <p>Understanding of environmental impacts and risks</p> <ul style="list-style-type: none"> Implementation of water risk surveys Implementation of biodiversity risk surveys 	<p>Risks</p> <ul style="list-style-type: none"> A disaster or incident that interferes with production could cause an interruption in business Stricter environmental regulations, depletion of water resources, and destruction of biodiversity could cause an interruption in business <p>Opportunities</p> <ul style="list-style-type: none"> Safe and pleasant working environments could lead to increased productivity Saving energy, using water more efficiently and reducing waste could lead to improved cost competitiveness
<p>Logistics By ensuring eco-driving (fuel-efficient driving) and choosing delivery methods that have reduced environmental impacts, we are reducing the amount of CO₂ emissions deriving from product shipments.</p> 		<p>Promotion of collaboration with other companies in the same industry</p> <ul style="list-style-type: none"> Promotion of collaboration with other companies at distribution centers and in transportation to mass retailers, to reduce energy consumption and costs <p>Promotion of day-to-day efficiency</p> <ul style="list-style-type: none"> Introduction of a system to visualize vehicle load factor and achieve a higher load factor by allocating vehicles appropriately, using two-temperature-zone transportation Promotion of eco-driving by using terminals in logistics company trucks Switch to eco-friendly vehicles and reduction in empty transportation zones 	<p>Risks</p> <ul style="list-style-type: none"> Labor shortages or working environments with insufficient safety levels could cause an interruption in business Stricter environmental regulations, air pollution, destruction of biodiversity could cause an interruption in business <p>Opportunities</p> <ul style="list-style-type: none"> Safe and rewarding working environments could lead to increased productivity and a stable workforce Introducing eco-friendly vehicles could lead to increased environmental friendliness
<p>Sales Besides the products themselves, we also provide customers with accurate product information as well as information useful for maintaining health.</p> 		<ul style="list-style-type: none"> Dispatch of guest lecturers for children Health-related lectures for customers and businesses Disclosure of information on our website Health-related campaigns Value dissemination activities at stores Assisting support facilities for persons with disabilities Diversification of ordering methods using Yakult Delivery Net Increased efficiency by introducing an online payment system and mobile information terminals Increased productivity by introducing cashless payment Creation of a pleasant working environment by setting up Yakult Lady Health Hotline service, nursing care consultation system and FP consultation desk Eco-friendly center operations and home delivery activities Introduction of heat pump vending machines 	<p>Risks</p> <ul style="list-style-type: none"> Product safety/health damage could cause an interruption in business Insufficient disclosure of product information could lead to less trust in the Group Labor shortages or working environments with insufficient safety levels could cause an interruption in business Stricter environmental regulations, air pollution, and destruction of biodiversity could cause an interruption in business <p>Opportunities</p> <ul style="list-style-type: none"> Providing safe, healthy products could lead to greater competitiveness Providing full product information could lead to improved trust in the Group Promoting diversity and creating a rewarding working environment could lead to a stable workforce Introducing eco-friendly vehicles and vending machines could lead to increased environmental friendliness

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Yakult CSR Action Plan: targets and achievements

We organized the seven core subjects of ISO 26000 in order of relevance to our business activities. Then we decide the key themes for each subject, and set action targets for each fiscal year.

* Achievement level

✓: Target achieved (100 points (%) or more) √: Target almost achieved (80 points (%) or more) x: Target not adequately achieved (Less than 80 points (%))

ISO 26000 Core Subjects	I. Consumer Issues		
<p>Key Themes</p> <ul style="list-style-type: none"> • Provide safe and reliable products • Customer-first principle • Protect customer personal information 	<p>Related SDGs</p> 		
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
<p>1. Improve customer satisfaction ▶ p.67</p>	<ul style="list-style-type: none"> • Had Yakult Ladies perform self-checks after taking a health check course for safe delivery on the Safety and Security Clinic website Participants: 18,723 Yakult Ladies (up 9,832 from previous course, 57.3% participation rate) • Published information on delivery quality in <i>Kencho</i>, a booklet for Yakult Ladies, established summer and winter delivery quality improvement campaigns, and held training on sincere service basics in the age of COVID-19 • Created learning materials on website privacy policy and the importance of personal information protection for marketing company staff in charge of Yakult Delivery Net • Emphasized rules for customer visits by distributing <i>Yakult Beautiens</i> handbooks to Yakult Beauty Advisors. Shared information through training and magazines on safe and secure product delivery to improve service (4,061 magazines distributed) • Audited information security measures of external contractors in e-commerce. Currently addressing issues to strengthen and improve security • Ensured implementation of recurrence prevention measures for product-related claims against plants: 101.6% implementation (*62/61 issues) / 15 total plants * Additional preventative measure developed based on an actual case from another plant • Investigated possible improvements requested by customers (after some customers reported cutting their finger on the aluminum lid when opening <i>New Yakult</i> multi-packs, we added a warning to the package and changed the opening mark to guide fingers in a way that avoids the lids) 		<p>1. Improve customer satisfaction</p>
<p>2. Promote certification of various international standards ▶ p.64</p>	<ul style="list-style-type: none"> • Promote certification of various international standards Acquired HACCP (21 plants), GMP (9), ISO 9001 (10), ISO 14001 (5), ISO 22000 (7), FSSC 22000 (3), OHSAS 18001 (2), SQF (2) and halal certification (2 Thailand plants, Philippines, 2 Indonesia plants, Singapore, Malaysia, Taiwan) 		<p>2. Promote certification of various international standards</p>
<p>3. Promote universal design ▶ p.66</p>	<ul style="list-style-type: none"> • Utilized universal design fonts, which are easier to read regardless of age or ability, for packages of new products and existing products when updating their package design (all pharmaceutical products, as well as food and cosmetic products excluding some products planned for the future) 		<p>3. Promote universal design</p>
<p>4. Accept more visitors to plants and research institute ▶ p.69</p>	<ul style="list-style-type: none"> • In Japan: To prevent the spread of COVID-19, tours of plants in Japan and the Yakult Central Institute were cancelled. • Tested online plant tours at the Hyogo Miki Plant; launch at other plants under consideration. * Participants in test of online plant tours at the Hyogo Miki Plant: 155 • Created an online company visitation program for middle and high school students. Launched in November, 545 students from seven schools have participated. Participant survey results indicate over 90% were satisfied or extremely satisfied • Launched online tours of the Shonan Cosmetics Plant in fiscal 2021 • Outside Japan: Online plant tours were tested to prevent the spread of COVID-19 		<p>4. Accept more online visitors to plants and research institute</p>

ISO 26000 Core Subjects	II. Community Involvement and Development														
<p>Key Themes</p> <ul style="list-style-type: none"> • Promote social contribution activities • Respect for local cultures and customs • Activities for solving local issues • Strengthen relations with local Communities 	<p>Related SDGs</p> 														
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets												
<p>1. Promote dispatch of guest lecturers and health-related lectures ▶ p.50</p>	<ul style="list-style-type: none"> • In Japan: When group events are held, we take thorough measures to prevent the spread of COVID-19 Dispatch of guest lecturers: 1,511 lectures, 66,850 participants (down 2,560 lectures, 209,712 participants from previous year) • Health-related lectures: 7,624 lectures, 103,855 participants (down 6,576 lectures, 250,509 participants from previous year) • Beauty workshops: 622 workshops, 4,382 participants (down 1,153 lectures, 17,188 participants from previous year) • Note: We are currently devising systems to enable online events • Outside Japan: Online plant tours were tested to prevent the spread of COVID-19 Dispatch of guest lecturers: 17,132 lectures, 1,279,210 participants (down 34,518 lectures, 2,596,089 participants from previous year) • Health-related lectures: 116,019 lectures, 7,895,796 participants (down 22,353 lectures, up 327,747 participants from previous year) 		<p>1. Promote dispatch of guest lecturers and health-related lectures via online</p>												
<p>2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities ▶ p.51</p>	<ul style="list-style-type: none"> • Courtesy Visit Activities: 36,014 older people visited by 2,639 Yakult Ladies from 52 marketing companies in response to requests from 122 local governments in Japan • Community safety watch and crime prevention activities: Conducted by 25,852 Yakult Ladies from 2,039 centers of 104 marketing companies* in cooperation with 925 local governments and other groups * Including marketing companies under the holding company 		<p>2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities</p>												
<p>3. Further sports promotion ▶ p.53</p>	<ul style="list-style-type: none"> • Activities voluntarily restricted to prevent the spread of COVID-19 • Baseball clinics by current players: cancelled • Tsubame baseball clinics by retired players: 2 clinics (held in February 2020) • Yakult running clinics: cancelled • Coach/athlete dispatch to local governments and schools: suspended • Participation in cleanup activities: suspended • Toda Rugby Festival cooperation: cancelled • Tag rugby clinics: suspended • Japan Bound Tennis Association championship series: cancelled 		<p>3. Promote sports by holding events as circumstances allow</p>												
<p>4. Implement cooperative activities with local municipalities and other organizations ▶ p.49</p>	<ul style="list-style-type: none"> • Provided support, donations and personnel assistance for community events at each plant 29 activities at 15 total plants • Backing support facilities for persons with disabilities in cooperation with pachinko and pachislot cooperative associations: asked 61 facilities in 20 prefectures to attach stickers that include New Year greetings to our products, totaling around 680,000 bottles • Operated Bowel Cancer Information website. Published six articles on dietary advice, recipes and other topics for patients undergoing anti-cancer drug therapy. 13 million total cumulative visitors • Disclosed payments totalling 808 million yen in fiscal 2019 in accordance with the revised Transparency Guidelines for Relations Between Corporate Activities and Medical Institutions • Concluded an agreement with Kunitachi City to supply water in the event of a disaster, worked with a children's hotline, and provided rainwater tanks (308 total tanks) • Supported the Pink Ribbon campaign. Distributed pamphlets on breast cancer in Singapore and donated 15,000 Singapore dollars (approx. 1.158 million yen) • Supplied 24,500 bottles of <i>Yakult</i> nearing their best by date to Netherlands-based food bank VLA • Supported a campaign providing breakfasts to disadvantaged elementary school students in the mountains of Yunnan, China • Donated to support healthcare workers fighting COVID-19. Donated <i>Yakult</i> and other products to hospitals, government institutions, nursing homes, schools, armed forces, police forces and regional communities <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <tr> <td style="width: 30%;">Asia and Oceania</td> <td style="width: 30%; text-align: right;">49,651 facilities</td> <td style="width: 30%; text-align: right;">7,945,345 bottles</td> </tr> <tr> <td>Americas</td> <td style="text-align: right;">1,167 facilities</td> <td style="text-align: right;">6,843,754 bottles</td> </tr> <tr> <td>Europe</td> <td style="text-align: right;">73 facilities</td> <td style="text-align: right;">184,985 bottles</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">50,891 facilities</td> <td style="text-align: right;">14,974,084 bottles</td> </tr> </table>		Asia and Oceania	49,651 facilities	7,945,345 bottles	Americas	1,167 facilities	6,843,754 bottles	Europe	73 facilities	184,985 bottles	Total	50,891 facilities	14,974,084 bottles	<p>4. Implement cooperative activities with local municipalities and other organizations</p>
Asia and Oceania	49,651 facilities	7,945,345 bottles													
Americas	1,167 facilities	6,843,754 bottles													
Europe	73 facilities	184,985 bottles													
Total	50,891 facilities	14,974,084 bottles													
<p>5. Deepen exchanges with local communities through plant festivals ▶ p.69</p>	<ul style="list-style-type: none"> • All plant festivals cancelled to prevent the spread of COVID-19 • Social contribution activities in the form of support and donations to community events took place at each plant (29 events at 15 plants) 		<p>5. Deepen exchanges with local communities through plant festivals as circumstances allow</p>												

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ISO 26000 Core Subjects		III. The Environment*	
Key Themes	<ul style="list-style-type: none"> • Realize a low-carbon society • Effectively use resources • Conservation of biodiversity 	Related SDGs 	
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
1. Reduce CO₂ emissions to at least 5% below the level in fiscal 2010 by the end of fiscal 2020 ▶ p.29	<ul style="list-style-type: none"> • CO₂ emissions reduced by 9.0% (compared to fiscal 2010) * Yakult Central Institute: reduced by 16.8% per production unit (compared to fiscal 2010) Reduction achieved by taking measures such as introducing electric molding machines and reducing energy use required for logistics 	✓	1. By the end of fiscal 2024, reduce carbon emissions (in Japan, scopes 1 and 2) by 10% compared to fiscal 2018 levels
2. Reduce waste generation to at least 10% below the level in fiscal 2010 by the end of fiscal 2020 as well as promote a recycling rate for food waste of at least 95% ▶ p.40	<ul style="list-style-type: none"> • Waste generation reduced by 6.9% (compared to fiscal 2010) Reduced waste by changing working methods and how equipment is used at production plants • Food waste recycling rate: 97.8% Promoted reduction of food waste and recycling of such waste at each business site 	✓	2. By the end of fiscal 2024, reduce amount of waste generated by 20% compared to fiscal 2010 levels and maintain a 95% recycling rate for food waste
3. Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2020 ▶ p.36	<ul style="list-style-type: none"> • Water consumption reduced by 22.2% (compared to fiscal 2010) Reduction achieved by updating equipment and changing working methods 	✓	3. By the end of fiscal 2024, reduce water consumption (at dairy product plants in Japan, per production unit) by 3% compared to fiscal 2018 levels through conserving water and establishing water management plans
4. Promote education related to biodiversity, as well as support and involvement with nature conservation activities ▶ p.41	<ul style="list-style-type: none"> • Participated in Green Wave 2020 (tree-planting in 12 locations in Japan) • Supported OISCA Children's Forest Program, and the 10-year Coastal Forest Restoration Project for reconstruction after the 2011 Tohoku earthquake • Featured biodiversity in our CSR report 2020 • Continued participating in a public afforestation initiative to combat desertification in the Inner Mongolia Autonomous Region of China, donating 2,000 saplings each year since 2015 (Fiscal 2015-2020 total: approx. 12,000 saplings, equivalent to 300,000 yuan or 4.77 million yen) • Continued tree planting activities to green public parks in the vicinity of the Sukabumi Plant in Indonesia (started in 2015; goal was reached this fiscal year, marking the final donation) Fiscal 2020 achievement: 10,000 saplings donated to local NGOs (equivalent to 2 million yen) 	✓	4. Promote education related to biodiversity, as well as support and involvement with nature conservation activities
5. Reduce material consumption in containers and packaging / Minimize environmental impact by substituting materials used for containers and packaging / Utilize eco-friendly plant-derived materials used for containers and packaging ▶ p.33	<ul style="list-style-type: none"> • Used bioplastic in straws and multi-pack shrink wrap for <i>Yakult Hakko Tonyu</i> (25% bioplastic) • Switched to using environmentally responsible paper in boxes for <i>Lactdew</i> (two products), <i>Grantia</i> pouches, and <i>Aroma Moist Hand Cream</i> (two products) • Used universal design fonts (two <i>Lactdew</i> products, <i>Grantia</i> pouches, <i>Aroma Moist Hand Cream</i>, <i>Lamine</i>, etc.) • Reduced the amount of paper in cartons for <i>Kurozu Drink</i> (125 ml) and <i>Yakult no Oishii Hakko Kajitsu</i> • Shortened the label and used a lighter cap with less plastic for <i>Quick Charge</i> • The Plastic Recycling Promotion Committee continued to share information with relevant departments and studied future measures for plastic containers and packaging under Environmental Actions (2021-2024) and Environmental Targets 2030 	✓	5. By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make them recyclable; reduce raw material consumption for containers and packaging; reduce environmental impact by changing container and packaging materials; and use plant-based and environmentally responsible materials


* For III Environment, Environmental Actions (2021-2024) has been established as the plan for fiscal 2021 onwards


ISO 26000 Core Subjects		IV. Labour Practices	
Key Themes	<ul style="list-style-type: none"> • Promote workplace safety and health • Promote work-life balance • Promote active roles for women • Promote diversity 	Related SDGs 	
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
1. Promote Health-focused Management ▶ p.72	<ul style="list-style-type: none"> • Established a Health-focused Management Promotion Section to consider, plan and launch measures to improve health consciousness, and built awareness so that employees independently and continuously strive for healthy behaviour, and furthered Health-focused Management (Health improvement target) 1. Ratio of employees who undertook re-examination based on the results of regular health checks: 97% (Target: 85%) 2. Breast cancer and uterine cancer screening rate (Target: 60%) Primary new initiatives 1. Introduced original Yakult Stretch exercise to further promote employee health and improve productivity 2. Launched a Women's Health Workshop and promoted the importance of undergoing breast and uterine cancer screenings in efforts to improve screening rate 3. Doubled the subsidy available through the employee benefits system for undergoing voluntary health checks to promote its use 	✓	1. Further promote Health-focused Management
2. Conduct health and safety inspection tours in plants ▶ p.77	<ul style="list-style-type: none"> • Conducted safety and health inspection tours at each of our plants and responded to any findings for improvement: 440 inspection tours, 1,949 findings, 1,936 improvements (99.3%) (15 plants in total) Note: Currently working on improvements for findings not yet addressed 	✓	2. Conduct health and safety inspection tours in plants
3. Increase the number of paid leave days used (target acquisition rate: 75%) ▶ p.75	<ul style="list-style-type: none"> • Annual paid leave usage rate: Honsha 71.7% (average of 13.3 days used) • Promoted use of paid leave at plants by multi-skilling employees to even out workloads 	✓	3. Increase the number of paid leave days used Reduce overtime work
4. Promote work-life balance ▶ p.75	<ul style="list-style-type: none"> • Updated Yakult Lady winter uniforms to improve design and functionality of materials (introduced in October, special subsidy assistance: 553 million yen) • Yakult daycare centers certified: 49 centers in Japan • Held online training for management-level staff on management for changing working styles such as telecommuting, and had each department devise and implement an action plan. Surveyed non-management staff to verify organizational changes and other results after action plans were implemented • Ensured proper working hour management with labor management workshops (251 participants) • Held group and remote career design training for women (21 participants) • Held a group and remote Life Plan Seminar for employees aged 55 (59 participants) 	✓	4. Promote work-life balance Ratio of male employees who took parental leave Target: 20% * Number of male employees taking parental leave divided by the number of male employees whose spouse has given birth
5. Achieve a 30% ratio of women at the assistant manager level (who are candidates for managerial positions) by fiscal 2020 ▶ p.74	<ul style="list-style-type: none"> • Ratio of women at the assistant manager level: 31.2% Ratio of female managers: 7.6% (as of April 2021) • Assessed employment of women outside of Japan - Ratio of female managers: 27.0% 	✓	5. Achieve a 10% ratio of female managers by fiscal 2025
6. Maintain the legally mandated ratio of employees with disabilities ▶ p.74	<ul style="list-style-type: none"> • Ratio of employees with disabilities: 2.27% (Reference) 2.2% until February 2021, and 2.3% from March 2021 	✓	6. Maintain the legally mandated ratio of employees with disabilities

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ISO 26000 Core Subjects		V. Human Rights	
Key Themes	<ul style="list-style-type: none"> • Promote diversity • Respect for personalities and human rights 	Related SDGs 	
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
1. Periodically run human rights awareness training ▶ p.60	<ul style="list-style-type: none"> • Generated awareness by covering human rights in training for new employees and diversity in training for newly appointed managers. Planning to hold diversity-related training as part of level-specific training (before promotion to manager or assistant manager) to raise awareness that understanding and acceptance of diversity leads to innovation 	✓	1. Periodically run human rights awareness training
2. Run anti-harassment workshops ▶ p.62	<ul style="list-style-type: none"> • Discussed harassment during level-specific training (training for General Managers and training for newly appointed managers) • Informed workers that all types of harassment are prohibited under the Yakult Ethical Principles and Code of Conduct to raise their awareness 	✓	2. Run anti-harassment workshops

ISO 26000 Core Subjects		VI. Fair Operating Practices	
Key Themes	<ul style="list-style-type: none"> • Ensuring fair and sound transactions • Promote CSR procurement 	Related SDGs 	
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
1. Ensure complete adherence to compliance ▶ p.84	<ul style="list-style-type: none"> • Maintained and improved sound business relationships in compliance with the basic transaction agreement between Yakult Honsha and marketing companies • Improved compliance awareness in all workers through education such as group trainings utilizing the Compliance Guidebook • Held periodic Code of Practice trainings for medical representatives. Launched Understanding the Code Promotion Month (November) to raise awareness • Held monthly Yakult Pharmaceutical Product Information Summary Review Board meetings to review promotional and other materials to comply with the Ministry of Health, Labour and Welfare's guidelines on activities providing sales information Number of materials reviewed: 172 • Held basic training for new medical representative hires on acceptable relationships and behavioral standards (January) • Introduced anti-bribery rules at overseas business sites 	✓	1. Ensure complete adherence to compliance
2. Implement CSR procurement ▶ p.56	<ul style="list-style-type: none"> • Carried out the second CSR procurement survey of 104 business partners (top 90% of total procurement amount in applicable departments) 	✓	2. Continue implementing sustainable procurement

ISO 26000 Core Subjects		VII. Organizational Governance	
Key Themes	<ul style="list-style-type: none"> • Implement corporate governance • Promote business in accordance with compliance • Ensure confidentiality • Disclosure of corporate information and communication with society 	Related SDGs 	
Fiscal 2020 Action Targets	Fiscal 2020 Achievements / Level*		Fiscal 2021 Action Targets
1. Deepen understanding of our founder's philosophy (Shirota-ism) ▶ p.9	<ul style="list-style-type: none"> • Held Shirota-ism Workshops in and outside Japan during group training sessions and training for new employees 	✓	1. Deepen understanding of our founder's philosophy (Shirota-ism)
2. Strengthen support of the Corporate Governance Code ▶ p.82	<ul style="list-style-type: none"> • Held various management meetings regularly (Board of Directors: 8 times, Executive Officers Committee: 26 times) • Discussions prior to important meetings were cancelled to prevent the spread of Covid-19. 	✓	2. Strengthen support of the Corporate Governance Code
3. Promote disclosure of information to stakeholders	<ul style="list-style-type: none"> • Continued to appropriately disclose information using convocation notices with a revised format to be easily understood • Disclosed further information on CSR activities and ESG through our CSR Report and CSR Communication Book 	✓	3. Promote disclosure of information to stakeholders
4. Enhance understanding of the Yakult Ethical Principles and Code of Conduct ▶ p.11	<ul style="list-style-type: none"> • Explained the Yakult Ethical Principles and Code of Conduct at level-specific training and encouraged review at meetings for personnel in charge of compliance to raise awareness • Revised the Yakult Ethical Principles and Code of Conduct to indicate connections to the SDGs and make other changes • Held Compliance Month in February themed on the Yakult Ethical Principles and Code of Conduct to improve understanding among all Group workers • Created an English version of the Yakult Ethical Principles and Code of Conduct and provided the data to overseas business sites 	✓	4. Enhance understanding of the Yakult Ethical Principles and Code of Conduct
5. Ensure complete adherence to compliance ▶ p.84	<ul style="list-style-type: none"> • Operated e-learning on the basics and points of caution of handling personal information to improve fundamental and practical knowledge • Held biannual Compliance Committee meetings (in September and December) and received opinions and recommendations from members who are outside experts • Held a Corporate Ethics Committee meeting to confirm transaction monitoring and receive opinions and recommendations from members including outside experts • Continued to operate the Compliance Hotline to quickly discover and correct any legal violations • Revised our internal reporting system • Distributed various educational materials including a Compliance Guidebook to build deeper and more solid understanding • Held meetings for personnel in charge of compliance in each region at Yakult Honsha in October and Group companies from November (7 meetings in total) to provide legal information and share information between personnel • Surveyed the entire Group on compliance (response rate: 95.5%, approximately 16,000 participants) • Performed continuous auditing to ensure sound compliance at offices outside Japan 1. J-SOX (online) audit: Guangzhou (December) 2. Business audit: cancelled (to prevent the spread of COVID-19) 3. Deloitte Touche Tohmatsu Audit: Guangzhou (February) * Cancelled in the USA due to COVID-19 • Distributed compliance newsletters vol. 15-18 to offices outside Japan to raise awareness of compliance 	✓	5. Ensure complete adherence to compliance

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Signing the UN Global Compact

In May 2021, the Yakult Group signed the United Nations Global Compact (UNGC), the UN's international framework for sustainable growth.

The UNGC calls on companies and organizations to take part in solving global issues, and provides a principle-based framework for healthy globalization and a sustainable society. Heads of signatory companies and organizations commit to 10 principles related to human rights, labor, the environment and anti-corruption, and are expected to make continuous efforts towards sustainability.

The Yakult Group supports the 10 principles of the UNGC, and as a good corporate citizen that contributes to society, we will work with the global community to apply these principles in all of our business activities.

WE SUPPORT



The Ten Principles of the UN Global Compact (UNGC10)

Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

[Link](#) p. 60 Human rights
p. 60 Labour practices
p. 22 The environment
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Environmental Activities Report

Aiming for a society with "people and planet as one," we will contribute to the health of the Earth by acting with due consideration to conserving the environment in all aspects of our corporate activities.

Fiscal 2020 legal compliance

There were no serious violations of laws and internal regulations or corporate activities related to the environment in fiscal 2020. In addition, there were no cases of fines or penalties paid in relation to the environment.

[Link](#) Fiscal 2020 targets and achievements

Environmental Activities Report Contents	23	Environmental management
	28	Materiality Climate change
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Message from the chief officer

Since its founding in 1935, Yakult has been engaged in corporate activities that aim to contribute to the health and happiness of people around the world. Today, 40 million bottles of our dairy products are being consumed every day in 40 countries and regions around the world (fiscal 2020 data). As a corporate group growing our business globally, we are truly happy to be able to contribute to the health of countless people throughout the world.

But at the same time, these activities have had significant impact on the environment. We needed to find ways to reduce the increasing burden our business growth has placed on the Earth. To date, the Yakult Group formulated the Yakult Basic Policy on the Environment in 1997, established and implemented environmental action plans, and has been promoting environmentally responsible business activities.

The impact of greater economic activity on the global environment, particularly on the issue of climate change, has been growing at an alarming rate in recent years. With such a pressing situation, countries and companies around the world have begun taking action.

Under these circumstances, we created the Yakult Group Environmental Vision to work toward achieving our goal of uniting people and planet as one. Our ideal vision for the future is set out in the Environmental Vision 2050, which details our plans for a value chain with zero environmental impact by aiming to achieve net-zero carbon emissions (in scopes 1, 2 and 3) by 2050.

To realize this vision, we have also established both Environmental Targets 2030 for medium-term milestones and Environmental Actions (2021-2024) for short-term milestones.

Of the six material themes identified by the Group, these lay out our targets on climate change, plastic containers and packaging, and water, and represent our plans to explore all possibilities, including collaboration with governments and other companies, to achieve these targets.

The entire Yakult Group will work as one to take on the challenge of improving sustainability with the aim of creating a society with people and planet as one.



Masao Imada
Director and Managing Executive Officer
Divisional General Manager, Management Support Division

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Environmental management

Yakult Basic Policy on the Environment

We established organizational units focused on environmental conservation measures in November 1991, and instituted the group-wide Yakult Basic Policy on the Environment in June 1997. In accordance with our Environmental Philosophy and Guidelines for Activities, we are promoting environmental conservation activities throughout all our business fields. In addition, we have established the Yakult Environmental Action Plan at three-year intervals since fiscal 2001. 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 impacts. We also explain our policies and Action Plan to business partners using opportunities such as meetings and surveys to help them understand our intent.

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 Guidelines

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 impacts 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, and strive to further improve the level of its environmental management and eliminate environmental pollution risk factors before they occur.
4. In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts.
 - (1) We strive to design containers and packaging based on due consideration of such objectives as reducing the volume of resource usage and waste associated with containers and packaging, optimizing disposal, and promoting resource recycling.
 - (2) Regarding product manufacturing, we make efforts to thoroughly prevent environmental pollution as well as to reduce waste, greenhouse gases, and other harmful substances through resource and energy conservation measures. In addition, to promote the creation of a recycling-oriented society, we strive to recycle waste and utilize green purchasing methods.
 - (3) Regarding product distribution and marketing, we endeavor to reduce environmental impacts 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, greenhouse gases, and other harmful substances. In addition, we will make efforts to recycle waste and utilize green purchasing methods.
 - (5) Regarding research activities, we endeavor to reduce environmental impacts 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 we make efforts to increase environmental awareness.
6. Information related to environmental activities will be appropriately disclosed, and we strive 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 / January 25, 2010

Environmental management structure

The CSR Promotion Committee is responsible for formulating the Yakult Environmental Action Plan and for monitoring and evaluating the progress of environmental activities. Every half year, the secretariat of the CSR Promotion Committee conducts a review of the results and performance of the corporate environmental activities, and uses the findings in developing plans for the following fiscal year.

A committee has been established at each of Yakult Honsha's plants and bottling companies, chaired by either the plant manager or bottling company president. The committees oversee environmental activities, including formulating annual plans, promoting environmental management programs based on ISO 14001 standards and other guidelines.

Instead of each of our facilities working on their own, each year a general meeting brings together representatives of all production facilities to share good practices within the Group and to promote such good measures at all the facilities.

Yakult Group Environmental Vision

The world is experiencing climate change and various other environmental issues that are growing more severe with time. The Yakult Group creates products that are available in 40 countries and regions around the world, and we conduct our business on the basis of local production for local sales. We recognize that our corporate activities have not only positive but also negative impacts on local communities and environments in various locations globally.

In March 2021, the Yakult Group created the Yakult Group Environmental Vision to reduce our negative impact and promote efforts with a positive impact on the global environment with the aim of uniting people and planet as one. We set out our ideal vision for the future in Environmental Vision 2050 and, using backcasting, established short- and medium-term milestones in order to effectively act and make progress toward this vision.



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Environmental Vision 2050

To realize a society where people and the planet co-exist as one through a value chain that has zero environmental impact

Our goal is to achieve Net Zero Carbon by 2050 (in scopes 1, 2 and 3).

Environmental Targets 2030

For the three material themes related to the environment, we set Environmental Targets 2030 as medium-term milestones to work on achieving Environmental Vision 2050.

Climate change



Reduce GHG emissions (in Japan, scopes 1 and 2)

by **30%** compared to fiscal 2018 levels

Initiatives

- Reduce GHG emissions to create a zero-carbon society
- Promote energy conservation, adopt renewable energy

[Link](#) > Climate change

Plastic containers and packaging



Reduce plastic containers and packaging (in Japan)

by **30%** compared to fiscal 2018 levels, or make them **recyclable**

Initiatives

- Convert to fully-recyclable containers and packaging
- Reduce environmental impact by changing container and packaging materials

[Link](#) > Plastics containers and packaging

Water



Reduce water consumption (at dairy product plants in Japan, per production unit) by **10% compared to fiscal 2018 levels**

Initiatives

- Sustainable use of water resources
- Reduce water consumption

[Link](#) > Water

Environmental Actions (2021-2024)

We set Environmental Actions (2021-2024) as short-term milestones to work on achieving our Environmental Targets 2030. In addition to the material themes, we will also continue to promote our efforts to reduce waste and conserve biodiversity.

Priority issues

Actions

1. Achieve a zero-carbon society

Climate change



By the end of fiscal 2024, reduce GHG emissions (in Japan, scopes 1 and 2) by 10% compared to fiscal 2018 levels

2. Convert to fully-recyclable containers and packaging

Plastic containers and packaging



- (1) By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make them recyclable
- (2) Reduce raw material consumption for containers and packaging
- (3) Reduce environmental impact by changing container and packaging materials
- (4) Use plant-based, environmentally responsible materials for containers and packaging

3. Reduce water consumption

Water



- (1) By the end of fiscal 2024, reduce water consumption (at dairy product plants in Japan, per unit) by 3% compared to fiscal 2018 levels through:
 1. Conserving water
 2. Establishing water management plans

4. Reduce waste

- (1) By the end of fiscal 2024, reduce amount of waste generated by 20% compared to fiscal 2010 levels
- (2) Maintain at least a 95% recycling rate for food loss and waste

5. Conserve and utilize biodiversity

- (1) Support and participate in conservation activities
- (2) Promote biodiversity education

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Status of environmental certifications

As part of our efforts to reduce environmental impacts associated with our production and distribution activities, the Yakult Group is promoting initiatives to acquire ISO 14001 certification at Yakult Honsha plants, the Yakult Central Institute, bottling companies, marketing companies, and group companies outside Japan. All Yakult Honsha plants and bottling companies have already acquired certification.

Status of ISO 14001 Environmental Certification

	Certified sites	Certification rate
Yakult Honsha plants and bottling companies in Japan (12 sites in total)	12	100%
Yakult Central Institute	1	100%
Marketing companies in Japan (101 in total)	12*	11.9%
Plants outside Japan (27 sites in total)	5	18.5%

* Includes branches that have acquired the certification

WEB Details about certification acquired by each company
https://www.yakult.co.jp/english/csr/social/product_safety/certification/index.html

Compliance with environmental laws and regulations

Energy Conservation Act

For all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2020 and a medium- to long-term plan for the period beginning from fiscal 2021.

The Company's total energy use during fiscal 2020 amounted to 25,013 kiloliters (crude oil equivalent), down 695 kiloliters from the previous fiscal year (97.3% compared with the previous fiscal year). The five-year year-on-year average energy use value per production unit was 98.0%, which means we achieved the Energy Conservation Act's objective of reducing the five-year average energy use per production unit by 1% or more, making us an S-class business for superior energy conservation as determined by the Agency for Natural Resources and Energy. Furthermore, the level of greenhouse gas emissions generated as a result of energy use was 45,964 tons, which was 1,678 tons lower than the previous fiscal year.

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. The Company conducts the appropriate management of equipment subject to this requirement at all business sites and departments based on this law. The amount of fluorocarbon leakage in fiscal 2020 was 381.4 t-CO₂.

Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food loss and waste and promote its recycling. In fiscal 2020, the volume of food loss and waste generated was 1,065.4

tons, and recycling and other measures were undertaken for 97.8% of it according to the periodic report for fiscal 2019.

Food loss and waste recycling results (fiscal 2020)

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
1,065.4	1,041.5	97.8	Fertilizer, animal feeds, etc.

Related information p. 40 Initiatives to reduce food loss and waste

PRTR Act

Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) 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 specified substances that are handled in volumes of one ton or more in the course of a year. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100 kilograms or more. In fiscal 2020, the scope of the Company's mandatory reporting based on that ordinance included three substances

Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) (fiscal 2020)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	110	0	110	○	○
Methanol	260	14	250		
Sulfuric acid	390	0	0		

Note 1: Subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation.

Note 2: The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc. The figures stated above were reported to the government and Tokyo officials.

Containers and Packaging Recycling Act

According to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act), the Company has been obligated as a manufacturer to undertake product recycling processes, and to take additional measures regarding 3Rs (reduce, reuse and recycle) promotion and the system for making payments to the municipal governments handling sorted waste processing. The Company complies with this law, and in fiscal 2020 established the following obligatory recycling volumes for containers and packaging.

The amount of commissioned recycling fees and payments by the Company in fiscal 2020 amounted to approximately 190 million yen.

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Container and packaging obligatory recycling volume (fiscal 2020)

Container and packaging type	Obligatory recycling volume (t)
Glass bottles	240
PET plastic bottles	26
Plastic containers and packaging	5,157
Paper containers and packaging	90
Total	5,513

Environmental accounting

Yakult's environmental accounting system

Yakult Honsha established the Yakult Environmental Accounting Guidelines in May 2001 based on the Environmental Accounting Guidelines issued by Japan's Ministry of the Environment, and has disclosed relevant information annually since fiscal 2001.

Purpose of the system

1. Clarify the cost-effectiveness of environmental conservation expenses and use this information to optimize environmental management programs.
2. Carry out our responsibilities 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, 2020 through March 31, 2021

Noteworthy features:

- (1) Data is compiled only for activities targeting environmental conservation.
- (2) Investment amounts are equal to depreciable assets recorded during the period under financial accounting standards.
- (3) Depreciation expenses on depreciable assets and environmental business-related costs are not recorded.

Environmental accounting results showed a decrease of approximately 390 million yen compared to the previous fiscal year. This is mainly due to lower business area costs and administration costs, although there was an increase in R&D costs.

Economic impact went down by approximately 19 million yen compared to the previous fiscal year. This is because, although we were able to cut costs through energy conservation and other efforts, cost reductions from overhauling and reusing vending machines decreased.

Economic accounting results

(millions of yen)

Item	Main activities	FY2019			FY2020		
		Investment	Expense	Total	Investment	Expense	Total
(1) Business area costs	1. Pollution prevention costs	84.4	211.2	295.7	39.5	191.6	231.1
	2. Global environment conservation costs	269.4	48.6	318.1	40.5	54.8	95.3
	3. Resource recycling costs	64.7	98.9	163.6	50.9	89.0	139.9
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0	200.8	200.8	0	194.8	194.8
(3) Administration costs	Plant grounds green area management, environmental management system renovation and maintenance, CSR Report, environmental impacts monitoring expenses, employee environmental education program expenses	70.6	139.9	210.5	0	136.6	136.6
(4) R&D costs	Consideration of improvements to containers and packaging	0	7.0	7.0	0	11.8	11.8
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0	4.7	4.7	0	4.0	4.0
(6) Environmental remediation costs*	Pollution load levy	0	0.2	0.2	0	0.1	0.1
Total		489.2	711.4	1,200.6	130.9	682.7	813.6

* Environmental remediation 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.

Note: Because the figures are rounded off, the sum of the breakdown figures and the total may not match.

Economic benefits associated with environmental conservation measures

(millions of yen)

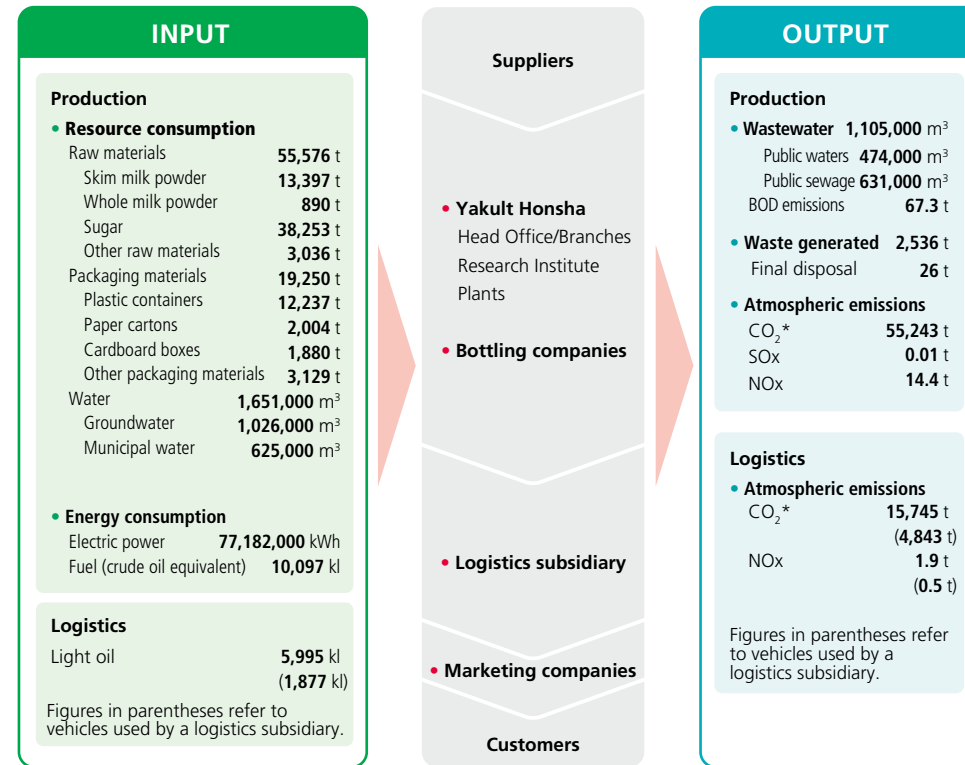
Type of benefit	FY2019	FY2020
Reduction of waste disposal costs associated with recycling	0	0
Income from recycling	7.3	5.2
Cost reductions resulting from resource conservation	3.1	4.5
Cost reductions resulting from energy conservation	26.0	31.5
Cost reductions resulting from packaging weight reductions	0	5.1
Cost reductions resulting from the overhaul and reuse of vending machines	46.2	17.2
Gains resulting from green purchasing	0	0
Others	0	0
Total	82.7	63.5

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Environmental impacts of business activities

From production through delivery (Fiscal 2020)



Scope of calculations: Yakult Honsha Co., Ltd. (including Fukushima Plant, Ibaraki Plant, Fuji Susono Plant, Fuji Susono Pharmaceutical Plant, Hyogo Miki Plant, Saga Plant, Shonan Cosmetics Plant and designated shippers), bottling companies (Yakult Iwate Plant Co., Ltd., Yakult Chiba Plant Co., Ltd., Yakult Aichi Plant Co., Ltd., Yakult Okayama Wake Plant Co., Ltd., Yakult Fukuoka Plant Co., Ltd.).

* CO₂ emission levels use the actual emission coefficient stipulated by the Energy Conservation Act.

Note: See the ESG Data spreadsheet file for data from the previous five years

Identifying and reducing environmental impacts

The Yakult Group has identified its environmental impacts in the lifecycle of its products, from production, logistics, marketing to recycling, and is working to effectively reduce the impacts based on the Environmental Actions.

• Production

The Yakult fermented milk drink 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 (e.g., skim milk powder), electricity, fuel, water 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 a logistics subsidiary. As the Company has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), we are encouraged to annually reduce energy use per unit of freight by an average of 1% or more during the last five-fiscal-year period. Our logistics subsidiary has obtained and renewed its Green Management Certification, and is promoting fuel-efficient driving and introducing fuel-efficient trucks to further reduce its CO₂ emissions.

• Marketing

We strive to reduce energy use of vending machines and promote the use of overhauled vending machines.

To reduce CO₂ emissions associated with home deliveries, we are replacing the current delivery vehicles used by Yakult Ladies with COMS super-compact electric vehicles. We are also taking various measures to promote recycling of used containers collected from our suppliers, including route delivery trucks that are equipped with a dedicated space to facilitate the separated collection of waste.

• 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 are responsible for recycling them. The Company 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 education

We promote environmental education at each plant based on ISO 14001. Specifically, we are training internal auditors and having them share information on environmental initiatives within each department. An overview of ISO 14001 and its organizational structure are provided at new employee training sessions to foster awareness among all employees of working towards shared goals and targets. In fiscal 2020, 18 training sessions with a total of 266 participants were held at 15 plants in Japan.

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Climate change

Materiality



Our approach

Climate change caused by human economic activities has brought about wide-ranging risks worldwide, from natural disasters to biodiversity loss due to the impacts of global warming, which require urgent global action. We recognize that climate change is a critical issue for the Yakult Group's business continuity. As global society works toward net zero, the Yakult Group will cut GHG emissions by working on setting fixed targets, advancing more energy conservation initiatives and actively adopting renewable energy.

Policies / Guidelines / Targets

- Yakult Basic Policy on the Environment
- Environmental Vision 2050
- Environmental Targets 2030
- Environmental Actions (2021-2024)

Global standards

- TCFD recommendations

[Link](#) Fiscal 2020 targets and achievements

Main initiatives in fiscal 2020

Target	Achievement
Reduce CO ₂ emissions to at least 5% below the level in fiscal 2010 by fiscal 2020	<p>▶ CO₂ emissions reduced by 9.0% (compared to fiscal 2010)</p> <p><small>Note: Yakult Central Institute: reduced by 16.8% per production unit (compared to fiscal 2010)</small></p> <p><small>Reduction achieved by taking measures such as introducing electric molding machines and reducing energy use required for logistics</small></p>



Related SDGs

Promoting CO₂ reduction

At Yakult Honsha plants and bottling companies, we are reducing CO₂ emissions by introducing environmentally conscious equipment, switching to LED lighting and improving production efficiency. We are also actively adopting solar power, a clean and renewable source of energy.



Model initiative

Modifying the product cooling system

Products produced at the plant are stored in tanks until they are filled into containers. During storage, cold water is circulated throughout the tanks to maintain quality. The cold water is supplied from special water tanks using pumps. In the past, the pumps continuously supplied cold water to the tanks. To reduce electricity consumption, the pump operation was modified to supply cold water intermittently.

This shortened the pump operating time and resulted in lower power consumption. To carry out this initiative, we enforced strict quality control through tests to thoroughly verify the relationship between pump downtime and product temperature.



Cooling water pump, Fukushima Plant

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Recognizing and responding to climate-related risks and opportunities

Conducting TCFD-recommended scenario analysis

We participate in the Japan Climate Initiative, exchanging ideas and information with other companies, local governments, NGOs and NPOs to gain a better understanding of the rapidly changing situations surrounding climate change, and to support activities and industry organizations working to prevent it. We also participate in the Japan Dairy Industry Association and support their climate change targets.

As part of our disclosure related to climate change, we calculated our Scope 3 emissions in Japan for fiscal 2020 and arrived at a total of 303,029 tons. We also answered the CDP climate change questionnaire and received a B score for two consecutive years. Following TCFD recommendations,*1 we performed multiple climate change scenario analyses of Yakult's corporate activities using the Representative Concentration Pathway (RCP) scenarios.*2

*1 TCFD recommendations: TCFD stands for Task Force on Climate-related Financial Disclosures, an international organization established by the Financial Stability Board in 2016. In their final report published in 2017, TCFD issued recommendations that companies disclose information on climate-related risks and opportunities through scenario analysis to examine risk strategies under various different conditions.

*2 Analyses were carried out using the scenario with the lowest temperature rise (RCP2.6 scenario, with around 2°C rise) and the highest temperature rise (RCP8.5 scenario, with around 4°C rise)

2°C scenario

Major impacts	Risks	Opportunities
Fewer livestock farms/more demand for energy crops*	Difficulty procuring raw materials (powdered skim milk)	Development of probiotics and food products that help increase the amount of milk collected from dairy cows
Stricter environmental laws and regulations	Higher energy costs/higher costs to comply with plastic-free regulations	Switch to containers and packaging using biomass-derived plastic materials
Higher ratio of energy with lower carbon emissions	Higher fuel and electricity costs	Development of energy-efficient production for cosmetics, development of non-thermal production for particular products

* Energy crops: Agricultural crops cultivated as raw materials for biofuel use. Grains, sugar cane, etc. Grains that are used as dairy cow feed may compete with their use for biofuel and cause difficulties in procuring skim milk powder made from raw milk.

4°C scenario

Major impacts	Risks	Opportunities
Extreme temperature rise	Difficulty procuring raw materials (powdered skim milk) / worsening work environment for Yakult Ladies / fewer consumer trips / infectious disease epidemics / plant and animal disorders	Shift to use of inexpensive agricultural products with stable supplies, such as non-dairy proteins (soybeans, insects, etc.) / safe and secure deliveries that do not rely on people / development of beneficial bacteria that effectively prevent new pathogens
Occurrence of floods and heavy rains / higher water stress	Suspension of procurement, production, distribution, sales and other operations	Development of sustainable production and management methods with lower water consumption

● Membership in the Carbon Neutral LNG Buyers Alliance

In March 2021, we established the Carbon Neutral LNG (CNL)* Buyers Alliance with Tokyo Gas Co., Ltd. and 13 other companies.

The Alliance was established through the concerted efforts of Tokyo Gas, which procures and supplies CNL, and the companies that purchase CNL, with the aim of spreading the use of CNL and increasing its utility value. Choosing environmentally responsible energy helps in the efforts toward achieving a sustainable society, and directly contributes to climate change action, the SDGs and ESG corporate management.



CNL Buyers Alliance

* Carbon-neutral LNG (CNL): Liquefied natural gas (LNG) that is deemed to have net zero carbon emissions by offsetting GHGs generated in the process, from extraction to combustion of natural gas, through purchasing carbon credits that support reforestation and other projects.

Initiatives to reduce CO₂ emissions at Yakult Honsha plants and bottling companies

At Yakult Honsha plants and bottling companies, we have stepped up energy and resource conservation activities with the goal of attaining objectives and targets based on the ISO 14001 standard.

In fiscal 2020 we installed a total of five energy-saving electric molding machines to produce *Yakult* and other containers at the Yakult Chiba Plant, Yakult Aichi Plant, and Yakult Fukuoka Plant.

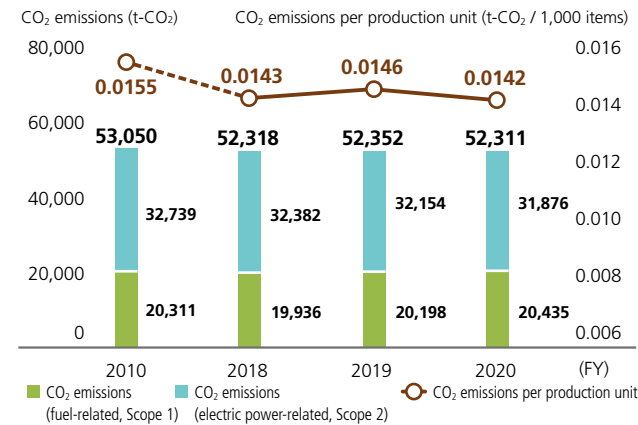
Furthermore, to reduce CO₂ emissions at plants throughout Japan, we ran various initiatives focused on ISO 14001 goals and targets, installing LED lighting and determining efficient ways to use production equipment to reduce operating times. As a result of these efforts, we achieved a 6.7% reduction in CO₂ emissions per production unit at Yakult Honsha plants and bottling companies compared to fiscal 2010.

Note: For emissions factors associated with electric power, data is calculated using end-user CO₂ emission intensity for the end of fiscal 2010 as reported by the Federation of Electric Power Companies of Japan.

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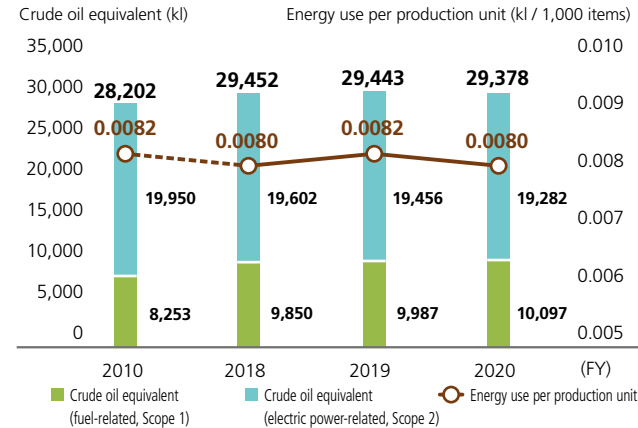
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CO₂ emissions and CO₂ emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)



Note: CO₂ emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Trends in energy use per production unit by Yakult Honsha Plants and bottling companies (Scope 1 + Scope 2)



Note: When doing calculations per production unit, crude oil equivalents are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Initiatives to reduce CO₂ emissions at the Yakult Central Institute

Since its full-scale renovation in 2016, the Yakult Central Institute has been constantly engaged in initiatives to conserve energy, including installing new equipment, improving thermal insulation of steam pipes, changing HVAC systems operations, and lowering the temperature of air-conditioning systems. This led to a 2.6% improvement in energy intensity on average over five fiscal years.

In recognition of these initiatives, Yakult received the Kanto Bureau of Economy, Trade and Industry Director-General's Award in Energy Management Excellence for Businesses (Ministry of Economy, Trade and Industry, METI) in fiscal 2020.



Certificate from Kanto Bureau of Economy, Trade and Industry Director-General

Basic agreement on carbon-neutral city gas supply with Tokyo Gas

Since April 2021, we have adopted carbon-neutral city gas as part of our environmental actions that contribute in the efforts toward achieving a sustainable society.

This supply agreement is the first of its kind from Tokyo Gas Co., Ltd. to the beverage industry. Switching the total supply of the Yakult Central Institute to carbon-neutral city gas for five years from April 2021 to the end of March 2026 will help reduce CO₂ by approximately 11,500 tons.



LCA of Yakult products

In considering the environmental impacts of our products, it is important to look at the entire product lifecycle to identify those impacts in all phases, from raw material procurement to product consumption and disposal, in addition to the impacts produced at our own plants. With this in mind, the Company made preliminary calculations based on a lifecycle assessment (LCA) for CO₂ emissions and water use. We are using the results for internal education and future product development to help promote understanding of the concept of LCA. We will also continue calculating GHG emissions through the supply chain based on these results.

Utilization of renewable energy (solar power energy)

We have installed solar power generation equipment with an overall power generation capacity of approximately 1,064 kilowatts at a total of 10 business sites (six Yakult Honsha plants and four bottling companies). By using solar power as part of the electricity supply at our business sites, we were able to reduce CO₂ emissions by approximately 486 tons in fiscal 2020 compared to having made electricity purchases from power utilities. At the Yakult Central Institute, installation of solar power generators with a capacity of approximately 110 kilowatts has reduced CO₂ emissions by approximately 46 tons.

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Initiatives to reduce CO₂ emissions outside Japan

Solar power generation: Yakult Danone India Pvt. Ltd.

The Yakult Danone India Pvt. Ltd. Plant began solar power generation in August 2020. It generates about 0.75 megawatt-peak (MWp) through solar power, which is equivalent to planting 184,000 Indian broadleaf trees annually in terms of CO₂ reduction.



Utilizing the roof of the parking lot (India)

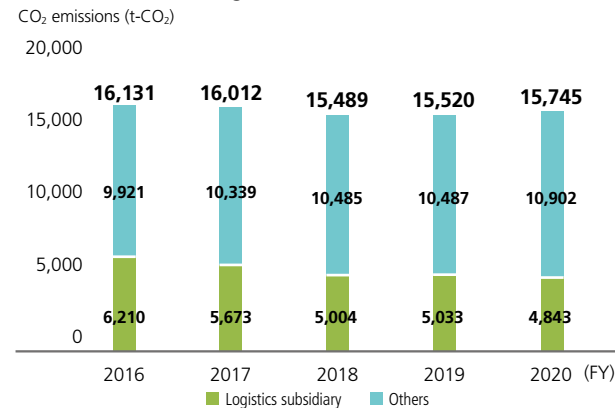
Energy-saving air compressors: Yakult (Thailand) Co., Ltd.

The Bangkok Plant adopted four energy-saving air compressors. This has reduced yearly electric consumption by 316,800 kilowatt-hours and CO₂ emissions by 184 tons compared to conventional equipment. At the Ayutthaya Plant, one energy-saving inverter-type air compressor was upgraded. This has also reduced yearly electricity consumption by 79,200 kilowatt-hours and CO₂ emissions by 46 tons.

Initiatives with our logistics

The Yakult Group's shipping of dairy and other food products, as well as cosmetics, in Japan is primarily handled by a logistics subsidiary. Our logistics subsidiary has obtained Green Management Certification* for each of its marketing offices, and is striving to continuously reduce the environmental impacts of its operations. In fiscal 2020 we again achieved a 1.0% average annual energy reduction over the preceding five-year period, the target set forth in Japan's revised Energy Conservation Act.

CO₂ emissions from logistics



* Green Management Certification is obtained from the Foundation for Promoting Personal Mobility and Ecological Transportation, which evaluates business units' measures and certifies that they have achieved a specified level of performance.

Eco-Rail Mark and Eco-Ship Mark Certification

We are promoting a modal shift to rail and ocean freight transport as one of our efforts to reduce environmental impacts. In 2015, we received company-wide and product-based certification under the Eco-Rail Mark system, and were certified under the Eco-Ship Mark system in 2016.

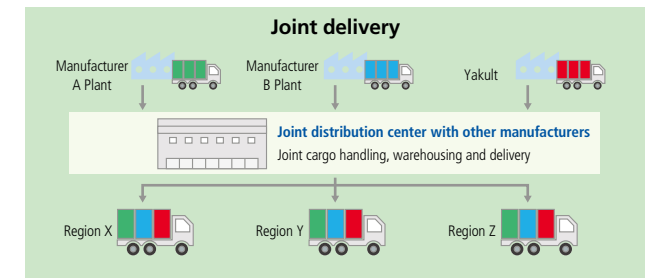
CO₂ emissions from the use of rail freight transport are one-eleventh the levels of emissions from transportation by truck, and those from ocean freight are one-fifth those from trucks. We will continue to deliver products to our customers while utilizing these more energy-efficient modes.

Note: Each certification is valid for two years, and is thus renewed every two years.



Joint delivery with other manufacturers

Yakult promotes joint delivery with other manufacturers (through joint cargo handling, warehousing and delivery) to reduce CO₂ emissions and make logistics more efficient.



Initiatives at sales

We introduced electric vehicles (COMS) in our home delivery service by Yakult Ladies to reduce CO₂ emissions. As of March 2021, 1,703 vehicles have been introduced in total. In our pharmaceutical business, marketing representatives are using fuel-efficient hybrid vehicles (excluding certain areas). Gasoline fuel usage in fiscal 2020 totalled 61,000 liters.

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Plastic containers and packaging

Materiality



Our approach

The Yakult Group aims to establish the foundation for environmentally conscious container and packaging technology in order to address the growing global issues related to plastic waste, such as environmental pollution and recycling of resources. We plan to reduce the environmental impact of our plastic containers and packaging, and at the same time transition to easily recyclable materials. We will also set quantitative targets and continue to step up our efforts to reduce the amount of plastic used in containers and packaging and reuse the plastic packaging materials in our production processes.

Policies / Guidelines / Targets

- Yakult Basic Policy on the Environment
- Environmental Vision 2050
- Environmental Targets 2030
- Environmental Actions (2021-2024)
- Declaration of Action on Plastic Recycling

[Link](#) Fiscal 2020 targets and achievements

Main initiatives in fiscal 2020

Target	Achievement
Reduce material consumption in containers and packaging / Minimize environmental impact by substituting materials used for containers and packaging / Utilize eco-friendly plant-derived materials used for containers and packaging	<ul style="list-style-type: none"> ▶ Adopted bioplastic in straws and multi-pack shrink wrap for <i>Yakult Hakko Tonyu</i> (25% bioplastic) ▶ Switched to using environmentally responsible paper in boxes for <i>Lactdew</i> (two products), <i>Grantia</i> pouches, and <i>Aroma Moist Hand Cream</i> (two products) ▶ Adopted universal design fonts (two products of <i>Lactdew</i>, <i>Grantia</i> pouches, <i>Aroma Moist Hand Cream</i>, <i>Lamine</i>, etc.) ▶ Reduced the amount of paper in cartons for <i>Kurozu Drink</i> (125 ml) and <i>Yakult no Oishii Hakko Kajitsu</i> ▶ Shortened the label and used a lighter cap with less plastic for <i>Quick Charge</i> ▶ The Plastic Recycling Promotion Committee continued to share information with relevant departments and studied future measures for plastic containers and packaging in line with Environmental Actions (2021-2024) and Environmental Targets 2030



Related SDGs

Promoting plastic recycling of containers and packaging

In recent years, issues such as plastic pollution in oceans, climate change, and natural resource depletion have become global problems. In light of this, Yakult engages in initiatives to promote recycling of plastic containers and packaging.

We announced Environmental Vision 2050 in April 2021. Through Environmental Actions (2021-2024) and Environmental Targets 2030, our short-term and medium-term milestones to work on achieving Environmental Vision 2050, we aim to reduce plastic containers and packaging by 5% by the end of fiscal 2024 and by 30% by the end of fiscal 2030 compared to fiscal 2018 levels, or make them recyclable.



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Declaration of Action on Plastic Recycling

In efforts to design containers and packaging with low levels of environmental impact, in 1995 we instituted guidelines for more concrete initiatives with 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. We announced our Declaration of Action on Plastic Recycling in January 2019 to focus attention on issues such as plastic pollution in oceans, global warming, and natural resource depletion, and to show our commitment to recycling of our plastic containers and packaging.

Declaration of Action on Plastic Recycling (summary)

- The Yakult Group is engaged in initiatives that promote recycling of plastic containers and packaging.

2025 target

We will establish the foundation for environmentally conscious container and packaging technology, and begin conversion to easily-recyclable materials such as biomass, recycled, and biodegradable materials.

2030 target

We will work to convert to easily-recyclable materials as much as possible while keeping up with developments in recycling markets, environmental infrastructure, and other external environmental facilities.

- Moving forward, we will actively promote resource recycling initiatives, further implementing initiatives beyond these to reduce the amount of plastic used in containers and packaging, and reutilize plastic packaging materials in our production processes.

Plastic Recycling Promotion Committee

Plastic recycling promotion framework

We established the Plastic Recycling Promotion Committee composed of directors who head the departments concerned with plastic containers and packaging and chaired by the Divisional General Manager of the Production Division (Senior Managing Executive Officer and Director).

Committee meetings are held twice a year at every half-year term in principle to share information and discuss the trends in plastic regulations and relevant government policies around the world, as well as the status of initiatives and discussions at each department. Important matters concerning management policy that come up during these meetings are referred to the Management Policy Council for deliberations.

Biomass shrink labels

In fiscal 2014 we transitioned to using biomass-derived plastic for the shrink labels on some products bottled in PET containers. Recent rising environmental awareness around the globe has put strain on bioplastic supply. Out of concern for sourcing instability we returned to conventional shrink labels in 2020 and will use them until bioplastic supplies become stable.

Moving forward, we will consider using bio-based ink and recycled PET, which have already been introduced in shrink labels for some of our products, for other products as well, and continue to study how to create thinner shrink labels.

In October 2020 we also transitioned to using bioplastic in the straws and multi-pack shrink-wrap for *Yakult on Hakko Tonyu*. We have been utilizing paper cartons with no aluminum and minimal cardboard trays for this product, so with the transition to bioplastic we will promote it as an even more eco-conscious product.



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Label using recycled PET

To promote plastic recycling, we adopted an environmentally conscious recycled PET label that uses recovered PET bottles in 25% of the raw materials for the shrink label of *Ocha* 280 ml PET bottle (for hot consumption). We will consider expanding its use to other products in the future.



Initiatives for non-plastic containers and packaging

Use of internationally certified paper in products (participating in biodiversity-related certification programs)

We use environmentally responsible FSC®- and PEFC-certified papers approved by forest certification programs in some of our paper containers for soft drinks.

We believe that the use of paper with forest certification contributes to climate action, biodiversity conservation, and appropriate forest and wood management across the supply chain. To these ends, we will switch to using FSC®- and PEFC-certified papers for our main paper containers and packaging.

Forest certification programs use independent, third-party organizations to certify appropriately managed forests or the organizations carrying out appropriate forest management according to a set of standards considering three aspects: environmental, social, and economic. By designating and labeling wood and wood products produced from certified forests as certified materials, these programs serve to support sustainable forest management by providing the choice of purchasing certified products to consumers.

The Forest Stewardship Council® (FSC®) was established in 1994 through the lead of the environmental groups, forest industry groups, companies trading in forest products, indigenous groups, and other stakeholders. Accredited independent third-party certification bodies conduct audits based on 10 principles and 70 criteria unique to FSC, which include environmental impact, local communities, and indigenous peoples' rights.

The Programme for the Endorsement of Forest Certification (PEFC) was established in 1999 by forest industry groups in 11 European countries as an organization that mutually endorses the programs of each country. There are currently 55 participating PEFC member countries as of end of June 2021. The forest certification systems of each PEFC member country are themselves certified through a rigorous third-party audit to confirm if they meet PEFC sustainability benchmarks for the process of establishing specifications, and for standards and regulations. These PEFC benchmarks were established to promote sustainable forest management, and are based on globally respected and internationally recognized intergovernmental processes and guidelines.

Initiatives in each country and region

Initiative on New Yakult: Japan

Based on feedback from both customers who want and don't want straws, we decided to add straws to the *New Yakult* 5-pack and not to the 10-pack, to allow customers the choice of whether to get straws or not. This cuts down on unwanted straws, and is also helping us reduce our plastic usage.



From plastic to carton packaging: Yakult Europe B.V.

Yakult Europe B.V. has been switching the material it uses for secondary and tertiary packaging from plastic to carton. In addition to the Netherlands, Germany, Austria, Belgium, France, and Spain, where carton packaging had already been introduced, the company switched to carton packaging in Italy and Malta at the end of 2020.



Expanded use of carton packaging



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Water

Materiality

Our approach

Water is a finite resource on Earth. In recent years, water-related disasters, the gap between water supply and demand, and other problems concerning water have become global issues. These are critical issues for our business operations, which use water as a raw material. The Yakult Group has set fixed targets to reduce water consumption (per production unit) and formulated management plans to address water risks at production bases in order to promote the conservation and sustainable use of water resources.

Policies / Guidelines / Targets

- Yakult Basic Policy on the Environment
- Environmental Vision 2050
- Environmental Targets 2030
- Environmental Actions (2021-2024)

Global standards

- ISO 14001

[Link](#) Fiscal 2020 targets and achievements

Main initiatives in fiscal 2020

Target	Achievement
Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2020	▶ Water consumption reduced by 22.2% (compared to fiscal 2010) Reduction achieved by updating equipment and changing working methods



Related SDGs

Conserving water resources and responding to water risks

At Yakult Honsha plants and bottling companies, we have been cutting our water use by recycling water and improving our operations, and have been minimizing our impact on rivers through total wastewater management.

We have been regularly conducting water risk surveys and, based on the findings, reviewing our production processes and implementing measures in high-risk areas.



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Understanding water risks

To use water sustainably, we believe that we are required to recognize our water risks, including water supply and demand outlook in the river basins where our plants are located, the potential risk of water-related disasters, and impacts on public health and ecosystems. Since fiscal 2017 we have thus been performing water risk evaluation through an external organization.

In 2020 we used the WRI Aqueduct*1 and other tools to evaluate water risk and identify which Yakult Group production bases are located in regions with high water stress levels.

Results showed that overall 28% of our production bases were located in areas of high water stress,*2 with water use in the respective areas totalling 1,929,638 m³ in fiscal 2020, comprising 31% of our total water use that year.

*1 Aqueduct: A tool for evaluating water risks developed by the World Resources Institute (WRI), a global environmental NGO

*2 Production bases that the WRI Aqueduct tool ranks as having "extremely high" and "high" baseline water stress

Countries with high water risk (Aqueduct Water Risk Atlas)

Countries with high water risk (Aqueduct Water Risk Atlas)

- ① Qatar ② Israel ③ Lebanon ④ Iran ⑤ Jordan ⑥ Libya ⑦ Kuwait
- ⑧ Saudi Arabia ⑨ Eritrea ⑩ United Arab Emirates ⑪ San Marino ⑫ Bahrain
- ⑬ India ⑭ Pakistan ⑮ Turkmenistan ⑯ Oman ⑰ Botswana (in descending order of risk)

●: Countries where Yakult conducts sales ■: Countries where Yakult conducts production and sales

Water risk assessment in areas with production bases (WRI Aqueduct: Baseline Water Stress-Total, Overall water risk)

Risks	No. of production bases	
	Japan	Overseas
Extremely High (4-5)	0	1
High (3-4)	0	10
Medium - High (2-3)	4	8
Low - Medium (1-2)	7	8
Low (0-1)	1	0
Total	12	27

Note: Baseline Water Stress (Total, Overall water risk)

Water risk assessment in areas with production bases (WRI Aqueduct: Future Projections/2040/Pessimistic)

	No. of bases	Extremely high	High
Japan	12	1	3
Overseas	27	9	7
Supplier bases	372	35	77
Total	411	45	87

Water risk survey cost

Fiscal year	2017	2018	2019	2020
Cost (in 10,000 yen)	0	90	120	0

Effective use of water resources

We use water in our various operations at Yakult Group plants, not only as a raw material in products but also to clean production equipment and cool products and machinery.

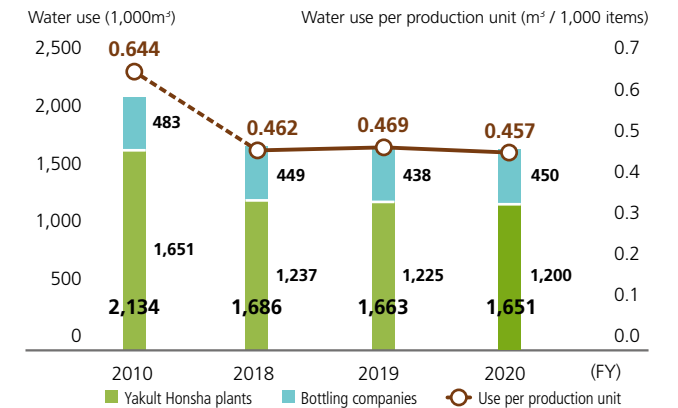
In fiscal 2020, Yakult Honsha plants and bottling companies used approximately 1.65 million m³ of water in total (Yakult Honsha plants: approx. 1.20 million m³, bottling companies: approx. 0.45 million m³). As a result of the reorganization and consolidation of dairy product plants between fiscal 2005 and fiscal 2013, as well as ongoing efforts made to save water at each plant, we have reduced water use by 25.9% at the Yakult Honsha dairy product plants and 22.9% at bottling companies, thereby successfully achieving the Phase 7 Plan action target of the Yakult Environmental Action Plan: at least 10% below the level in fiscal 2010.

The primary initiative at plants in fiscal 2020 was conserving water by altering automated washing times and improving equipment operation, in line with ISO 14001 activities at each plant.

In addition, water use at the building occupied by the head office and affiliated companies was 19,402 m³.

To make more effective use of limited water resources, the Yakult Group will continue to pursue water conservation by introducing technologies such as those for water reuse and recycling.

Water used at Yakult Honsha plants and bottling companies and use per production unit



Note: Water use per production unit is calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

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Reusing water generated by the water purification process: Fukushima Plant

Products at the Fukushima Plant are manufactured using tap and purified water. For purified water, the purity is raised by removing impurities from tap water using special-purpose equipment. A large amount of water with concentrated impurities is generated in the process, and after the water was treated at the wastewater treatment facility within the plant it was being discharged to the sewers.

Although this concentrated impure water is not suitable for drinking or use in the production process, it meets quality standards for industrial water and is now reused for cooling products and machinery, which dramatically reduced tap water consumption and water discharged to the sewer.

Reducing water use in the automated cleaning process of equipment

At plants, production equipment including pipes and tanks are automatically cleaned with detergent after production ends. The process includes pre-rinsing prior to cleaning and post-rinsing to eliminate detergent residues after cleaning. While these steps are very important to maintain product quality, they take up a large proportion of the total amount of water used in production. We have been promoting initiatives at each plant to reduce the amount of water used for pre- and post-rinsing after going through full verification and strict quality control, which enabled us to reduce our water use by approximately 1,350 m³.

Water data at production bases in Japan

Plant	Volume of water intake	Water source					Wastewater destination						Volume of water used
		Groundwater (including well water)	Water from third parties (including tap water)	Surface water	Seawater (including brackish water)	Water from production	Volume of wastewater	Water areas of third parties (including sewerage)	Surface water areas (rivers/lakes/marshes)	Marine waters (including brackish waters)	Groundwater areas	Others (including sprinkling and irrigation)	
Total for Yakult Honsha plants	1,200,498	721,805	478,693	0	0	0	873,261	497,897	375,365	0	0	0	327,237
Fukushima Plant	164,650	0	164,650	0	0	0	139,724	139,724	0	0	0	0	24,926
Ibaraki Plant	158,485	121,243	37,242	0	0	0	139,225	0	139,225	0	0	0	19,261
Fuji Susono Plant, Fuji Susono Pharmaceutical Plant	431,455	431,455	0	0	0	0	236,140	0	236,140	0	0	0	195,315
Hyogo Miki Plant	272,217	0	272,217	0	0	0	230,115	230,115	0	0	0	0	42,102
Saga Plant	159,439	159,439	0	0	0	0	113,975	113,975	0	0	0	0	45,464
Shonan Cosmetics Plant	14,252	9,668	4,584	0	0	0	14,083	14,083	0	0	0	0	169
Total for bottling companies	450,344	304,288	146,056	0	0	0	231,751	133,024	98,727	0	0	0	218,593
Yakult Iwate Plant	87,238	53,785	33,453	0	0	0	50,393	50,393	0	0	0	0	36,845
Yakult Chiba Plant	101,514	101,514	0	0	0	0	35,110	0	35,110	0	0	0	66,404
Yakult Aichi Plant	89,766	89,766	0	0	0	0	35,217	35,217	0	0	0	0	54,549
Yakult Okayama Wake Plant	112,602	0	112,602	0	0	0	72,936	9,319	63,617	0	0	0	39,666
Yakult Fukuoka Plant	59,224	59,223	1	0	0	0	38,095	38,095	0	0	0	0	21,129
Total	1,650,842	1,026,093	624,749	0	0	0	1,105,012	630,921	474,091	0	0	0	545,830

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Water data at production bases outside Japan

Countries and regions	Plant	Volume of water intake	Water source					Wastewater destination					Volume of water used	
			Groundwater (including well water)	Water from third parties (including tap water)	Surface water	Seawater (including brackish water)	Water from production	Volume of wastewater	Water areas of third parties (including sewerage)	Surface water areas (rivers/lakes/marshes)	Marine waters (including brackish waters)	Groundwater areas		Others (including sprinkling and irrigation)
Taiwan	Zhongli Plant	171,528	1,575	169,953	0	0	0	140,116	0	140,116	0	0	0	31,412
Brazil	Lorena Plant	355,891	355,891	0	0	0	0	269,595	0	269,595	0	0	0	86,296
Hong Kong	Tai Po Plant	58,499	0	58,499	0	0	0	53,753	53,753	0	0	0	0	4,746
Thailand	Bangkok Plant	171,880	7,622	164,258	0	0	0	32,781	0	32,781	0	0	0	139,099
	Ayutthaya Plant	180,873	0	180,873	0	0	0	124,835	0	3,444	0	0	121,391	56,038
South Korea*	Three plants (Pyeongtaek, Nonsan, Cheonan)	198,400	0	198,400	0	0	0	111,677	111,677	0	0	0	0	86,723
Philippines	Calamba Plant	526,102	526,102	0	0	0	0	210,236	210,236	0	0	0	0	315,866
Singapore	Singapore Plant	35,556	0	35,556	0	0	0	15,289	15,289	0	0	0	0	20,267
Mexico	Guadalajara Plant	106,110	106,110	0	0	0	0	38,530	0	38,530	0	0	0	67,580
	Ixtapaluca Plant	261,283	261,283	0	0	0	0	87,236	87,236	0	0	0	0	174,047
Indonesia	Sukabumi Plant	209,773	209,773	0	0	0	0	51,742	0	51,742	0	0	0	158,031
	Surabaya Plant	242,455	0	242,455	0	0	0	157,596	157,596	0	0	0	0	84,859
Australia	Australia Plant	27,595	0	27,595	0	0	0	19,272	19,272	0	0	0	0	8,323
The Netherlands	Almere Plant	58,144	0	58,144	0	0	0	27,069	27,069	0	0	0	0	31,075
China	Guangzhou Plant 1	167,571	0	167,571	0	0	0	97,832	97,832	0	0	0	0	69,739
	Guangzhou Plant 2	184,824	0	184,824	0	0	0	113,937	113,937	0	0	0	0	70,887
	Foshan Plant	276,450	0	276,450	0	0	0	215,571	215,571	0	0	0	0	60,879
	Shanghai Plant	101,127	0	101,127	0	0	0	60,676	60,676	0	0	0	0	40,451
	Tianjin Plant	415,018	0	415,018	0	0	0	257,319	257,319	0	0	0	0	157,699
	Wuxi Plant	364,703	0	364,703	0	0	0	298,152	276,282	0	0	0	21,870	66,551
Malaysia	Malaysia Plant	105,173	0	105,173	0	0	0	49,518	0	49,518	0	0	0	55,655
India	Sonipat/Rai Plant	56,461	54,882	1,579	0	0	0	1,250	1,250	0	0	0	0	55,211
Vietnam	Vietnam Plant	98,667	0	98,667	0	0	0	26,763	26,763	0	0	0	0	71,904
United States of America	California Plant	124,792	0	124,792	0	0	0	58,849	58,849	0	0	0	0	65,943
Myanmar	Myanmar Plant	21,995	0	21,995	0	0	0	20,427	20,427	0	0	0	0	1,568
Total		4,520,870	1,523,238	2,997,632	0	0	0	2,540,021	1,811,034	585,726	0	0	143,261	1,980,849

* Korea Yakult Co., Ltd. values are estimates calculated based on a proportion of volume filled Yakult

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Yakult A&G Water Purification System

At every plant in the Yakult Group, regardless of treatment method, we implement wastewater management based on our own voluntary standards that are more stringent than the wastewater standards stipulated by law and local government ordinances.

The dairy product plants of the Yakult Group have introduced the Yakult A&G Water Purification System. This system uses Yakult containers with the bottoms removed (Yakult filter material) where microorganisms take up residence and break down contaminants in the water.

This system has been installed at four Yakult Honsha plants (Fukushima, Ibaraki, Fuji Susono and Hyogo Miki Plants) as well as at plants of bottling companies (Yakult Iwate Plant, Yakult Aichi Plant and Yakult Okayama Wake Plant). Outside Japan, the system was introduced at the Sukabumi Plant of P.T. Yakult Indonesia Persada in 2010.

Preventing water pollution and conserving biodiversity

At Yakult Honsha dairy product plants and bottling companies, wastewater such as cleaning water generated during production processes is properly treated at plant wastewater treatment facilities, and then discharged into sewers or rivers. Knowing the impact our plants can have on the natural environment of surrounding waterways, at least once per year each plant runs educational training on dealing with emergencies—such as unforeseen situations in the wastewater treatment facility, or oil leaking from a transport vehicle on plant premises—to improve awareness among workers and strengthen our systems for preventing water pollution.

We also endeavor to conserve biodiversity around waterways. Utilizing IBAT,* we perform ecological risk assessments, and have confirmed that the Abukuma River coast downstream from the Fukushima Plant is a designated Key Biodiversity Area (KBA) as a landing zone for northern pintail ducks.

* IBAT (Integrated Biodiversity Assessment Tool): A tool developed by the IBAT Alliance biodiversity project in partnership with the United Nations Environment Programme.

[Link](#) p. 42 Assessment of biodiversity risks for existing operations

Initiatives in each country and region

Reusing treated water for sprinkling water: Yakult S.A. de C.V. (Mexico)

At the Ixtapaluca Plant, water treated at wastewater treatment facilities is reused to water greenspaces around the plant. In 2020, a monthly average of 807 tons for a yearly total of 9,692 tons of water was used for sprinkling.

Purifying treated water using microfiltration: Yakult (Thailand) Co., Ltd.

At the Bangkok Plant, water treated at wastewater facilities is purified using microfilters and used in toilets or for washing pallets, transport vehicles, and drainage facilities. At the Ayutthaya Plant, suspended matter in the treated water is removed using microfilters and the water is utilized for washing cars, watering lawns and plants, and flushing toilets.

Online wastewater monitoring system: Yakult China Group

At the Tianjin Plant, we set up an online wastewater monitoring system to improve environmental quality. This was achieved by installing equipment to measure the chemical oxygen demand (COD), ammonia nitrogen, wastewater discharge, total nitrogen (TN), total phosphorus (TP), and pH, as well as creating a network system with the Tianjin Ecology and Environment Bureau. The system makes it possible to determine the amount of wastewater discharged and the parameters of each pollutant, and to lawfully discharge sewage in accordance with relevant laws and regulations. We are also continually monitoring the operating conditions of equipment that produce and control pollutants, and carrying out environmental initiatives that focus on environmental conservation.

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Resource recycling

Reducing waste

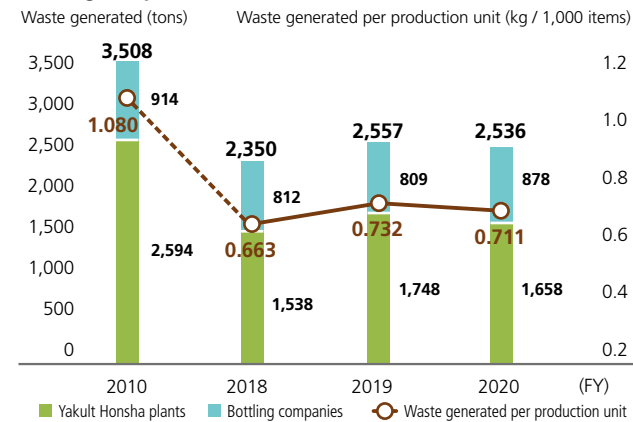
Initiatives at Yakult Honsha plants and bottling companies

Yakult Honsha plants and bottling companies are implementing measures to curb waste generation as well as promote recycling, and are aiming to reach zero waste generation.*

Waste generated by Yakult Honsha plants and bottling companies in fiscal 2020 totaled approximately 2,536 tons (approx. 1,658 tons by Yakult Honsha plants and approx. 878 tons by bottling companies). As a result of the reorganization and consolidation of dairy product plants carried out between fiscal 2005 and fiscal 2013, as well as diverse efforts made to reduce waste, we successfully reduced waste per production unit by 35.5% at Yakult Honsha dairy product plants and 20.6% at bottling companies compared to that of fiscal 2010, the Phase 7 Plan action target of the Yakult Environmental Action Plan.

We also strive to further promote the reuse of packing materials and the introduction of returnable packing materials. In addition, we are changing our waste recycling programs from

Trend in waste generated at Yakult Honsha plants and bottling companies



Note: The amount of waste generated per production unit is calculated using data of bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.



Eco station at Fukushima Plant

thermal recycling at waste disposal contractor facilities to material recycling. We will continue to make improvements in our recycling programs while reducing processing expenses.

* Yakult's definition of zero waste generation: A state achieved when the amount of final disposal (landfill) of waste from plants (excluding specially controlled industrial waste) is less than 1% of waste generated.

Initiatives at the building occupied by the head office and affiliated companies

We have introduced wastepaper recycle boxes on each floor and waste sorting bins and are working to properly separate each kind of waste. In fiscal 2020, the recycling rate of waste generated at the building occupied by the head office and affiliated companies was 83.6%.

To raise employees' awareness of these efforts, we engage in awareness raising activities on an ongoing basis, which include posting our performance on waste disposal and recycling rates on the company intranet.

Initiatives at the Yakult Central Institute

The Institute generates a wide variety of waste in its research. The waste is separated and collected properly at the Institute, and the final disposal of waste is conducted by licensed waste disposal contractors. The fiscal 2020 recycling rate for the Institute was 97.7%.

Initiatives to reduce food loss and waste

Yakult's dairy products are made to order and produced through a lean production system. We strive to reduce our food loss and waste by limiting excess inventory and other measures.

In April 2021, we supplied noodles to Food Bank Saga, a non-profit organization. We plan to donate a portion of our products for disposal (soft drinks in easily manageable paper packages and plastic containers) to food bank organizations in fiscal 2021.

Furthermore, we installed a food waste disposal unit at the Yakult Central Institute in March 2020 and began waste treatment of food residues from the cafeteria* with the goal of reducing the amount of general waste we generate.

* Cafeteria was closed from mid-April to end of May

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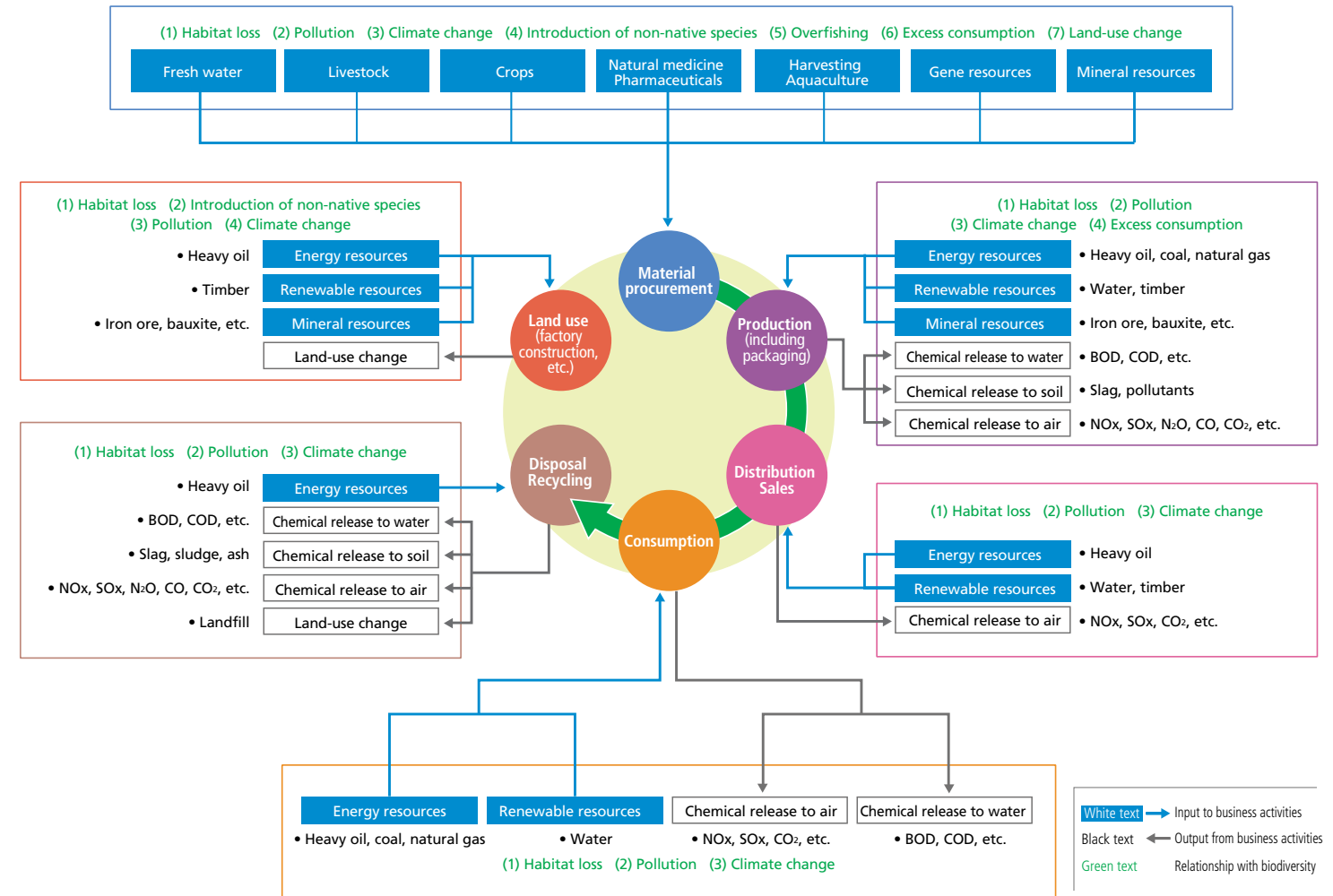
Biodiversity

Our business and biodiversity

Yakult clearly stipulates in one of the Action Directives in the Yakult Basic Policy on the Environment that "In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts." We believe it is essential to give consideration to the global environment and biodiversity in our corporate activities that aim to benefit the health of our customers. We will strive to conserve biodiversity going forward by making good use of the technology we have built up in research and development over the years. At each step of our business activities, from material procurement to disposal and recycling, we review our dependency and our impact on the environment, and then clarify the relationship between business activities and biodiversity as shown on the right:

WEB CSR > The Environment > Resource recycling and Biodiversity
<https://www.yakult.co.jp/english/csr/environment/resource/index.html>

Map of relationship between business activities and biodiversity



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Assessment of biodiversity risks for existing operations

In order to better understand the impact our existing operations have on biodiversity conservation, we conduct assessments of how each plant affects the natural ecosystems in the river basins where they are located. We use IBAT to determine the presence of nature conservation areas (world natural heritage sites, International Union for Conservation of Nature (IUCN) Category I, II, III, IV, and V areas, Ramsar Convention wetlands) and habitats of IUCN-designated endangered species within 10km from each plant.

Assessment of biodiversity around production bases

Plant	River basin	Fiscal 2020 total water intake (m³)	Fiscal 2020 total water discharge (m³)	Assessment using IBAT		Notes on biodiversity (ecological risk)
				No. of aquatic species	No. of endangered species (IUCN-designated)	
Fukushima Plant	Entire Abukuma River basin including Surikami River	164,650	139,724	62	0*	Plant wastewater discharges into the Abukuma River, which has been designated as a Key Biodiversity Area (KBA) and Important Bird and Biodiversity Area (IBA) as a landing zone for northern pintail (a duck on the IUCN Red List).
Hyogo Miki Plant	Kako River basin, Muko River basin, Yodo River basin, around Kobe City	272,217	230,115	66	0	Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant.
Ibaraki Plant	Tone River system	158,485	139,225	60	0	Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant.
Fuji Susono Plant, Fuji Susono Pharmaceutical Plant	Kano River basin	431,455	236,140	63	0	Within 10 km downstream of the plant, there is a wildlife sanctuary classified as IUCN Category IV. No habitats of IUCN-designated endangered species have been found in the small bodies of water around the plant.
Saga Plant	Chikugo River system	159,439	113,975	61	0	Within 10 km downstream of the plant, there are no areas of special importance for biodiversity, and no habitats of IUCN-designated endangered species have been identified in the small bodies of water around the plant.
Yakult Iwate Plant	Kitakami River system	87,238	50,393	58	0	The area surrounding water sources have been designated as IUCN protected areas, including Category Ib: forest ecosystem conservation area at the source of Kakkonda and Tama Rivers, and Wagadake plant community and forest reserve, and Category II: Towada-Hachimantai National Park and Hayachine Quasi-National Park.
Yakult Chiba Plant	Tone River basin	101,514	35,110	63	1	Water source area has a number of conservation areas classified as IUCN Categories II and IV, such as Joshinetsu-Kogen. Within 10 km downstream of the plant, there is a Category IV protected area (wildlife sanctuary). It has also been identified as a habitat for the Reeves' turtle , classified as endangered by IUCN.
Yakult Aichi Plant	Kiso River, Yahagi River, Shonai River basins	89,766	35,217	66	1	The streams and rivers of the Nobi Plain are habitats for the Madara-naniwa-tombo dragonfly , classified as endangered (Ib by Japan's Ministry of the Environment Red List), and has been designated as a KBA.
Yakult Okayama Wake Plant	Yoshii River basin	112,602	72,936	65	2	There are a number of IUCN Category IV areas within the Yoshii River basin. There are also Category IV and V protected areas within 10 km downstream of the plant. These have been identified by IUCN as habitats for the endangered Reeves' turtle and the vulnerable (DD by Japan's Ministry of the Environment Red List) Chinese softshell turtle .
Yakult Fukuoka Plant	Chikugo River basin	59,224	38,095	92	2	Within 10 km downstream of the plant, there is an IUCN Category IV area (wildlife sanctuary). Also, the Japanese grenadier anchovy , classified by IUCN as endangered (Ib by Japan's Ministry of the Environment Red List), and the Ariake stripe spined loach , vulnerable (Ib by the Ministry of the Environment Red List), may possibly inhabit small bodies of water around the plant.
Shonan Cosmetics Plant	Sagami River and Hikiji River basins	14,252	14,083	106	1	Within 10 km downstream of the plant, there is an IUCN Category IV protected area (wildlife sanctuary). Also, the genuine bitterling , classified by IUCN as vulnerable (Ib by Japan's Ministry of the Environment Red List) may possibly inhabit the small bodies of water around the plant.

* The northern pintail duck is not an aquatic species and thus not included in the total

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Conserving biodiversity through afforestation

Participating in Green Wave 2020: Japan

As part of our CSR campaign, we participated in the Ministry of the Environment's Green Wave 2020 biodiversity promotion activity, planting 25 trees at 12 locations throughout Japan on May 22nd, International Day for Biological Diversity.

Planting 10,000 seedlings: P.T. Yakult Indonesia Persada

Yakult Indonesia planted approximately 10,000 seedlings in February 6, 2020 as part of their CSR activities.

Million Trees Project: Yakult China Group

Since 2015, the group has been participating in the Million Trees Project by the NGO, Shanghai Roots & Shoots. The group has donated 2,000 trees every year for six years until 2020. With a total of 12,000 trees planted at the Yakult public welfare forest (13.56 hectares) and an average conservation rate of 68.92% (NGO data), this initiative has been steadily contributing to the afforestation of the area.

Biodiversity conservation in partnership with stakeholders

Both in Japan and overseas, we partner with relevant authorities, local governments, NGOs, NPOs and other stakeholders to promote business activities and social contributions that further biodiversity conservation.

Joining UN and Ministry of the Environment initiatives

The Yakult Group has implemented Yakult CSR campaigns for all workers since fiscal 1994 in line with Japan's Environment Month set forth by the Ministry of the Environment. In fiscal 2017, we joined the My Action Declaration program of the Japan Committee for United Nations Decade on Biodiversity (UNDB-J) that encourages biodiversity engagement in daily life, and 15,706 Yakult workers participated by selecting and declaring their commitment to any number of five actions to protect biodiversity. This initiative was highly rated and featured in the UNDB-J's collection of My Action Declaration initiatives.

Related information UNDB-J My Action Declaration Initiatives
https://undb.jp/wp/wp-content/uploads/2019/06/action_jirei.pdf (Japanese)

Partnering with international NGO OISCA

Founded in 1961, OISCA International is an NGO with the highest UN consultative status. OISCA focuses on rural development, environmental conservation, and the cultivation of future talent in the Asia-Pacific region.

Yakult has worked with OISCA in both Japan and overseas to make social contributions since 1979.

● Supporting Children's Forest Program

We support the OISCA Children's Forest Program as an activity related to biodiversity conservation. This program encourages local communities to understand the value of forests and the natural environment, and participate in forest conservation themselves, through activities such as environmental education, community-led tree planting, and helping children green the areas around their schools.

We consult with OISCA to determine specific regions to support, and our contributions have been used for activities in places such as Indonesia and the Philippines.

● Supporting the Coastal Forest Regeneration Project

We support OISCA's Coastal Forest Regeneration Project, which fosters recovery after the 2011 Tohoku earthquake and tsunami, and works to conserve biodiversity in the area around our production base (Fukushima Plant). The Forestry Agency has designated biodiversity-conscious zones in the black pine coastal forests (Natori City, Miyagi Prefecture) where regeneration activities take place. Conservation and restoration of biodiversity in these zones has been confirmed by routine environmental assessments. Birds of prey are considered one index of biodiversity, and monitoring has confirmed six species: osprey, common kestrel, peregrine falcon, black kite, common buzzard, and eastern marsh harrier.

Environmental assessments of biodiversity-conscious zones in the Natori area (including newly planted areas) (Source: Japan's Forestry Agency)

	2014	2015	2017	2019	Species of interest
Plants	325	337	370	369	4
Insects	274	278	312	362	13
Birds	34	43	44	48	3
Mammals	4	4	5	3	-
Amphibians	2	2	3	3	-
Reptiles	1	1	1	1	-
Fish	5	3	5	4	1
Zoobenthos	12	32	26	15	1
Total	657	700	766	805	22

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Social Activities Report

At the Yakult Group, our mission is to contribute to the health and happiness of people around the world. We are actively working on communicating with all our stakeholders, including customers, local communities, business partners and workers, to raise social sustainability through health.

Fiscal 2020 legal compliance

There were no violations of laws and internal regulations or corporate activities that adversely affected local environments and livelihoods in fiscal 2020. In addition, there were no serious violations of laws and internal regulations related to labor and human rights. There were also no incidents leading to voluntary product recall, or major violations of laws relating to quality or safety.

[Link](#) Fiscal 2020 targets and achievements

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Innovation

Materiality

Our approach

We recognize that in order for the Yakult Group to continue growing sustainably, we need to engage more in product development through the pursuit of excellence in life science in general and our research and experience in microorganisms in particular, as well as create services that provide new value. We will listen to feedback from our stakeholders, further develop our organizations and create frameworks to generate innovations that will help find solutions to social issues, and bring about our evolution toward a healthcare company.

Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (1. Placing Customers First, 2. Compliance with Social Norms)
- Code of Practice of Yakult Honsha Pharmaceutical Business Division

[Link](#) Fiscal 2020 targets and achievements

Major initiative in fiscal 2020

- ▶ Nationwide launch of *Yakult 1000*

Message from the chief officer

Yakult traces its history to the start of the 20th century, when Yakult's founder, Dr. Minoru Shirota, grew distressed by the children who lost their lives to infectious diseases and set his sights on helping people avoid getting sick instead of treating diseases after they occur, or preventive medicine, and started down the path of microorganism research. The fermented milk drink *Yakult* was subsequently born out of continued research focusing on lactic acid bacteria. In an era when therapeutic medicine was the norm, this was without doubt a creative innovation that offered new value from the novel perspective of preventive medicine.

Inheriting the passion and vision of Dr. Shirota, we pursue excellence in life science by gathering evidence and are continuing to provide products that contribute to the health and happiness of people around the world. Today, Yakult's dairy products are loved by people in 40 countries and regions worldwide. We believe that the fruit of our innovations have been contributing to the health of numerous customers.

In keeping with our mission to contribute to the health of people around the world, the Yakult Group will continue to utilize our research findings and long experience with lactic acid bacteria and other beneficial microorganisms, advance microbiome research based on our own basic research, and pursue new possibilities through collaboration with outside resources, while providing products and services that lead toward solutions to the mounting health and social issues throughout the world. We aim to provide new value by contributing to the health of as many people as possible and evolve into a healthcare company.



Fumiyasu Ishikawa
 Director and Senior Managing Executive Officer
 Divisional General Manager of Research & Development Division

Related SDGs

Contributing solutions to social issues

Mental healthcare is nowadays considered important in our stressful modern society. In light of this, studies have shown that intestinal bacteria are deeply involved in the gut-brain axis, the interaction between the gastrointestinal tract and brain (microbiota-gut-brain axis). We further advanced our research on improving the intestinal environment through *Lactobacillus casei* strain Shirota and went on to verify its functionality via the gut-brain axis. In human studies, we were able to demonstrate the effect of the continuous



ingestion of *Lactobacillus casei* strain Shirota in relieving stress and improving sleep quality. We applied these research findings in the development of food products with this functionality and marketed as Foods with Function Claims.

In March 2020, to support the nutritional intake of people eating meals in nursing homes and other facilities that use food catering services, we enhanced the nutritional content of *Joie* and launched new small-sized 80 ml bottles for easier consumption. In April of the same year, we also launched a new fortified *Isshokubunno Multivitamin Tomato & Red Grape* for the *Kininaruyasai* lineup (125 ml).

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Research on bacteriology

Preventive medicine Researching intestinal microbiota

The human intestinal tract is colonized by some 100 trillion bacteria, of which there are around 1,000 different types. 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 microbiota. It has been discovered that intestinal microbiota is related to lifestyle-related diseases and stress in addition to the health of the intestines and the development and maintenance of immunity.

Research into intestinal microbiota 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 microbiota analysis system known as YIF-SCAN® (Yakult Intestinal Flora SCAN).^{*} Research is also being conducted into the differences in the intestinal microbiota of people living in various cities in the world and abnormalities in intestinal microbiota 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.

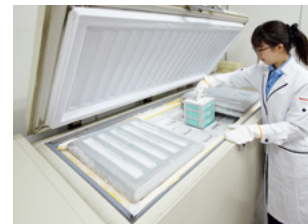
^{*} YIF-SCAN is a registered trademark of Yakult.



Intestinal flora analysis system YIF-SCAN®

A healthy intestinal tract leads to a long life Probiotics research

Probiotics refer to "live microorganisms which when administered in adequate amounts confer a health benefit on the host" (definition by FAO/WHO). The Yakult Central Institute has produced a great number of research achievements using strains such as *Lactobacillus casei* strain Shirota, discovered by Dr. Minoru Shirota, and *Bifidobacterium breve* strain Yakult.



Collection of microorganisms such as lactic acid bacteria and bifidobacteria

Organizations that generate innovation

The Yakult Central Institute

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 foods and beverages, 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 core technologies and strengthen collaboration. We will further deploy core technologies related to intestinal microbiota and probiotics to a wide range of fields aimed at enhancing the health of people around the world.

The Yakult Central Institute

Established: April 1955 (as the Shirota Institute)
 Location: 5-11 Izumi, Kunitachi-shi, Tokyo
 Employees: Around 300

Key research subjects and fields

The Institute works on the development of materials for food and beverages, cosmetics, and pharmaceuticals that aid in the maintenance and improvement of health, and research into their applications. The fields of microbiology, nutritional science, physiological science, immunology, biochemistry, bioengineering, organic chemistry, fermentation engineering, natural products chemistry, pharmaceutical science, and analytical chemistry—all form a part of the research.



Online corporate visits program for students

We introduced an online corporate visit program to promote career education for junior high and high school students. The program provides opportunities to deepen understanding of researchers and their profession, and generate interest in contributing to society through work. For its first year in fiscal 2020, 545 students from seven schools participated, with over 90% of the students responding to a survey that they were "very satisfied" or "satisfied" with the program.

Yakult Honsha European Research Center for Microbiology VOF

Yakult Honsha established the Yakult Honsha European Research Center for Microbiology VOF (YHER), the Group's first overseas research base, in Ghent, Belgium, in 2005. YHER has so far conducted human studies involving people in Europe who consume locally produced commercial products (*Yakult*), which confirmed that *Lactobacillus casei* strain Shirota reaches the intestines alive and improves fecal properties. Other basic research by the Center has also revealed that intestinal bifidobacteria are passed on from mothers to newborns, and that certain bifidobacteria stay in the intestines for a long period of time from infancy to early childhood.

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Development Department

The Development Department is composed of the Development Section, which carries out product planning, package design and labeling in collaboration with other divisions; Product Research Section, which studies product compositions and taste; Technical Research Section, which studies technologies related to production, containers and packaging; Production Process Research Section, which contributes to product development and operational efficiency through effective use of new and existing technologies; Research and Development Management Section, which collaborates with research divisions and competent authorities in connection with product development; and Intellectual Property Section, which acquires, protects and manages intellectual property rights of the Group in all aspects from product development to production and sales. In addition to handling product development from the planning stage to product launching, the department also follows up on products after they launch.

In recent years, requirements to address new regulations, such as those for sugar and plastic, have been increasing especially at Yakult offices outside Japan. Developing products, containers and packaging that comply with these regulations is becoming more vital.

Corporate Planning Department

The Corporate Planning Department formulates and promotes the long-term vision and medium-term management plan of the Yakult Group.

In 2020, the Business Development Team was launched to encourage the creation of new businesses and the establishment of business bases in line with our long-term vision and medium-term management plan, as well as to work on expanding into new healthcare fields using Yakult's research and technology.

**Transition into a healthcare company
(Product development in response to increased health consciousness)**

As people have become more health conscious in recent years, more consumers around the world are concerned about their sugar intake, and there is a growing demand for less sweet-tasting and low-sugar products. In particular outside Japan, with the rise of lifestyle-related diseases and obesity, many countries are placing "sugar taxes" on foods containing more than a certain amount of sugar.

In Malaysia and Singapore, the Healthier Choice Symbol (HCS) appears on foods that contain less than the specified level of sugar. In India, foods that contain more than the specified amount of sugar must be labeled, and we expect laws restricting the sale of these products in schools and other areas to be proposed in the future, which will require companies to take action in product development and labeling. The Yakult Group is developing and introducing low-sugar products in response to the consumer demand and food regulations in different countries and regions.

Mental healthcare is also becoming increasingly important as many people in today's modern

age are under stress. In the face of this social problem, in October 2019 we launched *Yakult 1000*,* our first Food with Function Claims developed through broader research into the intestinal microbiota and probiotics to provide new health value based on its effects on stress and sleep. Furthermore, we launched *Yakult 400W* in October 2020 as a Food with Function Claims containing 40 billion *Lactobacillus casei* strain Shirota and 5.0 grams of galacto-oligosaccharides for people who are looking for more from the usual products for bowel movement.

Efforts in Japan

With an increasing percentage of sales from products with less calories and sweetness (*Yakult 400LT*, *New Yakult Calorie Half*), we reduced the calories per milliliter of *Yakult 1000* and *Yakult 400W* compared to *Yakult 400*. Anticipating that the interest in sugar intake will continue to rise in the future, we will apply the technologies we developed to comply with sugar regulations in other countries to developing products in Japan that are more aligned with the health orientation of our customers. We are also developing and introducing products fortified with vitamins and minerals that meet the needs of our target consumers in accordance with the Dietary Reference Intakes for Japanese published by Japan's Ministry of Health, Labour and Welfare.

In addition, to respond to the growing need for products enriched with ingredients that people tend to be deficient in, we are working on expanding our product lineup for fortified foods, especially those used in food catering services.

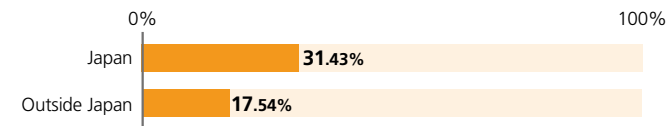
Sales of low-sugar, low-calorie products (outside Japan)

With the increasing health awareness of people throughout the world, we have been selling various low-sugar, low-calorie products that meet our customers' needs.

Outside Japan, we sell low-sugar, low-calorie products in 30 of the 39 countries and regions where we operate in order to respond to our customers' health needs while giving consideration to solving their health issues.

Going forward, we will continue contributing to the creation of healthy and happy lives for people around the world through development and sales of products that benefit the health of our customers.

**Low-calorie products
Percentage of sales (fiscal 2020)**



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Effective use of resources

In the design and development of containers and packaging, we are continually studying the possibilities of adopting environmentally responsible materials and saving (reducing) resources in existing products, such as by developing technologies for transitioning to materials that are easy to recycle.

At plants, we have been continuing with our efforts to save energy and resources, such as reviewing work methods that lead to reductions in electricity and water in the manufacturing and production processes, and adopting high-efficiency equipment when upgrading installed equipment.

[▶ Link](#) Plastic containers and packaging Water Resource recycling

Expanding joint research

To encourage innovation that addresses social issues, we have been engaging in joint research with outside research institutions in order to achieve our partnership goals.

Joint research with JAXA

In joint research with the Japan Aerospace Exploration Agency (JAXA) we have scientifically verified the effects of the regular intake of probiotics (*Lactobacillus casei* strain Shirota) on the immune functions and intestinal environment of astronauts on long-term stays aboard the International Space Station (ISS). Before carrying out this research in space, we confirmed that *Lactobacillus casei* strain Shirota maintains its probiotic properties after long-term storage in a space environment.



International Space Station (ISS)

Joint research with Tohoku Medical Megabank Organization

In joint research with Tohoku University's Tohoku Medical Megabank Organization (ToMMo) involving a cohort study* of residents in Miyagi Prefecture, we took part in an examination of the intake situation of fermented milk drinks and fermented milk products and an analysis of their intestinal microbiota, and verified correlations with various health indicators.

* Studies that track a specific group of people for a certain period to elucidate the relationships between environmental (e.g., lifestyle habits), genetic, and other factors and the onset of disease

Research with the Ministry of Health, Vietnam

In joint research with the National Institute of Nutrition, Ministry of Health, Vietnam, a clinical trial was conducted involving 1,000 young children in Vietnam, which showed that continuous consumption of dairy products containing *Lactobacillus casei* strain Shirota lowered the incidence of constipation and acute respiratory infections (ARIs), as well as tended to lower the incidence of diarrhea. The results were published in the European Journal of Clinical Nutrition (September 28, 2020).

Research grant program with Nature Research

Since 2018 we have operated the Global Grants for Gut Health program jointly with Nature Research, the publisher of the science journal Nature, to advance basic and clinical research into the influence of intestinal microbiota on human health.

Ethical compliance

The Yakult Central Institute has departments that specialize in research and assurance related to product safety and reliability. The department collects highly reliable research data following Yakult's strict proprietary standards and criteria. The Safety Research Department evaluates the safety of materials and products according to government standards. Independent from other organizations, the Quality Assurance Unit audits research data and activities from a third-party perspective. We also actively run research ethics training (information security, legal compliance, etc.) for our researchers.

From the viewpoint of animal welfare, we perform the minimum necessary number of tests on animals during our research and development, based on internal regulations and certifications from public organizations.

Except where there are legal requirements or guidelines from the relevant authorities in each country, our food and cosmetics research does not involve testing on animals.

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Value co-creation with communities

Materiality



Our approach

Based on our corporate slogan, "In order for people to be healthy, everything around them must also be healthy," the Yakult Group recognizes the importance of co-creating value with communities and continuing our business activities in harmony with the environment. We also actively participate in building safer communities and contribute to local development for a sustainable society using our unique regional network of Yakult Ladies who deliver products to customers.

Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (7. Contribution to Society)
- The Yakult Group's Policy on Community Development Activities

[Link](#) Fiscal 2020 targets and achievements

Major initiative in fiscal 2020

Target	Achievement
1. Promote dispatch of guest lecturers and health-related lectures*1	<ul style="list-style-type: none"> ▶ Guest lecturers dispatched for 18,643 lectures to 1,346,060 participants (total for Japan and overseas) ▶ Health-related lectures given 123,643 times to 7,999,651 participants (total for Japan and overseas)
2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities	<ul style="list-style-type: none"> ▶ Courtesy Visit Activities conducted by 52 marketing companies visiting 36,014 older people*2 ▶ Community safety watch and crime prevention activities carried out by 104*3 marketing companies in cooperation with 925 local governments and other groups
3. Further sports promotion	<ul style="list-style-type: none"> ▶ Activities voluntarily restricted to prevent the spread of COVID-19
4. Implement cooperative activities with local municipalities and other organizations	<ul style="list-style-type: none"> ▶ Concluded an agreement with Kunitachi City to provide water in the event of a disaster ▶ Supported a campaign providing breakfast to disadvantaged elementary school students in the mountains of Yunnan, China.
5. Deepen exchanges with local communities through plant festivals	<ul style="list-style-type: none"> ▶ Activities voluntarily suspended to prevent the spread of COVID-19

*1 To prevent the spread of COVID-19, we chose to reduce activities in Japan and overseas. When group events are held, we take thorough protective measures. Some marketing companies in Japan and companies in some countries and regions overseas are holding events online.
 *2 Activities were held taking thorough protective measures to prevent the spread of COVID-19.
 *3 Including marketing companies under the holding company.

Message from the chief officer

The Yakult Group's business is rooted in local communities, with around 100 marketing companies throughout Japan. The Yakult Lady home delivery system was launched in 1963 with the vision of contributing to the health of regional communities by explaining in detail how our products assist intestinal health so that customers understand and benefit from them. For customers that we cannot reach directly, we provide our products through alternative sales channels such as retailers and schools. We aim to help support the health and happiness of people around the world using these sales networks.

As a good corporate citizen that contributes to society, we not only sell products, but also provide information on health and communicate the importance of healthy habits through our dispatch of guest lecturers, health-related lectures and in-store demonstrations. We engage in these activities both in Japan and around the world.

In Japan, we are also actively involved in initiatives to build safer communities through Courtesy Visit Activities, community safety watch, and crime prevention activities. For these initiatives to be further successful, we recognize the importance of having workers in each region feel motivated, and create environments to make this possible.

We will continue promoting business activities that create value together with communities, with each individual involved in our Group giving their best in the spirit of altruism to help solve the particular issues of each region.



Tetsuya Hayashida
 Director and Senior Managing Executive Officer
 Divisional General Manager of Food and Beverages Division

Related SDGs

Health-related lectures and dispatch of guest lecturers to support healthy and enjoyable lifestyles

Our employees in Japan visit elementary schools and other locations, where they use scale models and explain in simple terms things like the important role of the intestines and proper daily habits conducive to good bowel functions. For adults, health-related lectures are held on a wide variety of topics including the importance of the intestines, probiotics, and seasonal ailments.



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The Yakult Group's Policy on Community Development Activities

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.

In March 2018 we established our Yakult Group's Policy on Community Development Activities, and are using it as a foundation to further our activities moving forward.

The Yakult Group's Policy on Community Development Activities

As a good corporate citizen, the Yakult Group actively promotes community development activities in cooperation with local communities.

1. Our activities are based on our mission of contributing to the health and happiness of people.
2. We utilize the Group's strength of being firmly rooted in local communities to engage in resolving social issues, and promoting sports and culture.
3. We value our dialogue with stakeholders, and cooperate and coordinate with them.

Established March 20, 2018

Community investment

In accordance with our Policy on Community Development Activities, we proactively engage in activities that contribute to community development. In fiscal 2020, we invested 450 million yen in activities run in partnership with local communities.

Preventive medicine and a healthy intestinal tract leads to a long life

Providing information on health

We provide information on health through Yakult Ladies and hold forums on health-related topics led by experts. We also publish the *Healthist* journal and use various other types of materials to proactively deepen health awareness of people in local communities.

Related information p. 69 *Healthist* journal

Developing online tools

We plan to launch online health-related lectures and guest lectures in order to continue providing information on health virtually without physical contact. We are currently developing tools that enable interactive communication, taking into account the digitalization of school learning and volume of our activities. Once these tools are developed they will be tested in some regions ahead of a planned national launch in the second half of fiscal 2021.

* Some marketing companies are currently holding health-related lectures and dispatching guest lecturers online independently.

Dispatching guest lecturers

Our branches and marketing companies in each region of Japan dispatch guest lecturers to 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 program has been held in high esteem and reported as a good example to model in the Journal of Japanese Society of Shokuiku. In 2015 our program received an Honorable Mention from the Judging Committee of the Awards for Companies Promoting Experience-based Learning Activities for Youth sponsored by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT).

Guest lectures are also conducted in many countries outside Japan. In fiscal 2020, we conducted about 1,500 guest lectures in Japan for some 70,000 participants, while outside of Japan there were a total of 17,100 lectures given to around 1.28 million participants (overseas figures include lectures from before the spread of COVID-19).

Health-related lectures

Health-related lectures are given mainly by marketing company employees in each region at Yakult centers (Yakult Ladies sales hubs) and community facilities, and address a broad range of topics including the importance of the intestines, probiotics and seasonal ailments. Recently the scope of these activities has extended to our business partners (such as chain stores and school lunch contractors), and nutrition consultations are now being offered in addition to health-related lectures.

In fiscal 2020, there were about 7,600 health-related lectures conducted in Japan for about 100,000 participants. In some countries and regions outside Japan lectures were held both on and offline, with about 116,000 lectures given for about 7.90 million participants (overseas figures include lectures from before the spread of COVID-19).

* In fiscal 2020, to prevent the spread of COVID-19, we chose to reduce the dispatch of guest lecturers and health-related lectures in Japan and overseas. When group events are held, we take thorough protective measures. Some marketing companies in Japan are holding events online, and we will set up the necessary infrastructure so that this can be done nationwide. Outside of Japan, online lectures are being held in Brazil, Hong Kong, India, Singapore, Indonesia, Beijing and Guangzhou.



Health-related lecture (P.T. Yakult Indonesia Persada)

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Providing information about bowel cancer

As a social contribution activity in the pharmaceutical business, we provide the opportunity to deepen knowledge of bowel cancer through pamphlets and a website that offer simple explanations of the disease and treatment for people suffering from bowel cancer and their families.

The website features basic information on bowel cancer as well as interviews with health care professionals, Q&As about bowel cancer, and other topics, all published under the editorial supervision of a cancer specialist.

In fiscal 2020 the site featured dietary advice for patients experiencing loss of appetite or changes in the senses of taste and smell due to bowel cancer surgery or chemotherapy, interviews with hospital pharmacists treating bowel cancer, Q&As and other topics. It also featured a video message from a supervisory doctor about bowel cancer screenings from a preventive medicine standpoint. Since going live in March 2012, the website has been viewed by a total of over 13 million people.

WEB Bowel Cancer Information website:
<https://www.daichougan.info/> (Japanese)

Beauty workshops

Beauty is closely connected to health, and Yakult also produces cosmetics in addition to our beverages, food, and pharmaceutical products that contribute to health.

We thus run regular beauty workshops where customers, local community residents, and companies can receive beauty-related information from marketing company employees and Yakult Beauty Advisors, as well as consultations about skin problems, and hand massages.



Beauty workshops

Initiatives in each country and region

● **The Pink Ribbon campaign**

In Japan, Yakult supports the Pink Ribbon campaign as an official supporter of J.POSH, an NPO raising awareness of early detection and treatment of breast cancer.

Yakult (Singapore) Pte., Ltd. partnered with the Breast Cancer Foundation in Singapore to run a Pink Ribbon campaign with the slogan "Fight Breast Cancer" from August 1 to October 31, 2020. Breast cancer is one of the most common cancers detected in Singapore, with more than 2,000 people being diagnosed and more than 400 dying from the disease each year. During the campaign period, Singapore Yakult employees and around 350 Yakult Ladies wore Pink Ribbon polo shirts while doing home deliveries and route sales. They also distributed two types of pamphlets to customers with information on breast cancer, a self-examination how-to and a risk

checklist, to further understanding of the disease and promote the importance of detecting it early with regular mammograms.

Yakult Singapore also donated 15,000 Singapore dollars of sales proceeds from products to the foundation during the campaign period.



A Yakult Lady participating in the Pink Ribbon campaign (Singapore)

● **Supporting a children's heart disease program: Yakult Vietnam Co., Ltd.**

Yakult Vietnam Co., Ltd. endorses and contributes to the Heartbeat Vietnam (Nhịp Tim Việt Nam) program that strives for early detection and treatment of heart disease in children from impoverished families. Cases of congenital heart disease in children have risen in recent years, and some families living in poverty give up on treatment because of the enormous costs of surgery. In fiscal 2020 Yakult Vietnam donated around 5.5 million yen to this incredibly important program that saves the lives of children and the futures of families. This contribution helps provide free heart disease screenings to children and covers a portion of surgery costs for families in need.



An event to encourage children, Heartbeat Vietnam program

Supporting the safety and peace of mind of communities

Courtesy Visit Activities

Since 1972, Yakult Ladies have been visiting elderly people living alone 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, Japan, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news that one such person had died unnoticed. Her consideration resonated with both the local Yakult marketing company and social workers in the region, and further moved many local governments to take action. As a result, these visits by Yakult Ladies, known as Courtesy Visit Activities, have spread throughout Japan.

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In fiscal 2020, Yakult Ladies took extensive steps to prevent the spread of COVID-19 such as temperature checks, regular disinfection and quick deliveries, and checked up on elderly customers while making their deliveries.

As of March 2021, about 2,600 Yakult Ladies are paying regular visits to about 36,000 elderly people in response to requests from 122 local governments in Japan.

Outside Japan, Korea Yakult Co., Ltd. continuously undertakes activities to verify the safety of about 30,000 elderly persons living alone.

Community safety watch and crime prevention activities

Being well positioned to observe every corner of their sales areas during their daily deliveries, Yakult Ladies contribute to communities' safety and peace of mind by participating in crime watch and other activities undertaken in cooperation with 925 local governments and police units around Japan. 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. As of March 2021, 104 marketing companies* throughout Japan have created organizations to help support communities' safety and peace of mind.

Since 2015, the Yakult Central Institute has worked with Pipo-kun's House, a system of designated emergency shelters where children can seek help if they are pestered, molested or followed, or feel they are in danger on the way to school or after school.

* Including marketing companies under holding companies.

Backing support facilities for persons with disabilities

In cooperation with pachinko and pachislot cooperative associations in respective prefectures, we provide work opportunities to persons with disabilities staying at or visiting welfare facilities to support their participation in society. We ask them to attach stickers that include New Year and summer greetings to our products distributed to customers at pachinko and pachislot parlors. In fiscal 2020, we had the stickers attached to a total of around 680,000 bottles at 61 facilities in 20 prefectures.

Implementing social activities with vending machines

As of the end of March 2021, the Yakult Group has installed about 43,000 vending machines throughout Japan. Some of these vending machines have special social contribution functions that can offer important assistance to people in local communities.

For example, 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 that incorporate security cameras that can play useful roles in crime prevention.

In cooperation with Kirin Beverage Company, Limited, we are moving ahead with the installation of Pink Ribbon vending machines that

contribute a portion of their proceeds to the Japan Cancer Society. In fiscal 2020, we installed another 12 Pink Ribbon vending machines throughout Japan (total: 333 in operation).

Support during disasters

To contribute to the safety and peace of mind of local communities, Yakult actively provides support during disasters.

The Ibaraki, Fuji Susono, and Hyogo Miki Plants have entered into agreements with Goka Town, Susono City and Miki City, respectively to supply emergency water during disasters.

Outside Japan we also have production bases in regions prone to natural disasters like earthquakes and typhoons, and have formulated systems that facilitate rapid support in times of disaster.

The Yakult Central Institute has made an agreement with Kunitachi City to supply drinking water to people evacuated in the event of a disaster. Water stored at the Institute will also be supplied to two fire stations in Kunitachi City for fire crews that conduct around-the-clock disaster management in the event of a disaster such as a large-scale earthquake.

● **Providing free water when public water services are down: Yakult Philippines, Inc.**

Water facilities in areas around the plant of Yakult Philippines still have many problems, and outages and contamination occur frequently. When this happens, the plant supports local communities by providing its own water free of charge.

Health-related lectures at social welfare facilities: Yakult S.A. de C.V. (Mexico)

Yakult Mexico contributes to public health by holding health-related lectures at facilities such as orphanages and nursing homes. The orphanages provide homes to children whose parents can't support them economically, or whose parents have died during violence involving drug cartels. Meanwhile, nursing homes provide residences for elderly people whose families have difficulty taking care of them.

Due to the impact of COVID-19, in fiscal 2020 lectures were held just once at an orphanage (with 30 participants) and 163 times at homes for the elderly (with 7,771 participants). For residents who don't often see their families, meeting with Yakult workers is a joyous occasion that also helps maintain their mental health.



Pink Ribbon vending machine

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Elderly welfare check: Yakult China Group

In the spirit of protecting the health of the elderly, during the Double Ninth's Festival (China's day for seniors) on September 9, 2020 in the lunar calendar, Yakult Ladies from the Shanghai Weifang delivery center visited elderly people living alone in the community. They checked on their living situation and the benefits of probiotics, spoke about intestinal health and the benefits of probiotics, and presented gifts to promote health. On this day, three Yakult Ladies visited the homes of 15 elderly people. They will continue such checks for as many elderly living alone as possible.



Visiting an elderly person's home

Promoting health through sports

The Yakult Group strives to contribute to people's health by actively promoting various sports as well as undertaking regional and social contribution activities.

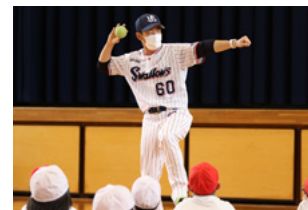
Baseball clinics

Yakult holds baseball clinics* throughout Japan that are run by current players from the Tokyo Yakult Swallows in the professional baseball off-season. The NPO Tsubame Sports Promotion Association was established in 2005, and holds baseball clinics* by retired players from the Tokyo Yakult Swallows.

* Baseball clinics were suspended in fiscal 2020 to prevent the spread of COVID-19.

Ball-throwing clinics

In recent years the physical capacity of elementary school students has diminished, and the decline in throwing ability is of particular concern. At the request of kindergartens and elementary schools, the Tokyo Yakult Swallows baseball team runs ball-throwing clinics. Clinics were held in 2020 under measures to prevent the spread of COVID-19, and half as many clinics took place as in previous years. In fiscal 2019, clinics were held at 45 elementary schools, 10 kindergartens and 6 sports events in the Tokyo area, with 6,701 participants.



Ball-throwing clinic

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) and marathon races. Yakult running clinics* have been staged annually since 1988 as a place for athletes and local citizens to come together.

The Yakult Levins rugby club was founded in 1980 and takes part in Japan Rugby's Top East League A. It also plays an active role in helping spread the game of rugby and improve children's health through rugby events and programs, taking part in the Toda Rugby Festival* and a tag rugby clinic* at elementary schools in Tokyo and Chiba Prefecture.

* In fiscal 2020, Yakult running clinics, the Toda Rugby Festival and tag rugby clinic were cancelled to prevent the spread of COVID-19.

Environmental conservation

Cleanup activities

Each plant independently runs activities to improve the surrounding environment including at local rivers, parks and shrines. In fiscal 2020 activities were held 74 times with 755 participants. Although plants also actively participate in cleanup and other activities run by local communities, in fiscal 2020 participation was suspended to prevent spread of COVID-19.

The Yakult Central Institute conducts staff-run cleanup activities on the second Thursday of every month. While these events were suspended in fiscal 2020 due to the spread of COVID-19, in fiscal 2019 activities were held nine times with 258 participants. We also actively participate in initiatives that foster the next generation, like the Tama River Expedition for children where they can experience the joy of being in nature.

Recycling fair

A recycling fair is held annually at the head office building as part of our social contribution activities. All donations and profits from the sale of books are given to OISCA's Children's Forest Program. In 2020, we donated 54,451 yen. The same amount was also donated to OISCA's Coastal Forest Restoration Project in the region hit by the 2011 Tohoku earthquake and tsunami, as a matching gift (the Company matched the amount raised by the recycling fair).

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Addressing poverty issues

The Yakult Group's corporate philosophy of contributing to the health and happiness of people around the world links our business activities themselves with helping achieve each of the SDGs. The goal of tackling poverty is thus also an important issue for our Group.

We contribute towards solving issues of poverty and promoting healthy lifestyles to leave no one behind by supporting those who are disadvantaged through product donations and initiatives.

● **Helping tackle poverty and malnutrition: Yakult Italia S.R.L.**

Yakult Italy runs a variety of activities to address poverty and health issues. For example, to help prevent poverty and malnutrition, they donate funds to Opera San Francesco (a group that provides free medical assistance and hot meals to disadvantaged and homeless people), donate *Yakult* to Pane Quotidiano (a group that provides meals to disadvantaged and homeless people), and donate both funds and *Yakult* to the Milan City Angels (a volunteer group that supports disadvantaged and homeless people, and helps prevent crime locally).

● **Support for elderly people living poverty: Yakult Deutschland GmbH**

Since February 2020, Yakult Deutschland GmbH has supported Herzwerk, a regional social project that cares for elderly people struggling with poverty in Dusseldorf. They donate *Yakult* and have sponsored and prepared healthy breakfasts that were distributed to the elderly from August through December 2020. They also donated one euro for every Herzwerk digital Christmas card sent, which the organization used to fund Easter presents for elderly people.



Presents for the elderly

● **Support for students from impoverished families: Guangzhou Yakult Co., Ltd., Yakult (Malaysia) Sdn. Bhd.**

During the Mid-autumn Festival in September, Guangzhou Yakult gave gifts of daily goods, school supplies and *Yakult* to children from impoverished families. At the same time, they also held a party for 160 children where participants made mooncakes and families were given support.

Yakult Malaysia also donated *Yakult* to impoverished families in Kelantan state and university students living in dormitories (at Universiti Putra Malaysia's Serdang and Bintulu campuses) who were unable to travel home due to restrictions in place during the COVID-19 pandemic. (7,200 bottles in 2020)



Mid-autumn Festival party (Guangzhou Yakult)

● **Providing *Yakult* to malnourished children: Yakult Philippines, Inc.**

Yakult Philippines partnered with nutritionists and barangay (the smallest administrative division, or a neighbourhood association) leaders to provide local malnourished children with *Yakult* and health-related lectures through school meal programs.

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Supply chain management

Materiality



Our approach

In all of our business activities we must fulfill our social responsibilities as a corporate citizen by complying with laws, respecting human rights, considering the global environment and managing information securely.

To support the stable production and sale of products beneficial for health, and activities toward a sustainable society, we have also made sustainable procurement a key theme within our CSR activities.

As sustainable procurement requires collective action with our business partners, we will communicate proactively and work together with partners to mitigate risks and consider social and environmental impact throughout the supply chain, improving the sustainability of society.

Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (2. Compliance with Social Norms)
- CSR Procurement Policy
- Supplier CSR Guidelines
- Yakult Basic Policy on Green Procurement

Global Standard

- UN Global Compact

[Link](#) Fiscal 2020 targets and achievements

Major initiative in fiscal 2020

- ▶ Formulated the Supplier CSR Guidelines
- ▶ Conducted a CSR procurement survey of our suppliers
- ▶ Held two sustainable procurement workshops for Group personnel working in procurement

Message from the chief officer

Since its founding, the growth of Yakult has been supported by a number of business partners. As a result, Yakult products are enjoyed in 40 countries and regions around the world, yet a stable supply of high-quality, safe and reliable products will not continue to be possible without a sustainable supply chain.

With the advance of globalization and economic development, companies are having an even greater impact on the environment and society.

We have selected supply chain management as a material theme because we believe that the Yakult Group cannot engage in sustainable development without addressing our social and environmental impact and mitigating risk throughout the supply chain to improve sustainability.

We recognize that we must take concrete action within the supply chain to fulfill our corporate social responsibility towards human rights, labor, the environment and anti-corruption. To engage in sustainable procurement of raw materials, one particular key action is to improve their traceability and data transparency.

Moving forward, we will promote responsible procurement and production, improving the overall sustainability of society throughout the supply chain in order to realize our corporate slogan of "In order for people to be healthy, everything around them must also be healthy."



Akifumi Doi
 Director and Senior Managing Executive Officer
 Divisional General Manager of Production Division

Related SDGs

Ensuring fair and sound transactions

Environmental destruction, forced labor and child labor in the supply chain are considered as global issues relevant to corporations.

When procuring raw ingredients and other materials, in addition to conventional factors like product quality, price and delivery date, the Yakult Group engages in sustainable procurement that considers sustainability factors such as human rights, labor, the environment and anti-corruption, and promotes this among our business partners by sharing our Yakult Group CSR Procurement Policy and Supplier CSR Guidelines.



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Sound relationships with business partners

Promoting sound organizational management and fair business practices is extremely important in order to make our corporate philosophy a lasting reality throughout the Group.

To achieve this, with the expectation that the Yakult Group complies with national and local laws, guidelines and regulations related to anti-corruption, we have established an anti-corruption policy based on the Yakult Ethical Principals and Code of Conduct, which serves as the standard for compliance within the Group.

The Yakult Ethical Principles and Code of Conduct stipulates our ban on gifts and entertainment. It prohibits receiving gifts and entertainment from business partners and stakeholders, as well as giving gifts and providing entertainment to business partners, stakeholders and customers that go beyond the boundaries of common sense or social norms, directly or indirectly, in and out of Japan. At overseas business sites, we established anti-bribery guidelines and regulations, and comply with them in the course of our business operations.

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

Mutual prosperity with marketing companies

The Yakult Group has 101 marketing companies,* and they play a key role in our point of contact with customers. After confirming and mutually agreeing upon the roles and responsibilities that shall be fulfilled by Yakult Honsha and the marketing companies, we execute business activities based on a contract.

We at the Yakult Group work together towards realizing both a healthy society and mutual prosperity: Yakult Honsha provides highly functional products for health improvement and handles public relations and advertising, while marketing companies engage in activities that are useful in resolving the health issues of customers and local communities, as well as sell Yakult products.

* As of March 2021

Compliance with the Subcontract Act

Aiming for even further compliance with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act), we created a Subcontract Act Compliance Manual in 1997 for operational personnel in departments that deal with subcontractors (revised in 2016). We hold training sessions for them as appropriate.

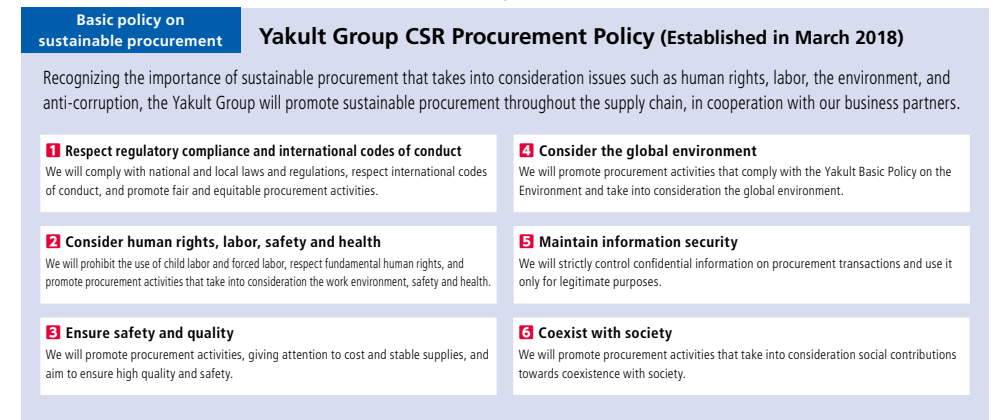
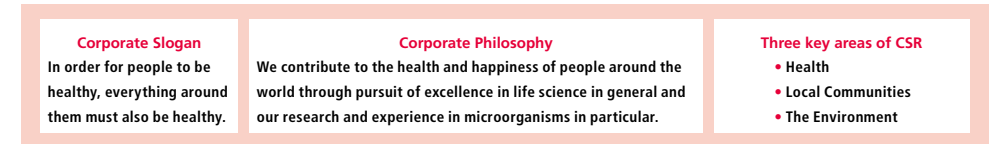
[Link](#) p. 84 Compliance > Anti-corruption

Promoting sustainable procurement

CSR Procurement Policy

The Yakult Group recognizes the importance of sustainable procurement that takes into consideration issues such as human rights, labor, the environment and anti-corruption, and promotes sustainable procurement throughout the supply chain in collaboration with our business partners according to the Yakult Group CSR Procurement Policy. We have also identified supply chain management as a material theme, and designated promoting sustainable procurement as a key theme of the Yakult CSR Action Plan, with the aim of contributing to the responsible production and sale of products that improve health and the creation of a sustainable society.

Yakult Group's vision for sustainable procurement



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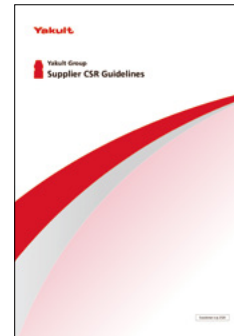
Supplier CSR Guidelines

Based on the CSR Procurement Policy, the Yakult Group Supplier CSR Guidelines were formulated in July 2020 in order to effectively promote sustainable procurement within the Group and help create a sustainable society. The guidelines are a collection of requirements regarding responsible procurement activities for all our business partners in Japan and overseas, including new business partners.

For each requirement in the guidelines, we check the status of our efforts through surveys and audits, and if any problems are found, we take appropriate measures for improvement.

Together with using these guidelines, the entire Yakult Group will continue striving to promote sustainable procurement.

WEB Yakult Group Supplier CSR Guidelines
https://www.yakult.co.jp/english/csr/policy/pdf/supplier_csr_guidelines.pdf



Requests to our business partners (summary)

1. Comply with national and local laws and regulations, respect international codes of conduct, and promote fair and equitable procurement activities. Establish systems for this purpose.
2. Uphold international human rights principles, including the Universal Declaration of Human Rights, and establish fair and appropriate working environments that consider safety and health.
3. Build a framework to ensure high quality and safety.
4. Build a management framework to reduce environmental impacts, take action on climate change, preserve biodiversity, prevent pollution, appropriately manage waste and effectively use resources.
5. Strictly manage confidential information.
6. Promote activities to coexist with society and to create a sustainable society.

Evaluation of business partners and collaboration

Based on our CSR Procurement Policy, we carry out supplier risk assessments through a CSR procurement survey in order to identify high-risk suppliers on issues such as the environment, human rights, occupational safety and health, and anti-corruption. The survey of 104 business partners, which account for the top 90% of our total procurement cost related to manufacturing, was carried out in June 2020.

Conducting this survey enabled us to assess the status of our suppliers' sustainable procurement initiatives and to ask our business partners for their understanding and cooperation on the Yakult Group CSR Procurement Policy and Supplier CSR Guidelines.

We sent feedback about the survey results to the companies which responded, to raise awareness of CSR and encourage improvements in their sustainable procurement initiatives.

For high-risk suppliers identified by this survey, we provide materials explaining our sustainable

procurement initiatives, and engage in support activities with the aim of capacity building for these suppliers, including providing information on supply chain management and raising awareness about the need for sustainability initiatives.

Furthermore, for companies with confirmed issues such as violations of laws and regulations, we created a supplier management log and verified their response through individual hearings. We then made requests for improvement and have been receiving reports of their corrective actions.

Going forward, we will continue working to improve sustainability across the entire supply chain by carrying out risk assessments of the supply chain annually, and are also considering conducting supplier audits through field visits.

● **Anti-bribery initiatives: P.T. Yakult Indonesia Persada, Guangzhou Yakult Co., Ltd.**

In January 2019, Yakult Indonesia called on its suppliers to sign an anti-corruption declaration, which was signed by all the suppliers. Yakult Indonesia will continue to prevent corruption and ask new suppliers to submit this declaration along with their company information.

Starting in 2020, Guangzhou Yakult requests that their suppliers sign an agreement that states their commitment to fight bribery or pay penalties, and have had all suppliers sign when they concluded a contract. They will continue to fight misconduct going forward.

Supplier communication

We recognize that our sustainable procurement initiative contributes significantly to the business activities of our business partners. Through active communication and collaboration with suppliers, the Yakult Group aims to improve the sustainability of wider society by taking the impacts on the environment and society into consideration and reducing the risks throughout the entire supply chain.

For our major business partners, such as raw material suppliers and manufacturing subcontractors, we explained the Yakult Group CSR Procurement Policy and conducted a survey in order to promote understanding and implement the policy. In March 2019, we held a general briefing session on the policy for all our production subcontractors (19 companies) to ask for their understanding and cooperation. We share social issues and specific cases related to human rights, labor, the environment and anti-corruption. We also share our ongoing efforts to promote sustainable procurement that increases social sustainability throughout the supply chain, in order to consider the impact on society and the environment and reduce the risks.

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CSR procurement survey results (June 2020)

Target: In principle, primary business partners of Yakult Honsha's dairy products, soft drinks, cosmetics and pharmaceutical divisions **Number of responses: 104 companies (100% response rate)**

Item	Number of questions	Main questions (examples)	Average score*	Percentage of responses (%)			
				Level 3: Responded with "action being taken"	Level 2: Responded with "under consideration"	Level 1: Responded with "no action being taken"	No response
1. Corporate governance related to CSR	6	Have you set a vision, long-term goals, key areas, etc. for CSR in general?	92	79.3	18.8	1.9	0.0
2. Human rights	4	Have you had any human rights issues in the last year, such as harassment, discrimination, or labor issues on foreign technical trainees?	94	84.9	13.5	1.7	0.0
3. Labor practices	11	Are you taking action for fair application of working hours, holidays, paid leave, etc.?	98	94.8	4.8	0.4	0.0
4. Environment	9	Are you taking action to reduce CO ₂ and other greenhouse gas emissions, and use energy efficiently?	96	87.9	7.1	3.1	1.9
5. Fair business	11	Are there regulations or are you taking action to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)?	96	85.8	9.5	1.2	3.5
6. Quality and safety	5	Do you have your own company policy and implementation system in line with our policies and guidelines on quality and safety of products and services?	99	97.1	1.3	0.6	1.0
7. Information security	6	Do you have a mechanism or are you taking action related to personal data and privacy protection?	97	92.8	6.4	0.8	0.0
8. Supply chain	4	Are you taking action to promote CSR activities in the supply chain, such as field surveys of business partners?	94	82.2	14.7	2.2	1.0
9. Coexisting with the local community	2	Are you taking action to reduce social and environmental impact due to the production process or products and services?	96	89.4	8.2	2.4	0.0
Total	58		96	89.1	8.9	1.5	0.5

Raising sustainable procurement awareness

We provide information and training to employees involved in raw material procurement and manufacturing consignment regarding the objectives of the CSR Procurement Policy and responsible procurement activities for creating a sustainable society.

In fiscal 2018, we invited external lecturers to speak on how to better conduct sustainable procurement activities based on the policy. A total of seven study sessions promoting sustainable procurement were held mainly for department and section managers involved in procurement, with a total of 35 employees given awareness training and education on sustainable procurement policies and supply chain management.

Since fiscal 2019, we have held a sustainable procurement promotion meeting for a similar group of employees to promote the planning and implementation of various types of measures for sustainable supply chain management.

We educate personnel in charge of procurement within the Group on subcontracting law, laws

related to contracts, and various regulations for conducting fair transactions. It is essential to improve the knowledge and skills of workers who actually come into contact with suppliers in order to reliably and effectively promote sustainable procurement. In fiscal 2020, we held sustainable procurement workshops a total of two times for Group personnel working in development and procurement.

The sessions included lectures and group discussions led by external experts—covering topics such as global issues related to human rights, labor, the environment and anti-corruption, specific case studies, risks and opportunities for the Group in sustainable procurement, and the necessity of international traceability certification systems for raw ingredients—and are helping further the planning and practice of sustainable procurement.

Number of business partners by average score

Average score	Number of companies
90% or higher	87
80% - below 90%	12
70% - below 80%	2
Below 70%	0
Incomplete response	3
Total	104

* Score for each item calculated based on a score of 3 points for Level 3, 2 points for Level 2, and 1 point for Level 1
 Note: Additional questions also asked to confirm details, depending on the content of the response



Sustainable procurement promotion meeting

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Green procurement

The Yakult Basic Policy on Green Procurement sets our green procurement policy and covers raw materials, packaging materials and equipment, facilities and indirect materials related to our business. All business sites carry out procurement activities in a manner that promotes the protection of the global environment, the reduction of environmental impact, the creation of a circular economy and other environmental objectives in cooperation with business partners based on this Basic Policy.

Fiscal 2020
Green procurement ratio:
81.3%
(head office, research institute, Honsha plants)

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, the creation of a circular economy and other environmental objectives. In accordance with these goals, we have established the basic policies as 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 crating and packaging materials that incorporate a high proportion of recycled materials.
4. Procure crating and packaging materials designed to be reused as many times as possible.
5. Procure crating and packaging materials with minimal portions that must be disposed of as waste and for which disposition processing is easy.
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

[Link](#) Plastic containers and packaging: Initiatives for containers and packaging other than plastic: Use of internationally-certified paper in products

Stable procurement of raw materials

● **Stable procurement for food products (dairy products, soft drinks)**

To ensure stable procurement of raw materials used in our dairy products, we distribute risk by purchasing the primary materials from multiple companies, and maintain appropriate reserve stores of each by considering factors such as sales trends and material procurement lead times for each product. We also contract with business partners to secure an annual volume of some raw materials.

Using these methods ensures that we can stably procure raw materials even in times of disaster.

● **Stable procurement for pharmaceuticals**

To ensure a stable supply of final products, we aim to mitigate risk by using a number of plants for active pharmaceutical ingredients according to the circumstances of each formulation, along with managing stock based on appropriate estimate of demand. We also enter into product quality agreements with the manufacturers of active ingredients based on pertinent laws such as the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, striving for stable supply of ingredients with the required quality.

● **Stable procurement for cosmetics**

In procuring both raw materials specific to certain cosmetics and those used in multiple types of products, we diversify our sources and seek alternate routes to be prepared for unforeseen circumstances, as well as keep a fixed reserve volume of products. We also always strive for smooth communication with business partners, engage in honest procurement and build relationships of trust to preemptively prevent problems and eliminate supply insecurities.

Our commitment to local employment and sourcing

To contribute to the sustainable development of the countries and regions where we operate, Yakult agrees with the importance of local employment and local sourcing, as endorsed by ISO 26000, and is developing its global business with a local focus, based on local production and local sales. For raw ingredients, we select suppliers that have cleared our quality and safety standards, and that can provide a stable supply.

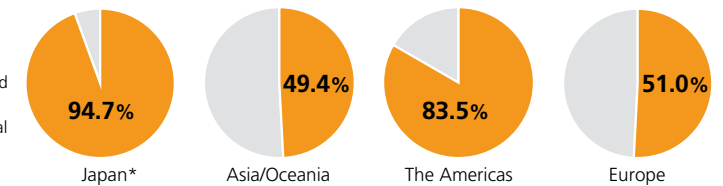
Yakult currently operates in 40 countries and regions including Japan, with 29 overseas companies. We have established sales offices and production plants with deep ties to local communities, and actively hire local employees. Going forward, we will continue to undertake business with a local focus, working to benefit the local economy and local communities, with the aim of contributing to the healthy lives of local people and communities.

[Related information](#) p. 79 Local hiring for upper management positions: Yakult Europe B.V.

Locally-procured raw materials (Fiscal 2020)

* Results for dairy product raw materials

Note: Raw materials imported and undergo final processing in Japan are calculated as local Japanese materials



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Human rights

Human Rights Policy

The Yakult Group operates globally, based on our philosophy of contributing to the health and

happiness of people around the world. To make this a reality, it is important to create a society in which human rights are protected and respected all over the world.

We recognize that our actions may have a direct or indirect impact on human rights during the course of conducting business, or through our value chain. In order to ensure that the human rights of all people involved in the business are respected, the Yakult Group Human Rights Policy was established in April 2021 after deliberation by the Board of Directors. With this Policy as our overarching concept, we shall promote initiatives to further respect human rights, undertake continuous improvements, and contribute to the realization of a sustainable society.

Yakult Group Human Rights Policy

The Yakult Group operates its global business under the corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular," and in order to fully realize this philosophy it is vital that we create a society where human rights are protected and respected throughout the world.

The Yakult Group recognizes that during the course of conducting business, or through our value chain there exists the possibility that the group may have a negative impact on human rights, either directly or indirectly, and in order to ensure that the human rights of all people involved in the business are respected, the group shall hereby establish the Yakult Group Human Rights Policy (hereinafter referred to as the "Policy"), shall promote initiatives to further the respect of human rights, shall undertake continuous improvements, and shall contribute to the realization of a sustainable society. The Yakult Group acts in accordance with the United Nations' "Guiding Principles on Business and Human Rights" for respecting human rights and supports and respects the following international principles in the execution of its business activities:

- The International Bill of Human Rights (The Universal Declaration of Human Rights, The International Covenant on Civil and Political Rights, and The International Covenant on Economic, Social and Cultural Rights)
- The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) and the ILO Declaration on Fundamental Principles and Rights at Work by International Labour Organization (ILO)
- The OECD Guidelines for Multinational Enterprises by Organization for Economic Co-operation and Development (OECD)
- The Children's Rights and Business Principles (developed jointly by UNICEF, UN Global Compact, and Save the Children)

The Yakult Group operates globally and conducts business activities based on the laws and regulations of the countries and regions it operates in. If the laws of a given country or region differ from international human rights norms, the group follows the higher standards. If the laws of the country or region contradict international norms, the group will pursue an internationally recognized method which respects human rights to the maximum possible extent.

1. Scope

The Policy applies to all executives and employees of the Yakult Group. The group also expects all business partners involved with the group's products and services to support the Policy and requires its suppliers to understand and comply with it.

2. Responsibility for respecting human rights

The Yakult Group recognizes that in the course of conducting business, or through our value chain there exists the possibility that the group may have a negative impact on human rights, either directly or indirectly, and shall strive to prevent any violation of human rights. Further, if there is a negative impact through its business activities, the group shall appropriately rectify it in accordance with international standards and fulfill its responsibility for respecting human rights in its value chains.

3. Establishment of promotion structure

The director of Yakult Honsha Co., Ltd. who holds the position of divisional general manager of the Management Support Division is the party responsible for the Policy and for regular oversight of the Policy and adherence to it. The content of initiatives based on the Policy shall be deliberated and discussed by the CSR Promotion Committee headed by the director who holds the position of divisional general manager of the Management Support Division, and other bodies. All matters of import are to be reported to the Board of Directors.

4. Human rights due diligence

The Yakult Group shall develop and implement mechanisms for human rights due diligence in order to fulfill its responsibilities in regards to the respect of human rights. The group identifies potential negative impacts it may have on the society and prevents and mitigates adverse human rights impact.

5. Remedy

If the Yakult Group directly causes a negative impact on human rights or fosters a situation which causes a negative impact, the group shall work to remedy this through appropriate means based on international standards.

6. Information disclosure

The Yakult Group shall disclose the progress and outcomes of its human rights-related initiatives based on the Policy on its website, etc.

7. Dialogue and talks with stakeholders

The Yakult Group shall hold dialogues and talks with stakeholders who are affected by, or may be affected by, a direct or indirect negative impact on human rights.

8. Education and training

The Yakult Group shall provide necessary education and ability development to its executives and employees to instill the Policy in all business activities and implement it with certainty.

9. Human rights issues related to business activities

The Yakult Group recognizes that efforts on the following human rights-related issues concerning its business activities are an important factor of responsible business practices.

(1) Elimination of discrimination and harassment

The Yakult Group prohibits any kind of discrimination or harassment based on race, religion, faith, nationality, ethnicity, place of origin, academic background, age, gender, gender identity, sexual orientation, disability, illness, job type, or type of employment, and it takes responsibility for eliminating them.

(2) Prohibition of child labor and forced labor

The Yakult Group never accepts child labor, forced labor, slave labor or labor through human trafficking.

(3) Respect for basic labor rights

The Yakult Group respects basic labor rights including freedom of association as well as employees' right to organize and collective bargaining rights.

(4) Appropriate wage payment and management of working hours

The Yakult Group shall comply with the laws and regulations of respective countries and regions and practice responsible labor customs including payment of appropriate wages that meet or exceed the legal minimum wage and appropriate management of working hours. The group shall pay attention to the maintenance and enhancement of employees' health, control excessive labor, and reduce overtime work.

(5) Development of safe, secure, and sound working environments

The Yakult Group shall establish safe and hygienic workplace environments where employees can work with security to support the maintenance and enhancement of employees' mental and physical health.

The Policy has been approved by the Board of Directors of Yakult Honsha Co., Ltd. and signed by President and Representative Director.

Established: April 27, 2021

Hiroshi Narita

President and Representative Director



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Human rights due diligence

Based on the framework of the United Nations Guiding Principles on Business and Human Rights (referred to below as the "Guiding Principles"), which is the global standard for human rights, we shall develop and implement mechanisms for human rights due diligence.

As a business with global reach, it is our responsibility to raise awareness of our Human Rights Policy within the Group, and to effectively promote initiatives relating to human rights in accordance with the Guiding Principles.

In fiscal 2021, we will gather and share information relating to human rights due diligence, identify human rights issues within the Yakult Group, and consider ways to address these issues, in preparation for formulating a plan of action.

Human rights due diligence review meetings

In fiscal 2021, we are conducting human rights due diligence review meetings involving the managers of relevant departments to identify risks and major issues relating to human rights so that we can formulate a human rights due diligence roadmap and action plan. In order to help us advance this process, we are seeking information and advice from external experts on the Guiding Principles and global human rights issues. The action plan drawn up at these meetings will be discussed at the Management Policy Council, chaired by the President and Representative Director, and important points will be reported to the Board of Directors.

Based on this action plan, we will promptly implement human rights due diligence.

Upholding human rights in advertising

We have established the Yakult Group Advertising Policy for responsible advertising. With this Policy as our overarching concept, we are committed to upholding human rights, including the rights of children.

Avoiding discriminatory language and protecting copyrights and portrait rights

In our advertising, we consciously avoid slanderous or discriminatory language pertaining to race, ethnicity, nationality, origin, language, gender, age, occupation, educational background, physical characteristics, health, or beliefs. We always obtain the relevant approval to ensure we do not infringe on copyrights, portrait rights, and other rights held by third parties.

Children and advertising

From the perspective of respecting and promoting the rights of children, we never engage in inappropriate advertising or communication which could have a negative impact on children, or which exploits children's curiosity, imagination, developmental characteristics, or lack of knowledge/experience. When filming or producing advertisements featuring children, we always put the children's safety and health first, taking care not to violate their human rights.

[Link](#) Customer satisfaction: Honest and responsible advertising

Protecting employees' human rights and raising awareness

Employee consultation desk

We have 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, harassment and related issues. In particular, our external consultation desk has enabled us to further improve our consultation system by providing 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 their family members can receive consultations. This makes it possible to address concerns in their personal lives as well as issues at work.

Training on human rights

Training on human rights is given as needed, such as 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 ensure that individuals become neither perpetrator nor victim.

In fiscal 2020, we held eight workshops for compliance personnel to raise awareness and basic knowledge of workplace harassment.

Upholding human rights during the COVID-19 pandemic

Responding to changes in the labor environment

When employees are working from home, based on the same principles as usual, they do not work overtime unless absolutely necessary, and overtime must be approved in advance by a supervisor. We are striving to gain an accurate picture of working hours through better communication between supervisors and staff.

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Production facilities inside and outside Japan

The most important role of our production facilities is to ensure a stable supply of safe and reliable products.

Therefore, as a general rule, employees involved in manufacturing are still going to work. Measures to prevent infection are being thoroughly implemented, along with strict rules for dealing with confirmed or suspected cases of COVID-19 among employees.

Protecting the human rights of infected individuals

Information concerning cases of infectious diseases including COVID-19 is handled carefully to protect the privacy of those affected, and is managed to prevent it being disclosed or spread. We are raising awareness of the message that "anyone could be infected" to avoid any stigma associated with confirmed or suspected cases of infections.

Preventing harassment

The Yakult Ethical Principles and Code of Conduct state zero tolerance for any form of harassment, including power harassment and sexual harassment.

Harassment can directly affect the victim's physical and mental health, as well as reducing workers' motivation, disturbing order in the workplace, and worsening the working environment. There is also a risk of direct or indirect damage from lawsuits and damage to the company's image, so we are doing all we can to prevent harassment.

Compliance training

We run level-specific compliance training according to employees' roles and responsibilities, to prevent harassment and bullying in the workplace. Particularly for managers, we run training sessions based on legal case studies, encouraging them to take appropriate action.

 [Link](#) Compliance training

Compliance newsletter

Our compliance newsletter regularly covers topics like power harassment and sexual harassment to raise awareness of these issues.

 [Link](#) Compliance newsletter

Action in cases of harassment

We have designated compliance personnel within each department, business site and Group company to act as points of contact for matters relating to non-compliance, including harassment.

We will take care to protect privacy when dealing with suspected cases of harassment, and strict action will be taken against perpetrators if harassment is confirmed to have occurred.

Action for suppliers

We ensure that our suppliers also take action to prevent harassment, based on the Yakult Group CSR Procurement Policy.

[Related information](#) p. 56 Supply chain management > Promoting sustainable procurement

Respecting human rights and cultural diversity around the world

The Yakult Group operates globally, complying with the laws and regulations in each country and region, and respecting human rights, and cultural and religious diversity.

Initiatives in Japan

A proper understanding of human rights is an essential part of being a member of society. Our training for new recruits covers the need to accept different values due to differences in race, gender, age, and nationality, and emphasizes the importance of harnessing this diversity in our business.

Eradicating child labor: Yakult Myanmar Co., Ltd.

Child labor is still a major issue in Myanmar. In accordance with the law, Yakult Myanmar does not employ under-18s, even if they apply for work themselves. When new employees join the company, their National Registration Cards (NRC) are checked to confirm their age.

Halal certification: Outside Japan

Eight of our plants outside Japan have obtained Halal certification, and products are labeled with the Halal certification symbol so that Muslim customers can drink Yakult products with confidence.

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Upholding human rights in the hiring process

The Yakult Group currently operates in 40 countries and regions including Japan and we hire locally, without discriminating between employees on the grounds of nationality or place of origin. We hire employees on the principle of "optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, nationality, or educational background."

Initiatives outside Japan

- **Initiatives in the US: Yakult U.S.A. Inc.**

Yakult U.S.A. has developed a list of questions to use and avoid in employment interviews. Questions which are not relevant to the job, such as asking about an applicant's religion or place of birth, are not allowed, and care is taken to avoid any discrimination during the hiring process.

Questions to use and avoid during a job interview (sample)

Use	Topic	Avoid
Name	Name	Maiden name
Address	Address	Home-owner or rented
"Do you have proof that you can work legally in the US?"	Place of birth; citizenship	Questions about the place of birth of the applicant, applicants' parents, relatives or spouse "Are you an American citizen?"
Proficiency in languages other than English (reading, writing, conversational) relating to the job	Ethnic origin	Questions about the nationality, ancestry, ethnic origin, or lineage of the applicant or their parents, relatives or spouse "What is your native language?" "Do you speak a language other than English with your family?"
Questions about working hours, dates, and shifts "Will you be able to work on Sundays?"	Religion	Questions about religion / Inquiring about the timing of religious observances
Statement of company policy restricting family / relatives from working together	Gender, marital status, family status	Questions about gender, marital status, children and spouse / Questions about pregnancy, childbirth, possibility of future pregnancy "Do you intend to get married?"

Initiatives in Japan

In Japan, just like in the US, employees who will be responsible for conducting job interviews are briefed about human rights so they avoid asking questions about religion or beliefs during interviews.

Response to local human rights due diligence legislation

UK Modern Slavery Act: Yakult UK Ltd.

Yakult UK Ltd. is continuing to check that its business partners (e.g., logistics companies) have produced statements in line with the Modern Slavery Act, and requires signed statements from them. Business partners not subjected to this Act are required to sign Yakult UK's statement confirming that they are aware of Yakult UK's relevant initiatives.

When developing advertising and marketing campaigns, the company complies with laws on human rights and follows the UK Government's guidelines on making information as transparent as possible. Human rights in advertising and marketing are regulated by the UK's Equality and Human Rights Commission, as well as advertising regulators such as the Committee of Advertising Practice (CAP) and Advertising Standards Authority (ASA). Non-broadcast advertising is regulated by the CAP Code.

Response to Australian Modern Slavery Act: Yakult Australia Pty. Ltd.

Australia's Modern Slavery Act was enacted in January 2019. Companies with an annual turnover of over 100 million Australian dollars must report annually on measures to prevent forced labor in their operations and supply chains. Yakult Australia is currently not subject to this Act, but agrees with its intentions, and is working proactively to promote protection of human rights in the entire supply chain, including suppliers and business partners.

The state of New South Wales is due to enact its own separate NSW Modern Slavery Act.

California Transparency in Supply Chains Act: Yakult U.S.A. Inc.

The California Transparency in Supply Chains Act came into effect in January 2012. Retailers and manufacturers operating in California, with worldwide annual revenues of 100 million dollars or more, are required to disclose their efforts to eradicate human trafficking and slavery.

Yakult Honsha and Yakult U.S.A. are not currently subject to this Act, but agree with its intentions, and are actively working to improve transparency of information and respect for human rights within the supply chain.

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Product safety

Basic policy on product quality

In order to embody our corporate philosophy, the whole Yakult Group is working to ensure quality assurance based on the Yakult Group Basic Quality Policy that specifies the fundamental policies and promotion system related to quality and safety.

Yakult Group Basic Quality Policy

The Yakult Group contributes to the health and happiness of people around the world by offering safe and secure products and services with sincerity.

1. Scope
The Yakult Group works as one to ensure quality control and offers safe, secure, and quality products and reliable and satisfying services at all levels of research, development, procurement, production, logistics, public relations, advertising, and sales.

2. Compliance with laws, regulations, and international norms
In addition to compliance with laws, regulations, etc., of the countries and regions where it conducts business, the Yakult Group shall strive to respect cultures and customs and ensure high quality and safety.
The group has established a quality management system complying with global standards in production. It shall adhere to international norms regarding quality and safety and carry out responsible business activities.

3. Promotion structure
Based on the Yakult Group Basic Quality Policy (hereinafter referred to as the "Policy"), concerned departments of the Yakult Group shall conduct audits and other activities and committees including directors shall manage and supervise such activities.
If a quality-related emergency or an issue that may violate related laws, regulations or the Policy occurs, the group shall take swift and appropriate measures based on internal rules such as crisis management regulations.

4. Dialogue with stakeholders
The Yakult Group shall value communications with customers and other stakeholders and proactively offer appropriate information while aiming to improve quality and safety from the customers' perspective.

Date: March 30, 2021

Product quality certifications

We are promoting acquisition of HACCP, ISO 9001, FSSC 22000, Safe Quality Food (SQF) and other certifications for Yakult Honsha plants, bottling companies, marketing companies and Group companies outside Japan. The Zhongli Plant of Yakult Taiwan Co., Ltd. has acquired SQF level-3 certification, the highest level of the SQF program.

The Calamba Plant of Yakult Philippines acquired HACCP certification in August 2019, bringing the total number of certified overseas plants to 21.

Certifications acquired for product quality

(Number of certified locations: as of March 2021)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	OHSAS 18001	SQF
Yakult Honsha plants, bottling companies in Japan (10 dairy product plants)	*1	10	*1					
Marketing companies in Japan (101 in total)		12*2	1					
Plants outside Japan (27 locations in total)*3	21	10*3	7	3	9	8	2*4	2

*1 In Japan, food hygiene control based on HACCP principles was instituted through the Act on the Partial Amendment of the Food Sanitation Act in 2018. In line with this, we plan to acquire ISO 22000 certification at all 10 of our dairy product plants and bottling companies, and complete the certification by October 2021.

*2 Includes branches that have acquired the certification *3 Includes one marketing company *4 Acquisition rate at plants both in and outside Japan: 5.4%

- HACCP: A system for assuring safety by implementing thorough hygiene management across the entire manufacturing process
- ISO 9001: An international standard for quality management systems
- 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 control
- Note: In Taiwan, the plant obtained TQF (Taiwan Quality Food) certification which is equivalent to GMP.
- Halal: A standard for food quality management systems based on Islamic Law
- OHSAS 18001: An international standard for occupational health and safety management systems
- SQF: An international standard for management systems that ensure the safety and quality of food products

WEB For details about certification acquired by each company, please visit:
https://www.yakult.co.jp/english/csr/social/product_safety/certification/index.html

Quality management systems

Raw material management

When selecting our main raw materials for ingredients and packaging, including powdered skim milk, paper and plastic, at the product design stage, we investigate and analyze the types of raw materials, additives, and processing aids used during the manufacturing process of the raw

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materials, and decide to utilize them only if they conform to the Food Sanitation Act and related laws, and after rigorously confirming their safety. Investigation results are consolidated in our raw material database.

We have set strict quality standards for raw materials, and at all of our plants both in and outside Japan, we confirm in advance the inspection reports of raw material suppliers and undertake inspections when raw materials are received to ensure that only materials that are in compliance with relevant standards are used.

We also place importance on communication with suppliers, and conduct investigations of the country of origin of the raw materials, manufacturing plants and processes to confirm hygiene conditions, inspection systems and quality control systems, and request improvements when necessary.

Production

We have established provisions for the special manufacturing technology, cleaning, disinfection, and other conditions required for the cultivation of lactic acid bacteria according to our internal manufacturing management standards, which are based on scientific evidence of the positive effects of lactic acid bacteria on health.

With the amendment of the Food Sanitation Act and the legislation of food hygiene control based on HACCP principles, we reviewed our internal quality control system that integrated conventional ISO 9001-certified quality management systems with HACCP systems and food defense programs, and now maintain a high standard of quality management through a proprietary system that integrates ISO 22000 with customer satisfaction and quality assurance principles. As each employee's awareness, knowledge and technical skills with regards to product quality are essential in achieving this, we have defined the abilities required in production and quality control at Yakult Honsha dairy product plants and bottling companies, education, training and assessment in a systematic manner, and routinely review this system. In Japan we have also developed and installed a variety of inspection equipment that has made a 100% inspection level possible with continuous quality monitoring.

Regarding food safety related to radioactive substances in Japan, we operate one of the country's most rigorous product safety checks through inspection of radioactive substances for all types of products, along with continuous monitoring using a monitoring post at the Fukushima Plant.

Outside Japan, we conduct strict quality control based on our own internal standards while complying with local laws and regulations, and adapting to the culture of each country and region. Some of our sites outside Japan have obtained Halal certification.

Furthermore, we have developed systems that allow us to, if product-related incidents occur, establish a task force to handle the incident based on our Risk Management Rules and carry out a prompt product recall.

Logistics

Yakult Logistics Co., Ltd. makes logistics quality the foundation of their mission to deliver fresh products at their peak of quality. The company runs annual study sessions on logistics quality for contractors, as part of efforts to thoroughly train them about the special loading and handling of Yakult products. The fiscal 2020 session was suspended due to the impact of COVID-19, and we plan to hold the fiscal 2021 session online.

Marketing

We established quality control systems at marketing companies and incorporate HACCP principles into hygiene management. Work is performed and recorded following a hygiene management plan focusing on product temperature and date control, and equipment and material hygiene control. Marketing companies perform their own internal audits independently to confirm this is being performed appropriately. Furthermore, teams composed mainly of employees with quality management experience at production plants carry out food quality audits, as well as conduct quality control education and training at marketing companies.

Initiatives in cosmetic and pharmaceutical production

To maintain safe and standardized product quality during all processes at our pharmaceutical plant, from receipt of raw materials to product manufacturing, quality testing, and storage, we follow the pharmaceutical Good Manufacturing Practice. Because some raw ingredients for pharmaceuticals are exported overseas, we also conform to the GMP management standards in the recipient's country.

For cosmetics, we utilize a Quality Control Work Procedure Manual and Post-manufacturing and Sales Safety Control Work Procedure Manual for quality control. We also perform regular audits to ensure that the cosmetic GMP (technology guidelines for cosmetics manufacturing and quality control) is being followed to always make products with a uniform high quality at both our plant and contractor plants, and give guidance to improve them if necessary.

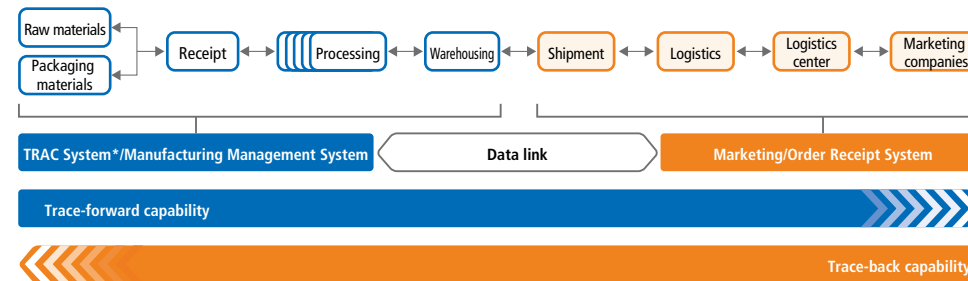
For fragrances used in cosmetics, we not only ensure that all our fragrance formulations are fully compliant with local regulations of the regions where they are marketed, but also that the latest safety data is collected. We also create perfumes using fragrance ingredients that are in line with the safety standards set forth by the International Fragrance Association (IFRA).

Traceability system

Yakult's original TRAC traceability system enables tracing according to production lot from the arrival of raw ingredients to the shipment of products, so products can be traced both back and forward through the manufacturing process.

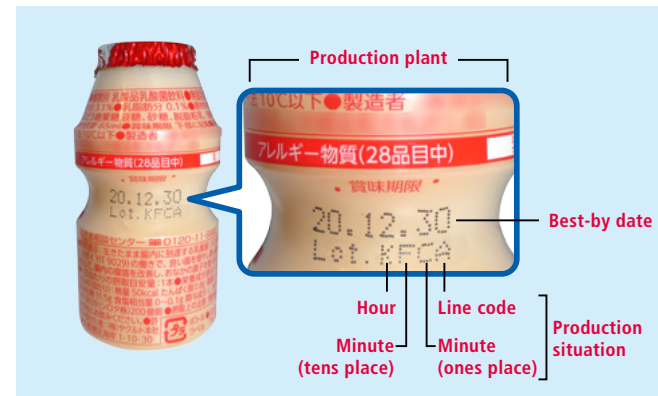
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* The TRAC system refers to a system that enables a search of manufacturing history and is connected with other mission-critical systems.

**Product print example:
New Yakult**



Independent food safety audits: Yakult China Group

In order to provide consumers with safe, secure and delicious products, regular independent food safety audits are carried out in China based on the Food Safety Law. In fiscal 2020, the Shanghai Plant was audited in July and December, the Tianjin Plant in August (the year-end audit was postponed to January 2021 due to the impact of COVID-19), and the Wuxi Plant in August and December.



An independent food safety audit

Active disclosure of product information

Universal design fonts for product labeling

Yakult's product packaging for food and beverages uses universal design fonts that are easy for anyone to read, regardless of age or ability.

Easy-to-understand allergen information

We display the allergens contained in our food and beverage products on the ingredients list as stipulated by law. To make it easier for customers to get the information they need, we also separately provide the names of allergens included or not included for 28 types of allergens: seven specified ingredients that are for mandatory labeling and 21 others that are recommended for labeling. Our website also lists the allergens (out of 28 different allergens) contained in our food and beverage products.

An example list of allergens



WEB Product Information > Food Ingredients and Allergens
<https://www.yakult.co.jp/products/component.html> (Japanese)

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Access to better nutrition

Lifestyles changes have made obesity, diabetes, and metabolic syndrome more serious in industrialized and newly industrialized countries, prompting calls for measures to prevent lifestyle diseases from a young age. Also, the shift to super-aged societies in developed countries is increasing the need for highly nutritious foods in order to cope with smaller diets associated with aging, as well as to protect against frailty* in older people and extend their healthy life expectancy. On the other hand, developing countries are facing hunger and malnutrition issues due to poverty.

We will continue developing food and beverage products based on the concepts of "preventive medicine," "a healthy intestinal tract leads to a long life" and "a price anyone can afford" advocated by Minoru Shirota, the founder of Yakult, in order to help provide access to better nutrition and contribute to the health and happiness of people around the world.

In recent years, the close relationship between intestinal microbiota and human health, and its association with various illnesses including lifestyle diseases, has become more evident. By delivering probiotic products that use *Lactobacillus casei* strain Shirota to people around the world since Yakult's founding, we are contributing to the health of people globally.

Furthermore, in response to the inadequate intake of vitamins and minerals that have become more apparent from guidelines such as the Dietary Reference Intakes for Japanese, we are also developing highly nutritious food and beverages that are fortified with the necessary vitamins and minerals for target gender and age groups.

In Japan, we launched *Yakult Five*, which is fortified with five different popular nutrients; *Joie*, which supplements daily nutritional requirements for vitamins and minerals; and *Kininaruyasai Ichinichibunno Multivitamin Tomato & Red Grape*, which provides a meal's worth of six water-soluble vitamins (niacin, vitamins B1, B2, B6 and C, and folic acid) that are often deficient in the diet in one easy and delicious serving. We also provide nutrient-enriched products that meet global health needs.

* Frailty: Physical and mental decline (motor and cognitive functions, etc.) associated with age.

 [Link](#) Innovation: Transition into a healthcare company (Product development in response to increased health consciousness)

Customer satisfaction

Role and systems of the Customer Support Center

Day-to-day consultations with customers are a vitally important resource that facilitates our efforts to ensure we can provide products and services that benefit our customers. We accept inquiries from customers by phone or email, and do our best to respond promptly, accurately and sincerely. One of the important roles of the Customer Support Center is to determine the real significance of customer consultations, relay them to related organizational units and top management, and promote concrete measures to improve products and services. The Center strives to answer inquiries in a respectful, easy-to-understand manner in order to provide customer satisfaction. For consultations that require direct customer visits, the Center works in coordination with marketing companies throughout Japan.

Customer feedback

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

In fiscal 2020, the Center received 33,946 consultations.

From April 20, 2020, the telephone line opening hours were reduced by two hours to 10 am to 4 pm as part of the measures to prevent the spread of COVID-19 and protect the safety of operators.

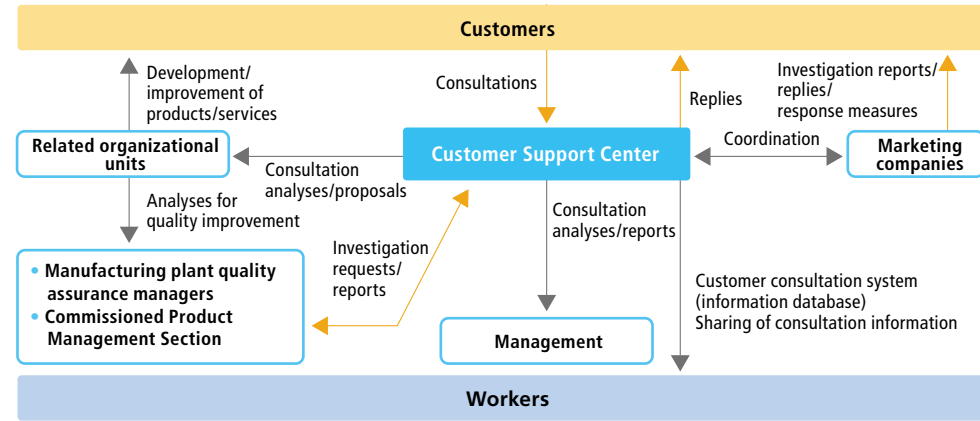
Customer consultation I fiscal 2020

Type	2017	2018	2019	2020
Inquiries	32,748	29,682	27,886	24,930
Applications	3,634	2,499	2,215	2,184
Complaints	4,108	3,858	4,107	3,776
Discontinuations / suspensions	1,242	1,211	1,112	858
Changes	216	210	294	263
Others	1,996	2,050	1,871	1,935
Total	43,944	39,510	37,485	33,946

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Customer response flow



Customer Support Center Toll-Free: **0120-11-8960** (In Japan only) (10:00 to 16:00, except Saturdays, Sundays, holidays, summer holidays, year-end and New Year holidays, and so on.)
 Note: The hours of operation are reduced
 Helpline: **0570-00-8960** (In Japan only)

Customer communication through social media: overseas

Overseas Group companies also use social media for informing and communicating with their customers.
 In Brazil, an official account was opened on Facebook and Instagram in February 2020. Together with the existing YouTube account, these channels ensure that we not only send information to our customer base but can also respond to inquiries quickly. As of the end of May 2021, we have 44,351 followers on Facebook, 23,106 on Instagram and 6,860 on YouTube. Facebook and other social media platforms are also used in other countries, including Italy, Vietnam, Thailand, the Philippines and Myanmar, to provide information and handle inquiries.

Using customer feedback in products

Changing best-by date stamp on Yakult varieties to improve legibility: Japan

We received feedback from customers saying that the best-by date was difficult to make out, so we changed the color of the best-by date stamp from red to black on *New Yakult*, *New Yakult Calorie Half*, *Yakult Five*, *Yakult 400*, *Yakult 400LT* and *Yakult 400W* in line with the change already implemented with *Yakult 1000*.



Launching the low-sugar Yakult Light: Yakult (Thailand) Co., Ltd.

In Thailand modern diets tend to include large amounts of sugar, and it has become a cause of obesity and other lifestyle diseases. There have been initiatives in recent years to reduce sugar consumption, such as the sugar tax introduced by the government, and an increasing number of customers say they pay attention to the amount of sugar in products. In light of this, in June 2018 Yakult Thailand launched the low-sugar *Yakult Light*.



Yakult Light

Expanding Yakult Delivery Net online ordering service

As the e-commerce market grows, Yakult launched the Yakult Delivery Net online ordering service in fiscal 2017 and expanded the service nationwide in September 2018 to improve customer satisfaction. This service offers options for credit card payment and product delivery in a cool box, making it possible to deliver products that meet diverse consumer lifestyles. As of March 2021, the number of members had increased to about 170,000 (1.9 times increase from 2020), and we are aiming for 270,000 members (120,000 of which are new members) by the end of fiscal 2020.

Customer satisfaction improvement in Mexico

To improve customer satisfaction, we have built an organizational structure that can respond quickly to inquiries and complaints received via our website and social media. We also send follow-up emails to customers who have placed orders using the Pedido en linea online ordering service to gauge their level of satisfaction. This information is then shared with the marketing department to help improve customer satisfaction.

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Plant and institute tours

Plant and institute tours

For a deeper understanding of our products and the Group's commitment to the environment and producing safe products that offer peace of mind, we proactively offer tours of our plants to the general public ranging from children to the elderly. The tours are used for educational visits and environmental programs mainly for elementary school students, and held for opinion leaders and people with a particularly strong interest in health issues as an opportunity to obtain information.

To simplify the way customers can make reservations for plant tours, in September 2018 we introduced an online plant tour reservation system. Additionally, to make it easier for the elderly and customers with disabilities to comfortably tour our plants, we are introducing elevators, ramps, and handrails in plant tour areas to make each plant more accessible to all. During fiscal 2019, five Yakult Honsha dairy product plants, the Shonan Cosmetics Plant, five bottling companies, Yakult Foods Industry Co., Ltd. and Yakult Health Foods Co., Ltd. (13 in total) welcomed about 260,000 people in Japan.

In fiscal 2020, as COVID-19 safety measures meant that physical visits to our plants were no longer feasible, we started preparations to provide online tours at some plants instead, which are ready to run from fiscal 2021.

Aiming to deepen friendly relations with local communities, we annually organize festivals at our plants and invite the members of local communities to participate. These events had to be cancelled in fiscal 2020 due to COVID-19, but during fiscal 2019, five Yakult Honsha dairy product plants, five bottling companies, and Yakult Foods Industry Co., Ltd. (11 in total) held festivals, which a total of about 27,000 people attended.

The Shirota Memorial Museum ▶ p.10 at the Yakult Central Institute, which is normally open to the general public, also had to close in fiscal 2020 in line with the measures to prevent the spread of the novel coronavirus across the country.

Use of online tools

- Shonan Cosmetics Plant

To keep our workers informed about our cosmetics during the pandemic, the plant conducts online plant tours. These tours also became opportunities to provide information to remotely located workers who cannot easily visit the plant. In future, we are planning to organize plant tours for customers through marketing companies.

- Hyogo Miki Plant

Physical plant tours were cancelled in fiscal 2020 to prevent the spread of COVID-19, and preparations were made to enable online plant tours instead. As a result, we are now able to show the Yakult production process and the hygiene control measures in place within the plant to many more customers, including those living far away from the plant and those with limited mobility. (Officially started from May 2021)

Virtual plant tours: Yakult (Malaysia) Sdn. Bhd.

Plant tours were cancelled due to the impact of COVID-19, but virtual plant tours were started in October 2020. This enabled not only people who were prevented from visiting the plant due to COVID-19 to take part but also those who live in remote regions to experience the tours. In fiscal 2020, 11,052 people took part.

In addition to Malaysia, online or virtual plant tours are conducted in Singapore, Indonesia, Australia, India, Vietnam and Hong Kong.



Connecting schools online



Children enjoying a plant tour from their classroom

Healthist journal

Healthist is a journal with the objective of providing easy-to-understand information to the general public, from the newest discoveries in life science and cutting-edge research, to health-related topics and useful information for daily life. First published in 1976, the journal is now published in Japanese six times per year totaling about 50,000 copies annually. From fiscal 2020, we launched an online version to make the magazine more widely available to many different people.

WEB <https://healthist.net/en/>



Healthist journal

Understanding and compliance with marketing rules

Training for Yakult Ladies

Aiming to standardize the service quality our customers receive, we provide training for Yakult Ladies on topics such as product temperature control, personal appearance, and basic manners.

To facilitate continuous training and information sharing, we publish a magazine for Yakult Ladies four times per year and create educational posters. In fiscal 2020 we set two "mind your manners" periods. We also introduced a form of study via the internet, through which participants could go over the key points that can help to deepen trusting relationships with customers while preventing the spread of COVID-19. In addition, we used the Safety and Security Clinic, a website

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where Yakult Ladies can independently acquire information on safety and security and conducting home delivery self-checks, to raise their awareness of these issues.

We provide center managers with manuals to help them conduct cosmetics training. Newly recruited Yakult Ladies are given a subsidy to buy basic skin care product so that they have an opportunity to gain an understanding of the products.



Study session on delivery quality (Kitaumemoto Center, Yakult Matsuyama Sales Co., Ltd.)

Training for route sales representatives

To ensure safe and secure product delivery operations, we conduct training on driving and accident prevention during deliveries as well as product temperature control and best-by dates.

To ensure that our customers are given accurate information on our products, we also conduct training for route sales representatives to improve their product knowledge and learn effective communication.

In addition, we provide a suite of personal study tools to be used as required, including an e-learning platform where subjects such as business manners and maintenance of vending machines are available, and learning manuals and DVDs on maintaining the freshness of our products and other topics.



Training session for route sales representatives (Yakult Mito Co., Ltd.)

Honest and responsible advertising

Establishing of advertising policy

To put our company philosophy of contributing to the health and happiness of people around the world into practice, we set out an advertising policy in March 2021, which emphasizes: response to the changing media environment; highly appealing advertising expressions; and legally compliant advertising activities.

Yakult Group Advertising Policy

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

To realize this philosophy, the group shall increase the engagement of its corporate and product brands with consumers through highly appealing communication policies developed for the changing media environment.

1. Response to the changing media environment
2. Improvement of brand recognition and favorability through highly appealing advertising expressions
3. Promotion of communication activities which comply with laws and regulations and also consider the SDGs

For responsible advertising activities

As a company that operates globally, the realization of responsible advertising is extremely important.

To realize a sustainable society which "leaves no one behind," a basic tenant of the SDGs, the Yakult Group shall carry out advertising activities that take the 17 SDGs into consideration.

The group also shall deploy advertising that complies with marketing-related laws and regulations applicable in the countries and regions where it conducts business, as well as international standards and the Yakult Ethical Principles and Code of Conduct.

- Examples of international standards the Yakult Group complies with
 - ICC Advertising and Marketing Communications Code by International Chamber of Commerce (ICC)
 - ICC Framework for Responsible Food and Beverage Marketing Communications
- In order to comply with the international standards mentioned above, the Yakult Group ensures the following:
 - The group shall not use defamatory or discriminatory expressions in advertising and communications. It shall also create advertisements based on internal rules and related laws and regulations so as to avoid accepting or encouraging excessive consumption, misleading customers, or using confusing indications. The group shall present advertisements using appropriate methods, contents, expressions, and designs.
 - The Yakult Group shall comply with related laws and regulations in respective countries and the rules regarding health claims pertaining to the offering of information and claims related to the safety of products and nutritional and health benefits and offer such information and claim benefits based on scientific evidence.
 - The group shall also accurately indicate material characteristics such as taste, size, safety of the contents, and nutritional and health benefits.
 - For fair and responsible advertising and communications, the Yakult Group shall check in advance and carry out internal audits of the contents of information to be disseminated through media such as TV, radio, newspapers, magazines, the internet, social media, transportation advertisements, fliers, and point-of-purchase advertisements. In addition, the group will carry out external audits for each advertising media.
 - The Yakult Group shall establish a necessary promotion structure for compliance with related laws and regulations and international norms by offering training to executives, employees, etc. and distributing educational materials to them.

Further, the Yakult Group shall ensure the following as consideration primarily for children below 12 years old.

- From the perspective of respecting and promoting children's rights, the Yakult Group shall not engage in inappropriate advertising or communications that would have a negative impact on children or that take advantage of the lack of knowledge or experience of children as well as their curiosity, imagination, and developmental characteristics.
- To promote and realize healthy and regular diet and lifestyle among children, the Yakult Group shall give considerations not to use expressions that go against related public guidelines.

Date: March 30, 2021

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* The definition of advertising in the Yakult Group Advertising Policy is as follows.
 It denotes overall communications carried out by the Yakult Group to promote sales and enhance recognition by conveying information regarding its products, services, and organization to consumers and society.
 Advertising media includes the following content.
 - All paper-based media (newspapers, magazines, books, printed advertisements in public places)
 - All broadcast media (TV, radio)
 - All non-broadcast and digital media (the Yakult Groups own or third-party websites, social media, mobile and SMS advertising, native advertising, video games, applications, CDs, DVDs)

Considerations in the production of advertisements

We have put in place internal rules to ensure appropriate and effective advertising and promotional activities. When producing advertisements, we follow the Yakult Ethical Principles and Code of Conduct and comply with relevant laws and regulations such as the Act against Unjustifiable Premiums and Misleading Representations and the Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices to prevent the use of advertisements that mislead or confuse our customers. In addition, we ensure all our advertising and promotions comply with assessments by various media. We also hold regular workshops for internal staff responsible for advertising to share the latest information on responsible advertising and promotion and make every effort to raise awareness of the practice.

Internal review for responsible marketing

Yakult recognizes that businesses are expected to conduct fair and responsible corporate activities, which also extends to marketing.

To carry out fair and responsible marketing, we subject the content of all our media communications, such as on TV, radio, newspapers, magazines, the web, YouTube, social media sites, transit advertising, leaflets and point-of-purchase advertising, to preliminary screening and internal review by our Public Relations Department.

Similar to when we create advertising, the review confirms whether the contents comply with related laws and industry-led standards;* the information we are promoting is factually accurate and scientifically based in accordance with the Yakult Ethical Principles and Code of Conduct; the expressions we use are free from defamation and discrimination; the contents do not take advantage of minors who lack knowledge or choices; and the contents do not mislead or confuse customers, among other points.

In fiscal 2020, we carried out 1,145 screenings and reviews, making sure to prevent such issues on a daily basis.

* Industry-led standards
 The code of fair competition for food for specified health uses (FOSHU Fair Trade Council)
<http://www.jhnfa.org/tokuho-kyougikai/kiyaku-1.pdf> (Japanese)
 Code of fair advertising practices: Foods with Function Claims
https://www.jadma.or.jp/pdf/criteria_for_advertise.pdf (Japanese)

Protecting customer personal information

Basic Policy for Protection and Management of Personal Information / Personal Information Protection and Use Manual

Following the Act on the Protection of Personal Information fully enacted in April 2005, we have established our Basic Policy for Protection and Management of Personal Information. Following the revision of the act in May 2017, we revised the basic policy, setting guidelines that employees should adhere to in order to protect personal information.

Further promoting our efforts to protect personal information, we also created a Personal Information Protection and Use Manual to establish practical procedures for the acquisition, use and storage of personal information, and post our Privacy Policy on our website.

Yakult Group's Privacy Policy

The Yakult Group recognizes that properly handling and protecting information that can identify specific individuals, such as our customer's name, date of birth, address and email address, as well as information that includes personal identification codes, such as facial recognition data, fingerprint recognition data, passport number and driver's license number, (collectively referred to here as "personal information") are our corporate responsibility. We are therefore carrying out the following practices.

Handling personal information

1. Use of personal information	We will use personal information only for the purpose of delivering products and useful information, providing services, and other legitimate purposes.
2. Collection of personal information	We will collect personal information in an appropriate manner, and will provide notification and announce their use and purpose.
3. Proper management of personal information	We are committed to preventing loss, destruction, falsification and leakage of personal information, as well as unauthorized access to personal information.
4. Restrictions on giving personal information to third parties	We will not disclose or give personal information to third parties without the consent of the individual, except as required by law.
5. Outsourcing contractor management	If the processing of personal information is outsourced to a contractor outside the company, we will conduct proper management and enter into a contract on personal information protection with the outsourcing contractor.
6. Disclosure, correction, addition, deletion and suspension of use of personal information	If the individual submits a request for disclosure, correction, addition, deletion or suspension of use of personal information, we will respond promptly and take the necessary measures.
7. Training and awareness programs	We will assign personnel at each company to supervise personal information protection, and provide continuous training and awareness programs to workers.
8. Compliance	For handling personal information, we will comply with the relevant laws and regulations on the protection of personal information, and revise and improve this policy as necessary.

Established April 2005

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Training for Yakult Ladies

Yakult Ladies often have the opportunity to handle customer personal information in their line of work, and we enforce rules for the handling of this information through training and handbooks. We remind them that any information received during duty is not to be posted on social media.

GDPR compliance

Yakult Europe B.V. manages customer feedback in a database. With the adoption of General Data Protection Regulation (GDPR) that protects personal information in the European Union, Yakult Europe redesigned the database to be fully GDPR-compliant and conduct an annual GDPR internal audit.

Health-focused Management

Statement on Health

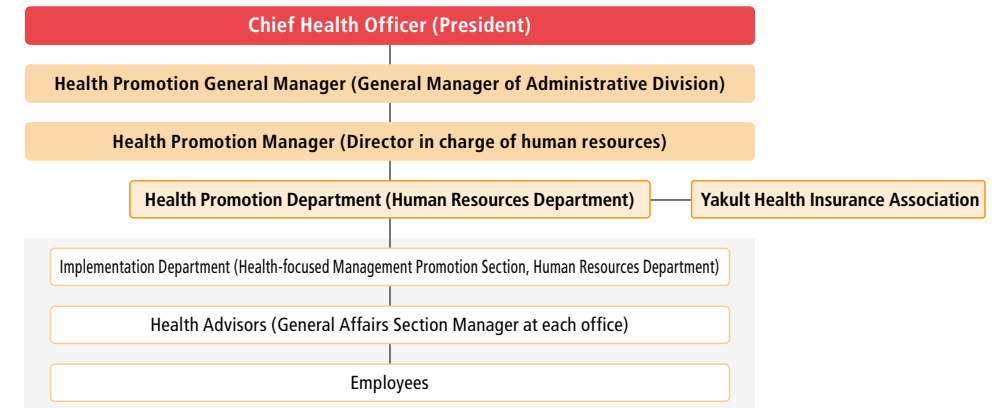
Initiatives based on our Statement on Health

The Yakult Group sees employee health maintenance and improvement as an investment in future profitability, and from a company standpoint we promote strategic Health-focused Management. We published our Statement on Health in September 2017. To actively promote Health-focused Management, we established a new, dedicated Health-focused Management Promotion Section within the Human Resources Department in fiscal 2020. While encouraging employees to manage health, the Group also shows proactive engagement in health maintenance and improvement to further boost their awareness. By keeping everyone in good health, we aim for continuous and stable business development.

Statement on Health

We recognize that the health of our employees is essential to realizing the Yakult philosophy of "contributing to the health and happiness of people," and therefore strive to create safe work environments that offer peace of mind, as well as promote good physical and mental health in our employees.

Health-focused management promotion system



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White 500 certification for four consecutive years

In 2021 we received "White 500" certification for the fourth year in a row. This is awarded to companies that meet the standards set by Japan's Ministry of Economy, Trade and Industry to proactively promote employee health and productivity management.

Yakult Health 21

Yakult Health 21 is a health activity promoted by Yakult Health Insurance Association. Every year, we set a priority period to promote lifestyle improvements, such as healthy meals and exercise.

Helping employees to quit smoking

As well as implementing a total ban on smoking during working hours, we encourage smokers to quit and help them to succeed, including fully subsidizing the cost of treatment.

Health management for employees posted overseas

We monitor the results of regular health checks carried out locally, assess occupational health based on the same criteria used in Japan, and provide online consultations by occupational health physicians as necessary.

We also encourage employees posted overseas to take part in the Yakult Health 21 program.

Initiatives in Japan

Cancer screenings for women

At some business sites we offer mobile cancer screenings for women that may be done during working hours, aiming for early stage detection of breast and uterine cancer.

In fiscal 2021, we continued to make it easier for women to get screenings. We are aiming for over 70% of female employees to be screened by fiscal 2025.

Periodic health consultations and discussing issues in the workplace

We offer periodic consultations with health outreach workers, and consultations with occupational health physicians for employees who have exceeded a specified amount of overtime. Management and employees also regularly exchange views on workplace issues and discuss improvements.

Yakult Stretch: Our own workplace stretch routine

We introduced the company-wide Yakult Stretch in November 2020 with the aim of improving productivity at work through a refreshing stretch routine. This has successfully reduced stiff shoulders, back ache and eye strain, which were found to be the most common health issues in a survey of employees. We made the stretch routine easy to do in a confined office space or when working from home to increase the uptake rate.

Mental health measures

We promote motivation at work by reducing stress that comes from the pressure of workload and in relationships and also endeavor to create bright and welcoming workplaces through various measures and training sessions.

Consultation desk

The mental health consultation desk has been set up to provide health consultations and counseling through resident health outreach workers and company-designated industrial physicians. We also established an external consultation service where not only employees but also members of their families can have consultations with experts about their problems including personal matters privately and anonymously.

Health advisors

Health advisors have been assigned to 13 business sites in Japan to facilitate Health-focused Management. They are trained to recognize mental health issues early and help people deal with them.

Stress checks and organizational analysis

We conduct stress checks in accordance with the law, and compile the results for each organization to provide feedback to supervisors. This has proven useful in improving workplace environments.

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Diversity

Fundamental philosophy

We recognize that promoting diversity is an integral component of corporate management in the current remarkably changing market. The Yakult Group has long been working to foster a corporate culture where diverse human resources can thrive. We strive to maximize their individuality and capabilities in all activities such as hiring, job placement, staff reassignment, and employee trainings.

Empowerment of female employees

The empowerment of female employees is a key issue in our human resources strategy, since the home delivery of our products, our core business, is supported by female workers. We have formulated an action plan in line with the Act on Promotion of Women's Participation and Advancement in the Workplace as our fundamental philosophy. We have been implementing various measures to support this, and the percentage of women in managerial positions continues on an upward trend.

Going forward, we will expand support for a balance between work and home life, aiming to increase the number of female managers as well as promoting career design training.

Additionally, employee evaluations and the treatment of employees are both fair and impartial, and there is no gender gap in basic pay or bonuses for employees.

Fundamental philosophy

1. Promote optimal employee placement in light of abilities, aspiration and aptitude, regardless of gender.
2. Enhance the workplace environment so that women aspiring to have a career are able to balance both work and family life.
3. Set precise target figures and formulate an action plan.

Numerical targets

1. Over 10% of management positions to be filled by females by 2025.
2. Over 50% of eligible male employees to take parental leave by 2025, and average time taken off to be 5 days or more.
3. Over 70% of female employees to receive cancer screenings by 2025.

Number and ratio of female managers (Yakult Honsha, overseas offices)

Fiscal year	2016	2017	2018	2019	2020
Japan: Number of female managers	44	45	47	52	57
Japan: Ratio of female managers (%)	6.0	6.2	6.3	6.7	7.2
Overseas: Ratio of female managers (%)	22.0	24.8	25.4	24.7	27.1

Career design training for women

To continue being a company where everyone can succeed regardless of gender, we offer career design training for women who have concerns about their future career, to help them work confidently towards advancement. Participants surveyed say the course has been a useful reference for their personal career plan, and that they were happy to speak with other women who had similar concerns.

Empowerment of women outside Japan

Various systems have been introduced by our group companies outside Japan to empower women and create good working environments for female employees.

Main systems in each country and region

Country and region	Details
China	<ul style="list-style-type: none"> • Working hours reduced by one hour per day for women in the first year after giving birth * Used by all eligible female employees
Taiwan	<ul style="list-style-type: none"> • Dedicated rooms for nursing mothers to express milk (head office, plant) * Currently used by 2 people
Vietnam	<ul style="list-style-type: none"> • Female employees can take up to three 30-minute breaks during their menstrual period • Female employees with children under 12 months can take an hour break every day
Indonesia	<ul style="list-style-type: none"> • Expectant mothers are encouraged to take antenatal leave • A childcare room is available in the head office building
Middle East	<ul style="list-style-type: none"> • Maternity leave system and reduced working hours for mothers * One employee on reduced working hours (as of end of 2020)
Mexico	<ul style="list-style-type: none"> • Dedicated rooms for nursing mothers to express milk (Ixtapaluca Plant and Guadalajara Plant)
Brazil	<ul style="list-style-type: none"> • Employees receive childcare benefits from the child's birth until the age of six months
Australia	<ul style="list-style-type: none"> • The company provides 8 weeks of paid parental leave on top of the 18 weeks paid by the state, making a total of 26 weeks

Employment of persons with disabilities

Yakult Honsha hires and assigns employees taking into account their personal abilities, ambitions, and aptitude, while giving sufficient consideration to the nature of their disability. Our personnel system motivates all employees to demonstrate their abilities and succeed in their careers despite any disabilities. With the relocation of Yakult Honsha building, we are aiming to make the

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workplace accessible and comfortable for everyone, including installing multi-functional toilets based on a universal design approach. We will continue to expand employment, including actively hiring people with disabilities.

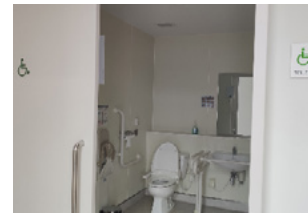
Rate of employees with disabilities (Yakult Honsha, overseas offices)

Fiscal year	2016	2017	2018	2019	2020
Japan: Rate of employees with disabilities (%)	2.11	2.00	2.15	2.22	2.27
Japan: Statutory target employment rate (%)	2.0		2.2		2.2
Overseas: Rate of employees with disabilities (%)*	—	—	—	0.60	0.60

* Disability is defined according to the criteria applied in each country and region/cow feed

Actions outside Japan

In China, we are taking action in accordance with local government requirements. Escalators and toilets for users with disabilities have been installed at the Wuxi Plant. At factories in Taiwan, accessible ramps and elevators are provided to make access easier for older people and those with disabilities. In Brazil, facilities include toilets for wheelchair users at the head office and elevators for wheelchair users at factories, and employees with disabilities make up at least 5% of the workforce, as required by Brazilian law.



Toilets for users with disabilities (China)

Promoting employment of older people

In line with the Act on Stabilization of Employment of Elderly Persons, we operate a system for the re-employment of any personnel who desire to continue working after the retirement age of 60. We are working to create an environment allowing employees to demonstrate the abilities they have cultivated and feel motivated in their work, even after reaching retirement age. Around 80% of employees who reach retirement age each year utilize this system.

Rate of continuous employment at retirement age (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Number of persons at mandatory retirement age	33	52	57	83	73
Number of persons in continuous employment at Yakult Honsha	21	34	38	60	47
Number of continuous workers who transfer to another company	6	9	9	7	13
Number of persons who choose to retire	6	9	10	16	13
Rate of continuous employment* (%)	81.8	82.7	82.5	80.7	82.2

* Including those persons who have transferred to

Work-life balance

Fundamental philosophy

The Group defines work-life balance as creating pleasant working environments that enable each employee to maintain good health, maintain an optimal balance between their work and private lives, make the most of their abilities and feel motivated. At Yakult Honsha, we are moving ahead with efforts to prevent excessive work hours and create pleasant work environments by raising awareness of work-life balance among all employees, including running training sessions for newly appointed managers.

Initiatives for work style reform

To promote employees' use of their annual allotments of paid holidays, Yakult Honsha encourages the use of paid holidays for birthdays, anniversaries and volunteer activities, as well as allowing annual leave to be taken in hourly increments. We will push ahead with creating work environments to make it easier for employees to take paid holidays.

We have also introduced "no overtime days" to reduce long working hours. We will continue to strive to change employees' attitudes towards overtime and working more efficiently. As well as encouraging their teams to leave work as soon as the working day is over, managers themselves are reminded not to work excessive hours.

The situation of working hours and usage of paid holidays is regularly reported at board meetings to prevent compliance violations and to create a pleasant working environment.

Percentage of annual paid leave taken and average overtime hours per month (per person) (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Percentage of annual paid leave taken (%)	58.9	58.8	70.9	76.9	71.7
Average overtime hours (per month)	8.9	8.5	10.5	10.7	8.1

Initiatives in Brazil

At Yakult S/A Ind. E Com. (Brazil), overtime is forbidden except in emergency situations, and employees cannot access systems or send e-mails outside working hours. These measures ensure that the company complies with the Brazilian labor law, which stipulates that working hours should not exceed 44 hours per week.

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Initiatives in Guangzhou

Guangzhou Yakult Co. Ltd. is implementing work style reforms to improve efficiency and reduce overtime. This was done after a survey on the impact of COVID-19 revealed that many employees were working on their days off and doing long overtime. To address this issue, interviews were held with employees at each plant to confirm the situation, then discussions were held with production managers to improve the situation, and a briefing session was held for plant staff to improve work efficiency.

Balancing work and childcare / nursing care

Platinum Kurumin certification

Yakult Honsha has been awarded Platinum Kurumin certification by Japan's Ministry of Health, Labour and Welfare in recognition of our efforts to support employees with children.

Under the Act on Advancement of Measures to Support Raising Next-Generation Children, "Platinum Kurumin" is a system to certify companies that have already obtained Kurumin certification and are carrying out initiatives at an even higher level.



Parental leave for fathers

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

Our target is for over 50% of eligible male employees to take parental leave by 2025, and for them to take an average of five days or more.

Furthermore, for both male and female employees, the rate of returning to work after parental leave has been 100%.

Number of employees taking parental leave (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Male employees (number of people / utilization rate*)	12 10.7%	8 8.7%	9 9.3%	18 19.6%	10 15.9%
Female employees (number of people / utilization rate)	36 100%	40 100%	36 100%	37 100%	26 100%

* Rate of male employees taking parental leave: Number of male employees taking parental leave divided by the number of male employees whose spouse has given birth

Building a good work environment for parental leave takers

As part of its efforts to provide pleasant workplace environments, Yakult Honsha organizes round-table meetings for employees who are returning to work after taking parental leave so that they can go back to work with confidence and subsequently maintain a good balance between work and childcare. The meetings serve as a platform for the Human Resources Department to provide information and to exchange ideas with employees who have already achieved a good work-childcare balance. Encouraging a smooth return to work for participants helps realize an efficient way of working in their limited time, and a dynamic work environment.

Further, because ensuring the understanding and cooperation of coworkers is essential for providing a supportive environment for those returning to work, related training sessions have been conducted for supervisors of returning employees.

Nursing care support system

We support employees in balancing work and nursing care by making saved leave available for nursing care, as well as through a reduced working hours system.

Career design support

For employees at the age of 55, we offer a Life Plan Seminar that provides an opportunity to consider work styles and motivations in life, while also promoting understanding of the continuous employment system, to help them enjoy a fulfilling life after retirement age.

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Occupational safety and health

Reducing occupational accidents

Under the Occupational Safety and Health Committee, we are committed to safety management and strive to create safe and comfortable work environments so that employees can work with peace of mind. As a result of these efforts, the rate of accidents at work has remained at an extremely low level, with commuting incidents accounting for the majority of cases. In the past ten years, there have been no fatal accidents involving regular employees or contract employees.

Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020	Whole industry average*3
Work accident frequency rate*1	0.35	0.53	1.06	1.39	0.20	1.95
Work accident severity rate*2	0.0081	0.0219	0.0109	0.0137	0.0020	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 (2020)

Safety and health inspection tours and environmental improvement measures at plants

We regularly conduct safety and health inspection tours at each of our plants and actively respond to any findings for improvement. As examples of improvements to address problems identified by these tours, we have recently modified scaffolding that was posing a risk on site; introduced measures to prevent burns from steam piping; installed measures to stop shelving from tipping over in case of an earthquake; and updated cleaning stations by adjusting the height to reduce lower back strain on operators.

We are also improving working environments by choosing energy-saving and low-noise models when replacing older machinery.

Safety and health training at plants

We conduct safety and health training at each plant, using risk assessments to reduce workplace accidents.

We also utilize external resources and internal and external trainers to provide safety training required for specific roles, including working with hydrogen sulfide and oxygen deficiency risk; handling of hazardous materials; and the use of safety harnesses for working at heights.

In cooperation with manufacturers of production and energy supply equipment, we also hold training sessions that cover the operation and function as well as the maintenance method of each

type of equipment. This improves employee skill level and safety awareness, helping prevent work-related accidents.

Additionally, as many employees commute by car to our plants, we hold courses on traffic safety to raise awareness of safe driving.

Equipment to reduce workload and prevent workplace injury

Plant equipment is washed automatically at the end of production, but to prepare for this, detergent previously needed to be transported and inserted by workers. Out of concern that falls or chemical splashback may result in workplace injuries, we introduced automatic supply equipment for detergent.

In fiscal 2020, we installed handrails and walkways above the water tanks that form part of our energy supply facilities. We will continue to further improve the safety of daily inspections and maintenance work, as well as reducing workloads.

Using 5S method at plant: Yakult (Malaysia) Sdn. Bhd.

Yakult Malaysia is committed to improving the working environment at its plant. Each group undertakes activities using the 5S method of workplace organization (sort, set in order, shine, standardize and sustain). The steps, plan, and progress are shared on display boards to increase motivation.

Occupational Safety and Health Committee: Yakult Philippines, Inc.

Yakult Philippines, Inc. has established the Yakult Occupational Safety and Health Committee. It discusses safety in the workplace, and also works with local community groups to plan disaster and fire safety measures and keep employees informed about these safety matters.

Representatives from Yakult Philippines took part in an online seminar on basic occupational safety and health held by the Department of Labor and Employment (Occupational Safety and Health Center) in September 2020, as part of their commitment to health and safety.

Measures taken for sales activities

To raise awareness of safe driving, we periodically conduct in-house information sessions as well as trainings at driving school sites for medical representatives who use corporate vehicles. For the safety of our employees, all vehicles are equipped with automatic brake assist systems to help prevent rear-end collisions.

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Human resources development

Fundamental philosophy

We conduct our business based on our corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular" which is based on Shirota-ism, the root of our business. People are the driving force behind the sustainable growth of a company, so we see our employees as an irreplaceable asset.

Based on this idea, we develop our human resources through a combination of evaluation and feedback through the personnel system and job-level-specific support for global human resources development, based around on-the-job training in the workplace.

Basic Policy on Human Resources Development

Basic Policy on Human Resources Development

Individuals shall recognize their own challenges, and improve their knowledge and skills
We unite diverse individuals and the organization to improve ability to take action
We create motivating workplaces for each individual to facilitate the above

The three pillars of human resources development strategy

- Foster personnel to establish a growth driver
- Foster personnel in a way that supports the growth of diverse individuals
- Foster personnel capable of embodying shared values

(Revised April 1, 2021)

Fair performance evaluations

We conduct training for evaluators every year to ensure that our performance evaluation system is fair and impartial.

Working from home and staggered working hours were introduced during the COVID-19 pandemic. With these new working styles, mutual communication between supervisors and employees has become even more important, and we have been taking steps to facilitate communication introducing internal smartphones.

Development training for employees

We provide all employees with training opportunities allowing them to take up and put into practice Yakult's founding spirit, Shirota-ism, thereby contributing to the continual dynamism of the corporation and its improved performance. This includes job level-specific training, training on specific management issues, theme-specific training, and support for self-development.

Hours of training time and cost (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Training time (total hours)	44,691.25	39,523.95	35,111.20	40,304.90	16,217.16
Training time (hours) per person	15.09	13.88	12.21	13.99	5.64
Training cost (yen) per person	22,560	18,702	19,035	21,274	12,900

* Figures for 2020 are lower than previous years due to the COVID-19 pandemic

Training programs overview chart (Yakult Honsha, fiscal 2020)

	Job-level-specific training	Promoting women's workplace advancement	Correspondence course training, etc.
General Managers	Training for General Managers		<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg); border: 1px solid black; padding: 2px;">Correspondence courses</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); border: 1px solid black; padding: 2px;">E-learning courses</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); border: 1px solid black; padding: 2px;">Incentives for acquisition of certifications / Business magazine subscriptions</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg); border: 1px solid black; padding: 2px;">External training courses</div> </div>
Managers			
Assistant Managers	Pre-promotion training for Managers	Career design training for women	
Senior Staff	Pre-promotion training for Assistant Managers		
General Staff	Pre-promotion training for Senior Staff Follow-up training for new employees New employee training		

Fostering global human resources

We place special priority on fostering personnel who can excel in our growing international business and other global capacities. Our global internship system provides work experience at overseas offices to help employees deepen their understanding of the Group's international business, and to foster a global company culture. This system was suspended in 2020 due to the COVID-19 pandemic, but it is scheduled to be held in 2021 with some changes in how it is implemented.

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Decent work

Personnel system that motivates employees

Based on the conviction that our company has to reward hard work, Yakult is dedicated to providing a personnel system that is fair, impartial, and satisfactory to all, with the aim of bringing out employees' desire to work and motivating them to the utmost. Specifically, the company classifies employees into different role groups (job levels) and career courses (job types), according to the size of roles expected and the nature of their work. Thus, we provide the right person with the right job, which helps employees assume their responsibilities according to their abilities and offers them a clear career vision.

Major personnel systems: Yakult Honsha

Personnel system	Details
Self-reporting system	Employees state their personal opinions and desires concerning job details, skills development, placement and transfer once a year, with the aim being to increase each employee's job satisfaction.
In-house FA (Free Agent) system	Employees can voluntarily announce their desire to shift to a new position. This system helps those employees move to new workplaces where they can make the most of their individual capabilities at a higher level with greater motivation, which leads to organizational dynamism.
Career course switch system	Employees can use this system to switch to the career course they desire such as changing from the general track to the career track. This system enhances the levels of employees' missions and motivation by encouraging them to select the course based on their individual career vision after joining the company, and creates dynamic workplaces full of vitality. Since it was introduced in 2005, about 20 employees every year change their career courses of their own volition and set about meeting the challenges of new career development paths.
Job rotation system	This system is designed to help assess employees' aptitudes and facilitate employees' long-term career development. Employees hired for the career track mainly in administrative roles are transferred to new positions at roughly 3-to-4-year intervals, thereby experiencing work in three organizational units within 10 years. By working in different locations at marketing, administrative departments and overseas offices, employees gain work experience in a balanced manner, broaden their horizons, and gain an understanding of their own aptitude, which enable them to build their careers.
Temporary leave system for accompanying a relocated spouse	This system allows employees to take up to five years' leave to accompany a spouse who is relocated in Japan or overseas.

Providing an enjoyable working environment

Inclusive working environment for diverse employees

Recognizing that our employees have diverse working styles, abilities and values, and that diversity is the seed of innovation, the Yakult Group strives to create an enjoyable working environment where each employee can make the most of their individual strengths. As part of our efforts to provide a better work environment, Yakult Honsha promotes the health of our employees from the perspective of Health-focused Management, and has interviews with employees at each business site in Japan.

Respect for basic labor rights

We do not currently have an in-house labor union, but we work with representatives of the majority of employees at each workplace to ensure that employees' voices are heard. Before bringing in any changes that will significantly affect our employees, we hold briefing sessions for all employees and try to build consensus.

Comparison of starting salary and minimum wage (fiscal 2020)

	Starting salary (yen)	Comparison with minimum wage (%)
Graduate school graduate	226,500	148
University graduate (career track)	217,000	142
University graduate (general track)	191,000	125
Junior college graduate	182,000	119
Vocational school graduate	182,000	119

* Minimum wage calculated using the minimum wage for Tokyo (1,013 yen/hour) working for 20.08 days per month, 7.5 hours per day. Our salary system is based on level. There is no difference in salary for male and female employees in the same role/level.

Local hiring for upper management positions: Yakult Europe B.V.

Yakult Europe and other companies of the Yakult Group in Europe actively recruit locally for upper management positions to continuously bolster the growth of regional communities. Local managing directors have been appointed for Yakult Group companies in Europe. At Yakult Europe, four out of six of the executive officers are local appointments, and approximately 80% of managerial staff is from the local area.

[Link](#) p. 59 Our commitment to local employment and sourcing

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Improving the working environment for Yakult Ladies

We are developing and introducing systems and equipment to improve the working environment for Yakult Ladies. Specific measures include the introduction of portable terminals to make customer information management tasks more efficient, as well as an online paying-in system allowing the paying-in process to be completed in the sales center without going to a bank. We have also introduced COMS electric vehicles to both reduce CO₂ emissions and make working more efficient.

We will continue to promote the introduction of electric vehicles as a step towards a zero-carbon society, and to make the working environment even more pleasant.



COMS electric vehicle

Supporting Yakult Ladies as employees

In response to Yakult Ladies who wish for stable employment, we have decided to offer Yakult Ladies the option of becoming employees of the company. This will help us to secure human resources who will continue working over the long term. We assume that around 10% of Yakult Ladies will choose to become employees.

Retention of Yakult Ladies

To create an environment where Yakult Ladies can continue working with peace of mind, in May 2017 we launched the Yakult Lady Health Hotline service, allowing Yakult Ladies and their families to consult with outside experts regarding their health concerns free of charge. This service is available to respond to urgent consultations 24 hours a day, seven days a week, and also provides consultations concerning illnesses specific to women. The hotline has received a total of 754 consultations since fiscal 2017, with many inquiries related to symptoms and childcare. From fiscal

2019 we also launched a Nursing Care Consultation Service that offers consultations with qualified social welfare and nursing care professionals free-of-charge over the phone, a Financial Planning Consultation Desk, and money-related seminars for Yakult Ladies offering advice on savings methods from financial planners. We will continue to promote comfortable working environments for Yakult Ladies throughout every stage of their lives.



Money-related seminar

Yakult daycare centers for children

The Yakult Group has been running its own in-house daycare centers for employees' children since the 1970s, and now operates 1,033 centers in Japan (as of March 2021). We promote the operation of safe and secure daycare centers that meet national standards and offer quality childcare by providing our original childcare magazine, as well as training for teachers throughout the country.

To counter the recent severe lack of daycare centers, the Japanese government created the Comprehensive Support System for Children and Child-rearing that aims to provide more childcare support. As of April 2021, 49 Yakult Group daycare centers have received certification through this system and they are all modern and well-equipped. With the certification, we are able to offer improved services like daily meals and the ability to accept children from age zero, leading to a higher level of parent satisfaction. We also contribute to local communities by accepting children that live in vicinities of Yakult daycare centers.

Moving forward, we will continue striving to create daycare centers for children that keep pace with the needs of society and working women.



Safe and secure childcare centers

Pick up! Yakult Ladies in Indonesia

Yakult Ladies are active in countries across the world including Japan. In Indonesia where our sales are steadily growing, the number of Yakult Ladies has reached approximately 10,000, growing 3.5 fold in the past 10 years. Particularly in rural areas, it can be difficult for women to engage in jobs outside the home. In order to support Yakult Ladies to balance their work and family life, we assign them areas that are in the immediate vicinity of their homes, and female employees are continuously present at the offices and home delivery centers to closely follow up on them regarding any questions or concerns they have about sales, as well as their worries at home.



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Governance Report

We 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.

Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (2. Compliance with Social Norms, 3. Transparent Management, 5. Resolute Stand against Antisocial Forces)
- Anti-Corruption Policy
- Tax Policy
- Risk Management Rules
- Production Division Business Continuity Plan
- Raw Material Procurement Risk Management Manual
- Information security rules

Fiscal 2020 legal compliance

In fiscal 2020, there were no violations of laws, regulations or voluntary rules relating to anti-monopoly, unfair competition or bribery. There were also no cases of corruption coming to light nor any cases incurring fines or penalties. Furthermore, there were no major violations of laws, regulations or voluntary rules concerning governance.

[Link](#) Fiscal 2020 targets and achievements

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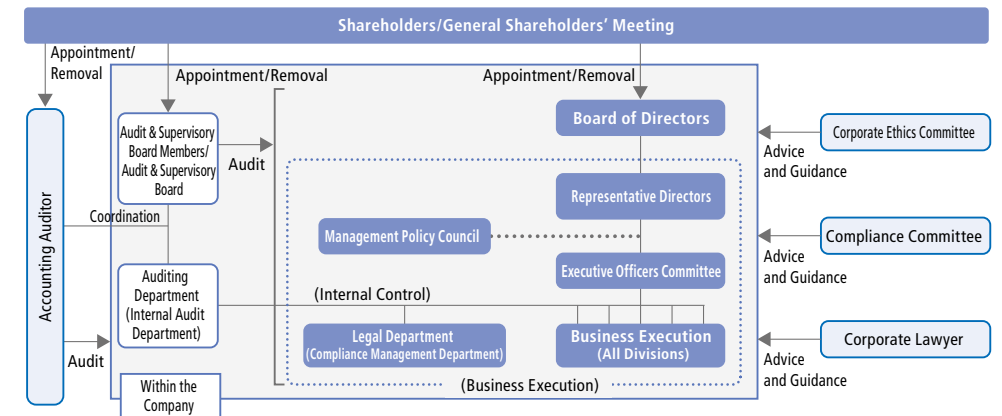
Corporate governance

Governance structure

Since its introduction on June 22, 2011, our executive officer system 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 six Outside Directors, two of

Corporate governance framework



Note: Board of Directors were held eight times by fifteen Directors (including 13 male and two female / 15 Japanese / five independent directors).

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whom are female directors), and the Audit & Supervisory Board is composed of five members (including three Outside Auditors, one of whom is a female auditor).*

The Board of Directors makes decisions or receives reports on matters set out in laws and regulations as well as our own Rules of the Board of Directors; it also oversees the conduct of the Directors and Executive Officers in the performance of their duties. We evaluate the effectiveness of the Board of Directors by conducting a survey of Directors and Auditors every year. We have also put systems into place allowing active and full discussions within the Board of Directors by providing information on specific topics and opportunities for discussion, particularly for Outside Directors.

* As of June 2021

Development of internal control systems

As a corporate group widely trusted by society, we believe it is important to emphasize on enhancing internal control functions for our business management. We have set our fundamental policies for internal control system improvement. These policies will be revised when appropriate to further strengthen and enhance internal control functions in the face of amendments to laws and changes in internal and external business environments.

WEB For details, see Internal Control Systems and Policies:
<https://www.yakult.co.jp/english/ir/management/governance.html>

Compliance with Corporate Governance Code

We are actively working to implement each principle specified in the Corporate Governance Code that went into effect in June 2015, and we will continue striving to increase corporate value by improving governance based on the objective of each principle.

WEB For details, see the Corporate Governance Report:
<https://www.yakult.co.jp/company/ir/management/governance/pdf/governance.pdf> (Japanese)

Outside Directors

Ryuji Yasuda, Masayuki Fukuoka, Naoko Tobe, Katsuyoshi Shinbo and Yumiko Nagasawa maintain objective standpoints independent from our executive management team and provide appropriate oversight of its performance of business duties.

Ryuji Yasuda provides opinions regarding the overall management, based on expert knowledge regarding business strategy that he has accumulated over the years in wideranging positions,

including those of university professor, consultant and business manager.

Masayuki Fukuoka provides objective views to our management, based on his expert knowledge and experience as a university professor specializing in political science studies.

Naoko Tobe and Katsuyoshi Shinbo offer suggestions to our management team from an objective viewpoint based on their wealth of insight, knowledge and experience as lawyers.

Yumiko Nagasawa offers objective comments to our management team based on her expert insights in the field of finance and previous experience as an Outside Director with another company.

Norito Maeda offers advice on enhancing customer service in actual market conditions, based on his long record of managing a Yakult marketing company.

Auditing entities

Internal audits

We have set up the Auditing Department as an organization reporting directly to the President to perform accounting audits, operational audits and internal control system audits that also cover affiliated companies in and outside Japan. Under the department general manager, a 12-person staff uses the COSO framework and other references to perform risk-based internal audits covering the entire operations of each internal department and each affiliated company, and provides specific advice and recommendations for improving operations.

Regarding Group companies outside Japan, every fiscal year we select companies and perform on-site internal audits as in Japan. For internal control system audits, we also perform paper audits to appropriately evaluate the effectiveness of internal control systems for financial reporting.

Audit & Supervisory Board Member audits

Based on the audit policies and audit plans of the Audit & Supervisory Board, the five Audit & Supervisory Board Members audit the operational execution situation of Directors and Executive Officers by attending meetings of the Board of Directors and other important meetings and examining documents related to decision-making and other matters. At the same time, they monitor and verify that appropriate auditing is performed by the accounting auditor. 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

We have appointed Deloitte Touche Tohmatsu to serve as the auditor for accounting and other audits as required by law.

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Remuneration of officers

Because the nature of our business is to contribute to the health and happiness of people around the world, rather than focusing on short-term profits, we believe it is important to create an environment for sustainable growth by continuously promoting Shirota-ism inside and outside the company. As part of this approach, we have adopted a fixed remuneration system, rather than a remuneration system linked to temporary profit fluctuations. We have established a limit of 1,000 million yen per year for remuneration of Directors. Within this limit, it is our basic policy to make decisions taking a variety of internal and external factors into consideration, including the duties of each Director, business performance in the relevant fiscal year, workers' salary level and social climate.

The Board of Directors decides on a basic remuneration system with the duties as Directors or Executive Officers taken into account. The President and Representative Director decides on the specific amount of remuneration for each individual under the delegation of the Board of Directors.

Environmental and social governance

CSR Promotion Committee

The CSR Promotion Committee is chaired by the Divisional General Manager of the Management Support Division (a Senior Managing Executive Officer and Director,* and is made up of Executive Officers from each relevant department. The Committee analyzes and deliberates on the details of the CSR Action Plan, promoting initiatives to tackle environmental and social issues, including climate change. The Committee procedure stipulates that the Management Policy Council, which includes Directors and Auditors, as well as the Executive Officers Committee and the Board of Directors must be consulted about important CSR matters relating to management policy.

The Committee considers a wide range of management issues from the perspectives of corporate social responsibility and sustainability, focusing in its discussions on policies and action plans that address environmental and social issues in particular. In fiscal 2020, it discussed the Yakult Group Environmental Vision and examined the results and the progress of the Yakult Environmental Action Plan as well as issues of business and human rights and of supply chain management. The environmental vision for the next term, titled the Yakult Group Environmental Vision, was agreed after deliberations by the Committee and the Executive Officers Committee.

* As of March 2021

CSR training for managers

We hold annual CSR management seminars for Directors, Executive Officers and other managers, enabling them to obtain the latest information on environmental and social issues from outside experts to bring a CSR perspective and knowledge to management.

Topics of CSR management seminars

Year	Topic
2016	CSR trends in Asia and important points for Japanese companies
2017	CSR, from the basics to the newest trends
2018	Latest trends in ESG (especially climate change)
2019	ESG and corporate management strategies
2020	Corporate ESG strategy from the viewpoint of responsible investment

[Link](#) p. 12 CSR management seminars

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Compliance

Compliance promotion system

Compliance Committee

Our Compliance Committee, established in 2000, is composed of independent outside experts. This committee regularly meets with directors of Yakult Honsha to discuss such themes as the compliance promotion situation of each department. Members provide wide-ranging opinions and recommendations related to overall corporate activities from the perspective of compliance, as well as practical advice regarding the theme of each meeting.

In fiscal 2020, the committee met in September to discuss the status of accounts and finances as well as the current situation of our international business operations, and again in February to discuss the progress of compliance work and the status of internal audits.

Corporate Ethics Committee

Our Corporate Ethics Committee, established in 2002, is primarily composed of independent outside experts. This committee convenes regularly for checking on the implementation status of our corporate ethics activities (such as refusing to engage with organized crime groups). Through oversight by committee members, we work on ensuring our sound management. In fiscal 2020, this committee held a meeting in November.

Compliance Promotion Team and compliance personnel

As the contact points for compliance-related initiatives, we created the Compliance Promotion Team, which is made up of personnel from four departments (the Legal, General Affairs, Human Resources and Auditing Departments). We have also designated compliance personnel within each department, business site and Group company and given them responsibility for checking to ensure that business operations and actions are compliant with regulations and internal standards. When specific concerns arise, compliance personnel make the required responses in communication with the relevant department or business site.

To further promote compliance in each department, business site and Group company, we hold an annual meeting with compliance personnel to provide and share important information on compliance activities.

Anti-corruption

Promoting sound organizational management and fair business practices is extremely important in order to make our corporate philosophy a lasting reality throughout the Group.

The Yakult Group operates in full compliance with the anti-corruption laws, regulations, guidelines and guidance applicable in the countries and regions in which we operate and has put in place our anti-corruption policy based on the Group-wide guidelines for compliance: the Yakult Ethical Principles and Code of Conduct. We comply with all internal rules relating to this policy and the Yakult Ethical Principles and Code of Conduct.

Yakult Group Anti-Corruption Policy

The Yakult Group operates its business under the corporate philosophy of “We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.” It is extremely important to promote sound organizational operations and fair business practices in order to permanently realize this corporate philosophy throughout the group.

To this end, the Yakult Group observes the Yakult Group Anti-Corruption Policy (hereinafter referred to as the “Policy”), the basic policy stipulated based on the Yakult Ethical Principles and Code of Conduct, the group’s compliance rules, and related internal regulations on the premise of compliance with laws, regulations, and guidelines regarding the prevention of corruption in the countries and regions where it conducts its business activities (hereinafter referred to as the “Related Laws and Regulations”).

1. Purpose

The Policy is aimed at preventing corruption throughout the group by stipulating matters all employees of the Yakult Group must comply with in the course of business.

2. Prohibition of corrupt practices

Yakult Group employees*¹ shall not engage in corruption*² (including but not limited to bribery,*³ fraud, embezzlement, extortion, and bid-rigging) or any acts which are prohibited by the Related Laws and Regulations with respect to any counterpart with the purpose of directly or indirectly gaining illegal business profits*⁴ in Japan or abroad.

Further, Yakult Group employees shall not engage in gift-giving or entertainment that deviates from social norms even if it is within the scope that does not infringe Related Laws and Regulations.

3. Record management

Each company of the Yakult Group shall accurately record all of their transactions in accounting ledgers based on facts and store them appropriately.

4. Establishment of corruption prevention mechanism

Each company of the Yakult Group shall establish a mechanism necessary for preventing corruption through activities such as the provision of training, distribution of education materials, and conducting questionnaire surveys for its employees to ensure dissemination of the Policy.

Yakult Group employees shall swiftly report to and consult with the compliance contact of each group company if he or she identifies a matter that violates or may violate the Policy.

An employee of a company which has a whistleblower system may use said system to report matters that violate the Policy.

The companies of the Yakult Group shall not engage in disadvantageous treatment regarding

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an employee who reported a matter that violates or may violate the Policy for reporting the matter. Regarding the operation of a whistleblower system, the employee may make a report anonymously, and the system protects the whistleblower by establishing contacts for whistleblowing in and outside the company and stipulating the confidentiality of reported information and the prohibition of disadvantageous treatment of whistleblowers.

5. Response to violation

If an employee engages in an act that violates the Policy, the Yakult Group company shall take strict disciplinary actions against the person in accordance with working regulations and other rules.

Date: March 30, 2021

- *1 **Yakult Group employees:** Employees in this Policy denotes all, both executives and employees (full-time employees, contract employees, fixed-term employees, temporary staff, and part-timers) who are employed by the Yakult Group.
- *2 **Corruption:** Corruption is defined as the abuse of entrusted power for private gains and includes bribery, fraud, embezzlement, extortion, bid-rigging, insider trading, money laundering, abuse of authority, obstruction of justice, etc.
- *3 **Bribery:** Bribery is defined as offering or receiving gifts, loans, gratuity, rewards, or other profits to or from a person as an incentive for bringing about acts that are unfair, illegal, or in breach of trust in the process of conducting business.
- *4 **Illegal business profits:** The purpose of gaining illegal business profits denotes seeking the contents described below, which cannot be achieved through regular business execution. Note that "business" in the Policy is not limited to sales and sales promotion activities but widely denotes a company's business activities in general.
 - Preferential treatment such as an arrangement that is more advantageous than other companies
 - Placing orders with one's company
 - Offering of administrative information that is usually not accessible such as terms and conditions of tenders and bidding and distribution of subsidies
 - Disturbing other companies' business or acts to denigrate other companies such as postponing or cancelling orders to other companies

Anti-bribery rules

We prohibit, under the Yakult Ethical Principles and Code of Conduct, the offering or receiving of gifts or entertainment directly or indirectly to or from business partners or stakeholders in and outside Japan beyond the boundaries of common sense or social norms. In addition, individual companies both in and outside Japan have their own internal anti-bribery rules and comply with them in the course of business operations.

These anti-bribery rules prohibit employees from offering benefits to public officials or other personnel for the purpose of obtaining illicit gains from operations. Furthermore, the rules clearly set out the requirement that internal approval procedures are followed when offering benefits to public officials to the extent it is legal, and that any breach of these rules would be strictly punished in accordance with the rules of employment.

Internal reporting system

We set up the Yakult Compliance Hotline in 2006 as an internal reporting system for quickly discovering and correcting any violations of laws and internal rules during the execution of business. The system is intended for directors and employees (including contract employees and part-time workers) at Yakult Honsha, Group companies and associations. We have established internal and external (consulting law office) contacts to operate the hotline, and have ensured the protection of whistleblowers through Internal Reporting Regulations that assure the confidentiality of reported information and prohibit the adverse treatment of whistleblowers.

Upon receipt of an internal report, the Compliance Promotion Team investigates the facts, and if the Team determines that there is an issue, the respondent and their superiors are ordered to correct it and take measures to prevent recurrence.

Employees are informed about this system during training for new employees and level-specific training. We also gather feedback from workers by regularly conducting compliance surveys. We have also established internal reporting systems at some Group companies outside Japan, including Guangzhou in China, and Indonesia. At Yakult Mexico, reports are accepted from both inside and outside the company, and can be filed by email from their website.

Use of internal reporting system in the last five years (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Number of uses	8	6	3	3	5

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Compliance awareness activities

Through various activities including compliance training and distribution of a Compliance Guidebook, we are working to raise compliance awareness.

Compliance awareness activities

Compliance training	We regularly organize level-specific compliance training programs for groups of employees from directors and managers to newly hired employees, such as legal workshops for directors (including the President). We held total 24 compliance trainings in the Group in fiscal 2020.
Compliance education materials	We distribute the Group-wide Compliance Guidebook which covers compliance fundamentals to directors and employees. We also publish a quarterly compliance newsletter to boost awareness. In fiscal 2020, we focused on raising awareness of compliance breaches relating to internet use in particular. In December 2020, we created a new animated video designed to increase the understanding of the Act on the Protection of Personal Information, which each employee can access online to gain knowledge of the Act. We also distribute educational materials to raise awareness on refusing to engage with organized crime groups to all Group companies.
Compliance Month	In fiscal 2020, we designated February as Compliance Month and conducted various activities to raise compliance awareness among Group employees. Specifically, a month-long focused campaign of action was held with the aim of raising the awareness and understanding of the Yakult Ethical Principles and Code of Conduct revised in April 2020, in which the employees themselves were encouraged to act in accordance with the Principles and Code.
Compliance surveys	We implement a compliance survey once every three years. In the latest survey in August 2020 we received about 16,000 responses from directors and employees (including contract employees, temporary staff, and part-time workers) of 132 Yakult Group companies across Japan. The results of this survey were reported to the directors including the President, and to representatives of the Group companies. We have also analyzed the survey results and are using this in planning our compliance program.

Protection of intellectual property

We work actively to acquire intellectual property rights (patents, designs, trademarks, etc.) in and outside Japan on new products and technologies, and by using these rights appropriately, we work to maintain and improve our brand value. (Number of patents held in and out of Japan: about 1,000).

In addition, Yakult Honsha centrally manages the intellectual property rights in all countries and regions where the Yakult Group conducts business, thereby creating an optimal intellectual property strategy for the entire Group.

When introducing new products and services, we conduct a careful prior review of third-party intellectual property rights and take appropriate measures to avoid any infringements.

In recent years, we have been building up our monitoring system in collaboration with outside experts particularly for imitation products, which are rapidly increasing overseas. We also conduct employee training on intellectual property to cultivate awareness and respect for the intellectual property rights of third parties.

Compliance within the pharmaceutical business

We actively participate in compliance promotion activities of the Japan Pharmaceutical Manufacturers Association (JPMA) and others. We created the Yakult Honsha Pharmaceutical Business Division Code of Practice as a concrete code of conduct to promote ethically sound and transparent business practices between our directors and employees in the Pharmaceutical Business Division and researchers, medical professionals and patient organizations. As part of this initiative, we publish information about our funding to medical institutions according to the guidelines set by JPMA.

Following the implementation of the Guidelines for Activities Providing Sales Information on Prescription Drugs established by the Ministry of Health, Labour and Welfare, we set up a Sales Information Activities Supervisory Division in 2019 to check the appropriateness of promotional activities and prevent improper ones. We also set up a review and supervisory committee that includes outside experts to check on the status of activities and provide concrete advice for promoting compliance, with the aim of ensuring that the Sales Information Activities Supervisory Division carries out its tasks properly. In fiscal 2020, the committee met in June, September, December and February.

For employees involved in promotional activities, we regularly provide group trainings and e-learning to promote compliance with relevant laws, legal notices, fair competition codes and other regulations during promotional activities.

WEB Initiatives for transparency in our business activities and relationships with medical institutions <https://www.yakult.co.jp/company/transparency.html> (Japanese)

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Compliance in cosmetics business

Employees who sell products to customers at their homes sit the Examination for Direct Selling Instructor annually to obtain the Certification of Training and Registration for the Direct Salesperson to prevent inappropriate activities.

At Yakult Honsha, we also comply with the Guidelines for Cosmetic Advertisements issued by the Japan Cosmetic Industry Association. We take part in workshops, which are held twice a year, and provide editorial oversight on materials produced by our marketing companies to ensure that no inappropriate advertisements are released.

Prohibition of illegal political contributions

When making political contributions as part of our corporate activities, we comply with the relevant laws and regulations such as the Political Funds Control Act, and undergo the proper approval process before contributing. Our expenditure on political contributions in fiscal 2020 was 3 million yen.

Transparency in taxation

Compliance with tax laws and fairness

The Yakult Group operates globally in accordance with our philosophy of contributing to the health and happiness of people around the world. To achieve this aim, it is important to run our organization on a sound footing and ensure that our business practice is fair and just.

In order to ensure full compliance with the taxation laws and regulations of the countries and regions in which we operate, international rules and the Yakult Ethical Principles and Code of Conduct, the Yakult Group has set out our own tax policy.

Yakult Group Tax Policy

The Yakult Group operates its business globally under the corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." The group recognizes that it is extremely important to promote sound organizational operations and fair business practices to realize this corporate philosophy.

The Yakult Group stipulates its taxation policy in the following manner in order to ensure compliance with taxation-related laws and regulations in the countries and regions where it conducts business activities, as well as with international rules and the Yakult Ethical Principles and Code of Conduct.

1. Compliance

The Yakult Group shall adhere to taxation-related laws and regulations in all countries and regions where it conducts business activities and to the spirit of the law. It also respects international rules such as tax treaties and OECD Guidelines in its business activities and shall strive to carry out appropriate tax payments.

2. International frameworks

The Yakult Group understands the purpose of international frameworks including the base erosion and profit shifting (BEPS) project of OECD and aims to ensure transparency in international transactions by complying with the tax systems of each country and region.

3. Transfer price

In international transactions between companies of the Yakult Group, the group shall carry out the transactions appropriately by considering arm's length pricing in accordance with OECD's Transfer Pricing Guidelines.

4. Minimizing taxation risk

The Yakult Group, along with understanding the taxation-related laws and regulations of various countries and regions to minimize taxation risks and uncertainties, shall strive to reduce risks and uncertainties by seeking advice from experts and making prior inquiries to tax authorities when there is anything unclear in taxation-related interpretations.

5. Taxation plan and tax havens

The Yakult Group recognizes that transactions lacking in legitimate business purpose or economic rationality damage tax-related transparency and may impair the trust of the whole group. Based on this view, the group does not use taxation plans or tax havens aimed at tax mitigation.

6. Response to tax authorities

The Yakult Group shall provide appropriate tax-related information to tax authorities in a timely manner and work to build cooperative relationship with them through sincere responses.

Date: March 30, 2021

Tax payment report to the Board of Directors

The Yakult Group's tax payments are periodically reported to the Board of Directors by the principal accounting officer. In addition, we established a system that enables the principal accounting officer to report, and then receive instructions on significant tax payments from the Board of Directors.

In fiscal 2020, our corporate taxes were 15.2 billion yen against the Group's net sales of 385.7 billion yen.

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Risk management

Risk management system

Risk Management Committee

We have established a Risk Management Committee, comprised of Executive Directors and chaired by a Senior Managing Executive Officer and Director, that heads cross-organizational risk auditing and response throughout the Group to prevent risk occurrence.

Management level takes control of risk identification and discusses the various risks as necessary at each meeting (with important matters brought to the Board of Directors and the Management Policy Council, formed of Directors and Auditors) while dealing with them. We then disclose information to shareholders and other stakeholders in our annual securities report.

Risk identification

From fiscal 2021, we have identified 18 risks related to not only weather, climate change, and disasters, but also brand defamation, intellectual property rights, lawsuits, compliance, mergers and acquisitions, financial exchange, information systems, management strategy impact, infectious disease outbreak, ocean plastic, reliance on *Yakult* products, and competitive environment, among others.

Scope of risks

The scope of risk evaluation goes beyond direct operation of Yakult to include raw materials, suppliers and consumers that form both our upstream and downstream value chain. Crossorganizational risk auditing and Group response is handled mainly by the General Affairs Department, while each department handles risk management related to its own operations.

Risk Management Rules

Our top priority is to ensure safety and respect for human life, and we have established our Risk Management Rules accordingly. We have also created individual risk management manuals in case of events such as an earthquake, virus outbreak or product recall. These manuals are updated as necessary to reflect changes or expansions in business, or office moves.

Safety confirmation system

We have introduced a safety confirmation system to efficiently check the safety of our employees when a disaster occurs. Drills are held annually for all employees to master the system operation and improve awareness.

Response during major earthquakes

All employees receive personal disaster supplies and are loaned three days' worth of emergency food rations and drinking water in preparation for a major earthquake. At Yakult Honsha dairy product plants and bottling companies, we have set up an earthquake early warning system* enabling employees to prepare and respond quickly in case of an earthquake.

* Compared to unspecified warnings sent to large numbers of people (via TV, radio, mobile phones, etc.), this system receives forecast information issued for a specific area, providing information quicker and more accurately.

Business Continuity Plan (BCP)

Preserving probiotic strains

At the Yakult Central Institute, in addition to ensuring the safety of our workers, one of our top priorities in an emergency is to preserve the probiotic strains which are key to our dairy products, so we have emergency power supplies which can provide power for around one week.

Procurement

We have developed a Raw Material Procurement Risk Management Manual that details appropriate immediate actions to take during emergencies to secure the raw materials for our dairy products.

Based on this manual, we regularly review and update our emergency call tree of clients and suppliers, the register of suppliers' factories and material transport route maps, and have prepared risk management action plans for disasters caused by storms/floods and earthquakes.

We respond to major incidents as appropriate based on this manual. To disperse material procurement risks and ensure stable supplies, we have moved our material warehouses located in tsunami-risk areas to flood-safe areas, and established new third-party warehouse capacities.

Production

Our Production Division has established and applies its own Business Continuity Plan. In accordance with the Cabinet Office's Business Continuity Guidelines, it sets forth policies, precautions, and emergency coordination and response to continue production of our core dairy products in the case of a natural disaster or critical event that would have a direct and sudden adverse effect on our business operations, as well as our policies on support for communities in an emergency.

In fiscal 2020, as the COVID-19 pandemic spread, people faced severe restrictions on day-to-day living and economic activities. At the same time, food manufacturers were required more than

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ever to continue operating to maintain a stable supply of food as a vital lifeline. We decided to have a more concrete action plan necessary to respond to this demand rapidly, and added a section to the BCP to cover response to infectious disease outbreaks.

Stable pharmaceutical supply

For our pharmaceutical business, in addition to securing at least two months' stock of our products, we have two pharmaceutical distribution centers, one in Eastern Japan and one in Western Japan, to provide a stable supply and diversify risk.

Risk management for logistics management data

In terms of logistics management, we have transferred some of our information assets such as order (received/placed), inventory and shipment data to cloud data centers.

This reduces the risk of system downtime in case of a disaster and minimizes the time required to rectify hardware failures.

Information security

To protect information assets from cyber attacks and other threats, we have established Information Security Rules that define our policy on security measures and the person in charge of information security. The rules stipulate that relevant departments should discuss and quickly implement response measures if our information assets are breached.

To protect the information assets necessary to execute our business, we have installed security software and equipment and use a full arsenal of technologies to prevent unauthorized access, leaks, falsification, loss and damage. We are striving to improve system availability by keeping our servers and data at data centers housed in seismically isolated buildings, performing regular backups and storing the backups at external locations.

For employees using IT equipment while working from home, we provide a security-focused operating environment and have made all employees aware of the rules.

Initiatives in each country and region

Use of backup services outside Japan

In Guangzhou, we use a third-party contractor to provide backup services for our core systems (office automation, human resources and sales) as a risk management measure to ensure uninterrupted operations if a disaster should strike. Currently some backup servers are located at Plant 1 and Plant 2, but given the potential risk of a disaster hitting the same region, we are considering different locations for these servers.

In the Middle East, to prevent information leaks and ensure data is kept appropriately, we have added firewall functions to protect our systems against access from outside. We are also planning to install a backup server to maintain internal server operations, and an inverter in case of unforeseen disruptions such as blackouts.

In Indonesia and the Yakult Group in Europe, we use external cloud backup services to ensure the continuation of business in the event of a disaster or other emergency.

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The Yakult Group's efforts to respond to COVID-19

Under management of the COVID-19 General Response Headquarters we have been working to prevent infection throughout the Group and continue business activities. Our top priority is to ensure the safety of our customers and Yakult Group workers and their families in Japan and overseas. In response to requests from the government and communities, we are working to continue doing business to the extent possible in cooperation with local communities.

Overview of COVID-19 response (February 2020-)

Yakult Honsha COVID-19 General Response Headquarters (Head: President and Representative Director)

Fundamental philosophy (Japan and overseas)

- The safety of Yakult Group workers, their families, and our customers around the world is of top priority
- Based on the demands of national and local governments and the society of each country and region, we comply with laws and work together with local communities to continue operating to the furthest possible extent

Japan

- We deliver products to customers safely based on the government's policy on securing the stable supply of food products under a state of emergency

Overseas

- Having national and local governments of each country and region recognize our products as necessary goods, we put maximum effort into continuing our operations

Specific initiatives

Employees

Groupwide

- Providing face masks, universal mask wearing
- Enforcing hand washing, coughing manners, alcohol-based disinfection, and temperature taking

Yakult Honsha

- Promoting working from home (remote work)
- Implementing flextime
- Voluntary restriction on business trips within Japan and overseas travel
- Voluntary restriction on holding meetings, promoting online meetings
- Voluntary restriction on holding various events and social gatherings, revising how these are held
- Food quality audits performed online
- Third party verification of environmental data performed online

Plants

- Implementing daily health checks (temperature measurement)
- Conducting mental health interviews
- Providing employees *Yakult 1000* for regular consumption

Marketing companies

- Aid in the form of hand soap and rubber gloves
- Recommending delivery methods that avoid close contact (delivery using cool boxes, ordering via Yakult Delivery Net with payment by credit card)
- Providing guidelines in case of an infected person within the company
- Creating guidelines for direct sales workers
- Sharing infection information with marketing company workers and business partners

Yakult Ladies

- Aid in the form of alcohol-based disinfectant sprays and face masks
- Aid in the form of *Yakult 400LT* samples
- Aid in the form of *Lactdew S.E. Lotion* (prevents skin problems caused by mask wearing)
- Special relief payment
- Providing support for cooling face masks and sunscreens
- Creating guidelines for Yakult Ladies
- Creating a checklist of COVID-19 measures on the Safety and Security Clinic, a website for Yakult Ladies dedicated to a safe and secure delivery service

Customers and local communities

- Providing products and relief supplies to nursing homes, schools, children's clubs, community centers, and retailers
- Exercises to cheer up nursing home residents
- Support for daily living assistance services for seniors
- Collaboration with charitable organizations
- Starting online plant tours
- Cancellation of Research Institute tours

Healthcare, government institutions, and others

Healthcare institutions

- Providing medical masks
- Providing products and relief supplies
- Deepening understanding of *Yakult's* evidence

Government institutions

- Getting Yakult products recognized as daily necessities (providing scientific evidence, such as joint international research results)
- Donating face masks and protective clothing to local governments and authorities (China)
- Charity support (Shanghai Charity Foundation: 48 million yen)

Others

- Providing products to healthcare and government institutions, police, etc. (outside Japan)

Examples of initiatives outside Japan



Film showing in tents outside vehicles (Indonesia)



Donating Yakult products continually to hospitals (Middle East)



Donating Yakult products to medical institutions and government departments (Guangzhou)



COVID-19 guidelines for Yakult Ladies (Thailand)

- (1) Wear face masks at all times
- (2) Always wash hands
- (3) Take temperature before going to work
- (4) Social distancing
- (5) Keep sales materials clean
- (6) Take time off work if feeling unwell

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Third-party opinion

This is a good report throughout that clearly reflects the Yakult Group 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." Each section reporting on environmental and social activities features a message from the head of that division, and it is highly commendable to have this commitment from top management.

The Yakult Group's CSR initiatives have progressed rapidly over the past year. First and foremost, the Group signed the UN Global Compact (UNGC) this fiscal year, declaring support for the four areas and 10 principles of the compact. At the same time, they identified six CSR materiality themes for the company and also indicated how the themes are related to the Sustainable Development Goals (SDGs). It could be said that, through this series of actions, the Yakult Group has established a structure for the sustained promotion of CSR at a global standard.

Second is the establishment of the Yakult Group Environmental Vision in March 2021. Within this they have set forth their ideal vision for 2050, and specified a goal of net-zero greenhouse gas emissions throughout the value chain. They have additionally established Environmental Targets 2030 and Environmental Actions (2021-2024), and officially set targets related to climate change, plastic containers and packaging, and water. Considering the shifts in international society, it is absolutely wonderful that the Group has set forth a vision for net-zero carbon ahead of other companies. I find the Yakult Group's sincere position on social responsibility very laudable.

Third, the Group has selected "strengthen initiatives addressing environmental issues for sustainable growth" as one of six key themes for "take on the challenge of innovation," the basic policy of the medium-term management plan (2021-2024) that was established based on the Yakult Group Global Vision 2030 launched in June 2021. The world is currently facing a number of challenges including poverty, environmental destruction, conflict and gender inequality, and as society's demands on companies become more sophisticated and diverse, it will be essential to incorporate solutions for social and environmental issues into the Group's core business to ensure sustainable growth. It is most important for a company's CSR engagement that these efforts are incorporated into its management plan, making it thus extremely significant for the future of the Yakult Group's CSR that further addressing environmental issues has been selected as one of these pillars. I hope this will be the impetus for even greater development of Yakult's already well-established environmental initiatives.



Mika Takaoka
Professor
College of Business
Rikkyo University

Additionally, according to the report's section on social activities, the Group has begun holding human rights due diligence meetings in 2021 and is laying the groundwork for a human rights due diligence framework that will be implemented in the next fiscal year. Yakult is a global corporate group that sells products in 40 countries and regions, including Japan. I hope they fulfill their social responsibility in each country and region by addressing human rights issues, setting high targets and working towards them with a sense of urgency.

In conclusion, I feel that the Yakult Group's CSR engagement has risen two or three levels in this fiscal year. I'd like to suggest the establishment of an action plan within the next fiscal year for the materiality themes of innovation, value co-creation with communities, and supply chain management. For climate change, I also recommend establishing a 2050 net-zero vision road map. According to this report, 2020 scope 3 emissions in Japan were around 5.7 times that of scopes 1 and 2 combined, so the Group needs to be specific about how they intend to reduce emissions. Integrating a 2050 net-zero carbon road map into management strategy would improve the Group's prestige, so I hope they consider it.

Response to third-party opinion

We deeply appreciate this valuable feedback on our Yakult CSR Report 2021.

We are delighted to receive a positive assessment for our participation in the UN Global Compact international framework as well as the incorporation of CSR perspectives into our management plan, both of which were issues highlighted by Prof. Takaoka last year.

The Yakult Group has established our Environmental Vision for a sustainable society, and is aiming to realize a value chain with zero environmental impact. As Prof. Takaoka has proposed, we will consider establishing a concrete road map for net-zero greenhouse gas emissions by 2050 as part of our management strategy.

We will continue proactively pursuing our CSR activities to achieve our goal of uniting both "people and planet as one."



Masao Imada
Director and Managing
Executive Officer
Divisional General
Manager, Management
Support Division

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ESG data

External evaluation

ESG investment indices

Yakult Honsha Co., Ltd. has been selected for inclusion in the global ESG investment indices FTSE4Good Index Series, FTSE Blossom Japan Index and S&P/JPX Carbon Efficient Index.



FTSE4Good



FTSE Blossom



Evaluation from external organizations



第2回 日本サービス大賞
経済産業大臣賞

External awards

Date	Award	Details
September 2020	Japan Society of Nutrition and Food Science (JSNFS) Award for Achievement in Technological Research (2020)	Awarded for research into culture techniques yielding a high count and high density of <i>lactobacillus casei</i> strain Shirota and investigation of novel health applications of gut-brain interaction.
September 2020	Awarded "Diamond Company Award"	Yakult China was recognized for its safe and secure production system, temperature-controlled logistics process management, information on health for consumers, and health-related lectures that explain the importance of a good diet.
October 2020	Ibaraki Labor Bureau Director's Awards: Excellence for workplace safety and hygiene	The Ibaraki Plant was recognized as an excellent workplace serving as a model to others, particularly for its long record of staying accident free and its efforts to reduce hazards and promote health in the workplace.
October 2020	"Top Brand Award" in the Functional Beverages category for the third consecutive year	In a survey of consumers by the monthly "Yi Magazine" published by Yicai Media Group, China's leading publisher of financial information, many consumers highly rated Yakult China for its continued stable supply of safe and delicious products with health benefits, its contribution to developing the field of probiotics, and its efforts to raise consumer awareness on health through health-related lectures and dispatch of guest lecturers.
February 2021	Kanto Bureau of Economy, Trade and Industry Chairman's Awards: Energy Management Excellence for Businesses (2020)	The Yakult Central Institute was recognized for improving its energy intensity by an average of 2.6% per year from 2015 to 2019, as a result of continuous efforts to promote energy saving.

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Environmental

Status of certification

Status of ISO 14001 Environmental Certification

	Certified sites	Certification rate
Yakult Honsha plants, bottling companies (12 sites in total)	12	100%
Yakult Central Institute	1	100%
Marketing companies in Japan (101 in total)	12*	11.9%
Plants outside Japan (27 sites in total)	5	18.5%

* Includes branches that have acquired the certification

CO₂

CO₂ emissions from logistics

Fiscal year	2016	2017	2018	2019	2020
Logistics subsidiary CO ₂ emissions (t-CO ₂)	6,210	5,673	5,004	5,033	4,843
Others CO ₂ emissions (t-CO ₂)	9,921	10,339	10,485	10,487	10,902

Introduction of environment-friendly sales equipment

Item	Number introduced				
	2016	2017	2018	2019	2020
Route delivery trucks with internal container collection spaces	92	73	96	79	72
Route delivery trucks with roof-mounted container collection kits	9	6	4	3	2
Empty container collection boxes for vending machines	406	366	329	303	311
Heat-pump-type vending machines (incl. hybrid heat-pump-type ones)	972	999	825	962	846
Overhauled vending machines	220	126	96	89	34
Electric vehicles (COMS)*	360	206	142	47	87

* Cumulative total number introduced: 1,703 (as of March 2021)

CO₂ emissions and CO₂ emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2016	2017	2018	2019	2020
CO ₂ emissions (fuel-related, Scope 1) (t-CO ₂)	19,798	20,144	19,936	20,198	20,435
CO ₂ emissions (electric power-related, Scope 2) (t-CO ₂)	33,465	33,190	32,382	32,154	31,876
CO ₂ emissions per production unit (kl / 1,000 items)	0.0148	0.0143	0.0143	0.0146	0.0142

Note: CO₂ emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Trends in energy use per production unit by Yakult Honsha Plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2016	2017	2018	2019	2020
Crude oil equivalent (fuel-related, Scope 1) (kl)	9,786	9,957	9,850	9,987	10,097
Crude oil equivalent (electric power-related, Scope 2) (kl)	20,260	20,088	19,602	19,456	19,282
Energy use per production unit (kl / 1,000 items)	0.0084	0.0081	0.0080	0.0082	0.0080

Note: When doing calculations per production unit, crude oil equivalents are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Scope 3 emissions (Fiscal 2020)

Category	Applicable Y/N	Calculation method or reason not applicable	Calculated result (t)
1 Purchased goods and services	Y	Calculated using cost of purchased packaging materials and raw ingredients for Yakult dairy products, pharmaceuticals and cosmetics, purchase price of soft drink, pharmaceutical and cosmetic products, and volume of municipal water use and wastewater.	230,317
2 Capital goods	Y	Calculated using increase in fixed assets for the year from the annual securities report.	23,014
3 Fuel- and energy-related activities not included in scopes 1 or 2	Y	Calculated using electricity and energy use volume also used in scope 1 and 2 calculations.	13,870
4 Upstream transportation and distribution	N	Logistics subsidiaries are covered in scopes 1 and 2. Emissions from upstream procurement logistics are included in scope 1 and 2 calculation, and we therefore have no significant emissions to calculate in this category.	—
5 Waste generated in operations	Y	Calculated using weight of waste produced at each business site.	176
6 Business travel	Y	Calculated using number of employees.	464
7 Employee commuting	Y	Calculated using number of employees at each business site.	1,059
8 Upstream leased assets	N	Volumes of energy use by upstream leased assets are all included in scopes 1 and 2, and we therefore have nothing to calculate in this category.	—
9 Downstream transportation and distribution	Y	We have insufficient information on downstream distribution from logistics bases, and distribution to consumers or stores, making it therefore currently difficult to calculate.	—
10 Processing of sold products	N	Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we have no partially-finished products that are later processed. We therefore have no processing-related emissions.	—
11 Use of sold products	N	Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we therefore have no use-related emissions.	—
12 End-of-life treatment of sold products	Y	Calculated using the weight of packaging materials for food (dairy products, soft drinks), pharmaceutical and cosmetic products.	14,985
13 Downstream leased assets	Y	Calculated using vending machine energy consumption.	19,144
14 Franchises	N	We are a manufacturer of food, pharmaceutical and cosmetic products, and do not offer franchising. We therefore have no emissions related to this category.	—
15 Investments	N	We are a manufacturer of food, pharmaceutical and cosmetic products, and have no business for the purpose of investment. This category is for financial businesses, and we have no emissions related to this category.	—
Total			303,029

Note: Yakult Honsha (including logistics) and five bottling companies calculated in scope

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Containers and packaging

Container and packaging obligatory recycling volume

Container and packaging type	Obligatory recycling volume (t)				
	2016	2017	2018	2019	2020
Glass bottles	330	311	281	266	240
PET plastic bottles	99	72	52	33	26
Plastic containers and packaging	5,454	5,401	5,795	5,894	5,157
Paper containers and packaging	108	92	90	91	90
Total	5,991	5,876	6,218	6,284	5,513

Water

Water used at Yakult Honsha plants and bottling companies and use per production unit

Fiscal year	2016	2017	2018	2019	2020
Yakult Honsha plants water use (1,000m ³)	1,377	1,335	1,237	1,225	1,200
Bottling companies water use (1,000m ³)	507	499	449	438	450
Water use per production unit (m ³ / 1,000 items)	0.526	0.493	0.462	0.469	0.457

* Water use per production unit is calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Water risk assessment in areas with production bases (WRI Aqueduct: Baseline Water Stress-Total, Overall water risk)

Risks	No. of production bases	
	Japan	Overseas
Extremely High (4-5)	0	1
High (3-4)	0	10
Medium - High (2-3)	4	8
Low - Medium (1-2)	7	8
Low (0-1)	1	0
Total	12	27

* Baseline Water Stress (Total, Overall water risk)

Water risk survey cost

Fiscal year	2017	2018	2019	2020
Cost (10,000s of yen)	0	90	120	0

Waste

Trend in waste generated at Yakult Honsha plants and bottling companies

Fiscal year	2016	2017	2018	2019	2020
Yakult Honsha plants waste generated (t)	1,658	1,528	1,538	1,748	1,658
Bottling companies waste generated (t)	854	842	812	809	878
Waste generated per production unit (kg / 1,000 items)	0.713	0.657	0.663	0.732	0.711

* The amount of waste generated per production unit is calculated using data of bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

Waste generated and recycling rates by waste type at Yakult Honsha plants and bottling companies

2020	Waste Amount (t)	Recycled Amount (t)	Recycling Rate (%)
Sludge	869.74	869.74	100.00
Paper waste	424.86	424.45	99.90
Waste plastic	858.68	853.38	99.38
Scrap metal	275.18	267.83	97.33
Vegetable residues	18.22	15.17	83.23
Glass fragments	5.15	5.07	98.49
Cinders	60.23	50.23	83.39
Oil	17.18	17.16	99.88
Wood chips	1.00	0.99	98.90
Rubber waste	2.67	2.67	100.00
Others	2.95	2.95	100.00
Total	2,535.87	2,509.64	98.97

Food loss and waste recycling results (Fiscal 2020)

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
1,065.4	1,041.5	97.8	Fertilizer, animal feeds, etc.

Management of chemical substances

Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) (Fiscal 2020)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	110	0	110	○	○
Methanol	260	14	250		
Sulfuric acid	390	0	0		

Note 1: Subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation.
 Note 2: The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc. The figures stated above were reported to the government and Tokyo officials.

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Business site reports for each region*1

Regions	Countries and Regions	Plant	CO ₂ emissions (t)	Electric power used (1,000 kWh)	Electricity usage per production unit (per filled kl)	Fuel used (kl)	Crude oil equivalent of fuel usage per production unit (per filled kl)	Water intake (m ³)	Water usage per production unit (per filled kl)	Waste generated (t)
Asia and Oceania	Japan	Japan plants (total)	55,187	77,182	—	10,096.7	—	1,650,842	—	2,535.87
	Taiwan	Zhongli Plant	8,453	9,844	0.403	1,256.3	0.0514	171,528	7.0246	25.30
	Hong Kong	Tai Po Plant	4,347	4,799	0.290	267.3	0.0162	58,499	3.5374	125.00
	Thailand	Bangkok Plant*2	4,810	8,442	0.299	255.9	0.0091	171,880	6.0967	97.10
		Ayutthaya Plant	5,054	9,431	0.319	145.8	0.0049	180,873	6.1180	0.00
	South Korea*3	Pyeongtaek Plant	7,959	9,695	0.251	884.9	0.0229	198,400	5.1343	—
		Nonsan Plant Cheonan Plant								
	Philippines	Calamba Plant*4	8,967	11,720	0.130	1,158.6	0.0129	526,102	5.8380	436.09
	Singapore	Singapore Plant	1,608	2,632	0.325	138.8	0.0172	35,556	4.3964	71.90
	Indonesia	Sukabumi Plant	10,676	11,423	0.173	746.1	0.0113	209,773	3.1720	0.00
		Surabaya Plant	15,257	16,266	0.169	1,082.7	0.0113	242,455	2.5232	0.00
	Australia	Australia Plant*4	1,854	1,794	0.278	217.8	0.0337	27,595	4.2726	31.25
	Malaysia	Malaysia Plant*2	4,165	4,842	0.404	476.6	0.0398	105,173	8.7723	8.00
	Vietnam	Vietnam Plant	2,739	4,677	0.290	479.2	0.0297	98,667	6.1127	9.50
	India	Sonipat/Rai Plant	2,530	2,452	0.522	415.6	0.0884	56,461	12.0150	16.30
	Myanmar	Myanmar Plant	266	1,443	3.351	123.8	0.2876	21,995	51.0807	8.28
	China	Guangzhou Plant 1	Guangzhou Plant 1	6,935	8,616	0.246	528.4	0.0151	167,571	4.7797
Guangzhou Plant 2			11,420	12,606	0.281	1,258.0	0.0280	184,824	4.1208	246.38
Shanghai Plant			6,506	6,790	0.309	452.2	0.0206	101,127	4.6005	73.64
Tianjin Plant (Including Plant 2)			23,090	17,823	0.276	1,544.1	0.0239	415,018	6.4227	212.18
Wuxi Plant (Including Plant 2)			22,288	21,697	0.300	2,226.2	0.0307	364,703	5.0354	52.80
Foshan Plant			9,099	9,767	0.431	1,371.0	0.0604	276,450	12.1875	34.87
Americas	Brazil	Lorena Plant	5,741	18,150	0.415	2,044.9	0.0468	355,891	8.1445	483.32
	Mexico	Ixtapaluca Plant	8,642	12,860	0.165	1,059.5	0.0136	261,283	3.3594	57.60
		Guadalajara Plant	5,596	7,880	0.265	762.1	0.0256	106,110	3.5660	61.20
United States of America	California Plant	1,055	3,739	0.268	549.7	0.0394	124,792	8.9556	25.72	
Europe	The Netherlands	Almere Plant	2,291	1,529	0.094	843.0	0.0519	58,144	3.5801	375.00
Total			236,535	298,099	0.251	30,385.2	0.0230	6,171,712	5.1343	5,086.30

*1 CO₂ emissions calculated using value from the Japan Electrical Manufacturers' Association, while crude oil equivalent of fuel usage calculated using value from the Energy Conservation Act

*2 Values for Thailand's Bangkok Plant and the Malaysia Plant include recyclables

*3 Korea Yakult Co., Ltd. values are estimates calculated based on a proportion of volume filled Yakult

*4 Values for the Philippines' Calamba Plant and the Australia Plant are estimates based on production volume

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Japan business site reports

*1 As of March 2021

*2 City gas and LPG are the predominantly used fuels.

Fukushima Plant

Location: 10-1 Aza Tooki, Kuroiwa, Fukushima-shi, Fukushima, 960-8520
 Site area: 32,528 m²
 Products*1: Concentrated Yakult, Sofuhl, Cup de Yakult, Mil-Mil, Mil-Mil S

Our top priority is providing safe and reliable products. Through initiatives such as cleanup activities and plant festivals, we aim to coexist in harmony with the local community. We have also worked to reduce environmental impacts and CO₂ emissions by reducing energy usage.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
165	1,424	7,541	324	6,663	0.000	6.677	2.932

Ibaraki Plant

Location: 1232-2 Oaza Kawatsuma, Goka-machi, Sashima-gun, Ibaraki 306-0314
 Site area: 56,191 m²
 Products*1: Concentrated Yakult, Mainichi Nomu Yakult, Yakult W

We held a recycling fair where all plant employees could bring unwanted books, DVDs, appliances and other items. Participation was higher than expected, and it served as a good opportunity to promote recycling.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
158	865	4,575	154	3,764	0.000	0.181	1.310

Fuji Susono Plant / Fuji Susono Pharmaceutical Plant

Location: 653-1 Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105
 Site area: 192,738 m²
 Products*1: Concentrated Yakult, Joie, Aloe Yogurt, Daily Iron & Folic Acid Yogurt, quasi-drug products, pharmaceutical products, active pharmaceutical ingredients

Although plant tours and local events were cancelled due to COVID-19, we held local cleanup activities to help protect the environment. We strove to create a pleasant working environment through efforts such as encouraging the use of annual paid leave, and improving all areas employees had apprehensions about. We also complied with regulations related to product manufacturing, and strove to improve product quality standards and labor compliance.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
431	2,366	16,476	722	12,116	0.000	0.321	1.075

Hyogo Miki Plant

Location: 1838-266 Aza Nakao, Toda, Shijimi-cho, Miki-shi, Hyogo 673-0514
 Site area: 80,874 m²
 Products*1: Concentrated Yakult, Sofuhl, Mil-Mil, BF-1, Pretio

To promote work-life balance, we set targets for days of annual paid leave used, and met them in fiscal 2020. For human resources development, we proactively run on- and off-the-job training to promote employees growth. We also held human rights-related training and strove to create a pleasant working environment for employees.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
272	2,850	9,096	277	8,593	0.000	3.350	5.618

Saga Plant

Location: 2300 Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002
 Site area: 25,238 m²
 Products*1: Concentrated Yakult, Mil-Mil S

We have installed an elevator in the office cafeteria building, better preparing us to hire people with disabilities in the future. Moving forward, we will continue to improve working environments and promote initiatives for diversity.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
159	911	4,478	155	3,626	0.000	37.612	2.491

Shonan Cosmetics Plant

Location: 2-5-10 Kugenumashinmei, Fujisawa-shi, Kanagawa 251-0021
 Site area: 4,394 m²
 Products*1: Basic skin-care products including PARABIO and REVECY

During the spread of COVID-19, we took necessary steps to prevent infection in order to continue production. We also established medium and long-term initiatives related to cosmetics containers and packaging. We engaged in risk management by establishing a business continuity plan related to measures in the case of flooding.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
14	35	542	25	316	0.000	3.162	0.000

Yakult Central Institute

Location: 5-11 Izumi, Kunitachi-shi, Tokyo 186-8650
 Site area: 43,412 m²
 * For main research areas and fields, see p. 46.

As a result of installing new equipment, improving the thermal insulation of existing steam pipes, changing HVAC systems operations, and reducing the water temperature for air conditioning, we have improved our five-year average energy consumption. These initiatives were recognized by the Ministry of Economy, Trade and Industry with the Kanto Bureau of Economy, Trade and Industry Director-General's Award in Energy Management Excellence for Business in Fiscal 2020.

Water intake (1,000 m ³)	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO ₂ (t)	SOx (t)	BOD (t)	NOx (t)
61	817	17,336	94	9,503	0.000	0.826	0.249

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Social

Working with local communities

Community investment (social contribution activities)

Fiscal year	2016	2017	2018	2019	2020
Amount invested (10,000s of yen)	397	332	467	620	450

Product safety

Certifications acquired for product quality

(As of March 2021)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	OHSAS 18001	SQF
Yakult Honsha plants, bottling companies in Japan (10 dairy product plants)	*1	10	*1					
Marketing companies in Japan (101 in total)		12*2	1					
Plants outside Japan (27 locations in total) ^{*3}	21	10*3	7	3	9	8	2*4	2

*1 Japan's Act on the Partial Amendment of the Food Sanitation Act in 2018 means that business operators are required to implement hygiene management in line with HACCP. Our Yakult Honsha dairy product plants and bottling companies (10 plants) are in the process of acquiring ISO 22000 certification, and should be certified by October 2021.

*2 Includes branches that have acquired the certification

*3 Includes one marketing company

*4 Acquisition rate at plants both in and outside Japan: 5.4%

Human resources

Training

Fiscal year	2016	2017	2018	2019	2020
Compliance workshops	26 sessions	104 sessions	68 sessions	32 sessions	24 sessions
Human rights awareness training (Training for new employees)	1 session 64 participants	1 session 84 participants	1 session 104 participants	1 session 117 participants	1 session 90 participants
Human rights awareness training (Diversity training for newly appointed managers)	1 session 24 participants	1 session 26 participants	2 sessions 48 participants	3 sessions 70 participants	1 session 30 participants
Information security training (e-learning programs)	1 session 2,489 participants	1 session 2,482 participants	1 session 2,436 participants	1 session 2,221 participants	1 session 2,610 participants

Hours of training time and cost per person (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Training time (hours) per person	44,691.25	39,523.95	35,111.20	40,304.90	16,217.16
Training costs (yen) per person	15.09	13.88	12.21	13.99	5.64
Training time (total)	22,560	18,702	19,035	21,274	12,900

Note: Figures for fiscal 2020 are lower than previous years due to the COVID-19 pandemic

Human resources data for Yakult Honsha

Fiscal year	2016	2017	2018	2019	2020
Regular employees	2,699	2,699	2,714	2,701	2,679
Male	2,071	2,057	2,049	2,012	1,968
Female	628	642	665	689	711
Full-time contract employees	161	149	162	181	195
Male	144	132	125	141	152
Female	17	17	37	40	43
Female employee ratio (%)	22.6	23.1	24.4	25.3	26.2
Ratio of non-regular employees (%)	12.5	12.3	11.8	11.6	12.3
Average age (years)	41.9	42.1	42.2	42.1	42.4
Male	42.9	43.1	43.2	43.3	43.3
Female	38.3	38.6	38.8	38.8	39.1
Average length of service (years)	18.2	18.3	18.3	18.3	18.4
Male	19.3	19.4	19.5	19.5	19.6
Female	14.4	14.6	14.3	14.5	14.9
Average wage for 30-year-olds (yen / month)	359,200	359,200	359,200	359,200	359,200
Number of newly hired	64	74	93	103	84
Male	41	42	53	59	51
Female	23	32	40	44	33
Mid-career recruitment ratio (%)	20.0	20.4	14.7	10.4	8.7
New graduates' retention rate after three years (%)	92.3	95.1	97.6	95.7	96.2
Overall turnover rate (%)	1.9	1.6	1.5	2.0	1.2
Male	1.4	1.0	1.3	1.9	1.1
Female	3.7	3.5	2.2	2.5	1.4
Turnover rate for personal reasons (%)	1.7	1.6	1.4	1.7	1.1
Total working hours	1,862.2	1,859.1	1,856.1	1,828.7	1,819.9

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Yakult Group companies outside Japan (As of December 2020)

	Total	Male	Female	Management staff*	Female management staff*	Japanese officers	Non-Japanese officers	Japanese management staff*	Non-Japanese management staff*	Ratio of non-regular employees (%)	Turnover rate for regular employees – total (%)	Turnover rate for regular employees – male (%)	Turnover rate for regular employees – female (%)	Turnover rate for regular employees for personal reasons (%)
Asia / Oceania	18,874	13,290	5,584	1,203	295	9	47	10	1,164	3.74	10.9	8.2	2.8	10.1
The Americas	5,813	3,698	2,115	208	82	3	9	1	207	0.05	11.5	7.3	4.4	3.7
Europe	188	101	87	26	12	1	6	0	26	3.19	10.9	4.2	6.7	2.5
Total	24,875	17,089	7,786	1,437	389	13	62	11	1,397	2.87	11.1	7.9	3.2	8.4

* Management staff are those at manager level and above

Number and ratio of female managers (Within Yakult Honsha and business sites outside Japan)

Fiscal year	2016	2017	2018	2019	2020
Japan: Number of female managers	44	45	47	52	57
Japan: Ratio of female managers (%)	6.0	6.2	6.3	6.7	7.2
Overseas: Ratio of female managers (%)	22.0	24.8	25.4	24.7	27.1

Rate of employees with disabilities (Within Yakult Honsha and business sites outside Japan)

Fiscal year	2016	2017	2018	2019	2020
Japan: Rate of employees with disabilities (%)	2.11	2.00	2.15	2.22	2.27
Japan: Statutory target employment rate (%)	2.0		2.2		2.2
Overseas: Rate of employees with disabilities (%)*	-	-	-	0.60	0.60

* Disability is defined according to the standards set in each country and region

Rate of continuous employment at retirement age (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Number of persons at mandatory retirement age	33	52	57	83	73
Number of persons in continuous employment at Yakult Honsha	21	34	38	60	47
Number of continuous workers who transfer to another company	6	9	9	7	13
Number of persons who choose to retire	6	9	10	16	13
Rate of continuous employment* (%)	81.8	82.7	82.5	80.7	82.2

* Including those persons who have transferred to another company

Annual paid leave usage rate and average overtime hours per month (per person) (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Annual paid leave acquisition rate (%)	58.9	58.8	70.9	76.9	71.7
Average overtime hours (per month)	8.9	8.5	10.5	10.7	8.1

Shirota-ism Workshops: Numbers of workshops and participants (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Number of workshops	18	17	18	18	11
Participants	425	383	435	470	269

* Figures for 2020 are lower than previous years because training schedules were reduced due to the COVID-19 pandemic

Number of employees taking parental leave (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Male employees (number of people/utilization rate*)	12 10.7%	8 8.7%	9 9.3%	18 19.6%	10 15.9%
Female employees (number of people/utilization rate)	36 100%	40 100%	36 100%	37 100%	26 100%

* Rate of male employees taking parental leave: Number of male employees taking parental leave divided by the number of male employees whose spouse has given birth

Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020	Whole industry average**3
Work accident frequency rate*1	0.35	0.53	1.06	1.39	0.20	1.95
Work accident severity rate**2	0.0081	0.0219	0.0109	0.0137	0.0020	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 (2020)

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Governance

Corporate governance

Organization

Fiscal year	2017	2018	2019	2020	2021
Type of organization	Company with Audit & Supervisory Board	Company with Audit & Supervisory Board	Company with Audit & Supervisory Board	Company with Audit & Supervisory Board	Company with Audit & Supervisory Board
Directors	15	15	15	15	15
Including: Outside Directors	4	5	5	5	6
Including: Independent Directors	2	2	3	3	5
Including: Female Directors	0	0	1	1	2
Directors' term of office (years)	1	1	1	1	1
Chair of Board of Directors	President	President	President	President	President
Auditors	7	7	7	5	5
Including: Outside Auditors	5	5	5	3	3
Including: Independent Auditors	2	2	2	2	2
Including: Female Auditors	1	1	1	1	1
Auditors' term of office (years)	4	4	4	4	4

* As of September 2021

Frequency of meetings

Fiscal year	2016	2017	2018	2019	2020
Board of Directors	7	7	7	7	8
Outside Directors' attendance rate at Board of Directors (%)	76.90%	62.50%	100%	97% *	100%
Audit & Supervisory Board	7	7	7	7	8
Audit & Supervisory Board Members' attendance rate at Audit & Supervisory Board (%)	100%	100%	100%	100%	100%
Outside Auditors' attendance rate at Audit & Supervisory Board (%)	100%	100%	100%	100%	100%
Compliance Committee	2	2	2	2	2
Corporate Ethics Committee	1	1	1	1	1
CSR Promotion Committee	2	2	2	2	2
Plastic Recycling Promotion Committee	-	-	-	2	2

* For unavoidable reasons, one outside director was absent from one Board of Directors meeting

Number of audit reports

Fiscal year	2016	2017	2018	2019	2020
Internal audits	7	7	7	7	8
Audit & Supervisory Board Member audits	7	7	7	7	8
Accounting audits	4	4	4	4	4

Remuneration of officers

Fiscal year	2016* ¹	2017* ²	2018* ³	2019* ⁴	2020* ⁵
Remuneration of Directors	690 million yen to 17 Directors (Including 33 million yen to 5 Outside Directors)	654 million yen to 17 Directors (Including 33 million yen to 4 Outside Directors)	654 million yen to 17 Directors (Including 41 million yen to 6 Outside Directors)	614 million yen to 17 Directors (Including 50 million yen to 5 Outside Directors)	603 million yen to 15 Directors (Including 55 million yen to 5 Outside Directors)
Remuneration of Auditors	118 million yen to 8 Auditors (Including 34 million yen to 6 Outside Auditors)	118 million yen to 7 Auditors (Including 36 million yen to 5 Outside Auditors)	118 million yen to 7 Auditors (Including 36 million yen to 5 Outside Auditors)	118 million yen to 7 Auditors (Including 36 million yen to 5 Outside Auditors)	105 million yen to 9 Auditors (Including 33 million yen to 6 Outside Auditors)

*1 Amount of remuneration of Directors and Auditors in the 65th business report
 *2 Amount of remuneration of Directors and Auditors in the 66th business report
 *3 Amount of remuneration of Directors and Auditors in the 67th business report
 *4 Amount of remuneration of Directors and Auditors in the 68th business report
 *5 Amount of remuneration of Directors and Auditors in the 69th business report

Compliance

Use of internal reporting system in the last five years (Yakult Honsha)

Fiscal year	2016	2017	2018	2019	2020
Number of uses	8	6	3	3	5

Risk management


BCP drill participation rate

Fiscal year	2016	2017	2018	2019	2020
Participation in BCP safety confirmation system drills (response to email) (%)	99.0%	98.5%	98.4%	98.7%	98.9%

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Independent Assurance Report





Independent Assurance Report

Mr. Hiroshi Narita
President and Representative Director
Yakult Honsha Co., Ltd.

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in relation to Yakult Honsha Co., Ltd. (hereafter "the Company") in order to provide an opinion as to whether the subject matter information ("FY2020 Environmental and Social Data Report" (period: 1 April 2020 to 31 March 2021)) of the Company meets the criteria in all material respects.


- Subject Matter Information and Criteria**
The subject matter information for our assurance is "a report on GHG Emissions, Environmental and Social Performance Data (shown in APPENDIX)" covering the operations and activities of the Company, its consolidated companies in Japan (five domestic bottling subsidiaries) and Specified Consigners described in "FY2020 Environmental and Social Data Report" (period: 1 April 2020 to 31 March 2021).
The criteria for preparing subject matter information is "GHG Calculation Procedure (Ver.2.0)", "FY2020 Scope 3 GHG Emissions Calculation Procedure", "Environmental Performance Data Calculation Rule (Ver.2.0)" and "Social Performance Data Calculation Rule".
- Management Responsibility**
"FY2020 Environmental and Social Data Report" (period: 1 April 2020 to 31 March 2021) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.
The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that "FY2020 Environmental and Social Data Report" (period: 1 April 2020 to 31 March 2021) is free from material misstatement whether due to fraud or error.
- Assurance Practitioner's Responsibility**
The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.
SOCOTEC performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "ISO14064-3: Specification with guidance for the validation and verification of greenhouse gas assertions" and the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" of International Auditing and Assurance Standards Board (IAASB).
The procedures implemented in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures implemented in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.
Our procedures performed depend on the assurance professional practitioner's judgement, including the risk of material misstatement, whether due to fraud or error.
Our conclusion was not designed to provide assurance on internal controls.
We believe that we have obtained the evidence to provide a basis for the conclusion for limited assurance.



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- Assurance Procedures**
The procedures that SOCOTEC has conducted are based on professional judgment and include, but are not limited to:
 - Evaluation of policies and procedures created by the Company in relation to subject matter information
 - Questions to Company personnel to understand the above policies and procedures
 - Verification that the target project meets eligibility requirements
 - Matching with the basis data by trial calculation and recalculation
 - Obtaining and collating material for important assumptions and other data
 - We visited the Company's Head Office and Hyogo Miki Plant, Yakult Okayama Wake Plant Co., Ltd. and Yakult Iwate Plant Co., Ltd. as verification sites in order to confirm the calculation structure and procedures, data collection and implementation status of record control.
- Statement of Our Independence, Quality Control and Competence**
SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO17021 Conformity assessment -- Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO14065 Greenhouse gases -- Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of "International Standard on Quality Control 1" by the International Auditing and Assurance Standards Board and "Code of Ethics for Professional Accountants" by International Ethics Standards Board for Accountants. We maintain a comprehensive quality control system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.
The SOCOTEC Group is a comprehensive third-party organisation in inspection, testing and certification operations, and conducts management system certification services and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies, and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.
We assure that the team engaged in the assurance is selected based on knowledge, experience in the relevant industry, and the competence requirements for this assurance engagement.
- Use of Report**
Our responsibility in performing our limited assurance activities is to the management of the company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.
- Our Conclusion**
On the basis of our procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.


SOCOTEC Certification Japan


 Seigo Futaba
 Managing Director
 25 January 2022


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APPENDIX of Independent Assurance Report

GHG Emissions, Environmental and Social Performance Data

Table 1-1 GHG Emissions (Scope1,2)

Scope	Figure	Unit
Scope1	37,912	tCO ₂
Scope2(market based)	43,989	tCO ₂
Scope2(location based)	43,384	tCO ₂

Table 1-2 GHG Emissions (Scope3 breakdown)

Category No.	Sources of Scope 3 emissions	tCO ₂
Category 1	Purchased goods and services	230,317.0
Category 2	Capital goods	23,013.9
Category 3	Fuel-and-energy-related activities (not included in Scope 1 or 2)	13,869.5
Category 5	Waste generated in operations	176.4
Category 6	Business travel	464.0
Category 7	Employee commuting	1,059.0
Category 12	End of sold products	14,985.0
Category 13	Downstream leased asset	19,144.4
[Total]	—	303,029

Table 2-1 Energy consumption


	Figure	Unit
Electricity	77,182	MWh
Crude oil equivalent	10,097	kL

Target: Yakult Honsha plant and bottling companies

Table 2-2 Waste emissions

	Figure	Unit
Waste emissions	2,535.9	t
Amount of resources recycled	2,509.6	t
Final disposal amount	26.2	t
Recycling rate	99.0	%

Target: Yakult Honsha plant and bottling companies



SOCOTEC Certification Japan : This appendix is a valid document as an appendix to the independent Assurance Report issued to Yakult Honsha Co., Ltd. on 25 January 2022. APPENDIX 1/2




Table 2-3 Water usage

	Figure	Unit
Water intake	1,650,842	m ³
water discharges	1,105,012	m ³
Water consumption	545,830	m ³

Target: Yakult Honsha plant and bottling companies

Table 3-1 Changes in the ratio of female management positions

	FY2016	FY2017	FY2018	FY2019	FY2020	Unit
Number of female management positions	44	45	47	52	57	people
Ratio of female management positions	6.0	6.2	6.3	6.7	7.2	%

Target : Yakult Honsha

Table 3-2 Changes in the employment rate of persons with disabilities

	FY2016	FY2017	FY2018	FY2019	FY2020	Unit
Employment rate of persons with disabilities	2.11	2.00	2.15	2.22	2.27	%
Statutory employment rate	2.0	2.0	2.2	2.2	2.2*	%


Target : Yakult Honsha

*The rate has been revised to 2.3% from March 2021.

Table 3-3 Changes in the occupational accidents frequency rate

	FY2016	FY2017	FY2018	FY2019	FY2020
Occupational accidents frequency rate	0.35	0.53	1.06	1.39	0.20
Severity rate	0.0081	0.0219	0.0109	0.0137	0.0020

Target : Yakult Honsha



SOCOTEC Certification Japan : This appendix is a valid document as an appendix to the independent Assurance Report issued to Yakult Honsha Co., Ltd. on 25 January 2022. APPENDIX 2/2



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