



# Sustainability Report 2022

**Yakult**

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### On the terms used in this report

In this report "workers" refers to persons working for the Yakult Group, including independent contractors such as Yakult Ladies and Yakult Beauty Advisors. The term "employees" includes regular employees, full-time contract employees, contract employees, and temporary staff, and excludes the independent contractors.

### How to use this PDF

This PDF contains links that direct to related pages and external sites.

#### Navigating through the report

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Clicking on the return arrow (↶) at the bottom of each page returns you to the page viewed directly prior.

#### Using the sidebar

Clicking on an item navigates you to the relevant section.

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### Yakult's corporate communications tools

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

\*Renamed *Sustainability Stories* in fiscal 2022

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## Editorial Policy

The *Yakult Sustainability Report 2022* was prepared based on the following key concepts from the Yakult Group's CSR activities in fiscal 2021.

### ■ Comprehensively disclosing sustainability and CSR activities

Through dialogue and sincere communication with stakeholders, the Yakult Group aims to further develop its sustainability and 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 sustainability and 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.

\* Renamed *Sustainability Stories* in fiscal 2022

### ■ 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 presented under each separate ESG area: environmental, social and governance.

### ■ Greater reporting on materiality

The Yakult Group identified six material themes in March 2021. Accordingly, this report provides greater details about our environmental initiatives—climate change, plastic containers and packaging, and water—and social initiatives—innovation, value co-creation with communities and supply chain management—along with messages from the chief officers in charge of operations closely linked with these issues.

### ■ Timely disclosure of sustainability and CSR activities

We update our sustainability website to provide information about Yakult Group sustainability and CSR activities in a timely manner. Relevant information is disclosed on an ongoing basis.

#### Publishing date

Japanese edition: September 2022

(Previous edition: September 2021, next edition: September 2023)

English edition: November 2022

(Previous edition: November 2021, next edition: October 2023)

#### Publishing format

Published online only (in both Japanese and English)

#### Period covered

Fiscal 2021 (April 1, 2021, through March 31, 2022)

Note that some information in this report covers periods before or after fiscal year 2021.

#### 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 includes expert third-party opinions on CSR and ESG, which are incorporated into the PDCA cycle. To enhance the reliability of this report, the data it includes on GHG emissions and environmental and social performance has undergone third-party verification by SOCOTEC Certification Japan.

#### 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

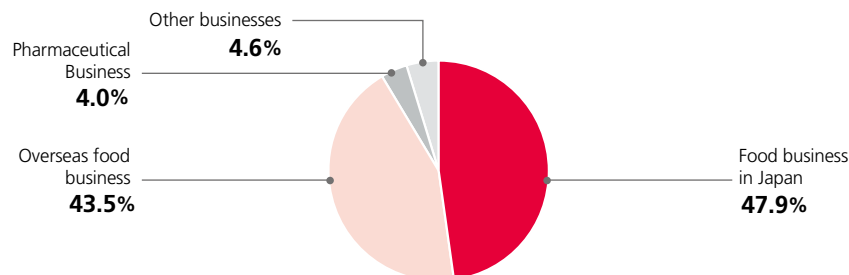
## Profile of Yakult Honsha (as of March 31, 2022)

**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 yen  
**Net sales:** (April 1, 2021, to March 31, 2022)  
 156.68 billion yen (non-consolidated)  
 415.12 billion yen (consolidated)  
**Total assets (consolidated):** 672.86 billion yen  
**Net assets (consolidated):** 484.94 billion yen  
**Business sites:** 1 research institute, 5 branches, 7 plants, 8 pharmaceutical branches, 13 logistics centers, 2 pharmaceutical distribution centers  
**Number of employees:** 2,836 (including 295 seconded employees and 204 contract employees)

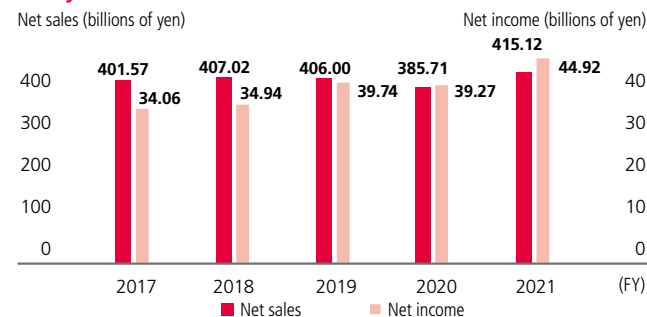
## Profile of Yakult Group (as of March 31, 2022)

<b>■ Japan</b>		<b>■ Overseas</b>	
<b>Marketing companies:</b>	101 companies	<b>Companies:</b>	29
<b>Number of employees:</b>	13,352	<b>Number of employees:</b>	25,269*
<b>Number of Yakult Ladies:</b>	32,680	<b>Number of Yakult Ladies:</b>	49,511*
<b>Number of Yakult Beauty Advisors:</b>	3,837	<b>Marketing regions:</b>	39 countries and regions
<b>Bottling companies:</b>	5 companies	* As of December 2021	
<b>Affiliated companies, etc.:</b>	12 companies and 4 associations		

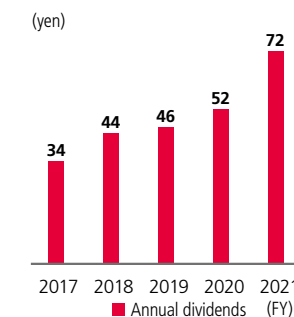
### Sales by segment (consolidated)



### Five-year overview of net sales and net income



### Annual dividends



## Overseas operations (as of March 31, 2022)

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.       | ⑪ Yakult Danone India Pvt. Ltd.   | ⑳ Yakult S.A. de C.V. (Mexico) |
| ② Hong Kong Yakult Co., Ltd.    | ⑫ Yakult Middle East FZCO         | ㉑ Yakult U.S.A. Inc.           |
| ③ Yakult (Thailand) Co., Ltd.   | ⑬ Yakult Myanmar Co., Ltd.        | ㉒ Yakult Europe B.V.           |
| ④ Korea Yakult (hy Co., Ltd.)   | ⑭ Yakult (China) Corporation      | ㉓ Yakult Nederland B.V.        |
| ⑤ Yakult Philippines, Inc.      | ⑮ Guangzhou Yakult Co., Ltd.      | ㉔ Yakult Belgium N.V./S.A.     |
| ⑥ Yakult (Singapore) Pte. Ltd.  | ⑯ Shanghai Yakult Co., Ltd.       | ㉕ Yakult UK Ltd.               |
| ⑦ P.T. Yakult Indonesia Persada | ⑰ Beijing Yakult Co., Ltd.        | ㉖ Yakult Deutschland GmbH      |
| ⑧ Yakult Australia Pty. Ltd.    | ⑱ Tianjin Yakult Co., Ltd.        | ㉗ Yakult Oesterreich GmbH      |
| ⑨ Yakult (Malaysia) Sdn. Bhd.   | ㉑ Wuxi Yakult Co., Ltd.           | ㉘ Yakult Italia S.R.L.         |
| ⑩ Yakult Vietnam Co., Ltd.      | ㉒ Yakult S/A Ind. E Com. (Brazil) |                                |

### ■ 39 countries and regions

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

Note: As a rule, each Group company produces and sells products locally, but some sell products that are supplied by other Group companies in neighboring countries.

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# Yakult's Business Operations

Our operations have expanded to include food and beverages including fermented milk drinks, cosmetics, pharmaceutical products and international businesses, 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, as well as other beverages.

- Fermented milk drinks
- Fermented milk products
- Other beverages

\* Reclassified as *Lactocaseibacillus paracasei* strain Shirota in April 2020



- Prescription drugs (anti-cancer agents)
- Quasi-drug products
- Biochemical products, enzyme agents (as reagents and foods and for industrial use)

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 marketing enzymes as pharmaceutical ingredients in 1961. We now focus on prescription drugs such as anti-cancer agents, and have expanded our business into the field of quasi-drug products.

## Pharmaceutical Business

## 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.



- 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.

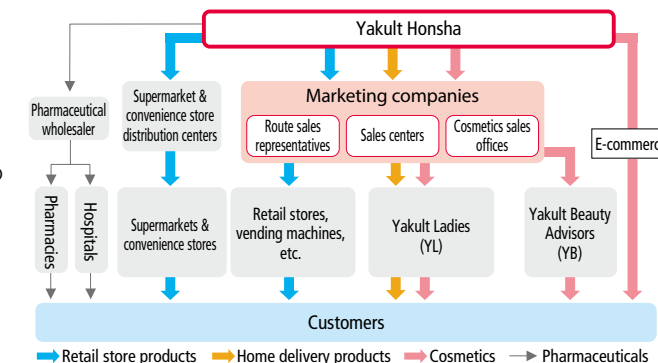
## Cosmetics Business

## 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 consists of marketing companies that sell Yakult products, subsidiary bottling companies that turn the concentrated *Yakult* essence into bottled products, and other related companies. There are approximately 140 Group companies in Japan (approximately 170 when including overseas companies).



### Route sales representatives

These representatives deliver products to such destinations as retail stores, vending machines, and schools (to be served during meals). They carefully check the temperature and best-before dates so that customers can safely enjoy Yakult products. They also offer information and tips to retailers so that customers will continue to support our products and services.

### Yakult Ladies

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 contractors who deliver and sell products after receiving thorough training in food hygiene and Yakult products. Sales centers are important hubs for customer support where products are stored and where Yakult Ladies can share information.

### Yakult Beauty Advisors

In addition to conducting door-to-door sales of cosmetics, Yakult Beauty Advisors with specialized knowledge of beauty and cosmetics also offer beauty treatments among other services. Cosmetics sales offices are where products are stored and where YBs can share information. Some offices also provide beauty treatments.

### Yakult Delivery Net

Yakult has developed a web-based ordering system for home delivery in the light of the growing number of internet users and the diversification of their needs. Payment can be made either in cash to Yakult Ladies or through the web using credit cards.



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# Top Commitment

## Addressing ESG Issues to Continue Promoting People's Health through Our Business Operations

Hiroshi Narita

President and Representative Director

### Continuing our founder's legacy

The story of Yakult's business begins with founder Dr. Minoru Shirota's desire to help people suffering from infectious diseases. His research led to the discovery of what is now known as *Lactobacillus casei* strain Shirota, which can reach the intestines alive. He turned this into an easily drinkable product that anyone could enjoy. Dr. Shirota's approach to his work centered on three main concepts. Rather than treating diseases after they occur, Shirota set his sights on helping people avoid sickness through "preventive medicine." Next, Shirota understood that "a healthy intestinal tract"—where people absorb nutrients into their bodies—"leads to a long life." Finally, by providing his product at "a price anyone can afford," Dr. Shirota ensured that as many people as possible would be able to consume *Lactobacillus casei* strain Shirota and benefit from its intestine-protecting properties. These three concepts, known as Shirota-ism, and our corporate philosophy, expressed as "We contribute to the health and happiness of people around the world through the pursuit of excellence in life science in general and our research and experience in microorganisms in particular," are part of a tradition at Yakult that lives on to this day. Public health was already a significant social issue at the time of our company's founding, and our desire to contribute to its betterment is at the foundation of Yakult's business operations. From its start in Japan, our philosophy has spread across the globe. Currently, 40 million of our dairy products are enjoyed daily by people in 40 countries and regions around the world.

There are people in the world who, for a variety of reasons, are unable to receive hospital care or access prescription drugs when they get sick. By offering "preventive medicine," Yakult is able to be of help to such people. Our work is not about benefitting specific individuals but rather about supporting the health of as many people as possible. I believe there is great value in such work, as it can be of regarded as a form of corporate social responsibility that fills a need in society.

In 2006 we established our corporate slogan, which states, "In order for people to be healthy, everything around them must also be healthy." "Everything around them" refers to water, soil, air, plants, animals and everything else on our planet. The health of all of these things is essential for people to lead healthy, happy lives and for our company to sustainably conduct our business. Our core philosophy is to address environmental and societal issues by contributing to people's health through life science and the wellbeing of the planet through our business activities.



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## Yakult Group Global Vision 2030: A roadmap to our future

In fiscal 2021 we established our Yakult Group Global Vision 2030, under which we aim to “evolve into a healthcare company that continues contributing to people’s health around the world” by 2030. The three qualitative goals of this long-term vision are “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.” Just as social conditions are in constant flux, people’s attitudes toward health also change with the times. The new Vision expresses our determination to further pursue and develop our founding aspirations in-keeping with such changes. The goals of the Yakult Group have always been, and will continue to be, to support the health of people around the world and to contribute to the health of the planet itself.

## Promoting global, social sustainability through business operations

Corporate ESG (environmental, social and governance) initiatives have been closely monitored by stakeholders in recent years in the light of such developments as the deterioration of the global environment and revelations of human rights issues. Our Group established a Basic Policy on CSR in fiscal 2012 and has since been promoting a variety of initiatives. A company cannot operate sustainably unless the environment and society are also sustainable. The mission of Yakult’s business—our *raison d’être*—is to use life science to contribute to the health and happiness of people around the world and thereby address social issues. We believe that in order to sustain our business and continue contributing to people’s wellbeing, it is necessary to address various ESG issues.

The ESGs are broad concepts, though, and we must prioritize issues that can be efficiently addressed in the light of our limited management resources. Accordingly, in fiscal 2020 we identified six material environmental and social themes requiring our proactive engagement. Our three environmental themes are climate change, plastic containers and packaging, and water, while our social themes are innovation, value co-creation with communities, and supply chain management. Also in fiscal 2020, we established the Yakult Group Environmental Vision focusing on the above three material environmental themes. These material themes are at the core of our efforts to achieve one of the qualitative goals of our Yakult Group Global Vision 2030, namely, realizing a society in which people and the planet co-exist.

We must continue taking tangible steps to address various ESG issues as long as we are operating a business. There is no end to such work, but we are committed to pursuing these efforts because they are an inseparable part of our business and a responsibility all companies are expected to fulfill.

## 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 continues contributing to people’s health 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\*<sup>1</sup> 52.5 million/day (10.5 million in Japan, 42 million outside Japan)
- Consolidated net sales\*<sup>2</sup> 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\*<sup>1</sup> 45.4 million/day (10.4 million in Japan, 35 million outside Japan)
- Consolidated net sales\*<sup>2</sup> 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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## The environment

Of the six material themes identified by the Group, the three related to the environment are climate change, plastic containers and packaging, and water. Initiatives for these and other issues are being implemented in accordance with both our medium-term Environmental Targets 2030 and the backcasted, short-term Environmental Actions (2021–2024).

With regard to climate change, one major global development was the 26th UN Climate Change Conference of the Parties (COP26), held in Glasgow in November 2021, which reaffirmed the goal of limiting global warming to 1.5°C above pre-industrial levels. All natural gas used at the Yakult Central Institute has been carbon neutral since April 2021, and since April 2022, all purchased electricity used in production at Yakult's 12 dairy product and pharmaceutical plants\*1 in Japan has been generated from renewable sources, with our cosmetics plant being added to this list in July. Through these efforts, we have significantly reduced our greenhouse gas emissions. Moving forward, we will continue to promote decarbonization through energy conservation and the use of renewable energy throughout our Group. In addition, we announced our support for the Task Force on Climate-related Financial Disclosures (TCFD)\*2 in August 2022 and are advancing initiatives based on the TCFD's recommendations.

As for plastic containers and packaging, Japan's Plastic Resource Circulation Act,\*3 which came into effect in April 2022, calls on companies to take such concrete measures as reducing the use of plastic and switching to environment-friendly materials from the product design stage, curbing emissions by reassessing the use of items like spoons and straws, and promoting voluntary collection and recycling. Even before the law came into effect, Yakult was already making the shift to recyclable materials through the use of biomass plastics for our straws and multi-pack shrink-wraps. We also eliminated straws from the *New Yakult* and its series in March 2022 and stopped distributing spoons and straws at the point of sale with the law's enforcement in April 2022. Regulations on the use of plastic products are gathering momentum around the world. Yakult is responding to these regulations and emission controls in each country and region, such as by replacing some plastic packaging materials in Europe with paper. Additionally, we have equity participation in a joint venture company that promotes the development and practical application of plastic recycling technologies.

Finally, our approach to water involves reducing its use in our business activities while also developing management plans that address the disparate water risks facing production bases across different countries and regions. Through these efforts we are committed to promoting the conservation and sustainable use of water resources.

\*1 Please refer to page 29 for a list of applicable plants

\*2 The TCFD was established by the Financial Stability Board following a request from the G20 to develop more effective climate-related financial disclosures through their existing reporting processes. It released its final report in June 2017, which recommended that companies and other organizations disclose climate-related risks and opportunities in four thematic areas: governance, strategy, risk management, and metrics and targets.

\*3 Formally known as the Act on Promotion of Resource Circulation for Plastics

## Society

Yakult's business is built on innovation. Two ideas that were quite novel at the time of our founding—preventive medicine and the concept that a healthy intestinal tract leads to a long life—were embraced to create new value. More recently, we launched *Yakult 1000* in select markets in 2019 and *Y1000* in 2021, two drinks that help people deal with the prevalence of stress- and sleep-related issues in contemporary society. The popularity of these two products demonstrates that we can address emerging health concerns with innovations that not only promote intestinal health with lactic acid bacteria but also alleviate stress- and sleep-related concerns.

Sustainable procurement through our supply chain is primarily informed by the Yakult Group CSR Procurement Policy, established in 2018. Of particular importance is our cooperative relationship with suppliers, built by conducting annual CSR procurement surveys and establishing Supplier CSR Guidelines. In fiscal 2021, we held a briefing for suppliers on our CSR Procurement Policy to enable all suppliers to gain an understanding of our approach to sustainable procurement.

Our initiatives regarding co-creation with communities include efforts to not only deliver healthy products but also help people lead healthier lives. Information on health benefits is conveyed by Yakult Ladies, through the dispatch of lecturers and hosting of health-related classes for local residents, and by specialized staff at retail outlets. We also implement such community initiatives as Courtesy Visit Activities and community safety watch and crime prevention activities.







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In the area of human rights, we established the Yakult Group Human Rights Policy in fiscal 2021. Under the framework of this policy, we launched a human rights due diligence review meeting attended by staff members from a cross section of relevant departments to identify key human rights issues within the Group.

As for human capital, we established our Basic Policy on Human Resources Development in fiscal 2021 to enable employees to display their individual strengths and work with enthusiasm. In fiscal 2022 we revised our personnel system to clarify the criteria by which the roles performed and the results achieved by our employees are evaluated and to further encourage their growth. We also provide training to help employees achieve the tasks called for by their roles. We are actively educating our employees about diversity promotion so that Yakult can continue growing as a global company. The importance we have placed since our founding on the strength of human resources and the spirit of harmony will continue to be Yakult's greatest driving forces going forward.

## Governance

As part of our efforts to accelerate decision making, to date we have consolidated various committee structures, introduced an executive officer system, increased the number of Outside Directors, and increased the frequency of Board of Directors meetings.

With the aim of enhancing management transparency, we established the Nomination & Remuneration Committee as an advisory body to the Board of Directors in December 2021. This committee is responsible for deliberating on the nomination of directors and auditors and the compensation of directors and reporting its findings to the Board of Directors. The majority of committee members are Outside Directors to ensure independence and objectivity. In fiscal 2022, we introduced a performance-based remuneration system for directors based on the committee's deliberations. And we now also publish a skills matrix to visualize the competencies of each director. Moving forward we will encourage top management to take greater responsibility for business performance as we work to enhance corporate value over the medium and long term.

We are also working to ensure thorough corporate compliance through rigorous enforcement of the Yakult Ethical Principles and Code of Conduct; meetings of the Compliance Committee and Corporate Ethics Committee, which are attended by outside experts; and implementation of a more effective internal reporting system. Also, in fiscal 2021, we established the Yakult Group Anti-Corruption Policy.

To promote constructive dialogue with shareholders, who are important stakeholders, our general shareholders meetings and financial results briefings are conducted in a very open manner. A dedicated department is engaged in proactively communicating with shareholders and institutional investors on a regular basis.

## From CSR to real-world sustainability

What had been called the *Yakult CSR Report* until last year is now known as the *Sustainability Report*. This new name expresses our desire to address health-related societal issues through our business activities while also considering the global environment in our management practices, thereby balancing social sustainability with the sustained growth of Yakult's business operations. This report is positioned as a tool for stakeholder engagement through which we proactively disclose information on the six material themes of our ESG initiatives.

Each and every one of us at Yakult is committed to working with the interests of our stakeholders, society and our planet in mind and giving serious thought to all we can and should do to promote the health of the environment and people living around the world.

September 2022



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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). Japan was still a poor country at the time, and unsanitary conditions caused large numbers of children to die of infectious diseases.

Concerned about these conditions, 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 a strain that could reach the intestines alive. This is now known as *Lactobacillus casei* strain Shirota.

In addition to preventive medicine, Dr. Shirota also advocated 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 looked for ways to offer 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). These ideas became known collectively as Shirota-ism.

Together with those sharing his vision, Dr. Shirota developed an inexpensive, delicious drink so that many people could benefit from *Lactobacillus casei* strain Shirota. This is how *Yakult* 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.

### Enduring legacy

Yakult products are not just sold in stores but are also delivered door-to-door to homes and other locations. This approach of reaching out directly to users is rooted in Dr. Shirota's principles of emphasizing the dissemination of information about preventive medicine and the idea that a healthy intestinal tract leads to a long life, as well as his wish to promote sincere and harmonious human relations. The concepts of "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 touchstones for Yakult today.

### Worldwide recognition

Yakult develops its business based on the 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 is a philosophy that is based on Shirota-ism.

Our corporate philosophy is applied to everything from R&D to production, the delivery of health products to people around the world and contributions to the health of the planet and society.

Our various businesses in the Yakult Group work closely together in the spirit of Shirota-ism, infused with a desire to contribute to the health and happiness of people around the world. Yakult's guiding philosophy now reaches people in countries worldwide.

Moving forward, to fulfill the trust placed in us 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.

### 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.



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## Keeping Shirota-ism alive

To pass on and disseminate the ideals of Shirota-ism, the root of our business, we use a unified curriculum to conduct 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.



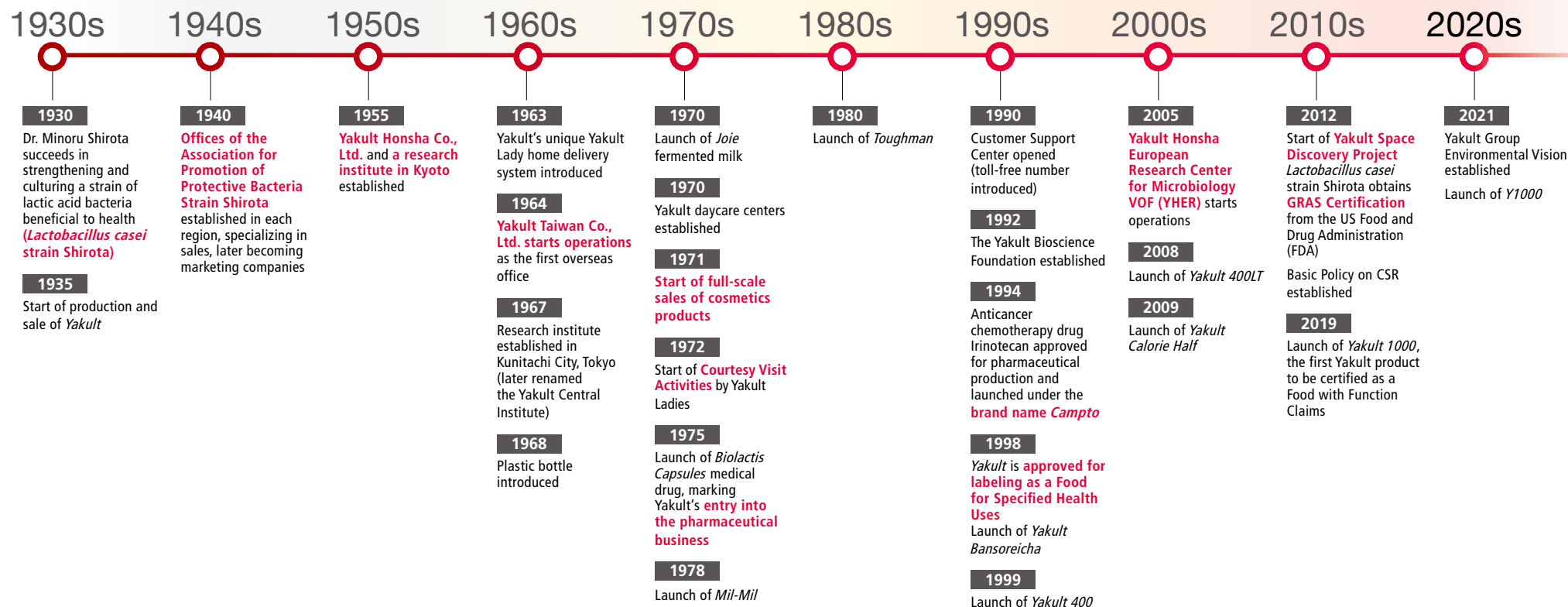
A Shirota-ism workshop at Yakult (Malaysia) Sdn. Bhd.

### Shirota Memorial Museum

Located on the grounds of the Yakult Central Institute, the Shirota Memorial Museum is open to the public. The museum introduces visitors to the pioneering work of our founder Minoru Shirota, from his initial efforts to advance 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), as well as the research and product development activities being undertaken in the spirit of Shirota-ism by the Yakult Central Institute. Visitors can also deepen their interest in science, learning directly from Institute researchers and observing *Lactobacillus casei* strain Shirota under a microscope.

Note: Museum visits are currently suspended to prevent the spread of COVID-19.

### Yakult timeline





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# Sustainability

The Yakult Group Basic Policy on CSR was 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 also contribute to the achievement of a sustainable society through initiatives based on the material themes identified in March 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 established in April 2012.

By systemizing the CSR initiatives undertaken at Yakult Group units, we increase the clarity of Yakult's CSR management policies and undertake appropriate disclosure of 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 established the Yakult Ethical Principles and Code of Conduct to serve as guidelines for proper corporate activities.

Over time, we have appended more specific conduct standards and concrete examples of such standards while making revisions as needed. Most recently, we published the sixth edition in April 2020 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.

\* The Sustainable Development Goals, adopted by the United Nations in 2015, are 17 global goals aimed at achieving a better and more sustainable world for all by 2030.



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

## 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.

The Yakult Group's top management is committed to supporting the 10 principles of the UNGC relating to human rights, labor, the environment and anti-corruption, and we will work with the global community to apply these principles in all of our business activities as a good corporate citizen that contributes to society.



### The Ten Principles of the UN Global Compact (UNGC10)

<b>Human Rights</b>	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.
<b>Labour</b>	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.
<b>Environment</b>	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.
<b>Anti-Corruption</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

**Related information**

- p. 63 Human rights
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## The Yakult CSR Action Plan

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 2021, relevant departments set concrete action targets and implemented activities accordingly.

**WEB** Yakult CSR Action Plan (fiscal 2021 achievements) >>>

[https://www.yakult.co.jp/english/pdf/csr\\_result\\_2021\\_en.pdf](https://www.yakult.co.jp/english/pdf/csr_result_2021_en.pdf)

**WEB** Yakult CSR Action Plan (fiscal 2022 action targets) >>>

[https://www.yakult.co.jp/english/pdf/csr\\_target\\_2022\\_en.pdf](https://www.yakult.co.jp/english/pdf/csr_target_2022_en.pdf)

## Group-wide awareness of sustainability and CSR

The Yakult Group sees its business operations themselves as sustainability/CSR activities. To encourage all workers to be a promoter of such activities, we pursue sustainability/CSR-conscious conduct in all daily business operations and promote the permeation of such awareness through various approaches.

### ■ Promoting training in sustainability and CSR

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

We also provide training in sustainability as an e-learning program to all employees. In fiscal 2021, 88.9% 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 campaign in fiscal 2021 was held during the Global Goals Week that included September 25—the date on which the SDGs were adopted.

The theme for fiscal 2021 was the UN's ActNow campaign for individual action on climate change. Participants made and carried out a personal action



Campaign poster



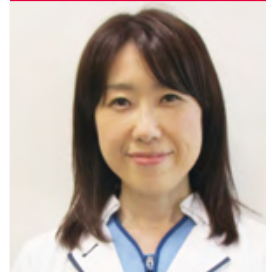
Poster detailing outcomes

declaration based on 10 recommended simple, daily 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 40,090 participants raising a total of 1,089,077 yen. These donations were used to create a forest of native trees in Lào Cai Province, Vietnam. We also donated to OISCA's Children's Forest Program and implemented an afforestation project as part of the Environmental Actions (2021–2024).



The Yakult Forest of native trees in Lào Cai Province, Vietnam

### Participant comments



#### Rumi Kaji

Senior Researcher  
Research Planning Section  
Research Management Center  
Yakult Central Institute

Of the 10 simple actions listed in the ActNow campaign for fiscal 2021, I chose to work on "zero waste fashion," which results in the biggest CO<sub>2</sub> reductions per month. I declared as the goal of my actions "minimizing clothing purchases and recycling used clothing." After a month of implementation, I was able to recycle two cardboard boxes of used clothes, including those of my family. Finding a recycling facility and shipping used clothes can be time-consuming, but I am happy that the clothes we had grown fond of are now being worn by others. This action is in line with the achievement of the SDGs, so I will continue to do what I can to help.

### ■ Raising awareness of sustainability/CSR trends

Every year, we conduct activities to raise Group-wide awareness of sustainability/CSR trends, as well as of society's demands and expectations.

In fiscal 2021, we released a promotional video to advance Group-wide efforts to achieve the Yakult Group Environmental Vision and encouraged Group employees to watch it. The video explained the need for companies to work toward the sustainability of the global environment and promoted understanding and cooperation in achieving the goals of the Environmental Vision.

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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 planet 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 toward 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 "People and Planet as One" a reality.

\* IPCC: Intergovernmental Panel on Climate Change, which releases an evaluation report on climate change every five to six years. In its 2018 special report, "Global Warming of 1.5°C", it 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

<b>Innovation</b>	<b>Value co-creation with communities</b>	<b>Supply chain management</b>
 <p>Evolve into a healthcare company, further pursue the potential of bacteria, provide new products and services, use resources effectively, and others</p> <p style="text-align: right; color: white;">▶ p. 44 ▶▶▶</p>	 <p>Connect closely with local communities, deliver information on health, provide safe and reliable health products and services, and others</p> <p style="text-align: right; color: white;">▶ p. 49 ▶▶▶</p>	 <p>Maintain sound relationships with business partners, promote sustainable procurement, ensure stable procurement of raw materials, and others</p> <p style="text-align: right; color: white;">▶ p. 56 ▶▶▶</p>
<b>Climate change</b>	<b>Plastic containers and packaging</b>	<b>Water</b>
 <p>Reduce GHG emissions (decarbonize), proactively shift to renewable energy, introduce energy-saving practices, and others</p> <p style="text-align: right; color: white;">▶ p. 27 ▶▶▶</p>	 <p>Convert to fully-recyclable containers and packaging, reduce environmental impact by changing container materials, and others</p> <p style="text-align: right; color: white;">▶ p. 32 ▶▶▶</p>	 <p>Use sustainable water resources, reduce water consumption, and others</p> <p style="text-align: right; color: white;">▶ p. 36 ▶▶▶</p>

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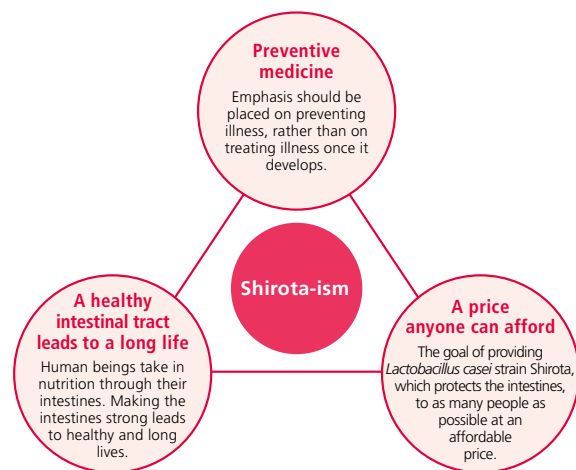
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## What the SDGs mean to Yakult

Our passion for and approach to health can be traced back to our founder's wish to protect the health of people around the world. Yakult engages in business activities based on our 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." We see these activities as contributing to Goal 3, "Ensure healthy lives and promote well-being for all at all ages," of the Sustainable Development Goals (SDGs).

Yakult's founder, Minoru Shirota, a doctor of medicine, began his medical studies in 1921. At the time, unsanitary conditions caused large numbers of children to die of infectious diseases in Japan. Under the circumstances, 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. After years of microorganism research, Dr. Shirota strengthened and cultured *Lactobacillus casei* strain Shirota. Together with likeminded individuals, he then developed an inexpensive, delicious drink so that many people could benefit from *Lactobacillus casei* strain Shirota. This is how *Yakult* was born.

Yakult products are not just sold in stores but, since our founding, are also delivered door-to-door to homes and other locations. This approach of reaching out directly to customers is rooted in Dr. Shirota's principles of emphasizing the dissemination of information about preventive medicine and the idea that a healthy intestinal tract leads to a long life, as well as the value he placed on sincerity, gratitude and harmonious human relations.



In order to make good on the pledge to "leave no one behind," the SDGs aim to realize a society that does not overburden the planet, and where poverty has been eliminated.



The Yakult Group's philosophy and corporate activities are aligned with the underlying concept of the SDGs and Goal 3.

The SDGs were established as goals to be achieved by 2030 so that humanity can continue living on Earth. "Ending poverty in all its forms everywhere" is identified as the most important goal, and "leave no one behind" is the central promise of the SDGs.

The foundational philosophy of Yakult and our corporate slogan, "In order for people to be healthy, everything around them must also be healthy," are perfectly matched with the aims of the SDGs, so it is a matter of course for us to strive to achieve those goals. Yakult will thus continue working to create a society where humans can live in harmony with the planet, based on our goal of uniting "People and Planet as One."

## The Yakult Group's contributions to the SDGs

The Yakult Group's corporate activities are broadly related to all 17 SDGs, but based on our materiality we have identified the following eight goals as being most closely connected to our business. Moving forward, the entire Yakult Group will continue contributing to achieving the SDGs.



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How Yakult's material themes relate to the SDGs



Innovation



In keeping with its mission to contribute to the health of people around the world, the Yakult Group will continue to use its research findings and long experience with lactic acid bacteria and other beneficial microorganisms and pursue new possibilities through collaboration with outside resources to provide products and services that lead to solutions for health and social issues.



Value co-creation with communities



We will maintain respect for the cultures and customs in each region where we operate and contribute to the creation of safe, secure and healthy communities, engaging in dialogue with local communities about their own unique issues and proactively working toward solutions.



Supply chain management



A sustainable supply chain is essential in creating high-quality products that are safe and reliable. We will visualize our corporate social responsibilities, taking specific actions in the supply chain in the areas of human rights, labor, the environment and anti-corruption.



Climate change



To address the many issues caused by climate change, such as resource depletion and natural disasters, we will promote energy conservation and proactively utilize renewable energy, as well as reduce our greenhouse gas emissions throughout the supply chain.



Plastic containers and packaging



On issues related to plastic waste and resource recycling, we will reduce the amount of plastic used in containers and packaging, transition to easily recyclable materials, and promote the reuse and recycling of plastic packing materials used in production processes.



Water



To tackle issues such as water inequality and water-related disasters, we will manage water risks at our production bases, strive to reduce water usage, and promote both conservation and sustainable use of water resources.

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 workers 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.

Participant comments



Ryoto Ishitobi

CSR Promotion Section,  
Public Relations Department

We conduct a Group-wide campaign each year aimed at raising everyone's awareness of sustainability. In fiscal 2021, we participated in the UN's ActNow climate change campaign, a global call for action among individuals. Taking action to combat climate change is one of the 17 SDGs and is an urgent issue for the planet as a whole, so we called on individual Yakult Group workers to reexamine their daily activities and habits and to take steps to reduce the burden on the environment. Many workers participated from both Japan and abroad this fiscal year, fostering a sense of Group unity in our efforts to mitigate climate change.



We will continue to work as a Group to conduct campaigns that contribute to the global environment.



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## The SDGs Yakult is contributing through its business activities

Business activity	Related SDGs	Specific initiatives
<p><b>R&amp;D</b> 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"> <li>• Disclosure of research results</li> <li>• Communication with consumers by opening the Shirota Memorial Museum to the public</li> <li>• Product safety evaluation at the product development and post-marketing stages</li> <li>• Product safety assurance by analysis and testing</li> <li>• Reliability assurance by auditing of research data</li> <li>• Joint research with universities, hospitals, and research institutes</li> <li>• Promotion of research grant programs</li> <li>• Sponsorship of academic conferences and symposiums</li> <li>• Thorough management of chemical substances by research institute internal committee activities, etc.</li> <li>• Strengthening of measures to prevent leakage of information by building a robust system and collaborating with external service providers</li> </ul>
<p><b>Procurement</b> We procure raw materials such as skimmed milk, sugar, and packaging materials through fair trade.</p> 		<p><b>Selection of sound business partners</b></p> <ul style="list-style-type: none"> <li>• Prior consultation and credit checks for new business partners</li> <li>• Conclusion of contracts (including clauses regarding excluding antisocial forces)</li> <li>• Verification of financial status of business partners</li> </ul> <p><b>Promotion of fair trade</b></p> <ul style="list-style-type: none"> <li>• Implementation of an evaluation system for business partners</li> </ul> <p><b>Stable procurement of raw materials</b></p> <ul style="list-style-type: none"> <li>• Purchasing from multiple business partners (suppliers) and appropriate stock management</li> <li>• Promotion of business continuity planning (BCP) measures</li> </ul> <p><b>Promotion of sustainable procurement</b></p> <ul style="list-style-type: none"> <li>• Risk assessment using CSR procurement survey</li> <li>• Formulation of Supplier CSR Guidelines</li> <li>• Hosting CSR procurement policy briefings for suppliers</li> </ul>
<p><b>Production</b> 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><b>Reduction in occupational accidents</b></p> <ul style="list-style-type: none"> <li>• Safety and health education and safety and health inspection tours</li> <li>• Continuous capital investment to create a working environment where everyone can work in a healthy and safe manner</li> </ul> <p><b>Promotion of energy saving, waste reduction and recycling</b></p> <ul style="list-style-type: none"> <li>• Reduction in CO<sub>2</sub> emissions and energy consumption by introducing highly efficient facilities and equipment, improved workflows, LEDs and solar power</li> <li>• Waste reduction and appropriate disposal</li> <li>• Proper management of waste water and reduced water usage</li> </ul> <p><b>Establishment of a risk management system</b></p> <ul style="list-style-type: none"> <li>• Establishment of a system to enable production to continue and a fast recovery in the event of a disaster</li> <li>• Establishment and occasional review of BCP and disaster preparedness manual</li> <li>• Installation of earthquake early warning systems to achieve fast initial response</li> </ul> <p><b>Understanding of environmental impacts and risks</b></p> <ul style="list-style-type: none"> <li>• Implementation of water risk surveys</li> <li>• Implementation of biodiversity risk surveys</li> </ul>
<p><b>Logistics</b> By ensuring eco-driving (fuel-efficient driving) and choosing delivery methods that have reduced environmental impacts, we are reducing the amount of CO<sub>2</sub> emissions deriving from product shipments.</p> 		<p><b>Promotion of collaboration with other companies in the same industry</b></p> <ul style="list-style-type: none"> <li>• Promotion of collaboration with other companies at distribution centers and in transportation to mass retailers to reduce energy consumption and costs</li> </ul> <p><b>Promotion of day-to-day efficiency</b></p> <ul style="list-style-type: none"> <li>• Introduction of a system to visualize vehicle load factor and achieve a higher load factor by allocating vehicles appropriately, using two-temperature-zone transportation</li> <li>• Promotion of eco-driving by using terminals in logistics company trucks</li> <li>• Switch to eco-friendly vehicles and reduction in empty transportation zones</li> </ul>
<p><b>Sales</b> We provide customers with not only products but also accurate product information and health tips.</p> 		<ul style="list-style-type: none"> <li>• Dispatch of guest lecturers for children</li> <li>• Health-related lectures for customers and businesses</li> <li>• Disclosure of information on our website</li> <li>• Health-related campaigns</li> <li>• Value dissemination activities at stores</li> <li>• Assisting support facilities for persons with disabilities</li> <li>• Diversification of ordering methods using Yakult Delivery Net</li> <li>• Increased efficiency by introducing an online payment system and mobile information terminals</li> <li>• Increased customer satisfaction by introducing cashless payment</li> <li>• Establishment of financial planning consultation desk to create worker-friendly environments</li> <li>• Eco-friendly center operations and home delivery activities</li> <li>• Introduction of heat pump vending machines</li> </ul>

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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 a member of the following industry groups and academic societies listed below. We share information and cooperate with each group to promote the interests of industry as a whole, in addition to striving to implement improvements in our own 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
- The Intestinal Microbiology Society
- Japan Society for Lactic Acid Bacteria
- The Japan Dietetic Association
- Japan Climate Initiative

### Customers

**We provide high-quality products and services based on an accurate understanding of customer needs and in consideration of the customer's point of view.**

- Number of inquiries to the Customer Support Center (received by Yakult Honsha): 32,638 (fiscal 2021)
- Issues of the *Healthist* magazine: 6 per year (in Japanese only)
- Participants in plant tours\*<sup>1</sup> (online tours only):
  - Around 11,000 in Japan
  - Around 290,000 outside Japan (January–December 2021)
- Participants in tours of the Shirota Memorial Museum at the Yakult Central Institute: Tours suspended\*<sup>2</sup>

▶ pp. 70–73 ▶▶▶

### 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 shareholders 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\*<sup>5</sup>
- Communication tools: shareholder newsletters, annual report, company profile, sustainability report,\*<sup>6</sup> 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 to conducting appropriate transactions with the aim of growing together with our business partners.**

- Study session on logistics quality (training for business partners)\*<sup>6</sup>
- Communication through purchasing activities
- CSR procurement survey (124 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)

▶ pp. 56–62, 85–86 ▶▶▶

### Local communities

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

- Dispatch of lecturers\*<sup>3</sup>
  - In Japan: 2,472 lectures, 111,541 participants (fiscal 2021)
  - Overseas: 10,228 lectures, 957,855 participants (from January to December 2021)
- Health-related lectures\*<sup>3</sup>
  - In Japan: 11,471 lectures, 111,442 participants (fiscal 2021)
  - Overseas: 210,276 lectures, 7,303,118 participants (from January to December 2021)
- Courtesy Visit Activities: Around 35,000 elderly people visited (fiscal 2021)\*<sup>4</sup>
- Community safety watch and crime prevention activities: 932 local governments (fiscal 2021)
- Cleanup campaigns: 71 venues (fiscal 2021, all plants and the Yakult Central Institute)
- Social activities with vending machines

▶ pp. 49–55 ▶▶▶

### Workers

**We strive to create worker-friendly environments, while also recognizing and respecting each person's individuality through a variety of interactions.**

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

▶ pp. 74–83 ▶▶▶

### 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)

▶ pp. 42, 49–55 ▶▶▶

\*1 Online tours were conducted in Japan and at some overseas plants.

\*2 Suspended in fiscal 2021 to prevent the spread of COVID-19.

\*3 To prevent the spread of COVID-19, we chose to reduce the dispatch of 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.

\*4 We hold sessions while taking thorough measures to prevent the spread of COVID-19.

\*5 Suspended in fiscal 2021 to prevent the spread of COVID-19.

\*6 Called *CSR Report* through fiscal 2021.

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## Looking back on stakeholder dialogue



### Yukihiro Misawa

Plastics Policy Manager, WWF Japan

Joined WWF Japan after working in the business sector. Is calling on both the government and private companies to drastically reduce the use of plastics in building a sustainable circular economy while working toward the early implementation of an international agreement addressing the problem of plastic pollution.

### Assessment of environmental initiatives and future expectations

The Yakult Group Environmental Vision promotes measures for climate change, plastic containers and packaging, and water. In addition to being very important for the restoration of planetary sustainability, these are also appropriate material themes in view of Yakult's business operations, and I hope Yakult will continue to make improvements in these areas. I would like to focus here on efforts relating to plastic containers and packaging, given the policy advances that were made in 2022 both in and outside Japan to control plastic pollution.

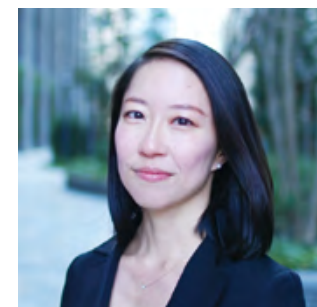
In March, the United Nations Environment Assembly adopted a resolution to complete a draft of a legally binding international agreement by 2024 to end plastic pollution. This resolution will promote sustainable production and consumption of plastics and the development and implementation of national action plans. Companies in Japan and elsewhere will be called upon to take greater responsibility over the full life cycle of plastics.

In April, the Plastic Resource Circulation Act came into effect in Japan. The law not only targets plastic containers and packaging but also requires companies to incorporate environmentally friendly designs and voluntarily collect used products.

Yakult's Environmental Targets 2030 includes the goal of *either* reducing or making recyclable 30% of the plastic containers and packaging used domestically. I would like to see Yakult set separate numerical targets for these goals as an expression of its strong resolve to end society's mass production and consumption of plastics.

Yakult also seeks to reduce the environmental impact of plastic containers and packaging by making them from different materials, but even plant-derived plastics and paper carry various production-related risks, such as deforestation, the release of stored carbon, and ecosystem degradation. Efforts are also needed to enhance the sustainability of alternative materials throughout their life cycle.

It is my hope that Yakult, given its strong presence among consumers and its significant social impact, will proactively implement initiatives based on the points raised above and demonstrate strong leadership in realizing a future free of plastic pollution.



### Akiko Sato

Liaison Officer for Business and Human Rights, UNDP; Lawyer

Works to promote business and human rights by coordinating and advocating for human rights policy, human rights due diligence, and stakeholder engagement.

### Assessment of human rights initiatives and future expectations

Since the UN Guiding Principles on Business and Human Rights were endorsed in 2011, rapid advances have been made in the implementation of human rights due diligence and the enactment of legislation by the EU and Western countries to enshrine respect for human rights as a corporate responsibility. The establishment of a human rights policy and implementation of human rights due diligence by the Yakult Group are major steps toward the realization of corporate social responsibility. In particular, the clarification of the link between Yakult's Human Rights Policy and its management philosophy is a commitment both internally and externally to maintain this policy as a core management issue and will serve as a foundation for future efforts.

There is no right way to proceed with human rights due diligence; issues will need to be addressed in accordance with one's business structure and human rights risks among stakeholders in an ongoing basis. The fact that human rights due diligence review meetings were held to identify key human rights issues for the Group can be seen as initiatives that will help ensure consistency and effectiveness. I look forward to further debate and implementation in Japan—not just by Yakult but also by the sector as a whole—to address global issues like water access and sanitation, which are integral to Yakult's business, and consideration of human rights and discrimination in its advertising and promotional activities.

Future issues include a re-examination of the Yakult Ladies system from the viewpoint of gender equality, given the company's values and human rights policy. Efforts can also be strengthened to address human rights risks through the utilization of grievance desks and fuller disclosures, as well as through ongoing engagement with relevant stakeholders. Lending an ear to the those who are in vulnerable positions in society is particularly important in developing measures to effectively address human rights risks.

Also essential is creating a framework allowing employees to proactively perform their various daily tasks in ways that are rooted in human rights. Such an environment is indispensable for the human rights policy to permeate the workforce, for employees to view human rights as a matter of personal concern, and for the realization of the human rights of stakeholders.



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# Environmental Activities Report

Aiming for a society in which "people and the planet co-exist," 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.

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### Fiscal 2021 legal compliance

There were no serious violations of laws or internal regulations related to the environment in fiscal 2021. Nor were any fines or penalties paid in relation to the environment.



Photo courtesy of Hyogo Miki Plant

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## Message from the chief officer

**Masao Imada**

Director and Senior Managing Executive Officer  
Divisional General Manager of Management Support Division

**Yakult's business development and environmental initiatives**

Since its founding in 1935, Yakult has engaged in corporate activities that aim to contribute to the health and happiness of people around the world. Today, 41 million bottles of our dairy products are consumed every day in 40 countries and regions around the world (fiscal 2021 data).

However, this also means we have a significant impact on the global environment. Asking how we could reduce the growing burden of our business on the planet, we formulated the Yakult Basic Policy on the Environment in 1997, and have carried out environmentally responsible business activities ever since. In March 2021, noting the increasing demands society makes of corporations in response to the rapidly intensifying environmental issues of recent years, we established the Yakult Group Environmental Vision. This sets out Environmental Vision 2050—our ideal vision of the future, in which we achieve net-zero Scope 1, 2 and 3 carbon emissions by 2050 in order to realize a value chain that has zero environmental impact.

To drive forward effective initiatives based on this vision, we also formulated the medium- and short-term milestones in Environmental Targets 2030 and Environmental Actions (2021–2024) respectively.

**Advancing the Yakult Group Environmental Vision**

In order to further initiatives toward our ideal vision of the future as set out in the Yakult Group Environmental Vision, in April 2022 we established an Environmental Promotion Department. This team currently plays a central role in strengthening activities within the Group, building cooperative relationships with companies outside the Group, and collaborating with relevant government and municipal bodies.

Some examples of specific initiatives in detail are as follows. Within the Group, purchased energy for manufacturing was switched entirely to renewable energy at 12 dairy product and pharmaceutical plants in Japan\*<sup>1</sup> in April 2022, followed by 1 cosmetic plant in July, helping reduce our

greenhouse gas emissions. To reduce plastic use, our *New Yakult* series no longer comes with straws, and we switched to a basic policy of not providing spoons and straws at time of sale in response to the Plastic Resource Circulation Act\*<sup>2</sup> of April 2022. Overseas, amid moves to restrict the use of all kinds of plastic products, we are responding to relevant regulations and emissions restrictions in each country or region as necessary. In Europe, for example, we have switched from plastic film to paper for multi-pack packaging for *Yakult* series and outer packaging for distribution. Outside the Group, in November 2021 we revealed our capital participation in R Plus Japan, which engages in activities geared towards making used plastic reusable.

\*1 Please refer to p. 29 for a list of applicable plants

\*2 Formally known as the Act on Promotion of Resource Circulation for Plastics

**Honoring our corporate slogan**

Our corporate slogan is "In order for people to be healthy, everything around them must also be healthy." We believe that a healthy world is essential for health.

The first thing we can do to help achieve this is ensure that all Group workers understand environmental issues as directly relevant to them as individuals, and take step-by-step action with a sincere attitude. For this reason, we will strive to raise awareness of environmental issues among workers.

Climate change and environmental pollution caused by human activity is putting our planet at risk. We must recognize the gravity of the situation and work toward a solution for this difficult but urgent problem, not just within the Yakult Group but across our entire value chain.

The Yakult Group will come together as one and, in order to realize a society in which people and the planet co-exist, will challenge itself with new initiatives to increase the sustainability of society and the world.

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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. From fiscal 2001 to fiscal 2020, we established the Yakult Environmental Action Plan and conducted environmental activities with the participation of all departments, including research and development, manufacturing, marketing, and office units. In fiscal 2021, we established the Yakult Group Environmental Vision, and the entire Yakult Group now works together on initiatives to reduce our burden on the environment.

#### 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 Yakult Group business units will give due consideration to environmental preservation with regard to all types and aspects of 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.
5. All employees will be provided with thorough environmental education, and we will make efforts to increase environmental awareness.
6. Information related to environmental activities will be appropriately disclosed, and we will 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

Please refer to the following URL for the full text of the Yakult Basic Policy on the Environment:

**WEB** <https://www.yakult.co.jp/english/csr/environment/management/>

### 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 impacts 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.



### Environmental management structure

The CSR Promotion Committee is responsible for formulating Environmental Targets 2030 and Environmental Actions (2021–2024) as short- and medium-term milestones for Environmental Vision 2050, 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.

**Related information** [p. 88 CSR Promotion Committee >>>](#)



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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 Scope 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, Scope 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

**Related information** → [p. 27 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 easily recyclable containers and packaging
  - Reduce environmental impact by changing container and packaging materials

**Related information** → [p. 32 Plastic 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

**Related information** → [p. 36 Water >>>](#)

## Environmental Actions (2021–2024)

We set Environmental Actions (2021–2024) as short-term milestones to work on achieving 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	Targets
<p><b>1. Achieve a zero-carbon society</b></p> <p>Climate change</p>	<p>By the end of fiscal 2024, reduce GHG emissions (in Japan, Scope 1 and 2) by 10% compared to fiscal 2018 levels</p>
<p><b>2. Convert to fully recyclable containers and packaging</b></p> <p>Plastic containers and packaging</p>	<p>(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</p> <p>(2) Reduce raw material consumption for containers and packaging</p> <p>(3) Reduce environmental impact by changing container and packaging materials</p> <p>(4) Use plant-based, environmentally responsible materials for containers and packaging</p>
<p><b>3. Reduce water consumption</b></p> <p>Water</p>	<p>(1) 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</p>
<p><b>4. Reduce waste</b></p>	<p>(1) By the end of fiscal 2024, reduce amount of waste generated by 20% compared to fiscal 2010 levels</p> <p>(2) Maintain at least a 95% recycling rate for food loss and waste</p>
<p><b>5. Conserve and utilize biodiversity</b></p>	<p>(1) Support and participate in conservation activities</p> <p>(2) Promote biodiversity education</p>



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## Environmental Vision progress status

### Climate change

GHG emissions (in Japan, Scope 1 and 2) were reduced by 5.2% in fiscal 2021 compared to fiscal 2018 through the replacement of five molding machines with energy-saving electric molding machines at three domestic plants, energy-saving activities implemented at individual business sites, and other efforts.

### Plastic containers and packaging

We strove to reduce the amount of plastic containers and packaging used (in Japan) in fiscal 2021 through measures like discontinuing the provision of straws for the *New Yakult* series of products. However, due to growing sales of new products, the amount of non-recyclable plastic used is expected to increase by around 6% compared to fiscal 2018.

### Water

Water consumption (at dairy product plants in Japan, per production unit) was reduced by 2.4% in fiscal 2021 compared to fiscal 2018. This was achieved by conserving water through such water-saving efforts as reducing the use of water for raw materials by revamping production methods and reviewing automated washing times.

## Roadmap for achieving Environmental Vision

The Environmental Promotion Department was established in April 2022 to achieve the goals of Environmental Vision. We will promote various efforts to achieve the targets of Environmental Actions (2021–2024), Environmental Targets 2030 and Environmental Vision 2050.

### Climate change

- Convert to renewable energy (purchasing electricity effectively generated from renewable sources, installing in-house solar power generators, etc.)
- Explore the possibility of introducing internal carbon pricing (ICP)
- Promote energy-saving activities

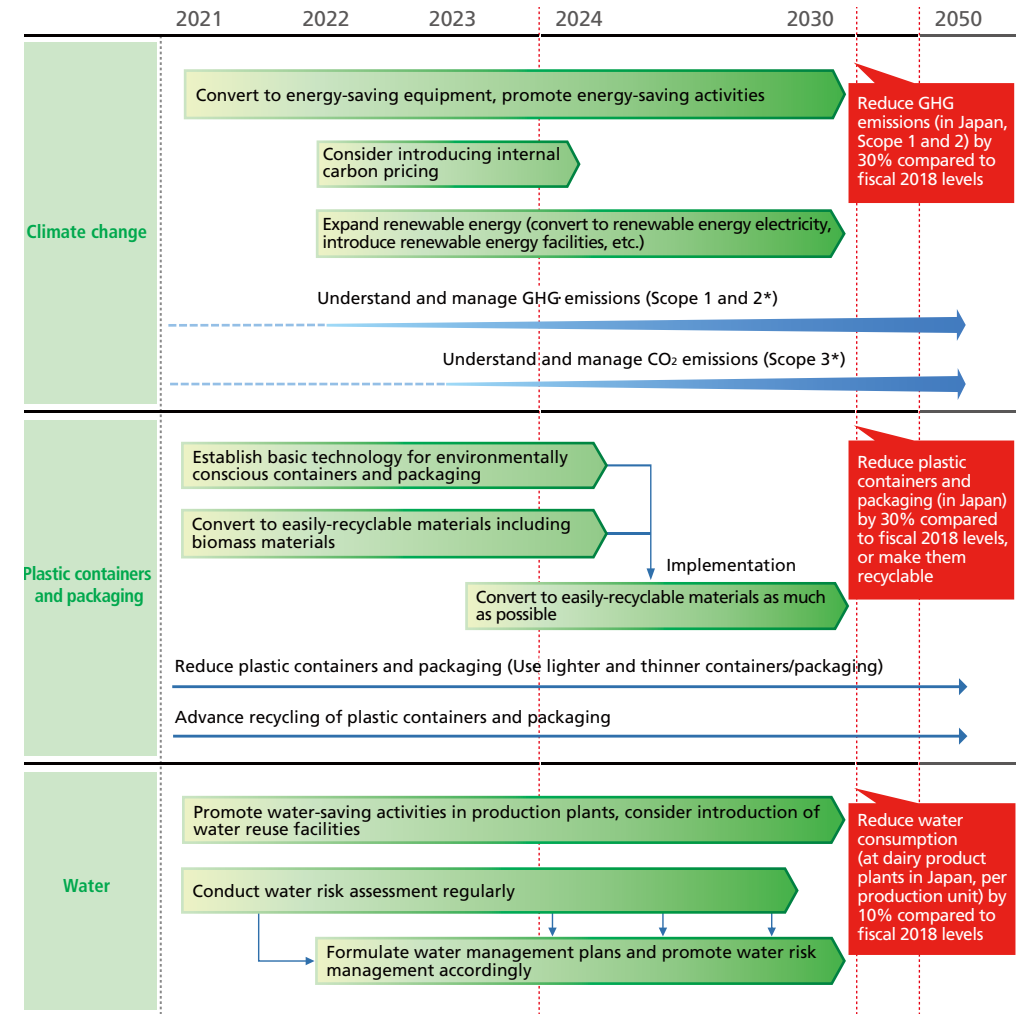
### Plastic containers and packaging

- Reduce the amount of plastic used in containers and packaging (lightness, thinness)
- Explore diversification of containers
- Explore options for switching to more easily recyclable materials in containers and packaging (recycled materials, biomass materials, biodegradable materials, etc.)

### Water

- Explore the possibility of introducing water cycle systems
- Formulate a water management plan and promote water risk management based on it

## Roadmap for achieving Environmental Vision



\* Scope definitions: Scope 1: Direct emissions from fuel used for company's own business activities  
 Scope 2: Indirect emissions from generation of electricity, steam and heat purchased from outside company  
 Scope 3: Emissions from across supply chain related to company's business activities



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## Environmental certification status

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 plants 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)	10*	9.9%
Plants outside Japan (27 sites in total)	6	22.2%

\* Includes branches that have acquired certification

**WEB** Details about certification acquired by each company >>>

[https://www.yakult.co.jp/english/csr/social/product\\_safety/certification/index.html](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 2021 and a medium- to long-term plan for the period beginning from fiscal 2021.

The Company's total energy use during fiscal 2021 amounted to 25,190 kiloliters (crude oil equivalent), up 177 kiloliters from the previous fiscal year (100.7% compared with the previous fiscal year). The five-year year-on-year average energy use value per production unit was 97.4%, 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 45,435 tons, which was 529 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 2021 was 563.9 t-CO<sub>2</sub>.

### ■ 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 2021, the volume of food loss and waste generated was 436.7 tons, and recycling and other measures were undertaken for 96.2% of this according to the periodic report for fiscal 2021.

### Food loss and waste recycling results (fiscal 2021)

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
436.7	417.8	96.2	Fertilizer, animal feeds, etc.

**Related information** p. 39 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 2021, 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 2021)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	200	3.8	200	○	
Methanol	250	9.9	0		○
Sulfuric acid	260	0	0		

Note: 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 2021 established the following obligatory recycling volumes for containers and packaging.

The amount of commissioned recycling fees and payments by the Company in fiscal 2021 amounted to approximately 220 million yen.

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**Container and packaging obligatory recycling volume** (fiscal 2021)

Container and packaging type	Obligatory recycling volume (t)
Glass bottles	212
PET plastic bottles	19
Plastic containers and packaging	5,046
Paper containers and packaging	87
<b>Total</b>	<b>5,364</b>

**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, 2021 through March 31, 2022

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 an increase of approximately 140 million yen compared to the previous fiscal year. The implementation of various environmental conservation measures is causing a rise in costs overall.

Economic impact increased by approximately 18 million yen compared to the previous fiscal year. Factors in this increase include cost reductions due to energy conservation, overhauling and reusing vending machines, and other initiatives.

**Economic accounting results**

(millions of yen)

Item	Main activities	FY2020			FY2021		
		Investment	Expense	Total	Investment	Expense	Total
(1) Business area costs	1. Pollution prevention costs	39.5	191.6	231.1	49.0	214.3	263.3
	2. Global environment conservation costs	40.5	54.8	95.3	42.7	67.4	110.1
	3. Resource recycling costs	50.9	89.0	139.9	53.4	82.3	135.7
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0	194.8	194.8	0	224.5	224.5
(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	0	136.6	136.6	0.2	186.5	186.6
(4) R&D costs	Consideration of improvements to containers and packaging	0	11.8	11.8	0	23.2	23.2
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0	4.0	4.0	0	5.4	5.4
(6) Environmental remediation costs*	Pollution load levy	0	0.1	0.1	0	0.1	0.1
<b>Total</b>		<b>130.9</b>	<b>682.7</b>	<b>813.6</b>	<b>145.3</b>	<b>803.6</b>	<b>948.9</b>

\* 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	FY2020	FY2021
Reduction of waste disposal costs associated with recycling	0	0
Income from recycling	5.2	3.8
Cost reductions resulting from resource conservation	4.5	4.8
Cost reductions resulting from energy conservation	31.5	38.6
Cost reductions resulting from packaging weight reductions	5.1	7.4
Cost reductions resulting from the overhaul and reuse of vending machines	17.2	26.5
Gains resulting from green purchasing	0	0
Other	0	0
<b>Total</b>	<b>63.5</b>	<b>81.8</b>

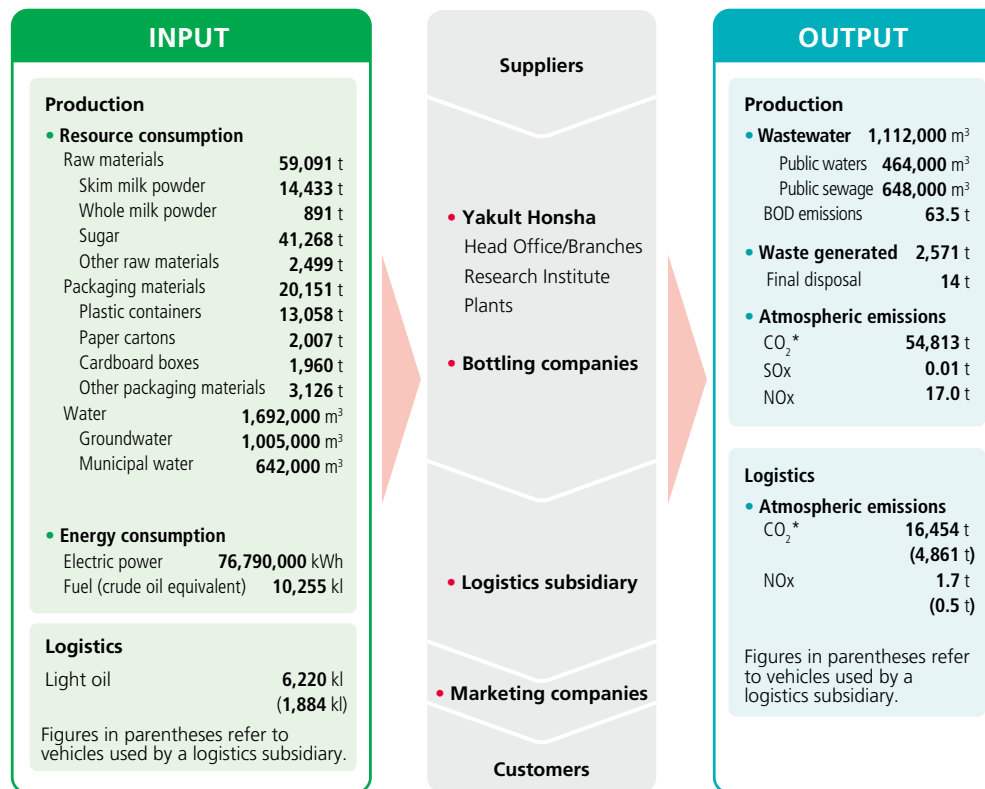


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## Environmental impacts of business activities

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., and Yakult Fukuoka Plant Co., Ltd.).

\* CO<sub>2</sub> emission levels use the adjusted emission coefficients provided by each power company

Note 1: See the ESG Data spreadsheet file (<https://www.yakult.co.jp/english/csr/download/>) for data from the previous five years.

Note 2: Itemized figures are rounded up or down, so sums may not match totals.

### 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 Environmental Actions (2021–2024).

### Production

The *Yakult* series of 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) in production at 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 CO<sub>2</sub> emissions.

### Marketing

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

To reduce CO<sub>2</sub> 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 the 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* series and other products delivered to customers' homes and offices are subject to Japan's Containers and Packaging Recycling Act, meaning that 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.

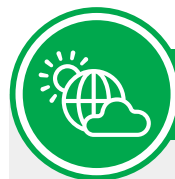
### Environmental education

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 2021, 19 training sessions with a total of 404 participants were held at 15 plants in Japan.



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Materiality

# Climate change

## Our approach

Climate change caused by human economic activity 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 setting fixed targets, advancing more energy conservation initiatives and actively adopting renewable energy.

## Risks and opportunities

Risks	Opportunities
<ul style="list-style-type: none"> <li>● 2°C scenario risks</li> <li>• Difficulty procuring raw materials (powdered skim milk)</li> <li>• Higher costs for energy/compliance with plastic regulations</li> <li>• Higher fuel and electricity costs</li> </ul>	<ul style="list-style-type: none"> <li>● 2°C scenario opportunities</li> <li>• Development of probiotics and food products to help dairy cows produce more milk</li> <li>• Switching to containers and packaging using biomass-derived plastic materials</li> <li>• Development of energy-efficient production methods for cosmetics, development of non-thermal production methods for particular products</li> </ul>
<ul style="list-style-type: none"> <li>● 4°C scenario risks</li> <li>• Difficulty procuring raw materials (powdered skim milk)/worsening work environment for Yakult Ladies/fewer outings by consumers/infectious disease epidemics/plant and animal disorders</li> <li>• Suspension of procurement, production, distribution, sales and other operations</li> </ul>	<ul style="list-style-type: none"> <li>● 4°C scenario opportunities</li> <li>• Shift to use of inexpensive agricultural products with stable supply, 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</li> <li>• Development of sustainable production and management methods with lower water consumption</li> </ul>

## Policies/Guidelines/Targets

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



## Targets and achievements

Target	Achievement
By the end of fiscal 2024, reduce GHG emissions (in Japan, Scope 1 and 2) by 10% compared to fiscal 2018 levels	▶ GHG emissions reduced by 5.2% (compared to fiscal 2018)

## Challenges and solutions

The Yakult Group currently emits approximately 600,000 tons of CO<sub>2</sub> annually through its business activities. Given our corporate slogan "In order for people to be healthy, everything around them must also be healthy," we are keenly aware that climate change countermeasures are urgently needed. We have set a goal to achieve net-zero greenhouse gas emissions by 2050, and are promoting efforts to reduce CO<sub>2</sub> emissions throughout our entire value chain, from raw material procurement to production, distribution and sales. Additionally, in August 2022, we indicated our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Based on these recommendations, we will analyze the risks and opportunities of climate change for our business, evaluate the relevant financial impacts and continue working to disclose further information through a framework of governance, strategy, risk management, and metrics and targets.

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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 situation around 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 2021 and arrived at a total of 324,452 tons. We also answered the CDP climate change questionnaire and received a B grade 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 2015. In its final report published in 2017, the 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)

#### Methods

Based on international recognition and credibility, RCP2.6 and RCP8.5 were used for scenario analyses, with the 2°C and 4°C scenarios considered.

#### Period and region

Considering that the results of the 2100 forecast have too many uncertainties in terms of business strategy and that the Paris Agreement's goal of a net-zero emissions world is set for 2050 at the latest, the period covered by the scenario analysis was set to 2050, and the regions covered were the Group's offices located around the world.

#### Organizational areas

The Company manufactures and sells pharmaceutical and cosmetic products and other products, with its main focus on sales of the fermented milk drink, *Yakult*. In the scenario analyses, we focused on the fermented milk drinks business, our main business.

#### Results of the scenario analyses

Assumptions/inputs for the scenario analysis were CO<sub>2</sub> emissions in the world with 2°C and 4°C temperature rises, the relationship between the physical impact of the temperature increase and the impacts on crops, the likelihood of disasters, changes in the labor environment, and changes in the energy mix and energy costs, and analyses were conducted using publicly available literature as reference. In the 2°C scenario, pastureland is projected to decrease, agricultural land for energy crops to increase, and agricultural land for food and feed crops to decrease. Under these

circumstances, it is possible that procurement of powdered skim milk, the main raw material for the fermented milk drinks that are our key products, may become difficult in the future. For example, we suspect it may become necessary to use protein sources other than milk (such as soybeans) and inexpensive agricultural products, and are developing products based on various safe and secure raw materials. We are also considering the possibility of commercializing foods that contribute to the health of animals, such as the development of probiotic foods that help increase the amount of milk produced by dairy cows.

In addition, with the anticipated tightening of regulations such as carbon taxes and emissions trading, there is a risk that our energy costs will increase and that demands from society for plastic-free options will increase. We must take measures such as reducing our energy usage further and switching our containers and packaging to biomass-derived, renewable plastics. Since the ratio of low-carbon energy is expected to increase and the cost of fuel and electricity is at risk of increasing, we will consider all possible methods, including the development of manufacturing processes that are more energy-efficient than conventional methods and, for specific products such as cosmetics, manufacturing processes that do not use heat.

In the 4°C scenario, climate and weather extremes are projected to advance further, with extreme temperature increases becoming unavoidable. In addition to the difficulty in procuring our main ingredient (powdered skim milk) as in the 2°C scenario, other possible risks include a worsening working environment for Yakult Ladies, consumers going out less frequently, epidemics of infectious diseases, and poor animal and plant health. Along with examining protein sources other than milk, we will consider safe and secure delivery methods that do not rely on humans and the development of useful bacteria that are effective in prevention of new pathogens.

Exposure to water stress such as floods, torrential rains and rainfall shortages is also expected to become more frequent, and plants face the risk of being flooded and forced to suspend production, distribution and sales activities. We will explore the possibility of developing solidified products and other products that can be manufactured with sustainable use of water resources.

#### 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 animal feed products to help dairy cows produce more milk
Stricter environmental laws and regulations	Higher costs for energy/compliance with plastic regulations	Switching 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 methods for cosmetics, development of non-thermal production methods for particular products

\* Energy crops: Agricultural crops cultivated as raw materials for biofuel use. Grains, sugar cane, etc. Grains once used as dairy cow feed may be used for biofuels instead, causing difficulties in procuring skim milk powder made from raw milk

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4°C scenario

Major impacts	Risks	Opportunities
Extreme temperature rise	Difficulty procuring raw materials (powdered skim milk)/worsening work environment for Yakult Ladies/fewer outings by consumers/infectious disease epidemics/plant and animal disorders	Shift to use of inexpensive agricultural products with stable supply 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

CO<sub>2</sub> emissions in fiscal 2021

		Scope 1	Scope 2	Scope 3	Total
Yakult Honsha	Plants*	17,046	18,575	325,721	409,237
	Yakult Central Institute	1,566	7,365		
	Head office/branches	297	580		
	Pharmaceutical branches	8	122		
	Logistics department	18,443	320		
	Consolidated subsidiaries (Japan)	Bottling companies	3,771		
	Marketing companies	—	—	—	—
	Other	—	—	—	—
Consolidated subsidiaries (overseas)	Plants	193,606	—	—	193,606
	Business sites	—	—	—	—
Total		277,122	—	325,721	602,843

Note 1: "—" indicates data that was not collected or is still being collected.  
 Note 2: Numbers are shown rounded to the nearest whole figure, so actual totals may not match result of adding numbers shown.  
 \* Including plants that produce cosmetics and pharmaceuticals

Initiatives to reduce CO<sub>2</sub> emissions at Yakult Honsha plants and bottling companies

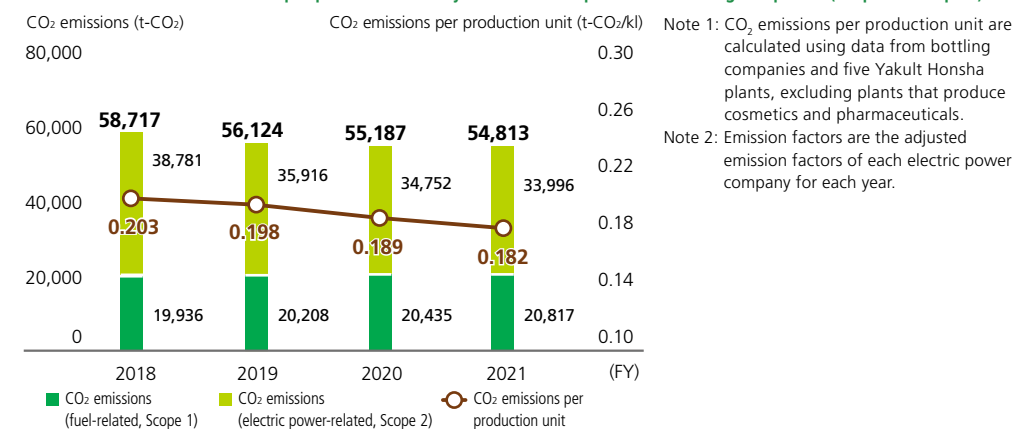
At Yakult Honsha plants and bottling companies, we have stepped up energy and resource conservation activities with the goal of attaining objectives and targets based on the ISO 14001 standard. In fiscal 2021 a total of five electric molding machines to produce *Yakult* and other containers were upgraded to energy-saving machines at the Yakult Chiba Plant, Yakult Okayama Wake Plant and Yakult Fukuoka Plant.

Furthermore, to reduce CO<sub>2</sub> 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 6.6% reduction in CO<sub>2</sub> emissions at Yakult Honsha plants and bottling companies compared to fiscal 2018.

In April 2022, we switched all purchased electricity used in production processes at our 12 domestic plants,\* and in July at the Shonan Cosmetics Plant, to electricity almost entirely from renewable energy sources provided by power companies with which we have contracts. This conversion to renewable energy has reduced CO<sub>2</sub> emissions by approximately 34,800 tons per year for the 13 plants in total, and is expected to reduce greenhouse gas emissions (in Japan, Scope 1 and 2) by approximately 40% compared to fiscal 2018.

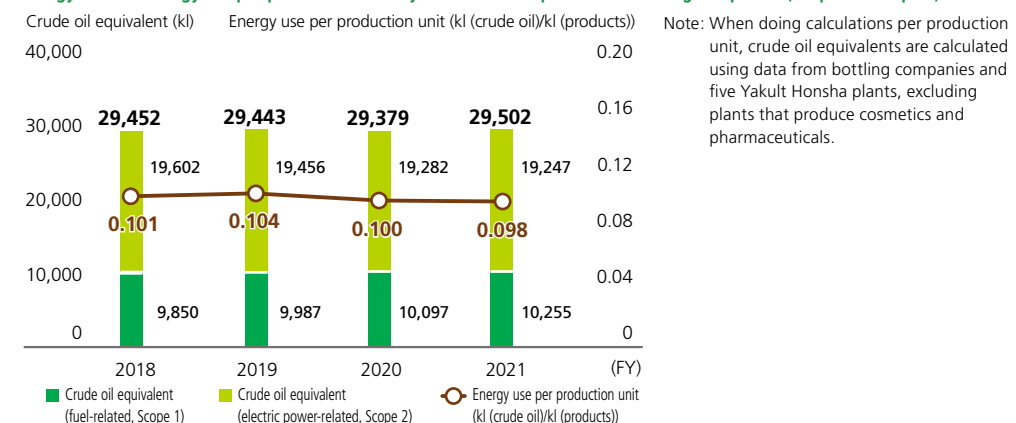
\* Fukushima Plant, Ibaraki Plant, Fuji Susono Plant, Hyogo Miki Plant, Saga Plant, Yakult Iwate Plant, Yakult Chiba Plant, Yakult Aichi Plant, Yakult Okayama Wake Plant, Yakult Fukuoka Plant, Fuji Susono Pharmaceutical Plant, Yakult Materials Co., Ltd. Fuji Susono Plant  
 Note: Electric power-related CO<sub>2</sub> emission factors are the adjusted emission factors of each electric power company.

CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)



Note 1: CO<sub>2</sub> emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding plants that produce cosmetics and pharmaceuticals.  
 Note 2: Emission factors are the adjusted emission factors of each electric power company for each year.

Energy use and 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 plants that produce cosmetics and pharmaceuticals.

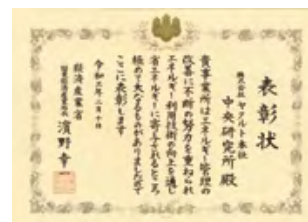
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## Initiatives to reduce CO<sub>2</sub> emissions at the Yakult Central Institute

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 the thermal insulation of steam pipes, changing HVAC systems operations, and lowering the temperature of air-conditioning systems. This led to a 4.3% annual improvement in energy intensity on average over five fiscal years from fiscal 2017.

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 to 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 CO<sub>2</sub> by approximately 11,500 tons.



## 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 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.

\* 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



CNL Buyers Alliance

## LCA of Yakult series

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 CO<sub>2</sub> 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 1,014 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 CO<sub>2</sub> emissions by approximately 446 tons in fiscal 2021 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 CO<sub>2</sub> emissions by approximately 46 tons.

## Initiatives to reduce CO<sub>2</sub> emissions outside Japan

### Introduction of solar power generation

As part of our efforts to reduce CO<sub>2</sub> emissions, we are promoting the introduction of solar power generation in our Group companies outside Japan.

#### Key initiatives in each country and region

Country/region	Initiatives
Hong Kong	Began solar power generation in December 2020, achieving a generation rate of 229.57 MWh in fiscal 2021
South Korea	Exploring possibility of installing a solar power generation system on the roof of the factory
Philippines	Exploring possibility of installing solar power generation equipment with the approval of local partners
India	Began solar power generation in August 2020, with full operation by December 2021, reducing CO <sub>2</sub> emissions by 810 tons annually
Brazil	Started preparatory study project for solar power generation in the company's facilities in July 2021

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

In February 2022, the Ayutthaya Plant installed two new energy-saving air compressors (inverter type). Four out of five air compressors in the Ayutthaya Plant are now energy-saving models, which is expected to reduce power consumption by 195,400 kWh per year and CO<sub>2</sub> emissions by 119 tons per year.

■ Introduction of electric trucks: Guangzhou Yakult Co., Ltd.

Guangzhou Yakult Co., Ltd. is promoting the introduction of electric trucks to comply with China's diesel truck regulations. The company has reduced its diesel fuel consumption by 42,000 liters per year by switching from leasing to purchasing and putting 14 electric trucks on the road in 2021.



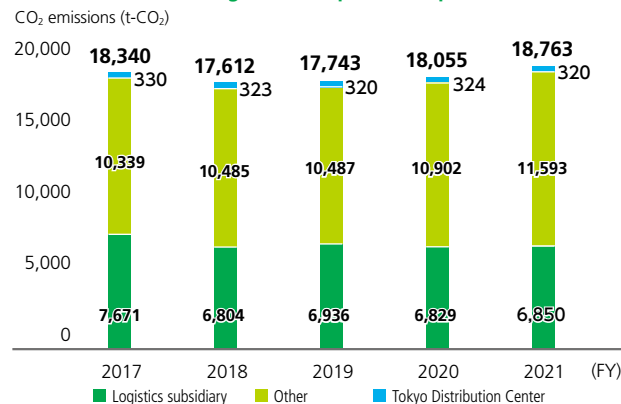
Electric truck in Guangzhou

Logistics initiatives

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 2021 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.



CO<sub>2</sub> emissions from logistics (Scope 1 + Scope 2)



\* 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 companywide and product-based certification under the Eco-Rail Mark system, and were certified under the Eco-Ship Mark system in 2016.

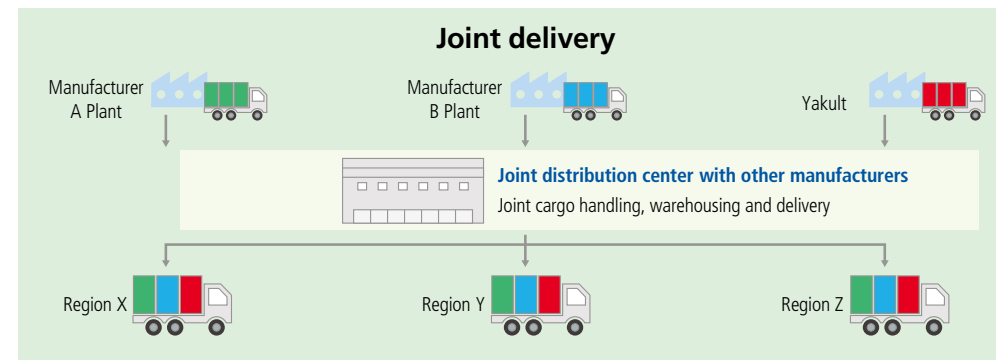
CO<sub>2</sub> emissions from the use of rail freight transport are one-thirteenth the levels of emissions from transportation by truck, and those from ocean freight are one-fifth those from trucks. We will continue to deliver products to our customers while utilizing these more energy-efficient modes.

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 CO<sub>2</sub> emissions and make logistics more efficient.



Initiatives at sales

We introduced electric vehicles (COMS) in our home delivery service by Yakult Ladies to reduce CO<sub>2</sub> emissions. As of March 2022, 1,847 vehicles have been introduced in total. In our pharmaceutical business, marketing representatives use fuel-efficient hybrid vehicles (excluding certain areas). Gasoline fuel usage in fiscal 2021 totaled 78,958 liters.





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Materiality

# Plastic containers and packaging

## Our approach

The Yakult Group aims to establish a foundation for environmentally conscious container and packaging technology in order to address challenges related to the growing social issues around plastic waste, such as environmental pollution and the 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 continue to pursue initiatives around containers and packaging, including reducing the amount of plastic used in them and improving recycling based on quantitative targets.

## Risks and opportunities

Risks	Opportunities
<ul style="list-style-type: none"> <li>● Cost increases associated with responding to stronger global plastic regulations and expansion of ethical consumption</li> <li>● Loss of sales opportunities due to increased preference for plastic-free options among business partners and consumers</li> <li>● Procurement risks due to shrinking plastics market and concentrated demand for environmentally responsible materials</li> </ul>	<ul style="list-style-type: none"> <li>● Improving corporate value as a result of switching to environmentally responsible materials for containers and packaging</li> <li>● Generating innovation by promoting joint research</li> <li>● Creating new customers through the introduction of environmentally responsible products</li> </ul>

## Policies/Guidelines/Targets

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



## Targets and achievements

Targets	Achievements
<ul style="list-style-type: none"> <li>● By the end of fiscal 2024, reduce plastic containers and packaging (in Japan) by 5% compared to fiscal 2018 levels, or make the corresponding proportion recyclable</li> <li>● Reduce material consumption in containers and packaging</li> <li>● Minimize environmental impact by substituting materials used in containers and packaging</li> <li>● Utilize ecofriendly plant-derived materials used for containers and packaging</li> </ul>	<ul style="list-style-type: none"> <li>▶ Use of non-recyclable plastic containers and packaging expected to increase by around 6% compared to fiscal 2018 (preliminary figures)</li> <li>▶ Eliminated straws in 5-packs of the <i>New Yakult</i> series</li> <li>▶ Expanded use of bio-based ink (5 products), recycled PET labels (3 products) and thinner OPS labels (4 products) for soft drink PET container shrink labels</li> <li>▶ Expanded use of lightweight caps (4 products) for soft drink PET container caps</li> <li>▶ Introduced recycled PET material for 3 cosmetic products</li> </ul>

## Challenges and solutions

The Yakult Group currently uses approximately 13,000 tons of plastic containers and packaging annually. From the perspective of environmental pollution caused by plastic waste and resource recycling, replacing our containers and packaging with easily recyclable materials is a pressing issue. We are taking steps to reduce the environmental burden of our plastic containers and packaging by making them thinner and lighter, while also shifting to materials more suitable for sustainable resource recycling such as biomass products. As global movements around plastic product regulation increases, we will follow these developments closely and consider specific strategies to address the regulations in each country and region.

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## Declaration of Action on Plastic Recycling

As part of our 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 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 a 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 reuse plastic packaging materials in our production processes.

## Plastic recycling promotion framework

### ■ Plastic Recycling Promotion Committee

We have established a 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 deliberation.

## Reducing specified plastic-containing products\*

The Yakult Group has worked to reduce single-use plastics through strategies such as partially replacing the plastic spoons it provides to customers with paper ones.

In accordance with the April 2022 Act on Promotion of Resource Circulation for Plastics, we have set targets for fiscal 2022 to further reduce our use of plastic spoons and straws. We are implementing the following measures.

- (1) As a general rule, Yakult Ladies will no longer provide spoons and straws when selling products (excluding straws affixed to the product as part of its design)
- (2) Using paper spoons wherever possible
- (3) Using plant-derived plastic in straws

\* Specified plastic-containing products: As stipulated within the Act on Promotion of Resource Circulation for Plastics, these are "plastic-containing products provided to consumers free of charge along with sales of goods and provision of services." Twelve kinds of products fall under this definition: forks, spoons, knives, muddlers, straws, hair brushes, combs, razors, shower caps, toothbrushes, hangers and garment covers.

### Amount of specified plastic-containing products distributed

FY	2018	2019	2020	2021	2022*
Amount distributed (tons) (excluding biomass plastics)	89.3	80.1	60.5	52.8	30.0
	—	—	—	52.7	29.0
Compared to previous year (%) (excluding biomass plastics)	—	89.7	75.5	87.3	56.8
	—	—	—	87.0	55.0
Amount reduced (tons) (excluding biomass plastics)	—	9.2	19.6	7.7	22.8
	—	—	—	7.8	23.7

\* Target for fiscal 2022

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## Increased use of biomass materials

Since fiscal 2014, we have been working to use more bioplastic, which is made from renewable organic resources such as plant matter, in the shrink labels for some products sold in PET containers. In October 2020, we transitioned to using biomass material in the plastic straws and multi-pack shrink wrap for *Yakult no Hakko Tonyu*.

We are also working to increase our use of bio-based ink. In the past, we used this ink primarily in shrink labels for products sold in PET containers. In fiscal 2021 we began using it in the shrink labels for 5 products, including *Milouge*. Products using bioplastic and bio-based ink are certified by the Japan Organics Recycling Association as using plant-derived resources (biomass) and conforming to all relevant laws, regulations, and standards for quality and safety, and bear the "Biomass Mark."

## Thinner shrink labels

In fiscal 2021 we reduced the thickness of the shrink labels on 4 products sold in PET containers, including *Yakult Bansoreicha* (500 ml), from 50 μm to 45 μm.

## Increased use of recycled PET labels

We have increased our use of recycled PET labels, which use reclaimed PET bottles in 25% of the raw materials, on 3 products sold in PET containers, including *Ocha* (280 ml).

Products using recycled PET labels are certified by the Council for PET Bottle Recycling, and bear the "PET Bottle Recycling Promotion Mark."



**Biomass Mark**

This mark certifies that a product uses plant-derived resources (biomass) and conforms to all relevant laws, regulations and standards for quality and safety.



**Recycled PET Mark**

This mark is shown on products that use recycled PET bottles.



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## Equity participation in R Plus Japan

Our equity participation in the joint venture R Plus Japan lets us contribute to the resolution of various plastic-related social issues. R Plus Japan promotes technological developments in the efficient recycling of used plastics with reduced environmental impact.

At Yakult, we are investigating and promoting initiatives which reduce the amount of plastic in containers and packaging, and encouraging transitions to more easily recyclable materials.

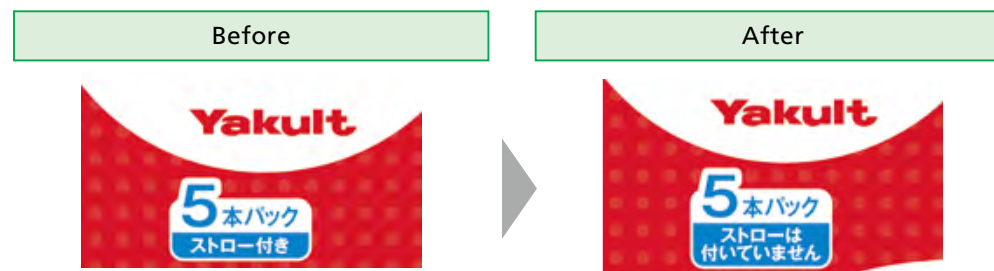
Going forward we will also work to make used plastics recyclable through R Plus Japan initiatives.

## Reducing plastic usage

### ■ New Yakult series initiative: Japan

Previously, 5-packs of the *New Yakult* series came with pre-attached straws while 10-packs did not, allowing customers to choose whether they wanted straws by purchasing packs of different sizes. However, in line with our efforts to achieve the goals of the Yakult Group Environmental Vision formulated in March 2021, we stopped affixing individual straws to *New Yakult* and *New Yakult Calorie Half* 5-packs as part of a strategy to reduce the plastic used in containers and packaging and transition to recyclable materials.

#### Notice at the upper left corner of *New Yakult* 5-pack



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

Yakult Europe B.V. has been switching its multi-pack packaging for *Yakult* series and external packaging for shipping from plastic film to carton. In addition to the Netherlands, Germany, Austria, Belgium, France and Spain, the company switched to carton packaging in Italy and Malta at the end of 2020. As a result, it reduced the amount of plastic used in 2021 by approximately 15 tons. By April 2023 the company intends to use carton packaging for all European products.

Furthermore, Yakult S/A Ind. E Com. (Brazil) is currently preparing to replace plastic straws with paper ones as part of their September 2022 production facility update.



Expanded use of carton packaging

### ■ Plastic waste collection: P.T. Yakult Indonesia Persada

In July 2021, P.T. Yakult Indonesia Persada began collecting plastic waste in accordance with the Indonesian government's plan to reduce waste from manufacturers, which sets the goal of a 30% overall reduction in plastic and other waste by 2029. In addition to submitting a road map for achieving this plan and yearly waste reduction goals to the government, the company began trial collection of *Yakult* 50-pack shrink wrap by Yakult Ladies and direct sales route operators in July 2021, and has recovered 20,128 kg to date. The company also began a pilot project collecting *Yakult* containers in October 2021.



Separating shrink wrap



Collecting *Yakult* containers



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Materiality  
**Water**

**Our approach**

Water is a finite resource. 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 involve products that use water as a principal raw material. The Yakult Group has set fixed targets to reduce water consumption (per production unit) and formulated water management plans to address water risks at production bases in order to promote the conservation and sustainable use of water resources.



**Risks and opportunities**

Risks	Opportunities
<ul style="list-style-type: none"> <li>● Operational suspensions due to flooding</li> <li>● Production interruptions due to water shortages</li> </ul>	<ul style="list-style-type: none"> <li>● Development of sustainable manufacturing and management methods that use less water</li> </ul>

**Policies/Guidelines/Targets**

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

**Targets and achievements**

Target	Achievement
Reduce water consumption per production unit at dairy product plants in Japan by at least 3% compared to the level in fiscal 2018 by the end of fiscal 2024	► Water consumption per production unit at dairy product plants in Japan reduced by 2.4% Reduction achieved by updating equipment and changing working methods

**Challenges and solutions**

The Yakult Group currently uses around 6 million m<sup>3</sup> of water annually at its plants around the world. Because water is both a finite resource and our principal raw material, we view sustainable water use as a key challenge. Alongside our ongoing efforts to conserve more water by reviewing water use and recycling at business sites and plants around the world, we strive to understand water-related risks at each location and formulate water management plans accordingly.

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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 possibility of water-related disasters, and impacts on public health and ecosystems. Since fiscal 2017 we have thus engaged an external organization to perform water risk evaluation.

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

Results showed that 28% of our production bases are located in areas of high water stress,\*2 with water use in these areas totaling 2,047,922 m<sup>3</sup> in fiscal 2020, or 33.2% 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)

- 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 to high (2–3)	4	8
Low to medium (1–2)	7	8
Low (0–1)	1	0
<b>Total</b>	<b>12</b>	<b>27</b>

### 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
<b>Total</b>	<b>411</b>	<b>45</b>	<b>87</b>

### Water risk survey cost

Fiscal year	2017	2018	2019	2020	2021
Cost (millions of yen)	0	0.9	1.2	0	0

## Effective use of water resources

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

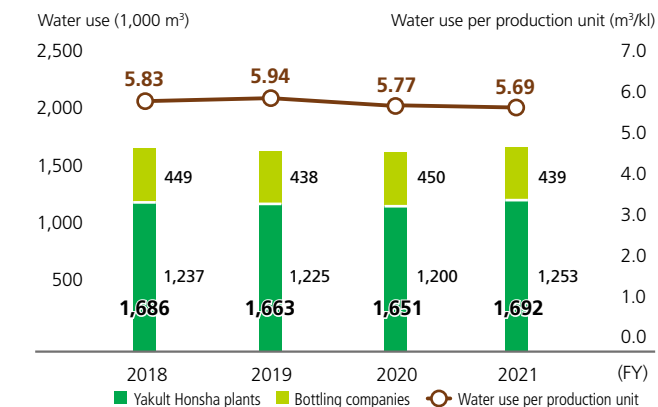
In fiscal 2021, Yakult Honsha plants and bottling companies used approximately 1.69 million m<sup>3</sup> of water in total (Yakult Honsha plants: approx. 1.25 million m<sup>3</sup>, bottling companies: approx. 0.44 million m<sup>3</sup>). Reducing total water usage per production unit is one objective of Environmental Actions (2021–2024), and water conservation initiatives at plants have reduced total water usage per production unit by 2.4%.

The primary initiative at plants in fiscal 2021 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 4,159 m<sup>3</sup>.

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 use at Yakult Honsha plants and bottling companies (total and per production unit)



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

### Reusing water generated by the water purification process: Fukushima Plant

Products at the Fukushima Plant are manufactured using tap and purified water. Purified water is created by removing impurities from tap water using special-purpose equipment. A large amount of water with concentrated impurities is generated in the process, and this water used to be treated at the wastewater treatment facility within the plant and 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, so it is now reused for cooling products and machinery. This has dramatically reduced tap water consumption and the amount of water discharged to the sewers.

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### ■ Reducing water use in automated equipment cleaning

Production equipment at plants, including pipes, tanks and sterilizers, is 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 account for a large proportion of the water used in production. Our initiatives to reduce the amount of water plants use for pre- and post-rinsing, with full verification and strict quality control, have enabled us to reduce annual water use by approximately 1,440 m<sup>3</sup>.

## Yakult A&G Water Purification System

At every plant in the Yakult Group, regardless of treatment method, our wastewater management is based on voluntarily adopted standards that are more stringent than the wastewater standards required by law and local government ordinances.

At our dairy product plants, we have introduced the Yakult A&G Water Purification System. This system uses *Yakult* containers with the bottoms removed (*Yakult* filter material), in which microorganisms take up residence and break down contaminants in the water.

This system has been installed at four Yakult Honsha plants (Fukushima Plant, Ibaraki Plant, Fuji Susono Plant and Hyogo Miki Plant) and several bottling company plants (Yakult Iwate Plant, Yakult Aichi Plant and Yakult Okayama Wake Plant). Outside Japan, the system was introduced at the Sukabumi Plant operated by 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 in and around waterways. We use IBAT\* to perform ecological risk assessments, and have confirmed that the Abukuma River coast downstream from the Fukushima Plant is a landing zone for northern pintail ducks and designated a Key Biodiversity Area (KBA).

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

Related information ▶ p. 41 Assessment of biodiversity risks for existing operations ▶▶▶

## Initiatives in each country and region

### ■ Reusing treated water to water green spaces: Yakult S.A. de C.V. (Mexico)

At our Ixtapaluca Plant, water treated at wastewater treatment facilities is reused to water green spaces around the plant. In 2021, a monthly average of 1,413 tons for a yearly total of 16,956 tons of water was used for watering.

### ■ Installing production wastewater purification facilities: Yakult China Group

At our Wuxi Plant, we have installed production wastewater treatment facilities that meet China's Class 1A wastewater standards. Class 1A wastewater is considered of sufficient quality for reuse as industrial water, and the wastewater at our Wuxi Plant is used by plants belonging to other companies after passing through the final water treatment location. We have also installed domestic wastewater purification facilities at our Wuxi Plant and ensure that wastewater meets the standards for external discharge before it is discharged.

#### Key initiatives in effective use of water by country/region

Country/region	Initiatives
Taiwan	Installing a rainwater recycling system. In 2021, reused 94 tons for toilet water, plant watering, etc.
Thailand	When manufacturing tanks were updated, 8 old tanks were used to store wastewater which was then reused for cleaning vehicles and other purposes. Achieved zero wastewater discharge to rivers in 2021 as a result.
South Korea	Reusing wastewater from the automatic cleaning of production facilities to reduce water consumption.
Philippines	Reusing water used for cooling during production, along with rainwater, in plant watering, fire hydrants, toilets and elsewhere.
Indonesia	Installing water purification facilities for production wastewater at Sukabumi Plant in 2011. Water quality in plant checked daily and audited monthly by external organizations.
China (Tianjin)	Continuously using recycled water as toilet water.
Brazil	Purifying wastewater at third production facility starting from 2021, and reusing an average of 12 m <sup>3</sup> per month as toilet water.
United States of America	Installing a rainwater reuse system on the head office and plant grounds and reusing water to water plants.
India	Using processed wastewater from the plant to water the plants on the premises.

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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 2021 totaled approximately 2,571 tons (approx. 1,732 tons by Yakult Honsha plants and approx. 839 tons by bottling companies). As a result of diverse efforts made to reduce waste, we successfully reduced waste generation by 26.7%

compared to that of fiscal 2010, an action target of Environmental Actions (2021–2024).

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

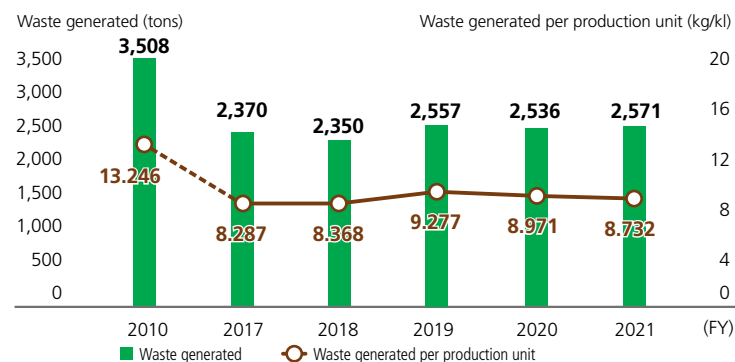
\* Yakult's definition of zero waste generation: A state achieved when the amount of waste for final disposal (landfill) from plants (excluding specially controlled industrial waste) is less than 1% of waste generated



Eco station at Fukushima Plant

### Waste generated at Yakult Honsha plants and bottling companies

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



### Initiatives at the building occupied by the head office

We have introduced wastepaper recycling boxes on each floor along with waste sorting bins, and are working to properly separate each kind of waste. In fiscal 2021, the recycling rate for waste generated at the head office was 81.8%.

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

### Initiatives at the Yakult Central Institute

The Institute generates a wide variety of waste in its research. This waste is separated and collected properly at the Institute, and disposal is conducted by licensed waste disposal contractors. The fiscal 2021 recycling rate for the Institute was 100%.

## 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 fiscal 2021, as an initiative to reduce food waste, we donated a portion of our products marked for disposal (soft drinks in easily manageable paper packages and plastic containers) to food bank organizations. In June 2021, we donated 2,952 cases of soft drinks in plastic containers to the NPO Food Bank Yamagata, and in March 2022, following a soft drink product redesign, we provided former versions of the products in paper packaging to 37 food banks through Food Bank All Japan.

### List of recipients of soft drinks in paper packaging

(Unit: Items)

Recipient	Amount	Recipient	Amount
1 Food Bank Ikor Sapporo	3,600	20 Second Harvest Kyoto	1,260
2 Food Bank Iwate	720	21 Food Bank Nara	1,080
3 Food Bank Ishinomaki	2,160	22 Food Bank Wakayama	1,800
4 Food Bank Iwaki	720	23 Junsei Delicious Food Kids Club	720
5 Food Bank Ibaraki	3,600	24 Harmony Net Mirai	1,800
6 Food Bank Net West Saitama	3,600	25 Live-ing Shimonoseki Food Bank	1,080
7 Food Bank Iruma	720	26 Food Bank Tokushima	1,800
8 Food Bank Chiba	1,800	27 Food Bank Kitakyushu Life Again	3,600
9 Food Bank Funabashi	720	28 Food Bank Fukuoka	6,732
10 Tokatsu Kusanone Food Bank	10,800	29 FBQ Food Bank Omuta	1,440
11 Food Bank Chofu	4,320	30 Iruka	6,696
12 Food Bank Komae	720	31 Food Bank Saga	1,080
13 Food Bank Mitaka	360	32 Single-parent Family Welfare Group Nagasaki	3,600
14 Food Bank Shonan	3,600	33 Food Bank Kumamoto	6,696
15 Food Bank Niigata	7,200	34 Food Bank Hyuga	180
16 Food Bank Shibata	10,800	35 Food Bank Miyazaki	360
17 Hotline Shinshu	13,896	36 Food Bank Teshiote	3,600
18 Food Bank Aichi	3,600	37 Food Bank Soo	2,880
19 Food Bank Shiga	144	<b>Total</b>	<b>119,484</b>





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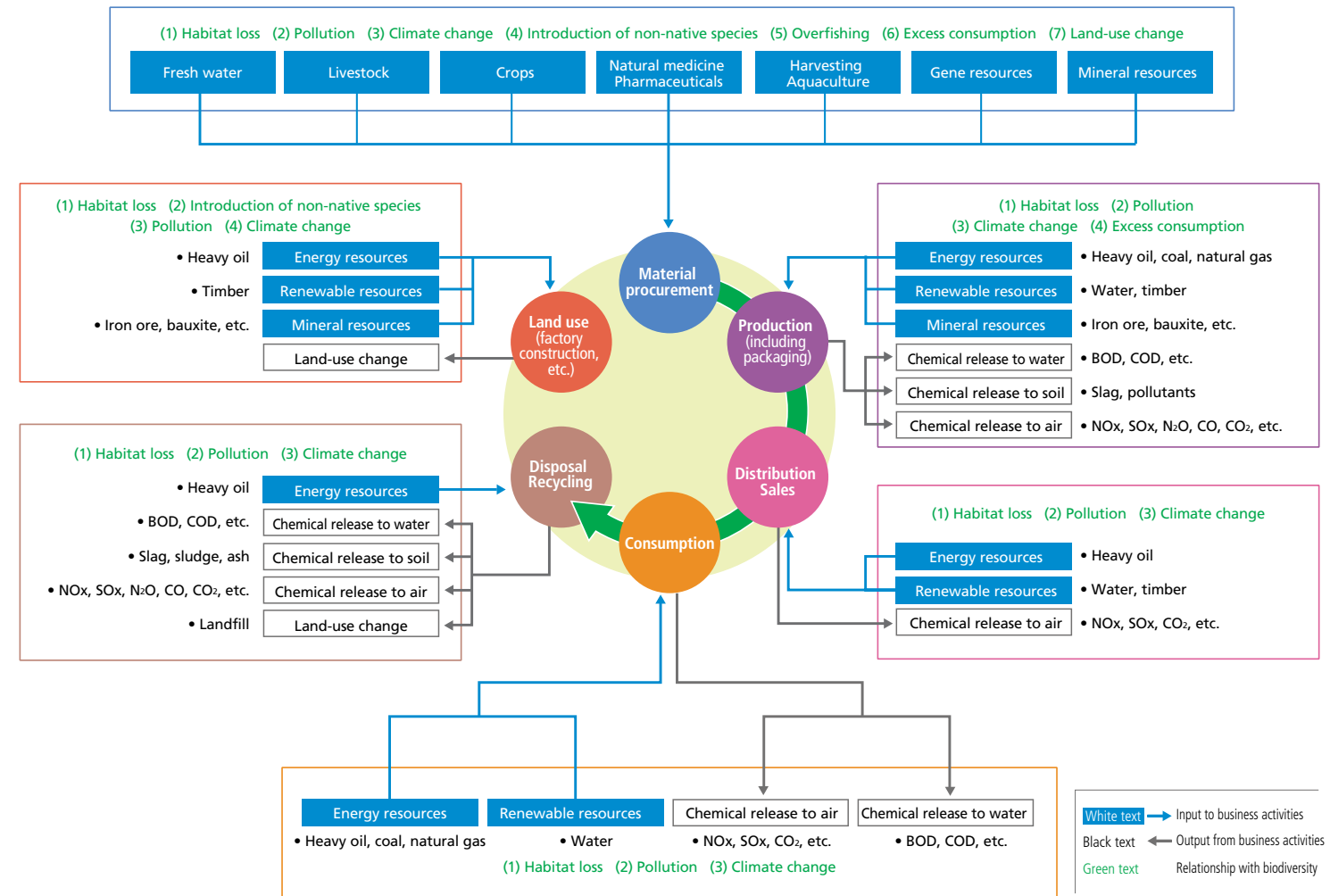
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# Biodiversity

## 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:

Map of relationship between business activities and biodiversity



White text → Input to business activities  
 Black text ← Output from business activities  
 Green text Relationship with 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 10 km of each plant.

### Assessment of biodiversity around production bases

Plant	River basin	Fiscal 2021 total water intake (m <sup>3</sup> )	Fiscal 2021 total water discharge (m <sup>3</sup> )	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	180,032	150,625	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 <b>northern pintail</b> (a duck on the IUCN Red List).
Hyogo Miki Plant	Kako River basin, Muko River basin, Yodo River basin, around Kobe City	263,876	225,059	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	152,416	125,077	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	463,605	244,593	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	175,770	130,433	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	83,743	47,628	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	103,461	28,172	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 <b>Reeves' turtle</b> , classified as endangered by IUCN.
Yakult Aichi Plant	Kiso River, Yahagi River, Shonai River basins	80,304	30,137	66	1	The streams and rivers of the Nobi Plain are habitats for the <b>Madara-naniwa-tombo dragonfly</b> , 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	110,657	73,425	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 <b>Reeves' turtle</b> and the vulnerable (DD by Japan's Ministry of the Environment Red List) <b>Chinese softshell turtle</b> .
Yakult Fukuoka Plant	Chikugo River basin	60,721	39,914	92	2	Within 10 km downstream of the plant, there is an IUCN Category IV area (wildlife sanctuary). Also, the <b>Japanese grenadier anchovy</b> , classified by IUCN as endangered (Ib by Japan's Ministry of the Environment Red List), and the <b>Ariake stripe spined loach</b> , 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	17,040	16,854	106	1	Within 10 km downstream of the plant, there is an IUCN Category IV protected area (wildlife sanctuary). Also, the <b>genuine bitterling</b> , 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

### ■ Environmental Actions (2021–2024) Tree Planting: Japan

In 2021, as one of the Environmental Actions (2021–2024) initiatives conducted for our CSR campaign, we planted 30 trees at 13 locations throughout Japan on May 22nd, the International Day for Biological Diversity, and on other occasions.

### ■ Million Trees Project: Yakult China Group

In 2015, the Yakult China Group began participating in the Million Trees Project run by the NGO Shanghai Roots & Shoots. The group has donated 2,000 seedlings every year since, most recently in 2021. With a total of 14,000 trees planted at the Yakult public welfare forest (14.76 hectares) and an average conservation rate of approximately 70% (NGO data), this initiative has been steadily contributing to the afforestation of the area.

### ■ Working with Treedom to plant 10,000 trees in 3 years: Yakult Europe B.V.

In 2022, Yakult Europe B.V. began a new activity in collaboration with Treedom, a global web platform that facilitates tree-planting around the world. Seedlings purchased online by Treedom users are planted and raised by farmers in Africa and Central and South America. To raise awareness of this activity among operating companies in Europe, the company presented every employee of the Yakult Group in Europe with a seedling and a Treedom code for an individual tree, and now works with employees to manage Yakult's forest online.

## 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 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.

**WEB** [UNDB-J My Action Declaration Initiatives >>>](#)

[https://undb.jp/wp/wp-content/uploads/2019/06/action\\_jirei.pdf](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 around the world 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.

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

We use environmentally responsible FSC®\*1- and PEFC\*2-certified papers, both of which programs are known as 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 are in the process of switching to using FSC®- and PEFC-certified papers for our main paper containers and packaging.

\*1 The FSC® (Forest Stewardship Council®) is an international NPO established with the goal of promoting responsible forest management more widely

\*2 The PEFC® (Programme for the Endorsement of Forest Certification) is an international NGO that promotes the mutual recognition of forest certification programs established and operated in different countries based on standards set by the PEFC, and promotes sustainable forest management



責任ある森林管理  
のマーク  
FSC® N003728



Note: PEFC logo mark used with the permission of the Sustainable Green Ecosystem Council (SGEC/PEFC Japan).



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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.

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Fiscal 2021 legal compliance

In fiscal 2021, Shanghai Yakult Co., Ltd. paid a 450,000 yuan fine for using an expression in its sales activities that could be misinterpreted as touting effectiveness in preventing and treating COVID-19. Each overseas office was subsequently informed of points to keep in mind in producing public relations, advertising and sales promotion materials and in communicating information. Checks were also made of how each office monitored its communications activities.



Photo courtesy of Yakult Middle East FZCO



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Materiality

# Innovation

## Our approach

We recognize that in order for the Yakult Group to continue growing sustainably, we need to not only further promote product development through the pursuit of excellence in life science but also create services that provide new value. While bearing in mind the views of our stakeholders, we will further develop our organizations and create frameworks to generate innovations that will help resolve social issues and bring about our evolution toward a healthcare company.

## Risks and opportunities

Risks	Opportunities
<ul style="list-style-type: none"> <li>● Insufficient response to diversifying consumer needs could affect business performance</li> <li>● Infringement of intellectual property, leakage of research data, new infectious diseases or natural disasters could delay development</li> </ul>	<ul style="list-style-type: none"> <li>● Development of highly safe products could lead to greater competitiveness</li> <li>● Development of products responding to growing health consciousness could lead to greater competitiveness</li> <li>● Promotion of joint research could lead to innovations</li> </ul>

## 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

## Targets and achievements

Target	Achievements
<ul style="list-style-type: none"> <li>● Continuing research that helps resolve social issues</li> </ul>	<ul style="list-style-type: none"> <li>● Nationwide launch of <i>Yakult 1000</i> (fiscal 2020)</li> <li>● Launch of <i>Y1000</i></li> </ul>

## Challenges and solutions

Changes in social conditions have a great impact on people's ideas about and attitudes toward health and can create new social issues. As a company advocating good health, we recognize that it is both our mission and challenge to continue to respond to these changes and contribute to solving new issues.

In response to the recent growth of the health domain, we are expanding our business into the healthcare field, centered on the probiotics research in which we have developed expertise over the years. We aim to create new value by evolving into a healthcare company that provides products and services that meet the needs of people around the world.

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## Message from the chief officers

**Fumiyasu Ishikawa**

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

**Founded on innovation**

Yakult's business was launched in the early 20th century when founder Minoru Shirota, distressed by the number of children who lost their lives to infectious diseases, decided to undertake microorganism research and pursue preventive medicine to prevent diseases rather than treating them after they occur. He focused his research thereafter on lactic acid bacteria, resulting in the creation of the fermented milk drink *Yakult*. In an era when therapeutic medicine was the norm, providing new value from the new perspective of preventive medicine was truly innovative.

This innovation was embraced not just in Japan but has continued to spread throughout the world, and today Yakult's dairy products are enjoyed in 40 countries and regions, including Japan. We are delighted and encouraged to be able to offer the value of Yakult to people around the world through our innovative products and services.

**Meeting the needs of the times**

We believe that one of our missions is to continue to create product value that is in demand among our customers while always taking social issues into consideration, and view this as an important way to contribute to the health of people around the world.

The "value" that people look for is always changing with the times. Just when people's interest began to grow in research on the gut-brain axis, or how the brain and intestines influence each other, we had learned from our basic research that high concentrations of *Lactobacillus casei* strain Shirota\*1 had an impact on the nervous system. Additional research led to the market launch of *Yakult 1000* in 2019 and *Y1000* in 2021. These drinks had functions that relieved stress and improved sleep quality under conditions of temporary mental stress. They provide value that was unavailable in conventional products by addressing stress- and sleep-related health problems in contemporary society.

Public support for these products exceeded our expectations. We received many positive comments from the large number of people who saw new value in these products. This feedback showed again that the benefits of our innovation are contributing to the health of people suffering from newly emerging problems of our age.

**Continued commitment to creating value**

One of the qualitative goals of Yakult Group Global Vision 2030, formulated in fiscal 2021, is to offer customers new value that matches their needs.

We will continue to utilize our research findings cultivated over the years on lactic acid bacteria and other beneficial microorganisms, promote microbiome research, and pursue new possibilities and innovation through collaboration with outside resources, while providing new value that leads to solutions of the mounting health and social issues throughout the world.

We thus aim to "evolve into a healthcare company that continues contributing to the health of people around the world," as stated in our vision.

**Masanori Ito**

Director and Managing Executive Officer  
Divisional General Manager of Pharmaceutical Business Division

**Helping as many people as possible through our pharmaceuticals**

Yakult's pharmaceutical research began in 1978 when we discovered that our proprietary *Lactobacillus casei* strain Shirota had anti-cancer properties via an immunostimulatory effect. This led to the start of development research of anti-cancer agents. We have since developed a number of chemotherapeutic agents widely used in Japan and overseas, such as plant-based *Campto infection* (irinotecan hydrochloride) and *Elplat* (oxaliplatin).

Nothing could be more rewarding than to be able to apply the results of our intestinal bacteria research to the treatment of diseases for which there are no simple cures.

We will continue to research and develop high value-added pharmaceuticals that utilize the microbiome. We will also seek the successful realization of a Medical Biome®\*2 business to manufacture and market products that help people maintain good health and facilitate medical treatment. This will enable us to contribute to people's health in the medical and pharmaceutical sectors as well.

\*1 Reclassified as *Lactocaseibacillus paracasei* strain Shirota in April 2020.

\*2 A registered trademark in Japan coined from "medical" and "microbiome."

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## Organizations that generate innovation

### ■ 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.

#### Yakult Central Institute

Established: April 1955 (launched in Kyoto 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 ingredients 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 visit 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 cultivate interest among students in contributing to society through work. In fiscal 2021, 620 students from 19 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 clinical trials in Europe using locally produced fermented milk drinks, 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.

## Research on bacteriology

### Preventive medicine Researching the 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 the intestinal microbiota. It has been discovered that the 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 the 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 the 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

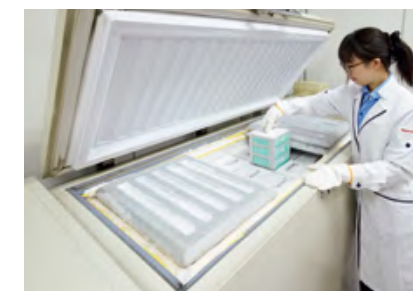


Intestinal flora analysis system YIF-SCAN®

### A healthy intestinal tract leads to a long life

#### Probiotics research

The Yakult Central Institute has a long list of research achievements involving strains such as *Lactobacillus casei* strain Shirota, discovered by Minoru Shirota, and *Bifidobacterium breve* strain Yakult.



Collection of microorganisms such as lactic acid bacteria and bifidobacteria

## Evolving 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. Particularly outside Japan, with the rise of lifestyle-related diseases and obesity, many countries are levying a "sugar tax" on foods containing more than a certain amount of sugar.

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Mexico now requires a warning label on foods with sugar content exceeding specified standards, while in Malaysia and Singapore, the Healthier Choice Symbol (HCS) appearing on foods containing less than the specified levels of sugar is required for their sale at schools. Similar requirements in product development and labeling are expected to increase in the future, so the Yakult Group is developing and introducing low-sugar products to clear food standards and meet consumer demand in different countries and regions.

Mental healthcare is also becoming increasingly important as many people today suffer from 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. And in October 2021, *Y1000* was launched with the same functions as *Yakult 1000*, primarily for the retail store channel.

■ **Efforts in Japan**

With an increasing percentage of sales from products with lower sugar content and fewer calories (*Yakult 400LT*, *New Yakult Calorie Half*), we reduced the calories per milliliter of *Yakult 1000*, *Y1000* and *Yakult 400W* compared to *Yakult 400*. Anticipating that people's interest in reducing sugar intake will grow in the future, we will apply the technologies we developed to comply with sugar regulations in other countries to develop products in Japan.

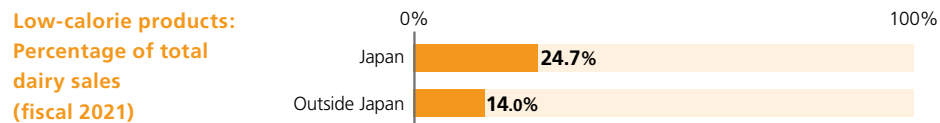
As people's health consciousness and their preferred health solutions become more diversified, we are considering new products that provide value tailored to each individual, such as by combining the proprietary functions of our existing products with plant materials that have a healthy image, as well as by developing new categories of products that can be used in medical treatment.

■ **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 27 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 health and happiness of people around the world through development and sales of products that benefit the health of our customers.



**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.

**Related information** [p. 32 Plastic containers and packaging >>>](#) [p. 36 Water >>>](#) [p. 39 Resource recycling >>>](#)

**Expanding joint research**

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

■ **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)



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### ■ Joint research with the National Center of Neurology and Psychiatry

An intervention trial conducted in collaboration with the National Center of Neurology and Psychiatry confirmed that consumption of fermented milk drinks containing *Lacticaseibacillus paracasei* strain Shirota relieved depression symptoms and improved the sleep quality of patients suffering from major depressive or bipolar disorders. The results were reported in the journal *Microorganisms* (published on May 10, 2021).

### ■ Joint research with the Tokyo Metropolitan Institute of Gerontology

In joint research carried out with the Tokyo Metropolitan Institute of Gerontology, we conducted an epidemiological survey of elderly people in the town of Nakanojo, Gunma Prefecture that confirmed that habitual intake of dairy products containing *Lacticaseibacillus paracasei* strain Shirota may contribute to the stabilization of the intestinal microbiota in the elderly. The results were reported in the journal *Scientific Reports* (published on June 17, 2021).\*

\* R. Amamoto et al. "Yearly changes in the composition of gut microbiota in the elderly, and the effect of lactobacilli intake on these changes." *Scientific Reports*. 2021, 11:12765.

### ■ 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 departments collect 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 only 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.

## Protection of intellectual property

We work actively to acquire the intellectual property rights (patents, designs, trademarks, etc.) in and outside Japan for 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.



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Materiality

# Value co-creation with communities

## 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 through our unique network of Yakult Ladies, who hand deliver products to customers.

## Risks and opportunities

Risks	Opportunities
<ul style="list-style-type: none"> <li>● Product-related safety/health issues could cause an interruption in business</li> <li>● Insufficient disclosure of product information could lead to less trust in the Group</li> <li>● Labor shortages or working environments with insufficient safety levels could cause an interruption in business</li> <li>● Stricter environmental regulations, air pollution, destruction of biodiversity could cause an interruption in business</li> </ul>	<ul style="list-style-type: none"> <li>● Providing safe, healthy products could lead to greater competitiveness</li> <li>● Providing full product information could lead to improved trust in the Group</li> <li>● Promoting diversity and creating a rewarding working environment could lead to a stable workforce</li> <li>● Introducing eco-friendly vehicles and vending machines could lead to increased environmental friendliness</li> </ul>

## Policies/Guidelines/Targets

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

## Targets and achievements

Targets	Achievements
<ul style="list-style-type: none"> <li>● Promote dispatch of lecturers and health-related classes*<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>▶ Lecturers dispatched for 12,700 lectures to 1,069,396 participants (total for Japan and overseas)</li> <li>▶ Health-related classes given 221,747 times to 7,414,560 participants (total for Japan and overseas)</li> </ul>
<ul style="list-style-type: none"> <li>● Promote Courtesy Visit Activities, community safety watch and crime prevention activities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Courtesy Visit Activities conducted by 51 marketing companies visiting 35,279 older people*<sup>2</sup></li> <li>▶ Community safety watch and crime prevention activities carried out by 101*<sup>3</sup> marketing companies in cooperation with 932 local governments and other groups</li> </ul>
<ul style="list-style-type: none"> <li>● Further sports promotion</li> </ul>	<ul style="list-style-type: none"> <li>▶ Activities voluntarily suspended to prevent the spread of COVID-19</li> </ul>
<ul style="list-style-type: none"> <li>● Implement cooperative activities with local governments and other groups</li> </ul>	<ul style="list-style-type: none"> <li>▶ Concluded an agreement with Kunitachi City to provide water in the event of a disaster</li> <li>▶ Supported a campaign providing breakfast to disadvantaged elementary schoolchildren in the mountains of Yunnan, China</li> <li>▶ Took part in the breakfast for kids project, a public-interest initiative to provide children from impoverished families in mountainous areas with breakfasts.</li> </ul>
<ul style="list-style-type: none"> <li>● Deepen exchanges with local communities through plant festivals</li> </ul>	<ul style="list-style-type: none"> <li>▶ Activities voluntarily suspended to prevent the spread of COVID-19</li> </ul>

\*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 companies.

## Challenges and solutions

Yakult Ladies, who give the Yakult Group its distinctive sales style, hand-deliver products with care and convey health information to customers. By making the most of engagement with customers, they help people lead healthier lives and contribute to communities' safety and peace of mind.

However, the spread of COVID-19 has made it difficult for Yakult Ladies to conduct their activities in the same way as in the past. In response to these challenges, we now take thorough measures to prevent infection in making deliveries and have also begun communicating health-promoting information on the Yakult BASE website and distributing issues of the #YomuYakult health magazine so we can continue to contribute to the health of people in the community even during the pandemic.

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## Message from the chief officers

**Tetsuya Hayashida**

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

**Growing with the local community**

The Yakult Group's business is rooted in local communities, with 101 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.

A common feature of both our in-store and home-delivery activities is our focus on nurturing close ties with the community. We are always mindful of ways to promote intestinal health so as to contribute to the overall health of people in the community.

**Delivering better health**

To deliver not only Yakult products but also better health, we dispatch lecturers to elementary schools to communicate the importance of intestinal health and how we can stay fit by following good lifestyle habits. We also organize health-related lectures and classes for people in the community on such topics as intestinal health and seasonal health trends. In addition, nutritional counseling sessions are held at business partners, and value-dissemination activities are held at retail outlets to convey the health benefits of Yakult drinks.

Out of our wish to contribute not only to healthier intestines but also better skin, in Japan, Yakult Ladies and Yakult Beauty Advisors introduce our lineup of cosmetic products and deliver beauty-related information, while beauty specialists lead classes in the community to offer skincare tips.

**A good corporate citizen**

There has been renewed recognition in recent years of the need for and importance of community ties. In Japan, we are actively involved in initiatives to build safer communities, such as by visiting elderly people living alone to confirm their safety through Courtesy Visit Activities, as well as through community safety watch and crime prevention activities conducted in conjunction with local governments and police departments. The impetus for these initiatives—undertaken largely by our community-based marketing companies and Yakult Ladies—comes from our desire to contribute to the community.

We will continue promoting business activities that lead to value co-creation with communities, with all Group workers showing genuine concern about each customer.

**Susumu Hirano**

Director and Senior Managing  
Executive Officer  
Divisional General Manager of  
International Business Division

**Sharing Yakult's core values with the world**

Because people's desire for good health is universal, Yakult can contribute to regions far beyond Japan's borders. Our first overseas operations began in 1964 with the launch of Yakult Taiwan Co., Ltd. We have since continued to promote good health by nurturing close ties with the community, with Yakult products now being enjoyed in 39 countries and regions in Asia and Oceania, the Americas and Europe and more than 73,000 Yakult workers, including some 50,000 Yakult Ladies, working at 29 business sites and 27 plants. To deliver good health to as many people as possible worldwide, we conduct, just as in Japan, health-related lectures and classes and value dissemination activities in each country and region, in addition to delivering Yakult products.

**Harmonizing with diverse communities**

There is great diversity among the world's countries and regions in terms of ethnicity, language, culture, customs and climate, and the differences far exceed any regional disparities found within Japan. Yet people everywhere share a desire for good health. To develop our business, we must contribute not only to people's health but also to local communities. Economic contributions include providing employment opportunities and facilitating women's advancement in society; educational and cultural support includes promoting healthy food habits, artistic activities, and sports programs; and environmental improvements include planting activities and energy conservation.

To these ends, we at Yakult take the time and trouble to go to each country and region and build the organization, distribution systems, close community ties, and networks that are conducive to promoting people's health through our products. This is a very time-consuming and labor-intensive "agricultural" style of business development, but we believe this is the best way of harmonizing with local communities and winning the trust and support of local residents.

**Delivering the benefits of Yakult products to people worldwide**

As our operations have expanded, so has the share of the global population that can access Yakult's dairy products in some form; of the 7.9 billion people on the planet today, the countries and regions where Yakult operates account for 4.5 billion people, or around 56% for the total, while Yakult's market population is 2.4 billion people, or around 30%. This means, though, that there are still many people around the world that we have yet to reach.

To deliver good health to as many people as quickly as possible, we will strive to further expand our sales area while continuing to nurture close ties with local people and communities around the world and showing genuine concern about the welfare of each and every customer.

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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 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 2021, we invested approximately 190 million yen in activities run in partnership with local communities

## Furthering the concepts of 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* magazine and use various other types of materials to proactively deepen health awareness of people in local communities.

Related information ▶ p. 72 *Healthist* magazine ▶▶▶

### ■ Developing online tools

We plan to launch health-related lectures and classes in an online format to continue providing information on health when in-person events cannot be held. We are currently developing tools that enable interactive communication, taking into account the digitalization of school learning. Once these tools are developed, they will be tested in limited regions as pilot cases ahead of a planned national launch during fiscal 2022.

Note: Some marketing companies are independently already holding online health-related lectures and classes.

### ■ Dispatching lecturers

Our branches and marketing companies in each region of Japan dispatch employees as 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 well received and cited as a positive case study 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).

These lectures are also conducted in many countries outside Japan. In fiscal 2021, we conducted 2,472 such lectures in Japan for 111,541 participants, while outside of Japan there were a total of 10,228 lectures given to 957,855 participants.

### ■ Health-related classes

Health-related classes 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 classes.

In fiscal 2021, there were 11,471 health-related classes conducted in Japan for 111,442 participants. In some countries and regions outside Japan classes were held both on and offline, with about 210,276 classes held for about 7.3 million participants.

Note: In fiscal 2021, to prevent the spread of COVID-19, we chose to reduce the number of lectures and classes in Japan and overseas. When group events are held, we take thorough protective measures. Outside of Japan, online lectures are being held in Hong Kong, the Philippines, Singapore, Indonesia, Australia, India, China (Guangzhou and Beijing), Brazil, Mexico, the UK, Germany and the Netherlands.



A health-related class organized by 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 people with the opportunity to deepen their 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 2021, the website continued to feature topics that raised awareness of screenings for bowel cancer. Any new, helpful information from the Ministry of Health, Labour and Welfare and other public institutions was promptly posted on the website so that it could be disseminated to patients and their families. We also updated information on the site to reflect the latest available epidemiological data. Since going online in March 2012, the website has been accessed by a total of over 15 million people.

**WEB** [Bowel Cancer Information website >>>](https://www.daichougan.info/) <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 and have skin consultations with marketing company employees and Yakult Beauty Advisors.



A beauty workshop

## 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.

In October 2021, Yakult (Singapore) Pte. Ltd. took part in an effort to enhance people's awareness of breast-cancer prevention. The initiative involved placing stickers on Yakult products to publicize the Singapore Health Promotion Board's efforts to prevent breast cancer and a variety of other diseases through health screenings and financial assistance for screening expenses. And in December, we collaborated with the Singapore Breast Cancer Foundation (BCF) to illuminate the Merlion—a Singapore icon—in pink to coincide with the Pink Ribbon campaign. Breast cancer is one of the most common types of cancer in Singapore, accounting for over 2,000 new diagnoses and 400 deaths every year. Yakult (Singapore) Pte. Ltd. continues to work with BCF to raise people's awareness of the disease.



A Yakult Lady explains the Health Promotion Board sticker on a product (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 2021 Yakult Vietnam Co., Ltd. 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

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## 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.

In fiscal 2021, 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 2022, about 2,600 Yakult Ladies are paying regular visits to about 35,000 elderly people in response to requests from 120 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 932 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 2022, 101 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 prefectural pachinko and pachislot cooperative associations, 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 2021, we had the stickers attached to a total of around 740,000 bottles at 72 facilities in 20 prefectures.

### ■ Implementing social activities with vending machines

As of the end of March 2022, the Yakult Group has installed about 42,000 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 2021, we installed another 4 Pink Ribbon vending machines throughout Japan (total: 316 in operation).



Pink Ribbon vending machine

### ■ 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.

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### ■ Elderly welfare check: Yakult China Group

In the spirit of protecting the health of the elderly, Yakult Ladies from three delivery centers in Shanghai visited 48 elderly people living alone in the community during the Double Ninth Festival (China's day for seniors) in 2021, celebrated each year on the ninth day of the ninth lunar month of the traditional Chinese calendar. They checked on their living situation and wellbeing, spoke about intestinal health and the benefits of probiotics, and presented gifts to promote health. Informal social gatherings at three assisted-living facilities gave a total of 108 participants a chance to learn about the workings of the digestive tract and to try some finger exercises.



Visiting a nursing 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 led by currently active professional players from the Tokyo Yakult Swallows during the off-season. The NPO Tsubame Sports Promotion Association was established in 2005 and holds baseball clinics by retired players from the Tokyo Yakult Swallows.

Note: Baseball clinics were suspended in fiscal 2021 to prevent the spread of COVID-19.

### ■ Ball-throwing clinic

In recent years the physical fitness of elementary school students has deteriorated, and there has been a particularly notable decline in throwing ability. At the request of kindergartens and elementary schools, the Tokyo Yakult Swallows baseball team runs ball-throwing clinics. While the COVID-19 pandemic has prompted a decrease in the number of clinics since 2020, organizers continue to hold the events under rigorous infection-control protocols. In fiscal 2021, clinics were held 29 times with 2,712 participants. The activity is steadily returning to its pre-COVID-19 levels; in fiscal 2022 (as of May 2022), the number of clinics is already double that held the previous year.



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 *ekiden* (road relay) 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 in Saitama Prefecture and a tag rugby clinic at elementary schools in Tokyo and Chiba Prefecture.

Note: In fiscal 2021, 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 2021 activities were held 79 times with 776 participants. Although plants also actively participate in cleanup and other activities run by local communities, in fiscal 2021 participation was suspended to prevent the spread of COVID-19.

The Yakult Central Institute conducts staff-run cleanup activities on the second Thursday of every month. While the number of events has been reduced due to COVID-19, we continue to do cleanup activities in small groups. 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 made by employees and profits from the sale of books are given to OISCA's Children's Forest Program. In 2021, donations from the recycling fair reached 69,506 yen. The Company donated the same amount as a matching gift.

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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.

### Support for elderly people living poverty: Yakult Deutschland GmbH

Since February 2020, Yakult Deutschland GmbH has supported Herzwirk, a regional social project that cares for elderly people struggling with poverty in Dusseldorf. In addition to donating *Yakult*, the company helped foster a better understanding of the project's efforts by creating a Christmas card with the Herzwirk logo and donating two euros for every card sent.



A Christmas card with the Herzwirk logo

### Support for orphanages and children from impoverished families: Yakult (Malaysia) Sdn. Bhd.

Yakult (Malaysia) Sdn. Bhd. donated daily necessities and Yakult products to 30 children from impoverished families at six elementary schools. In addition, the company provided a total of 11,650 bottles of *Yakult* over the course of fiscal 2021 to support orphanages, flood victims, and families living in poverty.



Donation of Yakult drinks to an orphanage

### Support for children with serious illnesses: Guangzhou Yakult Co., Ltd.

Working through an organization that offers support to sick children in Guangzhou City, Guangzhou Yakult Co., Ltd. donated daily necessities and Yakult products to over 560 children hospitalized with serious illnesses at 11 area medical institutions. A group of 43 Guangzhou Yakult Co., Ltd. employees also donated some of their hair to make wigs for sick children experiencing hair loss.

### Support for the breakfast for kids project: Yakult China Group

The Yakult China Group takes part in a public-interest initiative organized by Yicai Media Group (China) to provide children from impoverished families in mountainous areas with breakfasts. Participating companies donate funding to pay for breakfasts on certain days of the year. Since 2013, the Yakult China Group has provided 10,000 yuan every year for breakfasts on May 29—World Digestive Health Day.





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Materiality

# Supply chain management

## 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, mitigating risks and considering social and environmental impact throughout the supply chain and improving the sustainability of society.

## Risks and opportunities

Risks	Opportunities
<ul style="list-style-type: none"> <li>● Human rights violations (e.g., forced labor, child labor) at business partners (suppliers) could lead to less trust in the Group</li> <li>● Unfair discrimination against business partners or corruption with business partners could lead to less trust in the Group</li> <li>● Inadequate BCP could cause an interruption in business during emergencies</li> <li>● Stricter environmental regulations, depletion of water resources, and destruction of biodiversity could cause an interruption in business</li> </ul>	<ul style="list-style-type: none"> <li>● Promotion of sustainable procurement could lead to improved trust in the Group</li> <li>● Cooperation with business partners (suppliers) could lead to stable supply and improved productivity</li> <li>● Safe and pleasant working environments could lead to increased productivity</li> <li>● Saving energy, using water more efficiently and reducing waste could lead to improved cost competitiveness</li> </ul>

## 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

## Targets and achievements

Target	Achievements
<ul style="list-style-type: none"> <li>● Implement CSR procurement</li> </ul>	<ul style="list-style-type: none"> <li>▶ Formulated the Supplier CSR Guidelines</li> <li>▶ Conducted a CSR procurement survey of our suppliers</li> <li>▶ Held two sustainable procurement workshops for Group personnel working in procurement</li> <li>▶ Held a sustainable procurement workshop for personnel in overseas offices and departments in charge of overseas offices</li> <li>▶ Held a briefing for suppliers on CSR Procurement Policy</li> </ul>

## Challenges and solutions

Companies are increasingly being called upon in recent years to fulfill their social responsibilities throughout their supply chains to address environmental, social, and other global issues relating to climate change, water, biodiversity and human rights.

The Yakult Group sees supply chain management as a material issue and is promoting sustainable procurement, in addition to establishing a Human Rights Policy and advancing human rights due diligence initiatives. However, in order to meet the demands of society, it is necessary to enhance understanding among Group workers and accelerate the speed of our efforts. We are committed to fulfilling our responsibilities by strengthening our sustainable procurement promotion system as well as raising awareness and educating Group workers.

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## Message from the chief officer

**Akifumi Doi**

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

**Keeping an eye on global trends and responding to change**

At the 26th UN Climate Change Conference of the Parties (COP26) held in Glasgow, UK, in November 2021, the Glasgow Climate Pact and the Glasgow Leaders' Declaration on Forests and Land Use were formulated, which called on companies to take action to reduce greenhouse gas emissions in their supply chains and conserve forests in order to combat climate change and protect biodiversity.

Meanwhile, problems related to procurement have been increasing due to the rising price of raw materials resulting from international turbulence and a sharp decline in the yen's value. The realization of the social impact that supply chains have, as well as the attention they garner, and the expectations for them have never been greater.

We at the Yakult Group will re-examine our supply chain management and strive to make our supply chain and the Yakult business more resilient by fundamentally enhancing environmental and social sustainability.

**Enhancing sustainability across the supply chain**

As one example of the efforts made to realize the Yakult Group Environmental Vision, which details plans for a value chain with zero environmental impact, we converted all the energy purchased for our domestic dairy and pharmaceutical production sites to renewable energy in April 2022. Our cosmetics plant also switched to renewable energy in July of the same year, completing the switchover at all domestic plants. This will lead to an annual reduction of around 34,800 tons of greenhouse gas emissions.

We will continue to consider and implement actions to reduce our environmental impact, but we cannot achieve our Group's goal of net zero GHG emissions without collaborating with our suppliers. In addition, human rights issues such as forced labor, child labor, discrimination and inhumane treatment in the supply chain are also important themes to be resolved. In order to address these issues, we believe it is very important use the CSR procurement survey and Supplier CSR Guidelines in communication with suppliers.

In October 2021, we held a briefing on our CSR Procurement Policy for our suppliers, with around 400 participants from 158 companies. This was a very meaningful opportunity to explain once again our CSR Procurement Policy and guidelines, share our awareness of issues with our suppliers, and confirm our efforts to solve them.

**Further promoting supply chain management**

We will continue to improve the level of our own initiatives for sustainable procurement, while implementing various approaches to enhance sustainability together with our suppliers. Specifically, we will consider and implement specific actions that include developing CSR procurement surveys for suppliers in Japan and overseas, utilizing international platforms, and establishing targets for raw material procurement. On the basis of these efforts, we will respond to the demands of society to build a sustainable supply chain, as a corporate group with global operations.

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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, premised on the Yakult Group's compliance 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 scope of common practice 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 an 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 as our point of contact with customers. After confirming and mutually agreeing on the roles and responsibilities to be fulfilled by Yakult Honsha and the marketing companies, we execute business activities based on a contract.

We at the Yakult Group work together toward 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 2022

### ■ Compliance with the Subcontract Act

Aiming for even stricter 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 as appropriate.

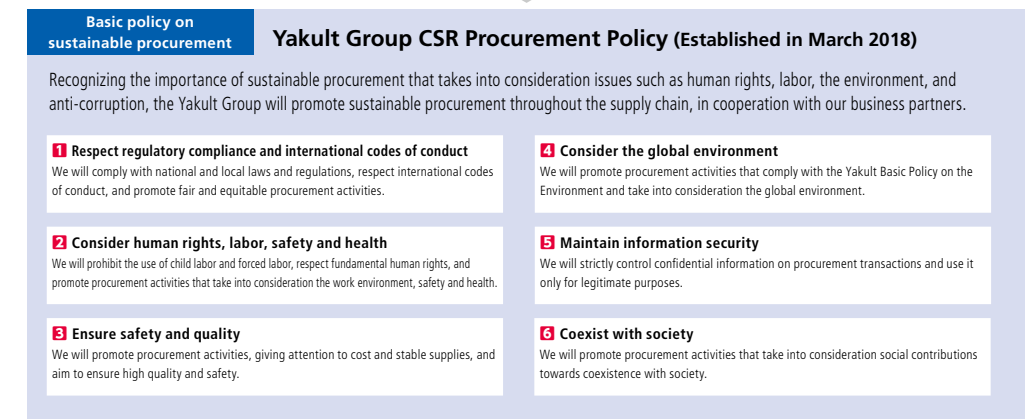
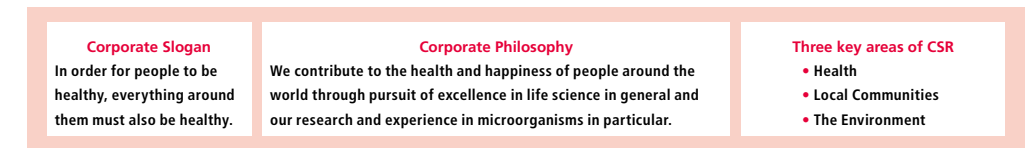
**Related information** ▶ [p. 90 Compliance ▶ Anti-corruption ▶▶▶](#)

## 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

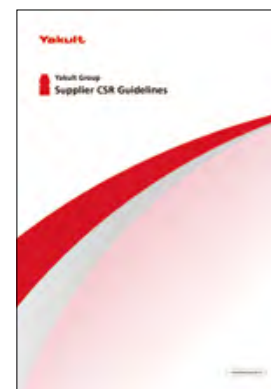
Based on the CSR Procurement Policy, the Yakult Group Supplier CSR Guidelines were formulated in July 2020 in order to effectively promote sustainable procurement within the Group and help create a sustainable society. The guidelines are a collection of requirements regarding responsible procurement 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)

[https://www.yakult.co.jp/english/csr/policy/pdf/supplier\\_csr\\_guidelines.pdf](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 an annual CSR procurement survey in order to identify high-risk suppliers on issues such as the environment, human rights, occupational health and safety and anti-corruption. The fiscal 2021 survey was carried out in June for 124 business partners accounting for the top 90% of our total procurement cost related to manufacturing.

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.

### Supplier selection criteria for implementation of CSR procurement survey

Procurement cost criteria	Business partners in the top 90% of Yakult Honsha's manufacturing procurement costs (incl. all partners meeting this criteria the previous year)
Other qualitative selection criteria (suppliers whose risks need to be identified via a survey, while consulting the criteria listed on the right)	<ul style="list-style-type: none"> <li>• Suppliers of key raw materials (dairy products, sugar) and high-risk raw materials (palm oil, soybeans, paper and pulp)</li> <li>• Suppliers that are considered to have high CSR risks in the supply chain</li> <li>• Suppliers expected to be used for ongoing transactions</li> <li>• Suppliers for items for which there are no alternative suppliers (suppliers on which we are highly dependent)</li> </ul>

We sent feedback about the survey results to the companies that 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, and are also considering such measures as conducting supplier audits through field visits.

#### • Asking suppliers to comply with code of conduct: Yakult China Group

The three plants of the Yakult China Group (Shanghai Plant, Wuxi Plant and Tianjin Plant) requested all of their suppliers to sign a pledge in order to prevent bribery and other illegal activities, in accordance with Yakult China Group regulations. All of the suppliers complied with this request, and efforts will continue to be made to prevent corruption in the future.

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**CSR procurement survey results (July 2021)**

Target: In principle, primary business partners of Yakult Honsha's dairy products, soft drinks, cosmetics and pharmaceutical divisions/Number of responses: 122 companies (98% response rate)

Item	Number of questions	Main questions (examples)	Average score (%) <sup>*</sup>	Percentage of responses (%)			
				Level 3: Responded with "action being taken"	Level 2: Responded with "action being planned "	Level 1: Responded with "no action being taken"	N/A
1. Corporate governance related to CSR	6	Have you established a vision, long-term goals, key areas, etc. for CSR in general?	91.8	80.8	14.5	4.7	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?	94.9	87.4	10.0	2.6	0.0
3. Labor practices	11	Are you taking action for fair application of working hours, holidays, paid leave, etc.?	97.8	95.0	3.5	1.6	0.0
4. Environment	11	Are you taking action to reduce CO <sub>2</sub> and other greenhouse gas emissions, or to use energy efficiently?	91.0	82.0	8.6	8.9	0.6
5. Fair business	11	Are there regulations or initiatives to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)?	95.1	87.1	6.8	3.5	2.6
6. Quality and safety	6	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?	97.5	86.0	1.5	2.8	9.6
7. Information security	6	Do you have a mechanism or initiatives related to personal data and privacy protection?	97.2	93.6	4.6	1.8	0.0
8. Supply chain	4	Are you taking action to promote CSR activities in the supply chain, such as by conducting field surveys of business partners?	92.3	82.9	11.6	5.5	0.0
9. Coexisting with the local community	2	Are you taking action to reduce the social and environmental burden of the production process or products and services?	94.7	89.0	6.5	4.5	0.0
<b>Total</b>	<b>61</b>		<b>94.7</b>	<b>87.3</b>	<b>7.1</b>	<b>4.1</b>	<b>1.5</b>

**Supplier communication (holding a presentation for business partners)**

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 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 risks.

In October 2021, the first CSR Procurement Policy briefing was held to promote understanding of our CSR Procurement Policy and related activities. The online event was attended by approximately 400 people from 158 companies, including suppliers and sellers of raw materials to Yakult. In addition, around 110 people from related departments within Yakult participated.

**Number of business partners by average score**

Average score	Number of companies
90% or higher	97
80% - below 90%	17
70% - below 80%	6
Below 70%	0
Incomplete response	4
<b>Total</b>	<b>124</b>

<sup>\*</sup> 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.

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Following an opening address by Yakult's chief officer in charge, Mr. Hiro Motoki, President and Representative Director of E-Square Inc., who is an expert on sustainable procurement, gave a lecture on environmental and social issues, risks and opportunities, and other topics related to sustainable procurement. This was followed by a presentation by the General Manager of the CSR Promotion Section on the topic of the Yakult Group's various CSR-related policies and sustainable procurement activities. The speaker informed them of three new specific requests, namely, long-term targets for reducing GHG emissions to realize a zero-carbon society, policies and guidelines that take deforestation issues into consideration, and the implementation of animal welfare-related mechanisms and initiatives. Finally, a question-and-answer session was held to encourage interaction between the participants.

Many participants commented that they were able to gain a deeper understanding of Yakult's policies and initiatives and its CSR procurement activities and that the presentations were useful for their future efforts. The briefing sessions were recorded and made available for viewing for a certain time.

Yakult aims to work together with suppliers through such briefing sessions to promote effective sustainable procurement activities by arriving at a shared understanding of issues related to sustainable procurement.

#### ■ 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 2021, training on sustainable procurement was provided to a total of 72 persons responsible for or involved with sustainable procurement promotion at the Yakult Group's overseas offices, as well as officers and employees of the department in charge of overseas offices at Yakult Honsha.

From fiscal 2022, we will promote sustainable procurement activities in the Yakult Group by conducting CSR procurement surveys at overseas offices as well as risk identification using Sedex, an international data sharing platform aimed at responsible procurement.



Sustainable procurement promotion meeting

#### Awareness-raising activities regarding sustainable procurement

Fiscal year	Activity and participants	Details
2018	Study sessions promoting sustainable procurement (held 7 times) Participants: Heads of procurement-related departments and managers in charge (35 persons in total)	Inviting external lecturers to raise awareness regarding sustainable procurement and supply chain management
2019	Sustainable procurement promotion meeting Participants: Heads of procurement-related departments and managers in charge	Planning and implementation of various measures to achieve sustainable supply chain management
2020	Sustainable procurement workshops (held 2 times) Participants: Personnel involved in development and procurement	Sessions and group discussions led by outside experts to introduce and share case studies on social issues related to human rights, labor, the environment, and anti-corruption; presentations on risks and opportunities related to our sustainable procurement, as well as on the need for international traceability and certification systems related to raw materials, etc.
2021	Sustainable procurement workshop Participants: Overseas business offices and directors and employees of departments in charge of overseas offices at Yakult Honsha	Share basic knowledge on sustainability and specific methods of sustainable procurement

#### ■ Green procurement

The Yakult Basic Policy on Green Procurement 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 2021  
Green procurement ratio:  
**65.0%**  
(head office, research institute, Honsha plants)

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**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

Please refer to the following URL for the full text of the Yakult Basic Policy on Green Procurement:

**WEB** [https://www.yakult.co.jp/english/csr/download/pdf/2022\\_green\\_policy.pdf](https://www.yakult.co.jp/english/csr/download/pdf/2022_green_policy.pdf)

**Related information** p. 42 Use of internationally certified paper in products (participating in biodiversity-related certification programs) >>>

**Stable procurement of raw materials**

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

To ensure the stable procurement of raw materials used in our dairy products, we distribute risk by purchasing 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. In addition, we comply with the good manufacturing practices of the countries to which we export some pharmaceutical raw materials.

**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.

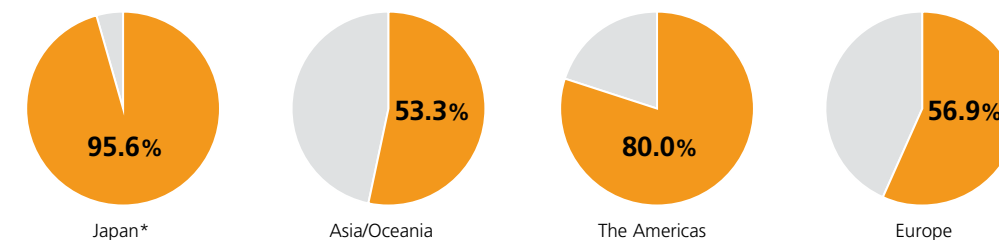
**Our commitment to local employment and sourcing**

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. 83 Local hiring for senior management positions: Yakult Europe B.V. >>>

**Locally procured raw materials (Fiscal 2021)**



\* 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 our business are respected, in fiscal 2021, we established the Yakult Group Human Rights Policy in April after deliberation and approval by the Board of Directors. The Policy clearly states that we shall promote human rights 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. Using that framework, we will continue to develop and implement mechanisms for human rights due diligence.

## Human rights promotion structure

Chief responsibility for promoting human rights activities based on the Policy and conducting regular oversight of compliance with the Policy lies with the Yakult Honsha director who holds the position of Divisional General Manager of the Management Support Division. In addition, the content of concrete initiatives is 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 important matters concerning human rights are reported to the Board of Directors.

## Human rights due diligence

The Yakult Group will develop and implement mechanisms for human rights due diligence in hopes of building a responsible supply chain where preventive approaches ensure that all human rights are respected. Through its human rights due diligence, the Group will identify, prevent and mitigate any potential negative impacts on society. In fiscal 2021, we established the human rights due diligence review meeting attended by members of relevant departments. We then gathered and shared information relating to human rights due diligence and identified key human rights issues within the Yakult Group.

## 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.

The Yakult Group Human Rights Policy contains provisions on the following.

1. Scope
2. Responsibility for respecting human rights
3. Establishment of promotion structure
4. Human rights due diligence
5. Remedy
6. Information disclosure
7. Dialogue and talks with stakeholders
8. Education and training
9. Human rights issues related to business activities

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

Established: April 27, 2021

**Hiroshi Narita**  
President and Representative Director



Please refer to the following URL for the full text of the Yakult Group Human Rights Policy:

**WEB** [https://www.yakult.co.jp/english/csr/social/human\\_rights/](https://www.yakult.co.jp/english/csr/social/human_rights/)



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## 14 key human rights issues for the Yakult Group

	Key human rights issue	Stakeholders
1	Forced labor, human trafficking	Employees (Yakult)
2	Child labor	Employees (Yakult)
3	Discrimination	Employees (Yakult)
4	Inhumane treatment	Employees (Yakult)
5	Freedom of association, collective bargaining rights	Employees (Yakult)
6	Working hours	Employees (Yakult)
7	Wages	Employees (Yakult)
8	Occupational health and safety	Employees (Yakult)
9	Human-rights issues on the supply chain	Employees (supply chain)
10	Health of local residents	Local communities
11	Water access, hygiene	Local communities
12	Ethical, responsible marketing	Consumers
13	Health and safety	Consumers
14	Rights to privacy	Employees, local communities, clinical trial participants, etc.

After considering ways to address the issues that emerged, we then formulated a medium-term roadmap and an action plan for fiscal 2022. From fiscal 2022 forward, we will promote human rights due diligence across the Yakult Group in accordance with the action plan.

#### ■ Human rights due diligence promotion council

In fiscal 2021, we established the human rights due diligence review meeting attended by members of relevant departments. We then gathered and shared information relating to human rights due diligence and identified key human rights issues within the Yakult Group. Looking carefully at how to address the issues that emerged, we then formulated a medium-term roadmap and an action plan for fiscal 2022.

The name of the body was changed in fiscal 2022 to the human rights due diligence promotion council to clarify its role as a cross-organizational structure for promoting human rights due diligence and to continue promoting human rights due diligence across the Yakult Group in accordance with the action plan.



\* At the Yakult Central Institute and for development, plants, distribution and the Head Office

## 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.

Related information ▶ p.73 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 inadvertently violating a person's human rights, which includes discrimination and prejudice arising from common assumptions. We pay particular attention to ensure that individuals become neither a perpetrator nor a victim.

In fiscal 2021, we held eight workshops for compliance personnel to raise awareness and basic knowledge of workplace harassment.

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## 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.

### ■ Production facilities in 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 still commute 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 our corporate 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.

**Related information** [p. 91 Compliance training >>>](#)

### ■ Compliance newsletter

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

**Related information** [p. 91 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.

### ■ 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. 58 Supply chain management](#) • [Promoting sustainable procurement >>>](#)

### ■ Establishment of a harassment committee

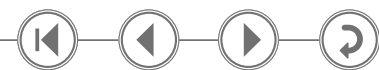
Yakult Danone India Pvt. Ltd. has established a seven-member sexual harassment committee comprising senior staff from the company and outside legal experts in accordance with an Indian legal mandate. In 2021, the committee held two regular meetings and promoted improvements in the working environment.

## 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.



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■ 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.



Halal certification symbol

**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. Inc. 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?"
Statement of company policy restricting family/relatives from working together	Age, gender, marital status, family status	Questions about age, gender, marital status, children and spouse/Questions about pregnancy, childbirth, possibility of future pregnancy "Do you intend to get married?"
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

■ 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. publishes statements on its efforts to adhere to the country's Modern Slavery Act. The company continues to check that its business partners (such as logistics companies) have produced statements in line with the Modern Slavery Act, and requires signed statements from them. The company also requires suppliers with total annual sales of under 36 million pounds to have a clear awareness of its relevant initiatives, which helps promote the protection of human rights across the entire supply chain.

■ 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 Pty. Ltd. 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.

■ 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. Inc. 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.

The Yakult Group Basic Quality Policy covers the following.

1. Scope
2. Compliance with laws, regulations and international norms
3. Promotion structure
4. Dialogue with stakeholders

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Basic Quality Policy:

**WEB** [https://www.yakult.co.jp/english/csr/social/product\\_safety/](https://www.yakult.co.jp/english/csr/social/product_safety/)

\*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 acquired ISO 22000 certification at all 10 of our dairy product plants and bottling companies.

\*2 Includes branches that have acquired the certification

\*3 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 HACCP hygiene management methods
- 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

• ISO 45001: 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** Please refer to the following URL for details about certification acquired by each company >>>

[https://www.yakult.co.jp/english/csr/social/product\\_safety/certification/index.html](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 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.

### Product quality certifications

We are promoting the 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, Inc. 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 August 2022)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	ISO 45001	SQF
Yakult Honsha plants, bottling companies in Japan (10 dairy product plants)			10 <sup>*1</sup>					
Marketing companies in Japan (101 in total)		10 <sup>*2</sup>	1					
Plants outside Japan (27 locations in total) <sup>*3</sup>	21	10	8	3	9	8	2 <sup>*3</sup>	2

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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 regard 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, and carry out 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 the 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 its mission to deliver fresh products at their peak of quality.

The company runs annual study sessions on logistics quality for contractors. In fiscal 2021, as part of COVID-19 safety measures, staff members visited partner companies to hold study sessions. Twelve sessions were held, with 144 participants from nine companies. Staff at those companies received a direct explanation of how to load and handle Yakult products according to their special characteristics, and gained a deeper understanding of product handling.

**Marketing**

We have also established quality control systems at marketing companies and, in order to comply with the Food Sanitation Act incorporating HACCP principles into hygiene management, work is performed and recorded following a hygiene management plan that focuses on product temperature and date control, as well as equipment and material hygiene control. Marketing companies perform their own internal audits to confirm that these measures are being conducted appropriately. Furthermore, teams composed mainly of employees with quality management experience at production plants perform food quality audits and conduct quality control education and training at marketing companies.

**Initiatives in cosmetic and pharmaceutical production**

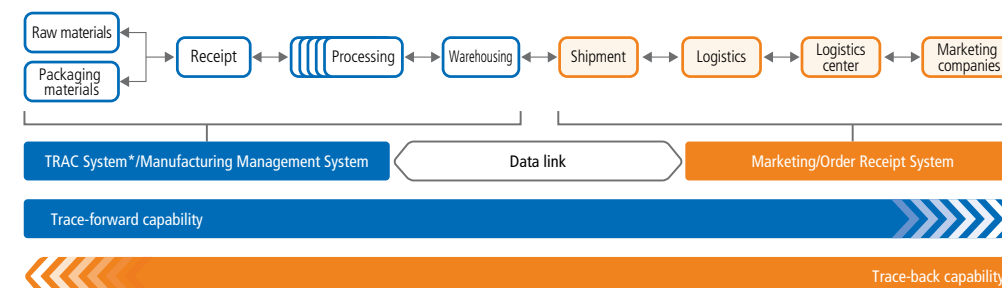
To maintain safe and standardized product quality during all processes at our pharmaceutical plant, from receipt of raw materials to product manufacturing, quality testing and storage, we follow the pharmaceutical Good Manufacturing Practice. We also follow the GMP standards of the countries to which some of our pharmaceutical materials are exported.

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).

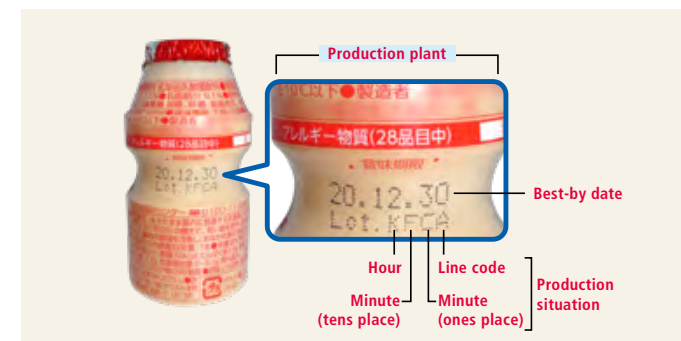
**Traceability system**

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.



\* 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**



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■ 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 2021, audits took place in July at the Shanghai, Tianjin and Wuxi Plants. Due to COVID-19 related restrictions on business travel, the planned year-end audits were postponed.



An independent food safety audit

Active disclosure of product information

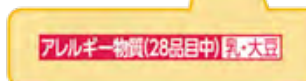
■ Universal design fonts for product labeling

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: 7 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)

Access to better nutrition

Lifestyles changes have made obesity, diabetes and metabolic syndrome more prevalent in industrialized and emerging economies, 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 to address smaller meals and increasing frailty\*1 among older people with a view to extending their healthy life expectancy. On the other hand, developing countries are facing hunger and malnutrition issues due to poverty.

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

In recent years, a close relationship has been found between the intestinal microbiota and human health. In addition to its intestinal regulation and immunoregulation functions, *Lactobacillus casei* strain Shirota has been shown to have an impact on the nervous system (affecting stress levels and sleep), which is vital for maintaining human health. We have been delivering probiotic products that use *Lactobacillus casei* strain Shirota to people around the world since our founding and are contributing to the health of people globally.

Furthermore, in response to the inadequate intake of vitamins and minerals, as revealed by 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.

For example, in Japan, we launched such products as *Yakult 1000* and *Y1000*, which contain *Lactobacillus casei* strain Shirota that can not only improve the intestinal environment but also relieve stress and improve sleep quality; *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\*2 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.

\*1 Frailty: Physical and mental decline (motor and cognitive functions, etc.) associated with age  
 \*2 Equivalent to one-third of the reference daily values for nutrients, etc.

Related information > p.46 Innovation: Evolving into a healthcare company (Product development in response to increased health consciousness) >>>

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# Customer satisfaction

## Role and systems of the Customer Support Center

Day-to-day consultations with customers are vitally important activities that facilitate our efforts to ensure we can provide products and services that benefit our customers. We accept inquiries from customers by phone and email and do our best to respond promptly, accurately and sincerely. One of the important roles of the Customer Support Center is to accurately grasp the meaning of customers' inquiries, relay the comments 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 enhance customer satisfaction. For consultations that require direct customer visits, the Center works in coordination with marketing companies throughout Japan.

### Customer feedback

We categorize our customer consultations into inquiries, applications, complaints, discontinuations/suspensions, changes and others.

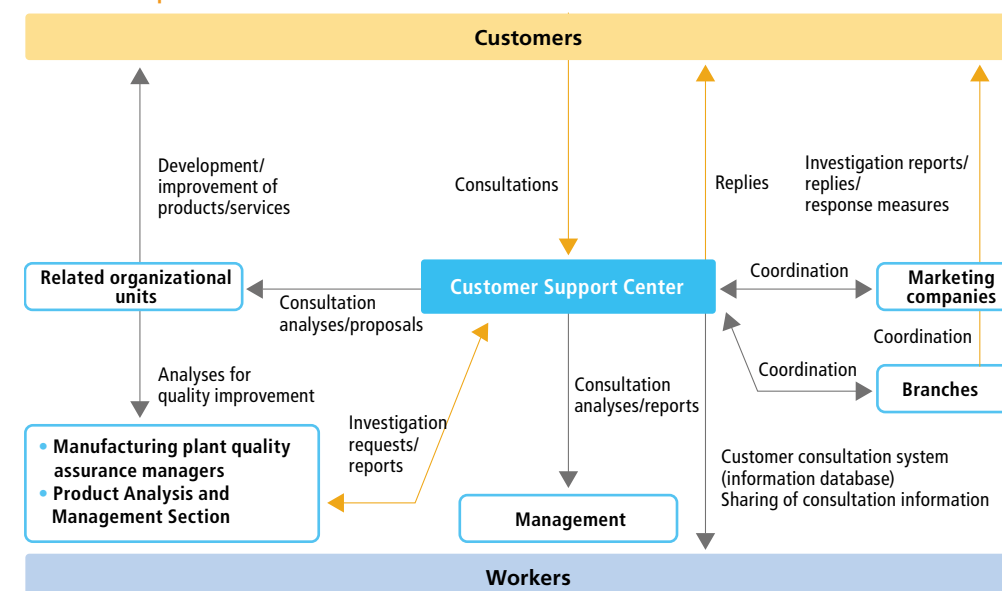
In fiscal 2021, the Center received 32,638 consultations.

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

### Customer consultation in fiscal 2021

Type	2017	2018	2019	2020	2021
Inquiries	32,748	29,682	27,886	24,930	24,533
Applications	3,634	2,499	2,215	2,184	1,957
Complaints	4,108	3,858	4,107	3,776	3,339
Discontinuations / suspensions	1,242	1,211	1,112	858	734
Changes	216	210	294	263	250
Others	1,996	2,050	1,871	1,935	1,825
<b>Total</b>	<b>43,944</b>	<b>39,510</b>	<b>37,485</b>	<b>33,946</b>	<b>32,638</b>

### 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.)  
 Helpline: **0570-00-8960** (In Japan only)  
 Note: The hours of operation are reduced.

### Customer communication through social media: Overseas

Yakult's overseas Group companies also use social media to inform and communicate with their customers.

In Brazil, an official TikTok account was launched in June 2022. Together with the existing Facebook, Instagram and YouTube accounts, these channels ensure that we not only share information with our customers but can also respond to inquiries quickly. As of the end of May 2022, we have 43,566 followers on Facebook, 39,977 on Instagram and 8,155 on YouTube.

Facebook and other social media platforms are also used in such other countries as Italy, Vietnam, Thailand, the Philippines, Indonesia and Mexico to provide information and handle inquiries.

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## Using customer feedback in products

### ■ Improving visibility of lid marks on multi-packs of Yakult series: Japan

We received feedback from customers saying that instructions for opening multi-packs of *Yakult* series were difficult to understand, so we improved the visibility of the "open here" marks and added a warning on the multi-pack shrink wraps for *New Yakult* series, *Yakult Five*, *Yakult 400* series and *Yakult 1000*.



### ■ Changing the product formulations of Yakult and Yakult LT: Hong Kong Yakult Co., Ltd.

Consumer concern over sugar intake is increasing year by year in Hong Kong due to the rise in obesity and lifestyle-related diseases. In response, Hong Kong Yakult Co., Ltd. in July 2021 made its first change in the formulation of its flagship products, reducing the sugar content and sweetness of *Yakult* and *Yakult LT (Yiliduo LT)* and using stevia, a natural sweetener, in the latter. The changes have resulted in products more in keeping with customer needs.

## Expanding Yakult Delivery Net online ordering service

With a view to improving customer satisfaction as the e-commerce market continues to grow, Yakult launched the Yakult Delivery Net online ordering service in fiscal 2017 and expanded the service nationwide in September 2018. This service offers options for credit card payment and product delivery in a cold storage box, making it possible to deliver products in keeping with diverse consumer lifestyles. As of March 2022, the number of registered users increased 1.6-fold from the previous year to about 270,000, and we hope to expand the number of users to 390,000 by the end of fiscal 2022.

Note: The registration of new users has been suspended due to the shortage of some products (as of August 2022).

### ■ 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 línea* online ordering service to gauge their level of satisfaction. This information is then shared with the marketing department to help improve customer satisfaction.

## Communicating with customers and providing health information

### ■ 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. The tours are not just for members of the general public of all ages but are also popular as destinations for elementary school field trips and environmental programs and as sources of information for opinion leaders and people with a particularly strong interest in health issues.

To simplify the way customers can make reservations for plant tours, we introduced an online reservation system in September 2018. 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.

In fiscal 2021, when physical visits to our plants were suspended to prevent the spread of COVID-19, we began offering online tours.

Also suspended since fiscal 2020 due to COVID-19 have been annual festivals at our plants organized with the aim of deepening friendly relations with local communities.

The Shirota Memorial Museum [▶P.10](#) at the Yakult Central Institute, which is normally open to the general public, has also been closed since fiscal 2020 as a precautionary measure.

### ■ Use of online tools

#### • Shonan Cosmetics Plant

To keep our workers informed about our cosmetics even 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 the future, we plan to organize plant tours for customers through marketing companies.



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• Dairy plants in Japan

Physical plant tours were cancelled in fiscal 2021 to prevent the spread of COVID-19, and online plant tours were launched. As a result, we are now able to show the *Yakult* production process and the hygiene control measures in place to many more customers, including those living far away and those with limited mobility (officially started in 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 2021, 18,299 people took part.

In addition to Malaysia, online or virtual plant tours continue to be offered in Singapore, Indonesia, Australia, India, Vietnam and Hong Kong and also began in Brazil and the Middle East in fiscal 2021.



Connecting schools online



Conducting an online plant tour in Indonesia

■ Healthist

*Healthist* is a magazine first published in 1976 that provides 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. Some 50,000 copies of the bimonthly, Japanese-language magazine are published each year. From fiscal 2020, we launched an online version to make the magazine more widely available.

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



Healthist

Understanding and complying 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. "Mind your manners" campaigns were held twice during fiscal 2021.

We also introduced a form of study via the internet, through which participants could go over the key points in building trust with customers while preventing the spread of COVID-19. In addition, we used the Safety and Security Clinic, a website where Yakult Ladies can independently acquire information on safety and security and conduct home delivery self-checks, to raise 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 products so that they have a firsthand understanding of the products.



A 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.

We also conduct training for route sales representatives to improve their product knowledge and communication skills so that our customers are given accurate information about our products.

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



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

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## Honest and responsible advertising

### ■ Establishing an advertising policy

To put into practice our company philosophy of contributing to the health and happiness of people around the world, we established an advertising policy in March 2021 emphasizing response to the changing media environment, highly appealing advertising expressions, and communication activities in compliance with laws and regulations.

#### 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

Established: March 30, 2021

In addition, the Yakult Group Advertising Policy includes a section entitled "For Responsible Advertising Activities," which lists examples of international standards that must be observed and provides details on ensuring compliance.

Please refer to the following URL for the full text of the Yakult Group Advertising Policy:

 [https://www.yakult.co.jp/english/csr/download/pdf/2022\\_advertising\\_policy.pdf](https://www.yakult.co.jp/english/csr/download/pdf/2022_advertising_policy.pdf)

### ■ 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, all our advertising and promotions are assessed by various media. We also hold regular workshops for internal staff responsible for advertising to share the latest information and raise awareness to enable the implementation of responsible advertising and promotional activities.

### ■ 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 website, 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 2021, we carried out 1,063 screenings and reviews, constantly making sure to prevent issues from arising.

\* 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](https://www.jadma.or.jp/pdf/criteria_for_advertise.pdf) (Japanese)

The code of fair competition for the labeling of fermented milk and lactic acid beverages

<https://www.nyusankin.or.jp/know/display2/> (Japanese)

## Protecting customers' personal information

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

We established a Basic Policy for Protection and Management of Personal Information following the full enforcement of the Act on the Protection of Personal Information in April 2005. We revised the basic policy when the act was amended in April 2022, stipulating the items that employees must observe to protect personal information.

We are further promoting efforts to protect personal information by revising our Privacy Policy to include items in response to the legal amendments (such as the publication of additional safety control and other measures and the electronic disclosure of retained personal data), as well as specific provisions on the purpose of use to enable more rigorous management of such information.

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**Yakult Group's Privacy Policy**

The Yakult Group observes relevant laws and regulations, guidelines and other standards and appropriately handles information of customers whereby a specific individual can be identified, such as name, date of birth, address, telephone number, email address and information like driver's license number containing an individual identification code (hereinafter referred to as "personal information").

The Yakult Group's Privacy Policy covers the following items:

1. Basic policy and definitions
2. Name, address, corporate representative name of the business operator
3. Personal information collection method
4. Purpose of use
5. Joint use
6. Outsourcing of personal information processing
7. Providing personal information to third parties
8. Pseudonymized personal information
9. Request for disclosure, correction, addition, utilization cease or deletion
10. Outline of the security control action of personal information
11. Inquiries

Revised April 2022

Please refer to the following URL for the full text the Yakult Group's Privacy Policy:

**WEB** <https://www.yakult.co.jp/english/privacypolicy/>

**■ 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 utmost care must be taken never to leak or lose any information received while on duty.

**■ GDPR compliance**

To ensure compliance with the General Data Protection Regulation (GDPR) of the European Union, Yakult Europe B.V. monitors the latest conditions and undertakes other activities. The database containing customer feedback has been redesigned to be fully GDPR-compliant. In addition, in response to the July 2020 ruling by the EU Court of Justice invalidating the Privacy Shield—a framework for the transfer of personal data between the EU and the United States—we conducted an investigation into whether personal data is stored within the United States.

\* GDPR: A regulation in EU law governing the protection of personal data in the EU

# Health-focused management

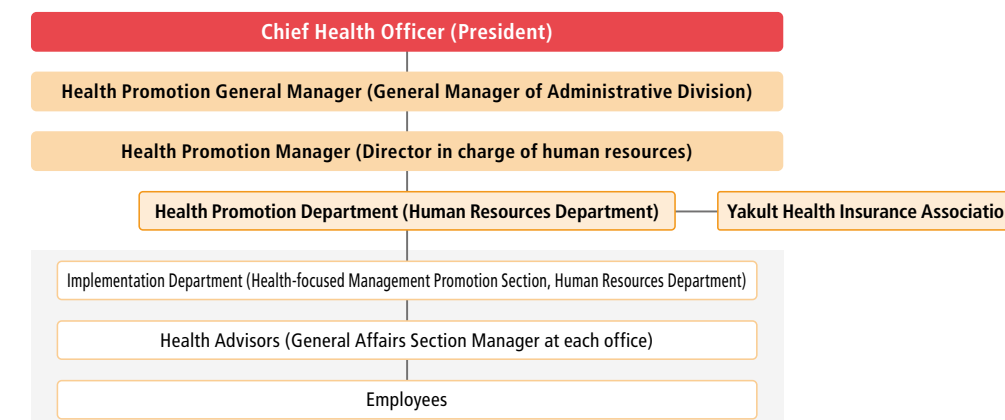
## Statement on Health

**■ Initiatives based on our Statement on Health**

The Yakult Group sees employee health maintenance and improvement as an investment that can enhance profitability in the long run. Viewing these concerns as a management issue, we promote strategic Health-focused Management and published in September 2017 our Statement on Health. 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 their own health, the Group is also proactively engaged in the health maintenance and improvement of its employees. By further boosting everyone's awareness and keeping them 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 five consecutive years

In 2022 we received "White 500" certification for the fifth 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-improvement activity promoted by the Yakult Health Insurance Association. Every year, we set a priority period to promote healthy meals, exercise and other lifestyle improvements.

## Helping employees to quit smoking

As well as implementing a total ban on smoking during working hours, we encourage smokers to quit and support their efforts to kick the habit, such as by fully subsidizing the cost of cessation 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 as those 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 during working hours, aimed at health promotion and early-stage detection of breast and uterine cancer.

In fiscal 2022, we partnered with medical facilities in the vicinity of each business site to make it even 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 sharing issues in the workplace

We offer periodic consultations with community health nurses, and for employees who have exceeded a specified amount of overtime, we provide consultations with occupational health physicians. Issues in the workplace are also regularly shared, and views are exchanged on ways to make improvements.

### ■ Yakult Stretch workplace exercise

We introduced Yakult Stretch throughout the Company in November 2020 with the aim of improving work productivity through a stretch routine. This has led to a reduction in stiff shoulders, back aches 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 keep employees motivated by reducing stress that comes from workload pressures and workplace relationships and also endeavor to create cheerful and welcoming work environments through various measures and training sessions.

### ■ Consultation desk

The mental health consultation desk was set up to provide health consultations and counseling through resident health nurses and designated occupational health physicians. We also established an external consultation service where not only employees but also their family members can consult with experts privately and anonymously about problems that include personal matters.

### ■ 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 using legally prescribed methods and compile the results by workplace to provide feedback to supervisors. This has proven useful in improving workplace environments.

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## Diversity

### Fundamental philosophy about diversity

We recognize that promoting diversity is an integral component of corporate management in today's ever-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 aspects of such activities as hiring, job placement, staff reassignment and employee training.

### 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 an optimum 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 women 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	2017	2018	2019	2020	2021
Japan: Number of female managers	45	47	52	57	60
Japan: Ratio of female managers (%)	6.2	6.3	6.7	7.2	7.5
Overseas: Ratio of female managers (%)	24.8	25.4	24.7	27.1	28.4

#### 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 toward advancement.

In fiscal 2021, we invited women working as executives at other companies to speak and participate in panel discussions with a view to raising the motivation of female employees considered candidates for managerial positions.

#### Empowerment of women outside Japan

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

#### Main overseas initiatives

Country and region	Details
China	<ul style="list-style-type: none"> <li>• Shorter working hours (one hour per day for one year) for women following childbirth (used by all eligible female employees)</li> <li>• Half-day leave for employees with children under 14 on Children's Day, June 1</li> </ul>
Vietnam	<ul style="list-style-type: none"> <li>• Female employees can take up to three 30-minute breaks during their menstrual period</li> <li>• Female employees with children under 12 months can take an hour break every day</li> </ul>
Philippines	<ul style="list-style-type: none"> <li>• Maternity leave system</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Expectant mothers are encouraged to take antenatal leave</li> <li>• A childcare room is available in the head office building</li> </ul>
Middle East	<ul style="list-style-type: none"> <li>• Maternity leave system and 18 months of reduced working hours for mothers</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>• Dedicated rooms for nursing mothers to express milk (Ixtapaluca Plant and Guadalajara Plant)</li> </ul>
Brazil	<ul style="list-style-type: none"> <li>• Employees receive childcare benefits from the child's birth until the age of six months</li> </ul>
Australia	<ul style="list-style-type: none"> <li>• 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</li> </ul>

### Appointing women, non-Japanese and mid-career hires to managerial positions

Yakult operates on the basic principle of "optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, nationality, or educational background." We aim to create an environment in which all employees can work without worry over the long term. We also believe that creating an organization that makes the most of a diverse workforce can encourage innovation and enhance productivity. We are actively assigning women, non-Japanese and mid-career hires to managerial positions.

Our home delivery system, which forms the foundation of our business, is supported by the work of women, and we are especially committed to promoting the appointment of women to

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management positions. We aim to achieve at least a 10% ratio of female managers by fiscal 2025.

In fiscal 2021, the ratio of female managers in our company was 7.6%, and we are working to develop candidates for managerial positions by motivating career-focused women through career development training and other programs. Alongside this, we consider it necessary to hire people with fresh knowledge and experience from outside the company, and are promoting such efforts.

## 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 the Yakult Honsha building, we are aiming to make the workplace accessible and comfortable for everyone, including installing multi-functional toilets based on a universal design approach. We will continue to expand employment, such as by actively hiring people with disabilities.

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

Fiscal year	2017	2018	2019	2020	2021
Japan: Rate of employees with disabilities (%)	2.00	2.15	2.22	2.27	2.59
Japan: Statutory target employment rate (%)	2.0		2.2		2.3
Overseas: Rate of employees with disabilities (%)*	—	—	0.60	0.60	0.60

\* Disability is defined according to the criteria applied in each country and region

## 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 all those 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	2017	2018	2019	2020	2021
Number of persons at mandatory retirement age	52	57	83	73	55
Number of persons in continuous employment at Yakult Honsha	34	38	60	47	35
Number of continuous workers who transfer to another company	9	9	7	13	7
Number of persons who choose to retire	9	10	16	13	13
<b>Rate of continuous employment* (%)</b>	82.7	82.5	80.7	82.2	76.4

\* Including those persons who have transferred to another company

# Work-life balance

## Fundamental philosophy about work-life balance

We define work-life balance as creating pleasant working environments that enable employees 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 by holding training sessions for newly appointed managers.

## Initiatives for work style reform

To promote employees' use of their annual allotment 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 that 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 the workplace as soon as work 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	2017	2018	2019	2020	2021
Percentage of annual paid leave taken (%)	58.8	70.9	76.9	71.7	76.5
Average overtime hours (per month)	8.5	10.5	10.7	8.1	9.0

### Initiatives in Brazil

Yakult S/A Ind. E Com. (Brazil) complies with the Brazilian labor law, which stipulates that working hours should not exceed 44 hours per week. In addition, it has instituted company regulations and implementation rules to achieve a 100% paid leave utilization rate.

### Initiatives in Guangzhou

Guangzhou Yakult Co. Ltd. is implementing work style reforms to improve efficiency and reduce overtime.

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In fiscal 2021, leaders of each plant spoke with all temporary workers to identify issues, then discussed ways to improve work efficiency and reduce long overtime hours, and also set targets. As part of the implementation of this initiative, leaders were credited for their achievements when a target was reached, resulting in the thorough implementation of working-hours management and other measures. In addition, company rules regarding break times and other matters were clarified.

## 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 its 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 save the unused paid leave exceeding the carry-over limit and use it for other purposes, such as parental leave or nursing care leave. There has been an increase in the number of male employees taking parental leave, as we have been encouraging male employees—even before the enforcement of the revised Child Care and Family Care Leave Law on April 1, 2022—to take parental leave as soon as we learn that their spouse has given birth. 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.

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

### Number of employees taking parental leave (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021
Male employees (number of people/utilization rate*)	8 8.7%	9 9.3%	18 19.6%	10 15.9%	83 86.4%
Female employees (number of people/utilization rate)	40 100%	36 100%	37 100%	26 100%	35 100%

\* 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 pleasant work environment for parental leave takers

As part of its efforts to provide pleasant workplace environments, Yakult Honsha organizes roundtable 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 are already successfully balancing work and childcare. Encouraging a smooth return to work for participants enables the optimum use of their limited time and contributes to 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.

## Promoting career management

We have introduced a career management system allowing employees to take on side jobs to facilitate their acquisition of knowledge and skills for a second career and to accommodate flexible work styles according to their life situations and self-fulfillment needs. In addition, 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 health and safety

### Reducing occupational accidents

The Occupational Health and Safety Committee spearheads our effort to undertake thorough safety management and 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 10 years, there have been no fatal accidents involving regular employees or contract employees.

#### Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021	Whole industry average*3
Work accident frequency rate*1	0.53	1.06	1.39	0.20	0.40	2.09
Work accident severity rate*2	0.0219	0.0109	0.0137	0.0020	0.0006	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 in Japan and actively respond to any findings for improvement. As examples of improvements to address problems identified by these tours, we have recently replaced ladders with stairs to alleviate the physical strain of elderly workers during equipment inspections, repaired dangerous areas that were posing a risk on site, installed measures to stop shelving from tipping over in case of an earthquake, and installed conveyors to reduce lower back strain on operators during product disposal.

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 in Japan, 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

In Japan, 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 workers may fall or chemicals may spill, resulting in workplace injuries, we introduced an automatic detergent dispensing system.

In fiscal 2021, we installed a passageway in the space between the plant ceiling and roof, where securing a foothold had been difficult, to improve safety and reduce worker strain. We will continue to further improve the safety of daily inspections and maintenance work, as well as reducing workloads.

#### ■ Raising awareness and understanding of the 5S method among plant employees: Tianjin Yakult Co., Ltd.

At the Tianjin Yakult Co., Ltd. plant, efforts are underway to improve the workplace environment through the 5S method of workplace organization (sort, set in order, shine, standardize and sustain). From October to December 2021, a 5S contest was held to encourage everyone working at the plant to participate in the effort. Certificates were awarded to the top three teams, and each member of the first-place team received a prize. Through the contest, employees became more motivated to participate in activities, helping realize a safe working environment. Shanghai Yakult Co., Ltd., Wuxi Yakult Co., Ltd. and Yakult (Malaysia) Sdn. Bhd. are also promoting 5S activities.

#### ■ Occupational Health and Safety Committee: Yakult Philippines, Inc.

Yakult Philippines, Inc. has established the Yakult Occupational Health and Safety Committee that discusses safety in the workplace and works with local community groups to inform employees of disaster and fire safety measures.

#### ■ Sales-related measures

To raise awareness of safe driving, we periodically conduct in-house information sessions and training at driving schools 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 about human resources management

Human resources development at Yakult is premised on designing the future through a thirst for learning—a process emphasizing discovery, rather than instruction. We aim to create ideal workplaces where employees take on challenges, recognize their own issues, and acquire the knowledge and skills to overcome them. Our training programs are evolving from the transmission of information to opportunities to gain new insights by taking action.

### Human Resources Management Policy

- 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



- 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

### Message from the chief officer



**Hiroshi Wakabayashi**

Deputy President and Executive Officer  
Divisional General Manager of Administrative Division

### Investing in our workforce from a human capital management perspective

Yakult Ladies and our other human resources represent the core strength of the Yakult Group's operations and are instrumental to making our business model work.

They are important assets who create value, enabling us to achieve our corporate philosophy, namely, "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." Our human resources development efforts are thus marked by active investment in human capital.

Our three main considerations in promoting human resources development are maintaining consistency with our management strategy, responding to diversifying values, and maximizing organizational strength. Rather

than offering uniform instruction as in the past, we are increasingly providing growth opportunities tailored to the career path of each employee.

### Striving for sustained growth of corporate value

In 2021, we restructured our basic human resources strategy to achieve the long-term goals of Yakult Group Global Vision 2030. The new strategy calls for structural changes to enable each individual to grow and play an active role, and it is being implemented through the creation of more worker-friendly environments.

Various training programs are being offered centered on the three pillars of our human resources strategy (see left), focusing on human resources development to strengthen our global operations, training to energize the workplace and enhance organizational strength, and job-level-specific training to enable employees to acquire skills in accordance with their roles.

We will seek to both encourage personal growth and enhance organizational strength in striving to achieve the sustained growth of our corporate value.



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## 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 employees with work experience at overseas offices to help them deepen their understanding of the Group's international business, and to foster a global company culture. This system was implemented online in fiscal 2021 due to the spread of COVID-19 and is scheduled to be held under similar arrangements in fiscal 2022.

### Participant comments



**Aki Masuda**  
Senior Staff, International  
Operations Department

I took advantage of the global internship program in my seventh year at Yakult and spent about two weeks in Mexico. While I was interested in living and working overseas, I was also somewhat nervous about what this would actually entail. The experience of working alongside local employees and living in the country, though, eliminated my concerns. The opportunity of seeing the work of my international colleagues firsthand inspired me to develop my own career by pursuing opportunities for overseas assignments. (Participant of a fiscal 2019 global internship program who is scheduled to be assigned overseas in fiscal 2022.)

## Decent work

### Personnel system that motivates employees

Based on the conviction that we must be a company that rewards hard work, we seek to operate a personnel system that is fair, impartial and satisfactory to all, with the aim of maximizing employees' enthusiasm and motivation. Specifically, the Company classifies employees into different role groups (job levels) and career tracks (job types), according to how large a role they are expected to play and the nature of their work. Thus, we match the right person with the right job, helping employees to assume responsibilities according to their abilities and offering them a clear career vision. In addition, we are encouraging a greater sense of competition and willingness to take on new challenges through a more flexible system of personnel evaluation, bonuses, salary increases and other forms of compensation.

#### Major personnel systems: Yakult Honsha

Personnel system	Details
Self-reporting system	Employees state their views and wishes concerning job details, skills development, placement and transfers once a year, with the aim of increasing each employee's job satisfaction.
In-house "free agency" system	Employees can announce their desire to shift to a new position. This system helps employees move to new workplaces where they can make the most of their capabilities with greater motivation.
Career track switch system	Employees can use this system to switch to the track they desire, such as from the professional track to the management track. This enhances the level of employees' enthusiasm and motivation by allowing them to pursue their career goals after joining the Company, leading to dynamic workplaces. Since the system was introduced in 2005, about 20 employees every year change their career track of their own volition and take on new career challenges.
Job rotation system	This system is designed to help assess employees' aptitude and facilitate long-term career development. Employees hired for mainly the management track are transferred to new positions every three to four years, enabling them to work in three units over a decade. By working in marketing, administrative and such other departments as 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.
System of temporary leave to accompany 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.

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## Providing an enjoyable working environment

### ■ Inclusive working environment for diverse employees

Recognizing that our employees have diverse work 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 strengths. In an effort to provide a better work environment, Yakult Honsha promotes the health of our employees from the perspective of Health-focused Management, with employee interviews being conducted 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 salaries and minimum wage (fiscal 2021)

	Starting monthly salary (yen)	Comparison with minimum wage (%)
Graduate school graduate	226,500	143
University graduate (career track)	217,000	137
University graduate (general track)	191,000	120
Junior college graduate	182,000	115
Vocational school graduate	182,000	115

Note 1: Minimum wage calculated using the minimum wage for Tokyo (1,041 yen per hour) working 20.08 days per month, 7.5 hours per day. Our salary system is based on the level of each employee, and there is no difference between male and female employees in the same level or role.

Note 2: Number of days per month (20.333) calculated by subtracting 121 days (weekends, national holidays, and special days off at yearend and New Year) from 365 days and dividing by 12 months. Excludes paid vacations.

### ■ Local hiring for senior management positions: Yakult Europe B.V.

Yakult Europe B.V. and other companies of the Yakult Group in Europe actively recruit locally for senior management positions to achieve sustained growth as members of regional communities. Managing directors of Yakult Group companies in Europe have also been recruited locally. At Yakult Europe B.V., four of the six executive officers are local appointments, and approximately 80% of managerial staff has been hired locally.

**Related information** [p. 62 Our commitment to local employment and sourcing >>>](#)

### ■ Empowerment project involving all employees: Yakult Italia S.R.L.

In September 2021, Yakult Italia S.R.L. launched an empowerment project involving all employees to encourage managers and employees to provide each other with continuous feedback, achieve mutual growth, and work as a team in order to build better intracompany relations. Managers participating in this project are expected to increase their awareness of their own roles and enhance their leadership skills.



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## Initiatives for Yakult Ladies



### 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 keeping track of customer information more efficient and an online payment system allowing collected fees to be processed at each sales center, without the need to go to a bank. We have also introduced COMS electric vehicles to both reduce CO<sub>2</sub> emissions and make deliveries more efficient.



COMS electric vehicle

We will actively promote the introduction of electric vehicles as a step toward decarbonization and in an effort to make the working environment more pleasant.

### Supporting Yakult Ladies as employees

In response to Yakult Ladies seeking employment stability, 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. Currently, nearly 10% of Yakult Ladies have become employees.

### Retention of Yakult Ladies

In fiscal 2019 we launched a financial planning consultation desk and money-related seminars so that Yakult Ladies can receive money-saving advice from financial planners. We will continue to promote comfortable working environments for Yakult Ladies at 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 since the 1970s and now operates 1,033 centers in Japan (as of March 2022). We promote the operation of safe and secure daycare centers that meet national standards and offer quality childcare by training care providers throughout the country and distributing our original childcare magazine.



Safe and secure childcare centers

In recent years, we have been participating in the Japanese government's Comprehensive Support System for Children and Child-rearing, established in response to the severe shortage of daycare centers. As of April 2022, 51 Yakult Group daycare centers have received certification through this system and are providing care in modern and well-equipped facilities. With the certification, we are able to offer improved services like daily meals and to accept children from age zero, leading to a higher level of parent satisfaction, as well as to contribute to local communities by accepting children from the neighborhood.

Moving forward, we will continue striving to create daycare centers for children that keep pace with the needs of society and working women.



### Yakult Ladies in Indonesia

Yakult Ladies are active not just in Japan but in countries around the world. In Indonesia, where our sales are steadily growing, the number of Yakult Ladies has reached approximately 11,000, growing 2.5-fold over the past 10 years. Particularly in rural areas, it can be difficult for women to engage in jobs outside the home. To help Yakult Ladies balance work and family life, we assign them to areas that are in the immediate vicinity of their homes, and female employees are posted full time at offices and home delivery centers so they can answer questions or concerns about sales and to attend to any domestic worries.





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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, in order to put our corporate philosophy into practice.

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### Fiscal 2021 legal compliance

In fiscal 2021, 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.

### 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

## Corporate governance

### Efforts to enhance corporate governance

In 2007, the Company reduced the term of office for directors to one year in order to clarify their management responsibilities. In 2011, we introduced an executive officer system as a way to further invigorate the role directors play within the Company. We have also reduced the overall number of directors. In addition to these efforts, we are accelerating decision-making through the establishment of various committee structures, including the Management Policy Council and the Executive Officers Committee. Matters concerning director nomination and compensation are addressed by the Board of Directors in consultation with the Nomination & Remuneration Committee. More than half of the members of this advisory committee are independent Outside Directors whose involvement and advice is obtained prior to any decision by the Board of Directors.

### Governance structure

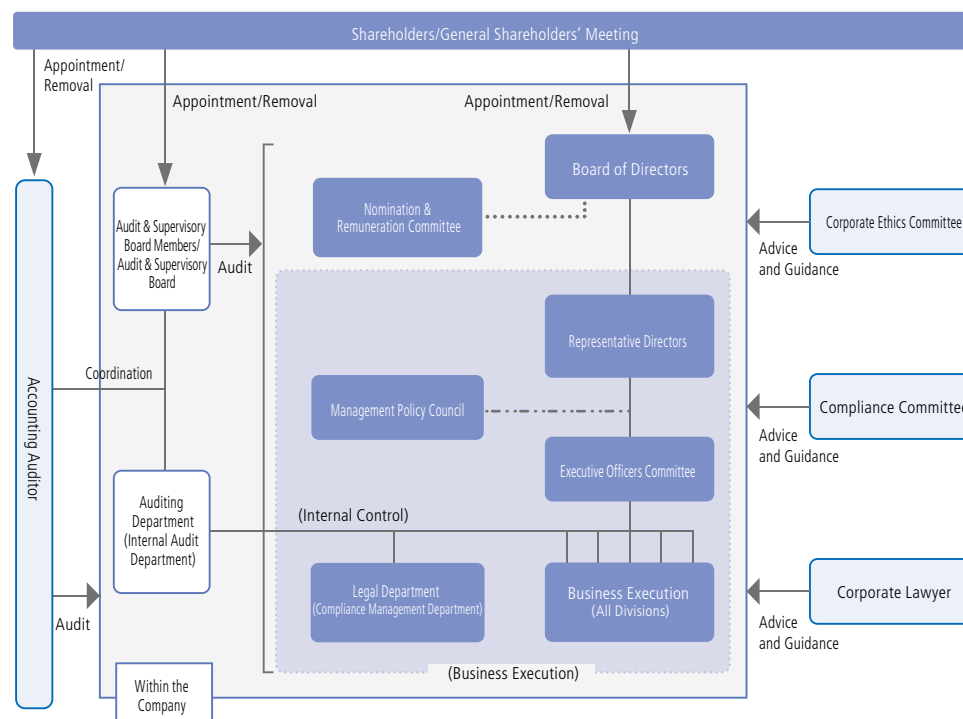
Since its introduction on June 22, 2011, our executive officer system aims to strengthen the Board of Directors' decision-making functions and supervisory functions as well as clarify responsibilities, and it is increasing the efficiency of both kinds of functions. In addition, to promote effective management 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.



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Corporate governance framework



Note: Board of Directors were held 8 times by 15 directors (including 13 male and 2 female/15 Japanese/5 independent Outside Directors).

Board of Directors

The Board of Directors is composed of 15 directors (including five Outside Directors, two of whom are women), and the Audit & Supervisory Board is composed of five members (including three Outside Auditors, one of whom is a woman).\*

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 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 2022

Audit & Supervisory Board

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.

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.

External audits

We have appointed Deloitte Touche Tohmatsu to serve as the auditor for accounting and other audits as required by law.

Reasoning behind director appointments

Our baseline requirements for a potential director are position-appropriate ability, personality and insight along with abundant knowledge and experience and a thorough knowledge of Group management. We also seek a Board of Directors of diverse structure conducive to open-minded discussion. To this end, we promote not only from within the Company, but also from among top-level managers of Yakult Group marketing companies and experts in various fields, always seeking to place the right person in the right role.

Matters concerning director nomination and compensation are addressed by the Board of Directors in consultation with the Nomination & Remuneration Committee. More than half of the members in this advisory committee are independent Outside Directors whose involvement and advice is obtained prior to any decision by the Board.

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## Skill matrix

	Director expertise and experience							
	Corporate management/ Business operations	ESG/ Sustainability	Financial accounting	Legal/ Compliance	Marketing/ Sales	Overseas business	Research & development/ Quality assurance	Management of other companies or organizations
Hiroshi Narita	●	●	●			●		
Hiroshi Wakabayashi	●	●	●	●				
Fumiyasu Ishikawa	●	●					●	
Akifumi Doi	●	●					●	
Tetsuya Hayashida	●	●			●			
Susumu Hirano	●				●	●		
Masao Imada	●	●	●	●				
Masanori Ito	●				●	●	●	
Koichi Hirano	●				●		●	
Ryuji Yasuda			●			●		●
Naoko Tobe		●		●				
Katsuyoshi Shinbo		●		●				
Yumiko Nagasawa			●					●
Satoshi Akutsu			●		●	●		
Manabu Naito					●			●

## Outside Director and Audit & Supervisory Board Member support

### (1) Outside Director support system

The General Affairs Department functions as the secretariat for the Board of Directors, and serves as an information contact point for all directors, including Outside Directors. Board meeting materials are also distributed in advance to Outside Directors to facilitate communication with other directors.

### (2) Outside Auditor support system

Two full-time staff members function as the secretariat for the Audit & Supervisory Board. The Audit & Supervisory Board convenes prior to meetings by the Board of Directors and other important assemblies, and relevant department heads share information at these meetings by providing materials and explanations. The system for communicating information to each Outside Auditor involves Audit & Supervisory Board Members making business reports as appropriate, while also providing important materials related to decision-making and auditing along with other audit-related materials.

## Management Policy Council

The Management Policy Council was established to expedite decision making. As a general rule, the council meets once per week, and its members consist of the Representative Director, seven Divisional General Managers and one Audit & Supervisory Board Member. In addition to receiving reports, the Management Policy Council deliberates on management policies and action items, along with operations-related business matters.

## Evaluating the effectiveness of the Board of Directors

The Board of Directors conducted an analysis and evaluation of the effectiveness of the entire Board through questionnaires to directors and Audit & Supervisory Board Members. This evaluation concluded that the Board functions properly and is generally effective. We have also engaged in initiatives to further enhance the effectiveness of the Board of Directors. This includes providing Outside Directors with a forum for discussion and information-sharing on specific themes, and implementing systems that enable Board members to engage in lively discussion and thorough deliberation.

## Remuneration of officers

Shirota-ism is the foundation of our business, and we realize its principles by contributing to the health and happiness of people around the world through each bottle of *Yakult*. Our remuneration system adopts both fixed- and performance-based remuneration in order to put more responsibility for business results and realization of Shirota-ism into the hands of management. (Non-monetary compensation is not provided.)

Our policy for determining individual remuneration amounts for directors as well as remuneration calculation methods is "within applicable monetary limits, to comprehensively consider internal and external environmental factors such as director responsibilities, business performance during the relevant year, standard worker salary and social conditions." Performance-based remuneration as it relates to business performance evaluation is outlined below.

### (1) Eligible recipients

Officers who are still in the director role at the end of the relevant fiscal year and time of payment (excluding Outside and Part-Time Directors)

### (2) Calculation methods

Alongside consolidated operating income, the most suitable indicator of business performance for the purposes of performance-based remuneration, performance-based remuneration calculations use the consolidated number of dairy product bottles sold as a barometer for the degree of Shirota-ism realized, which is the foundation of our business. Total remuneration is divided into an 80/20



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standard ratio between fixed- and performance-based remuneration respectively, with the performance component set to fluctuate between 0 to 150%. Furthermore, performance-based remuneration is not paid if consolidated operating income has fallen below 70% of the previous year's total.

### (3) Remuneration payment method

Fixed remuneration is paid monthly, but performance-based remuneration is calculated and paid after the end of the fiscal year as a lump sum. (Total remuneration may not exceed the set monetary limit, which was set at one billion yen per year at the 56th Ordinary General Meeting of Shareholders held on June 25, 2008.)

These policies and remuneration calculation methods shall be deliberated by the Nomination & Remuneration Committee composed of a majority of independent Outside Directors, after which the final decision shall be made by the Board of Directors. Additionally, the Nomination & Remuneration Committee is charged by the Board of Directors with determining specific remuneration amounts for each individual in order to increase transparency and objectivity.

#### Remuneration (Amount)

Fiscal year	2017* <sup>1</sup>	2018* <sup>2</sup>	2019* <sup>3</sup>	2020* <sup>4</sup>	2021* <sup>5</sup>
Remuneration of 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)	642 million yen to 18 directors (Including 66 million yen to 7 Outside Directors)
Remuneration of 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)	107 million yen to 5 auditors (Including 35 million yen to 3 Outside Auditors)

\*1 Amount of remuneration of directors and auditors in the 66th business report

\*2 Amount of remuneration of directors and auditors in the 67th business report

\*3 Amount of remuneration of directors and auditors in the 68th business report

\*4 Amount of remuneration of directors and auditors in the 69th business report

\*5 Amount of remuneration of directors and auditors in the 70th business report

## Strategic shareholding

The Company's strategic shareholding policy seeks to strengthen the cooperative relationship between current and future business partners and allies in order to benefit from and expand the synergy between our business and the operations of these companies. We comprehensively consider the potential of future business partners and allies in order to verify the appropriateness of any shareholdings, and reduce strategic shareholdings which are not profitable to the Company. In addition, the Board of Directors verifies the appropriateness of each strategic shareholding based on whether or not it makes sense given capital costs and shareholding purpose. The Company exercises voting rights arising from strategic shareholding through a

decision-making process after considering whether voting yea or nay will contribute to improving corporate value.

## Group governance initiatives

In principle, we dispatch our executives and employees to subsidiary companies to serve as officers and ensure that business operations are carried out in a proper, efficient manner. Our Affiliated Company Management Rules and Overseas Office Management Rules stipulate matters such as requests for advanced approval and reporting from subsidiary and affiliated companies. These companies are also audited by the Company's Internal Audit Department (Auditing Department). Our medium-term management plan secures appropriate operations across the entire Group by setting out Group-wide targets and management strategies, creating a support system through the establishment of a subsidiary management department within the Company, and implementing training courses for subsidiary companies. In addition to these measures, our Risk Management Rules stipulate how the entire Group should respond to a sudden crisis.

## Sustainability governance

### CSR Promotion Committee

The CSR Promotion Committee considers a wide range of management issues from the perspectives of the Yakult Group's corporate social responsibility and sustainability. The 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 CSR Promotion Committee focuses discussion on policies and action plans that address environmental and social issues, and promotes efforts to resolve them. Meeting results are reported to the President for appropriate guidance. Among the deliberated topics, committee procedure stipulates that the Management Policy Council, which includes directors and Audit & Supervisory Board Members, as well as the Executive Officers Committee and the Board of Directors, must be consulted regarding important CSR matters relating to management policy. Considerations are presented to the Executive Officers Committee as necessary.

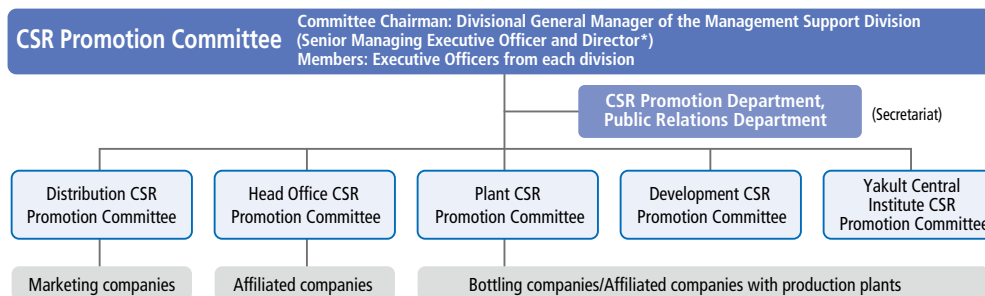
The CSR Promotion Committee holds meetings approximately three times per year to discuss CSR promotion measures and policies, including climate change issues, and to manage progress. In fiscal 2021 the committee examined our long-term environmental vision for fiscal 2022 and beyond, as well as our medium- and short-term goals. The committee also discussed subjects such as the progress and results of the CSR Action Plan, the promotion of human rights due diligence, and future supply chain management initiatives.

We have also established five specialized committees as subordinate organizations to carry out specific activities within each department as a way to promote sustainability/CSR initiatives throughout the Group.

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## CSR Promotion organization



Revised: April 2015  
\* As of March 2021

## CSR Promotion Committee agenda items

Event	Agenda item
June 2 (1st mtg.)	(1) Yakult CSR Report 2021 contents 1. Yakult CSR Report 2. Fiscal 2020 CSR Action Plan results 3. Results of Phase 7 of the Yakult Environmental Action Plan (2) Human rights due diligence (DD) review meetings (3) Fiscal 2021 sustainable procurement initiatives
Nov. 15 (2nd mtg.)	(1) Specific initiatives related to Environmental Actions (2021–2024) 1. CO <sub>2</sub> reduction proposals 2. SBT and RE100 3. Understanding Yakult Group greenhouse gas (GHG) emissions (including consolidated subsidiaries in and outside Japan) (2) Changes to the CSR Action Plan classification method (3) Responding to TCFD recommendations - Other reporting items (1) The Company's ESG evaluation (FTSE, MSCI) (2) Sustainable procurement activities
Feb. 3 (3rd mtg.)	(1) Yakult CSR Report 2022 contents 1. Fiscal 2021 CSR Action Plan predicted achievements report 2. Fiscal 2022 CSR Action Plan target proposal 3, 4. Environmental Actions (2021–2024) Fiscal 2021 progress report, fiscal 2022–24 strategy proposal (2) Fiscal 2021 human rights due diligence review status (action plan proposals determined by each department) (3) Fiscal 2022 sustainable procurement promotion

## Sustainability training for management

We have run CSR management seminars for directors, executive officers and other managers since fiscal 2002. Seminar attendees obtain the latest ESG information from outside experts, which brings an informed sustainability perspective to the management level.

In fiscal 2021 we invited Keiichi Ushijima of Ernst & Young ShinNihon LLC. to give a lecture regarding business and human rights. This talk was attended by 84 people, including executives and department heads. Mr. Ushijima's discussions of international trends and corporate responsibility concerning human rights, along with his advice for the Group, provided an invaluable learning opportunity at a time when we are expanding our corporate initiatives globally.

## Topics of CSR management seminars

Fiscal 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
2021	Business and human rights

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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 2021, the committee met in September to discuss the status of accounts and finances as well as Yakult Group Global Vision 2030, and again in February to discuss the Yakult Group Environmental Vision.

### ■ Corporate Ethics Committe

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 sound management. In fiscal 2021, this committee held a meeting in November.

### ■ Compliance Promotion Team and compliance personnel

As a contact point 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 respond as necessary while communicating 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 Yakult Ethical Principles and Code of Conduct, a Group-wide set of guidelines for compliance. 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 observes the Yakult Group Anti-Corruption 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.

The Yakult Group Anti-Corruption Policy contains the following sections:

1. Purpose
2. Prohibition of corrupt practices
3. Record management
4. Establishment of corruption prevention mechanism
5. Response to violation

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Anti-Corruption Policy:

[WEB https://www.yakult.co.jp/english/csr/download/pdf/2022\\_anti-corruption\\_policy.pdf](https://www.yakult.co.jp/english/csr/download/pdf/2022_anti-corruption_policy.pdf)

## 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.



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## 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.

In fiscal 2021, we revised our internal reporting system in response to revisions to two relevant acts, the Whistleblower Protection Act and the Labor Measures Comprehensive Promotion Act, increasing the system's effectiveness and enriching its operational side. We also urged our non-subsidiary marketing companies to establish and update internal reporting systems of their own.

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.

Outside Japan, we have established internal reporting systems at Group companies in Guangzhou and the United States. At Yakult S.A. de C.V. (Mexico), reports are accepted from both inside and outside the company, including from customers and suppliers, and can be filed by email via a website. Depending on the content of the report, the reporter may be contacted by the Auditing Department for discussion or to confirm details, after which the matter is reported to the Internal Control Committee and swift action is taken.

### Use of internal reporting system in the last five years (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021
Number of uses	6	3	3	5	8

## 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

<b>Compliance training</b>	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). In fiscal 2021, in addition to regular compliance trainings, we performed feedback training (online) based on the compliance survey conducted on all 132 Yakult Group companies in Japan in the previous fiscal year. As a result, we held a total of 167 compliance trainings throughout the Group in fiscal 2021.
<b>Compliance education materials</b>	We distribute the Compliance Guidebook, an educational resource which covers compliance fundamentals, throughout the Group. In October 2021, as well as publishing a third edition of the guidebook, in order to address current laws and regulations and changes in the social environment, we also published a new Harassment Prevention Book with the goal of stamping out harassment, a challenge shared by the entire Group. We also promoted these materials in our quarterly compliance newsletter to boost awareness and penetration. In October 2021, we revised our Antimonopoly Act Compliance Manual in order to prevent violations of the Act in our business activities, and we are redoubling our efforts to raise awareness of this issue. We also distribute educational materials to raise awareness across the Group on refusing to engage with organized crime groups.
<b>Compliance Month</b>	In fiscal 2021, we designated February 2022 as Compliance Month and conducted various activities to raise compliance awareness among Group employees. Specifically, as well as working to raise awareness and promote understanding of the revised Compliance Guidebook and Harassment Prevention Book published in October 2021, we intensively promoted implementation activities throughout the month, having employees announce behavioral objectives to ensure that they would not perform acts of harassment.
<b>Compliance surveys</b>	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 Group companies. We have also analyzed the survey results and are using them in planning our compliance program.

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## Ensuring compliance within the pharmaceutical business

We actively participate in the compliance promotion activities of the Japan Pharmaceutical Manufacturers Association (JPMA) and other organizations. 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 of 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 established 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 2021, the committee met in June and December.

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)

<https://www.yakult.co.jp/company/transparency.html> (Japanese)

## Ensuring compliance within the 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 2021 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 established the Yakult Group Tax Policy and complies with its tax obligations accordingly.

### Yakult Group Tax Policy

The Yakult Group Tax Policy sets out the Group's policy on tax obligations 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.

The Yakult Group Tax Policy contains the following sections:

1. Compliance
2. International frameworks
3. Transfer price
4. Minimizing taxation risk
5. Taxation plan and tax havens
6. Response to tax authorities

Established: March 30, 2021

Please refer to the following URL for the full text of the Yakult Group Tax Policy:

**WEB** [https://www.yakult.co.jp/english/csr/download/pdf/2022\\_tax\\_policy.pdf](https://www.yakult.co.jp/english/csr/download/pdf/2022_tax_policy.pdf)

### 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 have 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 2021, our corporate taxes were 14.9 billion yen against the Group's net sales of 415.1 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.

The management level takes control of risk identification, 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) and deals with them accordingly. 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* series and the competitive environment, among other issues.

### ■ 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. Cross-organizational 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 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's operation and improve awareness.

### ■ Response during major earthquakes

In preparation for a major earthquake, all employees receive personal disaster supplies, and three days' worth of emergency food rations and drinking water are available. 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 more quickly and accurately

## Business Continuity Plan (BCP)

### ■ Preserving probiotic strains

At the Yakult Central Institute, while our top priority in case of emergency is the lives and safety of our workers, we have also constructed emergency power systems and distributed storage schemes inside Japan and around the world to ensure the preservation of the probiotic strains which are key to our dairy products.

### ■ 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 follows its own BCP. 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 2021, our Fukushima Plant suffered the effects of an earthquake in March 2022 with its center off the coast of Fukushima, and some production equipment and buildings were damaged. However, by following the BCP, we were able to rapidly return the plant to production while maintaining product supply via smooth coordination between plants.

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### ■ 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 cyberattacks and other threats, we have established Information Security Rules that define our policy on security measures, specify those responsible for information security, and allow the relevant departments to discuss and quickly implement response measures if our information assets are breached. Specific measures we have taken include installing security software and equipment and using a full arsenal of technologies to prevent unauthorized access, leaks, falsification, loss and damage.

We are striving to improve system availability and reduce risks by keeping our servers and data at data centers housed in seismically isolated buildings, moving forward with migration to the cloud, and 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 moving the server to the cloud, and hope to perform the migration within fiscal 2022.

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 have also installed 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.

### ■ Preparing a BCP: Yakult Taiwan Co., Ltd.

Yakult Taiwan Co., Ltd. prepared a BCP in 2021 in response to the COVID-19 pandemic. As well as adopting remote backup for IT equipment, the company ensured that it was able to confirm employees' contact details and safety in case of an emergency. Additionally, as a measure against infection, the company established a health management system ensuring that employees regularly disinfected, checked their temperature, and took other preventive steps.

### ■ Response to administrative discipline: Yakult China Group

In August 2021, Shanghai Yakult Co., Ltd. received administrative discipline relating to its sales promotion activities. In response to this, the Yakult China Group examined the operational risks for each department and introduced a system for having its legal department examine these risks. Additionally, to prevent any recurrence of the issue, staff responsible for advertising and related matters were given external training in the relevant laws and regulations, and the system for confirming sales materials within the company was strengthened.

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# The Yakult Group's efforts to respond to COVID-19

Under the management of our 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 fullest possible extent 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 fullest possible extent

<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>● Along with striving to prevent the spread of infection, we recognize the importance of our role as product suppliers and adopt the basic posture of meeting the demands of society with full consideration for safety</li> <li>● When questions arise as to whether and how we should do business in light of government requests or other factors, our basic approach is to continue our business operations with every effort made to show maximal consideration for workers' health, and to ascertain which delivery methods meet customer needs</li> <li>● Regarding future activity policy, we will respond to situations in accordance with each company and business site's Stage-specific Response Policy and the state of infection in each prefecture</li> </ul>	<p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>● Having national and local governments of each country and region recognize our products as necessary goods, we put maximum effort into continuing our operations</li> <li>● Preventing transmission of infection by checking, reviewing and strengthening our measures against infection, we carry out our role as providers of products while closely following the pandemic situation and government policies in each country and region, the situation of our workers, economic and consumption trends and other factors</li> </ul>
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**Specific initiatives**

**Workers**

<p><b>Groupwide</b></p> <ul style="list-style-type: none"> <li>● Providing face masks, universal mask-wearing</li> <li>● Enforcing hand-washing, coughing manners, alcohol-based disinfection and temperature-taking</li> </ul> <p><b>Yakult Honsha</b></p> <ul style="list-style-type: none"> <li>● Promoting working from home</li> <li>● Implementing flextime</li> <li>● Voluntary restriction on business trips within Japan and overseas travel</li> <li>● Voluntary restriction on holding meetings, promoting online meetings</li> <li>● Voluntary restriction on holding various events and social gatherings, revising how these are held</li> <li>● Food quality audits performed online</li> <li>● Third party verification of environmental data performed online</li> </ul> <p><b>Plants</b></p> <ul style="list-style-type: none"> <li>● Implementing daily health checks (temperature measurement)</li> <li>● Conducting mental health interviews</li> <li>● Providing employees with Yakult products for regular consumption</li> </ul>	<p><b>Marketing companies</b></p> <ul style="list-style-type: none"> <li>● Recommending delivery methods that avoid close contact (ordering via Yakult Delivery Net with payment by credit card, delivery using cool boxes)</li> <li>● Sharing infection information with marketing company workers and business partners</li> </ul> <p><b>Yakult Ladies</b></p> <ul style="list-style-type: none"> <li>● Aid in the form of alcohol-based disinfectant sprays</li> <li>● Aid in the form of <i>Yakult 400LT</i> samples</li> <li>● Aid in the form of <i>Lactdew S.E. Lotion</i> (prevents skin problems caused by mask wearing)</li> <li>● Special relief payment</li> <li>● Providing support for cooling face masks and sunscreens</li> <li>● Creating guidelines for activities during the pandemic</li> <li>● 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</li> </ul>
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**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
- Supporting daily living assistance services for seniors
- Collaborating with charitable organizations
- Canceling in-person plant tours and starting online plant tours
- Canceling 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)

**Others**

- Providing products to healthcare and government institutions, police, etc.



Donating *Yakult* to a field hospital in Vietnam



Information about sanitation methods in *Kencho*, a booklet for Yakult Ladies, covering hand-washing, disinfecting with alcohol, and measures against viruses adhering to objects and in the air (Japan)



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## Third-party opinion



**Mika Takaoka**  
Professor  
College of Business  
Rikkyo University

On the whole, I believe this is a good report that clearly reflects the philosophy of the Yakult Group “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 title has been changed to *Sustainability Report* this year to shed light on the full range of the Group's sustainability initiatives and the people undertaking those activities.

The following two points are perhaps the most commendable aspects of the report. First, it has more information regarding materiality. In March 2021, the Yakult Group identified six material themes: three relating to the environment—climate change, plastic containers and packaging, and water—and three concerning ties with society—innovation, value co-creation with communities, and supply chain management. The first page for each theme in the latest report has been augmented with a description of the Group's approach, the results of analyses pertaining to risks and opportunities, and lists of challenges and solutions. The disclosure of risks and opportunities is common when using scenario analysis, as recommended by the Task Force on Climate-related Financial Disclosures (TCFD), but the report cites the risks and opportunities for all six material themes, not just those concerned with climate change, and analyzes how they could impact the Group's business and financial strategies. This will no doubt be useful from the viewpoint of business continuity and corporate management. The message from the responsible chief officer accompanying the descriptions of each of the three society-related themes, moreover, is a welcome addition expressing top management's commitment to those themes.

The second point is evidence of organizational changes and concrete measures to advance the Yakult Group Environmental Vision, which was announced last year. In April 2022, the Environmental Promotion Department was established to strengthen activities both within and outside the Group and to build cooperative relationships with other companies. One of its achievements has been to switch all purchased energy for manufacturing at Yakult's 13 plants in Japan to renewable energy. There are indications that steady progress is being made toward the lofty goal of achieving net-zero greenhouse gas emissions throughout the value chain by 2050. The Group has long had a strong reputation in the field of environmental conservation, and I hope it will continue its industry-leading efforts in the future.

Elsewhere, the report provides greater information on the thinking behind and data relating to Yakult's human resources development and corporate governance.

There are some areas, though, that could warrant fuller consideration, precisely because the level of Yakult's CSR initiatives is already quite high. The first of these is forest conservation. The 26th UN Climate Change Conference of the Parties (COP26), held in Glasgow, Scotland, last year confirmed that forests and other terrestrial ecosystems were crucial to mitigating climate change. The Yakult Group currently supports biodiversity through tree-planting activities and OISCA's Children's Forest Program. Inasmuch as forest conservation is closely linked to climate change and water, which are material themes for the Group, I would like to see greater action in this area.

The second is human rights due diligence. As I noted last year, Yakult is a global corporate group that sells products in 40 countries and regions, including Japan. There is great worldwide concern regarding the issue of human rights. In Japan, the Ministry of Economy, Trade and Industry is expected to release its Guidelines on Respect for Human Rights in Responsible Supply Chains during fiscal 2022. Given the Yakult Group's early start, I believe it can meet society's growing expectations by addressing this issue with a greater sense of urgency.

### Response to third-party opinion

Thank you so much for your valuable feedback on *Sustainability Report 2022*.

We are very pleased to receive a positive assessment of our efforts to enhance information disclosure on our material themes and to launch organizational and other concrete initiatives in line with the Yakult Group Environmental Vision, announced last fiscal year.

With regard to your point on forest conservation, we, too, consider it a vital concern deeply linked to material themes, and we will give more attention to and promote effective measures in addressing this topic. We will also closely monitor developments in human rights due diligence and advance concrete initiatives in accordance with our roadmap and action plan with a greater sense of urgency.

We will continue to promote initiatives to enhance social and environmental sustainability through our business activities in order to contribute to the health of people around the world and to the health of Earth itself.



**Masao Imada**  
Director and Senior  
Managing Executive  
Officer  
Divisional General  
Manager of  
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.



### Evaluation from external organizations



### External awards

Date	Award	Details
December 2021	The Shanghai Science Education Development Foundation's award for outstanding contributions to science promotion	In 2016, Yakult China Group established the Yakult Health Education Special Fund jointly with the Shanghai Science Education Development Foundation. The Group was recognized for its education and outreach activities on intestines and health, such as presentations at the Shanghai Science Development Forum co-run by the fund and the Shanghai Science and Technology Museum, and health lessons held jointly with the above museum.  
December 2021	YiCai's award for contributions to business management	Yakult China Group received an award for contributions to business management at the award ceremony for the Corporate Social Responsibility Ranking 2021 by YiCai, a major media company in China. This award is given to outstanding companies based on an evaluation of their CSR activities by Chinese university professors and other experts. A range of CSR activities carried out by Yakult China Group were evaluated positively, including breakfast activities providing food to disadvantaged children, visits to elderly people during the Double Ninth Festival (China's day for seniors) and tree planting activities to aid afforestation of the Inner Mongolian desert.  

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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)	10*	9.9%
Plants outside Japan (27 sites in total)	6	22.2%

\* Includes branches that have acquired the certification

### CO<sub>2</sub>

#### CO<sub>2</sub> emissions in fiscal 2021

(t-CO<sub>2</sub>)

		Scope 1	Scope 2	Scope 3	Total
Yakult Honsha	Plants*	17,046	18,575	325,721	409,237
	Yakult Central Institute	1,566	7,365		
	Head office/branches	297	580		
	Pharmaceutical branches	8	122		
	Logistics department	18,443	320		
Consolidated subsidiaries (Japan)	Bottling companies	3,771	15,421		
	Marketing companies	—	—		
	Other	—	—		
Consolidated subsidiaries (overseas)	Plants	193,606		—	193,606
	Business sites	—		—	—
<b>Total</b>		<b>277,122</b>		<b>325,721</b>	<b>602,843</b>

Note 1: "—" indicates data that was not collected or is still being collected.

Note 2: Numbers are shown rounded to the nearest whole figure, so actual totals may not match result of adding numbers shown.

\* Including plants that produce cosmetics and pharmaceuticals

#### CO<sub>2</sub> emissions from logistics

Fiscal year	2017	2018	2019	2020	2021
Logistics subsidiary CO <sub>2</sub> emissions (Scope 1) (t-CO <sub>2</sub> )	7,671	6,804	6,936	6,829	6,850
Other CO <sub>2</sub> emissions (Scope 1) (t-CO <sub>2</sub> )	10,339	10,485	10,487	10,902	11,593
Tokyo Distribution Center CO <sub>2</sub> emissions (Scope 2) (t-CO <sub>2</sub> )	330	323	320	324	320

#### Introduction of environment-friendly sales equipment

Item	Number introduced				
	2017	2018	2019	2020	2021
Route delivery trucks with internal container collection spaces	73	96	79	72	72
Route delivery trucks with roofmounted container collection kits	6	4	3	2	2
Empty container collection boxes for vending machines	366	329	303	311	456
Heat-pump-type vending machines (incl. hybrid heat-pump-type ones)	999	825	962	846	954
Overhauled vending machines	126	96	89	34	52
Electric vehicles (COMS)*	206	142	47	87	151

\* Cumulative total number introduced: 1,847 (as of March 2022)

#### CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2018	2019	2020	2021
CO <sub>2</sub> emissions (fuel-related, Scope 1) (t-CO <sub>2</sub> )	19,936	20,208	20,432	20,817
CO <sub>2</sub> emissions (electric power-related, Scope 2) (t-CO <sub>2</sub> )	38,781	35,916	34,751	33,996
CO <sub>2</sub> emissions per production unit (t-CO <sub>2</sub> /kl)	0.203	0.198	0.189	0.182

Note 1: CO<sub>2</sub> emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding plants that produce cosmetics and pharmaceuticals.

Note 2: Emission factors are the adjusted emission factors of each electric power company for each year.

#### Energy use per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2018	2019	2020	2021
Crude oil equivalent (fuel-related, Scope 1) (kl)	9,850	9,987	10,097	10,255
Crude oil equivalent (electric power-related, Scope 2) (kl)	19,602	19,456	19,282	19,247
Energy use per production unit (kl (crude oil)/kl (products))	0.101	0.104	0.100	0.098

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

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**Scope 3 emissions (Fiscal 2021)**

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.	250,038
2 Capital goods	Y	Calculated using increase in fixed assets for the year from the annual securities report.	25,855
3 Fuel- and energy-related activities not included in Scope 1 or 2	Y	Calculated using electricity and energy use volume also used in Scope 1 and 2 calculations.	14,043
4 Upstream transportation and distribution	N	Logistics subsidiaries are covered in Scope 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.	171
6 Business travel	Y	Calculated using number of employees.	455
7 Employee commuting	Y	Calculated using number of employees at each business site.	1,077
8 Upstream leased assets	N	Volumes of energy use by upstream leased assets are all included in Scope 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.	16,466
13 Downstream leased assets	Y	Calculated using vending machine energy consumption.	17,616
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.	—
<b>Total</b>			<b>325,721</b>

Note: Yakult Honsha (including logistics) and five bottling companies calculated in scope.

**Containers and packaging****Amount of specified plastic-containing products distributed**

Fiscal year	2017	2018	2019	2020	2021
Amount distributed (tons) (excluding biomass plastics)	89.3	80.1	60.5	52.8	30.0
Compared to previous year (%) (excluding biomass plastics)	—	89.7	75.5	87.3	56.8
Amount reduced (tons) (excluding biomass plastics)	—	9.2	19.6	7.7	22.8
	—	—	—	7.8	23.7

**Container and packaging obligatory recycling volume**

Container and packaging type	Obligatory recycling volume (t)				
	2017	2018	2019	2020	2021
Glass bottles	311	281	266	240	212
PET plastic bottles	72	52	33	26	19
Plastic containers and packaging	5,401	5,795	5,894	5,288	5,046
Paper containers and packaging	92	90	91	90	87
<b>Total</b>	<b>5,876</b>	<b>6,218</b>	<b>6,284</b>	<b>5,644</b>	<b>5,364</b>

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**Waste****Waste generated at Yakult Honsha plants and bottling companies**

Fiscal year	2010 (base year)	2017	2018	2019	2020	2021
Waste generated (tons)	3,508	2,370	2,350	2,557	2,536	2,571
Waste generated per production unit (kg/kl)	13.246	8.287	8.368	9.277	8.971	8.732

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

**Waste generated and recycling rates by waste type at Yakult Honsha plants and bottling companies**

Fiscal 2021	Waste amount (t)	Recycled amount (t)	Recycling rate (%)
Sludge	833	833	100.0%
Paper waste	456	454	99.7%
Waste plastic	878	878	100.0%
Scrap metal	281	281	100.0%
Vegetable residues	18	16	85.0%
Glass fragments	6	6	98.2%
Cinders	56	46	81.9%
Oil	21	21	100.0%
Wood chips	1	1	100.0%
Rubber waste	2	2	100.0%
Other	20	20	100.0%
<b>Total</b>	<b>2,571</b>	<b>2,557</b>	<b>99.5%</b>

Note: Waste amounts and recycled amounts are shown rounded to the nearest whole figure, but recycling rates are calculated including decimal figures.

**Food loss and waste recycling results (Fiscal 2021)**

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
436.7	417.8	96.2	Fertilizer, animal feeds, etc.

**Management of chemical substances****Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) (Fiscal 2021)**

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	200	3.8	200	○	○
Methanol	250	9.9	0		
Sulfuric acid	260	0	0		

Note: 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.

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

Fiscal year	2018	2019	2020	2021
Yakult Honsha plants water use (1,000 m <sup>3</sup> )	1,237	1,225	1,200	1,253
Bottling companies water use (1,000 m <sup>3</sup> )	449	438	450	439
Water use per production unit (m <sup>3</sup> /1,000 items)	5.83	5.94	5.77	5.69

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

**Water risk assessment in areas with production bases (WRI Aqueduct: Baseline water stress—total, overall water risk)**

Risks	No. of production base	
	Japan	Overseas
Extremely high (4–5)	0	1
High (3–4)	0	10
Medium to high (2–3)	4	8
Low to medium (1–2)	7	8
Low (0–1)	1	0
<b>Total</b>	<b>12</b>	<b>27</b>

Note: Baseline water stress (total, overall water risk).

**Water risk survey cost**

Fiscal year	2017	2018	2019	2020	2021
Cost (millions of yen)	0	0.9	1.2	0	0

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## Water data at production bases outside Japan

(m<sup>3</sup>)

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		Other (including plant watering and irrigation)
Taiwan	Zhongli Plant	159,059	0	159,059	0	0	0	133,135	124,226	0	0	0	8,909	25,924
Brazil	Lorena Plant	332,601	332,601	0	0	0	0	235,443	0	233,518	0	0	1,925	97,158
Hong Kong	Tai Po Plant	55,188	0	55,188	0	0	0	48,914	48,914	0	0	0	0	6,274
Thailand	Bangkok Plant	148,739	27,014	121,725	0	0	0	49,523	0	32,781	0	0	16,742	99,216
	Ayutthaya Plant	179,003	179,003	0	0	0	0	108,935	0	0	0	0	108,935	70,068
South Korea*	Three plants (Pyeongtaek, Nonsan, Cheonan)	175,251	0	175,251	0	0	0	99,475	99,475	0	0	0	0	75,776
Philippines	Calamba Plant	585,806	585,806	0	0	0	0	200,183	200,183	0	0	0	0	385,623
Singapore	Singapore Plant	35,653	0	35,653	0	0	0	15,331	15,331	0	0	0	0	20,322
Mexico	Guadalajara Plant	95,203	95,203	0	0	0	0	32,669	0	32,669	0	0	0	62,534
	Ixtapaluca Plant	272,611	272,611	0	0	0	0	120,123	103,167	0	0	0	16,956	152,488
Indonesia	Sukabumi Plant	211,966	211,966	0	0	0	0	63,658	0	63,658	0	0	0	148,308
	Surabaya Plant	278,514	0	278,514	0	0	0	180,034	180,034	0	0	0	0	98,480
Australia	Australia Plant	30,434	0	30,434	0	0	0	22,197	22,197	0	0	0	0	8,237
The Netherlands	Almere Plant	58,599	0	58,599	0	0	0	30,565	30,565	0	0	0	0	28,034
China	Guangzhou Plant 1	154,649	0	154,649	0	0	0	97,236	97,236	0	0	0	0	57,413
	Guangzhou Plant 2	188,274	0	188,274	0	0	0	112,311	112,311	0	0	0	0	75,963
	Foshan Plant	265,700	0	265,700	0	0	0	221,216	221,216	0	0	0	0	44,484
	Shanghai Plant	94,814	0	94,814	0	0	0	56,888	56,888	0	0	0	0	37,926
	Tianjin Plant	392,200	0	392,200	0	0	0	263,799	0	263,799	0	0	0	128,401
	Wuxi Plant	335,623	0	335,623	0	0	0	256,894	222,583	0	0	0	34,311	78,729
Malaysia	Malaysia Plant	98,220	0	98,220	0	0	0	50,869	0	50,869	0	0	0	47,351
India	Sonipat/Rai Plant	65,081	64,313	768	0	0	0	14,378	0	0	0	0	14,378	50,703
Vietnam	Vietnam Plant	110,779	0	110,779	0	0	0	47,062	47,062	0	0	0	0	63,717
United States of America	California Plant	147,789	0	147,789	0	0	0	75,198	75,198	0	0	0	0	72,591
Myanmar	Myanmar Plant	6,355	0	6,355	0	0	0	5,804	5,800	0	0	0	4	551
<b>Total</b>		<b>4,478,111</b>	<b>1,768,517</b>	<b>2,709,594</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,541,840</b>	<b>1,662,386</b>	<b>677,294</b>	<b>0</b>	<b>0</b>	<b>202,160</b>	<b>1,936,271</b>

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

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## Water data at production bases in Japan

(m<sup>3</sup>)

Plant	Volume of water intake	Water source					Volume of wastewater	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		Water areas of third parties (including sewerage)	Surface water areas (rivers/lakes/marshes)	Marine waters (including brackish waters)	Groundwater areas	Other (including plant watering and irrigation)	
Total for Yakult Honsha plants	1,252,739	765,370	487,369	0	0	0	892,641	522,971	369,670	0	0	0	360,098
Fukushima Plant	180,032	0	180,032	0	0	0	150,625	150,625	0	0	0	0	29,407
Ibaraki Plant	152,416	114,410	38,006	0	0	0	125,077	0	125,077	0	0	0	27,339
Fuji Susono Plant	435,236	435,236	0	0	0	0	244,593	0	244,593	0	0	0	190,643
Fuji Susono Pharmaceutical Plant	28,369	28,369	0	0	0	0	0	0	0	0	0	0	28,369
Hyogo Miki Plant	263,876	0	263,876	0	0	0	225,059	225,059	0	0	0	0	38,817
Saga Plant	175,770	175,770	0	0	0	0	130,433	130,433	0	0	0	0	45,337
Shonan Cosmetics Plant	17,040	11,585	5,455	0	0	0	16,854	16,854	0	0	0	0	186
Total for bottling companies	438,887	284,652	154,234	0	0	0	219,276	125,289	93,987	0	0	0	219,611
Yakult Iwate Plant	83,743	49,297	34,446	0	0	0	47,628	47,628	0	0	0	0	36,115
Yakult Chiba Plant	103,461	103,461	0	0	0	0	28,172	0	28,172	0	0	0	75,290
Yakult Aichi Plant	80,304	72,060	8,244	0	0	0	30,137	30,137	0	0	0	0	50,167
Yakult Okayama Wake Plant	110,657	0	110,657	0	0	0	73,425	7,610	65,815	0	0	0	37,232
Yakult Fukuoka Plant	60,721	59,834	887	0	0	0	39,914	39,914	0	0	0	0	20,807
<b>Total</b>	<b>1,691,625</b>	<b>1,050,022</b>	<b>641,603</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,111,917</b>	<b>648,260</b>	<b>463,657</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>579,709</b>

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## Business site reports for each region\*1

Regions	Countries and regions	Plant	CO <sub>2</sub> emissions (t)	Electric power used (1,000 kWh)	Electricity usage per production unit (per filled kl)	Crude oil equivalent of fuel used (kl)	Crude oil equivalent of fuel usage per production unit (per filled kl)	Water intake (m <sup>3</sup> )	Water usage per production unit (per filled kl)	Waste generated (t)
Asia and Oceania	Japan	Japan plants (total)	54,813	76,790	—	10,255.4	—	1,691,625	—	2,570.83
	Taiwan	Zhongli Plant	8,859	10,276	0.407	1,329.6	0.0526	159,059	6.2896	25.13
	Hong Kong	Tai Po Plant	4,034	4,423	0.302	255.6	0.0165	55,188	3.5722	105.00
	Thailand	Bangkok Plant*2	4,510	7,968	0.275	221.9	0.0077	148,739	5.1280	155.10
		Ayutthaya Plant	5,210	9,631	0.309	155.3	0.0050	179,003	5.7354	1.00
	South Korea*3	Pyeongtaek Plant	7,577	8,729	0.246	901.6	0.0254	175,251	4.9315	—
		Nonsan Plant								
		Cheonan Plant								
	Philippines	Calamba Plant*4	13,400	12,838	0.124	2,563.2	0.0247	585,806	5.6406	563.36
	Singapore	Singapore Plant	1,611	2,555	0.327	152.0	0.0195	35,653	4.5661	69.42
	Indonesia	Sukabumi Plant	12,100	11,608	0.161	1,215.1	0.0169	211,966	2.9422	18.06
		Surabaya Plant	17,254	17,017	0.164	1,664.6	0.0161	278,514	2.6883	0.00
	Australia	Australia Plant*4	1,519	1,881	0.270	8.5	0.0012	30,434	4.3664	37.81
	Malaysia	Malaysia Plant*2	3,974	4,724	0.412	451.9	0.0394	98,220	8.5689	8.00
	Vietnam	Vietnam Plant	3,355	5,883	0.311	563.1	0.0298	110,779	5.8621	4.10
	India	Sonipat/Rai Plant	2,938	1,772	0.462	618.3	0.1123	65,081	11.8209	0.00
	Myanmar	Myanmar Plant	211	573	10.444	29.2	0.5322	6,355	115.8637	1.20
	China	Guangzhou Plant 1	6,319	7,863	0.250	446.6	0.0142	154,649	4.9134	85.00
			Guangzhou Plant 2	9,946	12,019	0.265	812.4	0.0179	188,274	4.1452
Shanghai Plant		6,146	6,411	0.342	425.8	0.0227	94,814	5.0609	74.19	
Tianjin Plant (Including Plant 2)		25,577	18,066	0.301	2,488.0	0.0415	392,200	6.5347	296.85	
Wuxi Plant (Including Plant 2)		23,079	22,518	0.289	2,265.6	0.0290	335,623	4.3024	385.28	
Foshan Plant		11,482	11,061	0.393	1,135.5	0.0404	265,700	9.4518	178.83	
Americas	Brazil	Lorena Plant	5,887	18,491	0.456	2,077.4	0.0512	332,601	8.1938	393.00
	Mexico	Ixtapaluca Plant	8,524	12,311	0.161	1,101.4	0.0144	272,611	3.5684	56.00
		Guadalajara Plant	5,462	7,660	0.259	744.3	0.0252	95,203	3.2226	57.90
United States of America	California Plant*5	2,407	4,222	0.252	627.0	0.0375	147,789	8.8372	54.30	
Europe	The Netherlands	Almere Plant	2,225	1,509	0.092	813.2	0.0498	58,599	3.5852	369.00
Total			248,419	298,799	—	33,322.5	—	6,169,737	—	5,877.57

\*1 CO<sub>2</sub> 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 series

\*4 Values for the Philippines' Calamba Plant and the Australia Plant are estimates based on production volume

\*5 Values for California Plant in the US are estimated based on Yakult series sales figures



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Japan business site reports

\*1 As of March 2022  
\*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 m<sup>2</sup>  
Products\*1: Concentrated *Yakult* series, *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 CO<sub>2</sub> emissions by reducing energy usage.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
180	1,458	7,571	311	6,274	0.000	7.034	2.893

**Ibaraki Plant**

Location: 1232-2 Oaza Kawatsuma, Gokamachi, Sashima-gun, Ibaraki 306-0314  
Site area: 56,191 m<sup>2</sup>  
Products\*1: Concentrated *Yakult* series, *Y1000*

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 <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
152	866	4,277	180	3,570	0.000	0.213	1.545

**Fuji Susono Plant/ Fuji Susono Pharmaceutical Plant**

Location: 653-1 Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105  
Site area: 192,738 m<sup>2</sup>  
Products\*1: Concentrated *Yakult* series, *Yakult 1000*, *Joie*, *Aloe Yogurt*, *Daily Iron & Folic Acid Yogurt*, quasi-drug products, pharmaceutical products, active pharmaceutical ingredients

Due to ongoing measures to prevent the spread of COVID-19, plant tours were conducted online. Online mental health training is also carried out annually, and in fiscal 2021 its content focused on enhancing self-care in order to respond to stress arising from the many changes to the working environment, including changes to the plant's internal organization and increased production and staffing levels due to expansion of production lines.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
464	2,362	15,936	766	11,627	0.000	0.318	1.209

**Hyogo Miki Plant**

Location: 1838-266 Aza Nakao, Toda, Shijimi-cho, Miki-shi, Hyogo 673-0514  
Site area: 80,874 m<sup>2</sup>  
Products\*1: Concentrated *Yakult* series, *Sofuhl*, *Mil-Mil*, *BF-1*, *Prelio*

We carry out a range of initiatives for the sake of employee health and motivation. To promote work-life balance, employees are encouraged to take at least 12 paid days off per year, and we have achieved an annual result of over 16.5 days off. For human resources development, we proactively run on- and off-the-job training to promote employees' growth. We also encourage male employees to take paternity leave, and 7 male employees have done so. Our labor practices are designed to contribute to creating a working environment where all employees can excel.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
264	2,755	9,236	253	8,558	0.000	1.733	5.471

**Saga Plant**

Location: 2300 Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002  
Site area: 25,238 m<sup>2</sup>  
Products\*1: Concentrated *Yakult* series, *Y1000*, *Mil-Mil S*

Through safety practices based on workplace patrols and risk assessment, we are striving to improve our work environment.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
176	1,134	5,564	194	5,266	0.000	50.478	1.398

**Shonan Cosmetics Plant**

Location: 2-5-10 Kugenumashinmei, Fujisawa-shi, Kanagawa 251-0021  
Site area: 4,394 m<sup>2</sup>  
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 engaged in risk management by establishing a business continuity plan related to measures in the case of an earthquake.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
17	40	562	28	327	0.000	1.053	0.048

**Yakult Central Institute**

Location: 5-11 Izumi, Kunitachi-shi, Tokyo 186-8650  
Site area: 29,779 m<sup>2</sup>  
Note: 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. Furthermore, our average energy intensity for the past five fiscal years (2017–2021) has improved 4.3%.

Water intake (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	CO <sub>2</sub> (t)	SOx (t)	BOD (t)	NOx (t)
57	812	16,626	88	9,001	0.000	0.755	0.259

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## Social

## Innovation

## Low-calorie products: Percentage of total dairy sales (fiscal 2021)

Japan	27.2%
Outside Japan	14.0%

## Value co-creation with communities

## Community investment (social contribution activities)

Fiscal year	2017	2018	2019	2020	2021
Amount invested (million of yen)	332	467	620	450	188

## Product safety

## Certifications acquired for product quality

(As of August 2022)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	ISO 45001	SQF
Yakult Honsha plants, bottling companies in Japan (10 dairy product plants)			10* <sup>1</sup>					
Marketing companies in Japan (101 in total)		10* <sup>2</sup>	1					
Plants outside Japan (27 locations in total) <sup>3</sup>	21	10	8	3	9	8	2* <sup>3</sup>	2

\*1 Japan's 2018 Act on the Partial Amendment of the Food Sanitation Act means that business operators are required to implement hygiene management in line with HACCP. Accordingly, our Yakult Honsha dairy product plants and bottling companies (10 plants) have acquired ISO 22000 certification.

\*2 Includes branches that have acquired the certification

\*3 Acquisition rate at plants both in and outside Japan: 5.4%

## Human resources

## Training

Fiscal year	2017	2018	2019	2020	2021
Human rights awareness training (Training for new employees)	1 session 84 participants	1 session 104 participants	1 session 117 participants	1 session 90 participants	1 session 72 participants
Human rights awareness training (Diversity training for newly appointed managers)	1 session 26 participants	2 session 48 participants	3 sessions 70 participants	1 sessions 30 participants	1 session 34* participants

\* Carried out during new line manager training in fiscal 2021

## Hours of training time and cost per person (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021
Training time (total)	39,523.95	35,111.20	40,304.90	16,217.16	23,235.50
Training time (hours) per person	13.88	12.21	13.99	5.64	8.19
Training costs (yen) per person	18,702	19,035	21,274	12,900	18,756

Note: Figures for fiscal 2020 are lower than previous years due to the COVID-19 pandemic.

## Human resources data (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021
Regular employees	2,699	2,714	2,701	2,679	2,632
Male	2,057	2,049	2,012	1,968	1,921
Female	642	665	689	711	711
Full-time contract employees	149	162	181	195	204
Male	132	125	141	152	159
Female	17	37	40	43	45
Female employee ratio (%)	23.1	24.4	25.3	26.2	26.7
Ratio of non-regular employees (%)	12.3	11.8	11.6	12.3	12.6
Average age (years)	42.1	42.2	42.1	42.4	42.6
Male	43.1	43.2	43.3	43.3	43.5
Female	38.6	38.8	38.8	39.1	39.1
Average length of service (years)	18.3	18.3	18.3	18.4	18.7
Male	19.4	19.5	19.5	19.6	19.9
Female	14.6	14.3	14.5	14.9	15.7
Average wage for 30-year-olds (yen/month)	359,200	359,200	359,200	359,200	359,200
Number of newly hired	74	94	105	83	65
Male	42	55	61	48	45
Female	32	39	44	35	20
Mid-career recruitment ratio (%)	20.4	14.7	10.4	8.7	4.4
New graduates' retention rate after three years (%)	95.1	97.6	95.7	96.2	88.2
Overall turnover rate (%)	1.6	1.5	2.0	1.2	2.2
Male	1.0	1.3	1.9	1.1	1.6
Female	3.5	2.2	2.5	1.4	0.6
Turnover rate for personal reasons (%)	1.6	1.4	1.7	1.1	1.7
Total working hours	1,859.1	1,856.1	1,828.7	1,819.9	1,830.8

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**Yakult Group companies outside Japan** (As of December 2021)

	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	20,073	13,962	6,111	972	232	29	49	53	884	7.0	14.4	11.1	3.4	12.9
The Americas	5,802	3,702	2,094	203	92	7	9	7	196	0.0	13.5	8.2	5.2	5.3
Europe	207	108	99	32	19	5	7	3	29	5.8	16.4	10.5	5.8	4.1
<b>Total</b>	<b>26,082</b>	<b>17,772</b>	<b>8,304</b>	<b>1,207</b>	<b>343</b>	<b>41</b>	<b>65</b>	<b>63</b>	<b>1,109</b>	<b>5.4</b>	<b>14.2</b>	<b>10.4</b>	<b>3.8</b>	<b>11.0</b>

\* 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	2017	2018	2019	2020	2021
Japan: Number of female managers	45	47	52	57	60
Japan: Ratio of female managers (%)	6.2	6.3	6.7	7.2	7.5
Overseas: Ratio of female managers (%)	24.8	25.4	24.7	27.1	28.4

**Rate of employees with disabilities (Within Yakult Honsha and business sites outside Japan)**

Fiscal year	2017	2018	2019	2020	2021
Japan: Rate of employees with disabilities (%)	2.00	2.15	2.22	2.27	2.59
Japan: Statutory target employment rate (%)	2.0		2.2		2.3
Overseas: Rate of employees with disabilities (%)*	-	-	0.60	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	2017	2018	2019	2020	2021
Number of persons at mandatory retirement age	52	57	83	73	55
Number of persons in continuous employment at Yakult Honsha	34	38	60	47	35
Number of continuous workers who transfer to another company	9	9	7	13	7
Number of persons who choose to retire	9	10	16	13	13
Rate of continuous employment* (%)	82.7	82.5	80.7	82.2	76.4

\* 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	2017	2018	2019	2020	2021
Annual paid leave acquisition rate (%)	58.8	70.9	76.9	71.1	76.5
Average overtime hours (per month)	8.5	10.5	10.7	8.1	9.0

**Shirota-ism Workshops: Numbers of workshops and participants (Yakult Honsha)**

Fiscal year	2017	2018	2019	2020	2021
Number of workshops	17	18	18	11	22
Participants	383	435	470	269	451

Note: 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	2017	2018	2019	2020	2021
Male employees (number of people/utilization rate*)	8 8.7%	9 9.3%	18 19.6%	10 15.9%	83 86.4%
Female employees (number of people/utilization rate)	40 100%	36 100%	37 100%	26 100%	35 100%

\* 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	2017	2018	2019	2020	2021	Whole industry average*3
Work accident frequency rate*1	0.53	1.06	1.39	0.20	0.40	2.09
Work accident severity rate*2	0.0219	0.0109	0.0137	0.0020	0.0006	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)

**Comparison of starting salaries and minimum wage (fiscal 2021)**

	Starting monthly salary (yen)	Comparison with minimum wage (%)
Graduate school graduate	226,500	143
University graduate (career track)	217,000	137
University graduate (general track)	191,000	120
Junior college graduate	182,000	115
Vocational school graduate	182,000	115

Note: Minimum wage calculated using the minimum wage for Tokyo (1,041 yen per hour) working 20.08 days per month, 7.5 hours per day. Our salary system is based on the grade level of each employee, and there is no difference between male and female employees in the same level or role.

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**Supply chain management****CSR procurement survey results (July 2021)**

Target: In principle, primary business partners of Yakult Honsha's dairy products, soft drinks, cosmetics and pharmaceutical divisions/Number of responses: 122 companies (98% 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 "action being planned"	Level 1: Responded with "no action being taken"	N/A
1. Corporate governance related to CSR	6	Have you established a vision, long-term goals, key areas, etc. for CSR in general?	91.8	80.8	14.5	4.7	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?	94.9	87.4	10.0	2.6	0.0
3. Labor practices	11	Are you taking action for fair application of working hours, holidays, paid leave, etc.?	97.8	95.0	3.5	1.6	0.0
4. Environment	11	Are you taking action to reduce CO <sub>2</sub> and other greenhouse gas emissions, or to use energy efficiently?	91.0	82.0	8.6	8.9	0.6
5. Fair business	11	Are there regulations or initiatives to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)?	95.1	87.1	6.8	3.5	2.6
6. Quality and safety	6	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?	97.5	86.0	1.5	2.8	9.6
7. Information security	6	Do you have a mechanism or initiatives related to personal data and privacy protection?	97.2	93.6	4.6	1.8	0.0
8. Supply chain	4	Are you taking action to promote CSR activities in the supply chain, such as by conducting field surveys of business partners?	92.3	82.9	11.6	5.5	0.0
9. Coexisting with the local community	2	Are you taking action to reduce the social and environmental burden of the production process or products and services?	94.7	89.0	6.5	4.5	0.0
<b>Total</b>	<b>61</b>		<b>94.7</b>	<b>87.3</b>	<b>7.1</b>	<b>4.1</b>	<b>1.5</b>

\* 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.

**Number of business partners by average score**

Average score	Number of business partners
90% or higher	97
80% - below 90%	17
70%- below 80%	6
Below 70%	0
Incomplete response	4
<b>Total</b>	<b>124</b>

**Green procurement ratio**

Fiscal year	2017	2018	2019	2020	2021
Green procurement ratio (%)	87.6	87.6	79.4	81.3	65.0

**Locally procured raw materials (Fiscal 2021)**

Japan*	Asia/Oceania	The Americas	Europe
95.6%	53.3 %	80.0%	56.9%

\* Results for dairy product raw materials

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

**Customer satisfaction****Customer consultation**

Type	2017	2018	2019	2020	2021
Inquiries	32,748	29,682	27,886	24,930	24,533
Applications	3,634	2,499	2,215	2,184	1,957
Complaints	4,108	3,858	4,107	3,776	3,339
Discontinuations/suspensions	1,242	1,211	1,112	858	734
Changes	216	210	294	263	250
Others	1,996	2,050	1,871	1,935	1,825
<b>Total</b>	<b>43,944</b>	<b>39,510</b>	<b>37,485</b>	<b>33,946</b>	<b>32,638</b>

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## Governance

### Corporate governance

#### Governance organization

Fiscal year	2018	2019	2020	2021	2022
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	5	5	5	6	5
Including: Independent Directors	2	3	3	5	5
Including: Female Directors	0	1	1	2	2
Directors' term of office (years)	1	1	1	1	1
Chair of Board of Directors	President	President	President	President	President
Auditors	7	7	5	5	5
Including: Outside Auditors	5	5	3	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

Note: As of March 2022.

#### Frequency of meetings

Fiscal year	2017	2018	2019	2020	2021
Board of Directors	7	7	7	8	8
Outside Directors' attendance rate at Board of Directors (%)	63%	100%	97%*	100%	98%*
Audit & Supervisory Board	7	7	7	8	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	3
Plastic Recycling Promotion Committee	-	-	2	2	2

\* For unavoidable reasons, one Outside Director was absent from one Board of Directors meeting

#### Number of audit reports

Fiscal year	2017	2018	2019	2020	2021
Audit & Supervisory Board Member audits	7	7	7	8	8
Internal audits	7	7	7	8	8
Accounting audits	4	4	4	4	4

#### Remuneration of officers

Fiscal year	2017* <sup>1</sup>	2018* <sup>2</sup>	2019* <sup>3</sup>	2020* <sup>4</sup>	2021* <sup>5</sup>
Remuneration of 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)	642 million yen to 18 directors (Including 66 million yen to 7 Outside Directors)
Remuneration of 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)	107 million yen to 5 auditors (Including 35 million yen to 3 Outside Auditors)

\*1 Amount of remuneration for directors and auditors in the 66th business report

\*2 Amount of remuneration for directors and auditors in the 67th business report

\*3 Amount of remuneration for directors and auditors in the 68th business report

\*4 Amount of remuneration for directors and auditors in the 69th business report

\*5 Amount of remuneration for directors and auditors in the 70th business report

## Compliance

#### Use of internal reporting system in the last five years (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021
Number of uses	6	3	3	5	8

## Training

Fiscal year	2017	2018	2019	2020	2021
Compliance training events	104	68	32	24	167
Information security training events (e-learning recipients)	1 (2,482)	1 (2,436)	1 (2,221)	1 (2,610)	1 (2,512)

## Risk management

#### BCP drill participation rate


Fiscal year	2017	2018	2019	2020	2021
Participation in BCP safety confirmation system drills (response to email) (%)	98.5%	98.4%	98.7%	98.9%	99.1%



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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 response to the entrustment from Yakult Honsha Co., Ltd. (hereafter "the Company") in order to provide an opinion as to whether the subject matter information ("FY2021 Environmental and Social Data Report" (period: 1 April 2021 to 31 March 2022)) of the Company meets the criteria in all material respects.

**1 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 Companies described in "FY2021 Environmental and Social Data Report" (period: 1 April 2021 to 31 March 2022).  
 The criteria for preparing subject matter information is "GHG (S1・2) Calculation Emissions Procedure (Ver.3.1)", "FY2021 Scope 3 GHG Emissions Calculation Procedure", "Environmental Performance Data Calculation Rule (Ver.3.0)" and "Social Performance Data Calculation Rule (Revised 1 April 2022)".

**2 Management Responsibility**  
 "FY2021 Environmental and Social Data Report" (period: 1 April 2021 to 31 March 2022) 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 "FY2021 Environmental and Social Data Report" (period: 1 April 2021 to 31 March 2022) is free from material misstatement whether due to fraud or error.

**3 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 verification and validation of greenhouse gas statements" 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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**4 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 the 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 Saga Plant, and Yakult Aichi Plant Co., Ltd. as verification sites in order to confirm the calculation structure and procedures, data collection and implementation status of record control.

**5 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.


**6 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.

**7 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  
 28 December 2022


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APPENDIX of Independent Assurance Report



**GHG Emissions, Environmental and Social Performance Data**

Table 1-1 GHG Emissions (Scope1,2)

Item	Emissions	Unit
Scope 1	41,132	tCO <sub>2</sub>
Scope 2 (market based)	42,384	tCO <sub>2</sub>
Scope 2 (location based)	41,717	tCO <sub>2</sub>

Table 1-2 GHG Emissions (Scope 3)

Category No.	Category	Emissions (tCO <sub>2</sub> )
Category 1	Purchased goods and services	250,037.5
Category 2	Capital goods	25,855.2
Category 3	Fuel-and-energy-related activities (not included in Scope 1 or 2)	14,043.4
Category 5	Waste generated in operations	171.3
Category 6	Business travel	454.5
Category 7	Employee commuting	1,077.1
Category 12	End of sold products	16,465.9
Category 13	Downstream leased assets	17,616.3
Total*	—	325,721.0

\*The numbers in each category include two decimal places, and their sum (Scope 3) does not equal the total of each category in the table.

Table 2-1 Energy consumption

Item	Volumes	Unit
Fuel (Crude oil equivalent)	10,255	kL
Electricity	76,790	MWh

Target: Yakult Honsha plant and bottling companies

Table 2-2 Waste emissions

Item	Volumes	Unit
Waste emissions	2,570.8	t
Amount of resources recycled	2,556.7	t
Final disposal amount	14.1	t
Recycling rate	99.5	%

Target: Yakult Honsha plant and bottling companies



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Table 2-3 Water usage

Item	Volumes	Unit
Water intake	1,691,625	m <sup>3</sup>
water discharges	1,111,917	m <sup>3</sup>
Water consumption	579,709	m <sup>3</sup>

Target: Yakult Honsha plant and bottling companies

Table 3-1 Changes in the ratio of female management positions

Item	FY2017	FY2018	FY2019	FY2020	FY2021	Unit
Number of female management positions	45	47	52	57	60	people
Ratio of female management positions	6.2	6.3	6.7	7.2	7.5	%

Target: Yakult Honsha non-consolidated

Table 3-2 Changes in the employment rate of persons with disabilities

Item	FY2017	FY2018	FY2019	FY2020	FY2021	Unit
Employment rate of persons with disabilities	2.00	2.15	2.22	2.27	2.59	%
Statutory employment rate	2.0	2.2	2.2	2.2*	2.3	%

Target: Yakult Honsha non-consolidated

\*The rate has been revised to 2.3% from March 2021.

Table 3-3 Changes in the occupational accidents frequency rate

Item	FY2017	FY2018	FY2019	FY2020	FY2021
Occupational accidents frequency rate	0.53	1.06	1.39	0.20	0.40
Severity rate	0.0219	0.0109	0.0137	0.0020	0.0006

Target: Yakult Honsha non-consolidated



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