

**Yakult**

**Yakult**  
**Social & Environmental Report**

**2014**



# About This Report

## Editorial policy

Designed to help readers learn about Yakult Honsha's corporate social responsibility (CSR) performance, this report presents information centered on the environmental activity performance and social contribution activities of Yakult Honsha and the other Yakult Group companies during fiscal 2013.

We have prepared this report to provide a communications tool for as many of our stakeholders as possible by arranging and presenting our activities in an easy-to-understand manner.

In this report, we included a Stakeholder Dialogue section to clarify the actions expected of Yakult by society and the issues facing the Company as well as a special feature entitled the "50th Anniversary of the Yakult Lady System."

Regarding the publishing format, from this current fiscal year this report will be published only on our website. In conjunction, we are also creating an English-language version.

## Publishing date

October 2014

(Previous version: October 2013, Next version: October 2015)

## Period

April 1, 2013 through March 31, 2014

## Scope of data

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

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## Disclaimer

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

## Contents

01	Overview of Yakult's Operations
02	To Our Stakeholders
04	Yakult's Roots: Shirota-ism
05	Yakult's Business Operations
06	Stakeholder Dialogue
10	Special Feature: 50th Anniversary of the Yakult Lady System
12	Management of the Yakult Group

---

## Social Activities

16	Customers
20	Suppliers
21	Shareholders
22	Local Communities
25	Employees

---

## Environmental Activities

29	Environmental Impact of Business Activities
30	Environmental Action Plan
31	Environmental Accounting
32	Responding to Environmental Laws and Regulations
33	Curbing Greenhouse Gas Emissions
34	Reducing Waste Product Volume
35	Conservation of Water Resources
36	Efforts to Promote Biodiversity
37	Environment-Friendly Design and Logistics

---

39	Business Site Reports
42	Activities of Principal Overseas Business Sites

---

48	Third-Party Comments
49	History of Social and Environmental Activities

# Overview of Yakult's Operations

## Corporate profile

### Profile of Yakult Honsha (as of March 31, 2014)

Name: Yakult Honsha Co., Ltd.  
 Address: 1-19 Higashi-Shimbashi 1-chome, Minato-ku, Tokyo 105-8660, Japan  
 Founded: April 9, 1955  
 Businesses: Manufacturing and marketing of foodstuffs, pharmaceuticals, cosmetics and others  
 Paid-in capital: ¥31,117 million  
 Net sales: ¥181,826 million (nonconsolidated) (¥350,322 million consolidated) (as of fiscal year ended March 31, 2014)  
 Business sites: Five branches, seven plants, one research institute, 10 medical branches, 13 logistics centers  
 Number of employees: 2,996 (including 310 seconded employees and 162 contract employees)

### Profile of Yakult Group (as of March 31, 2014)

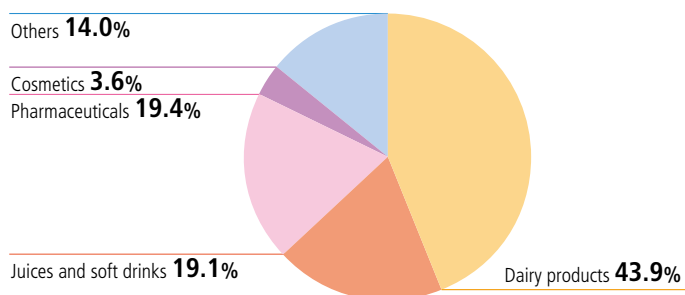
#### Japan

Marketing companies: 106 companies  
 Number of employees: 13,823  
 Number of Yakult Ladies: 38,899  
 Bottling companies: 6 companies  
 Affiliated companies, etc.: 15 companies and 4 associations

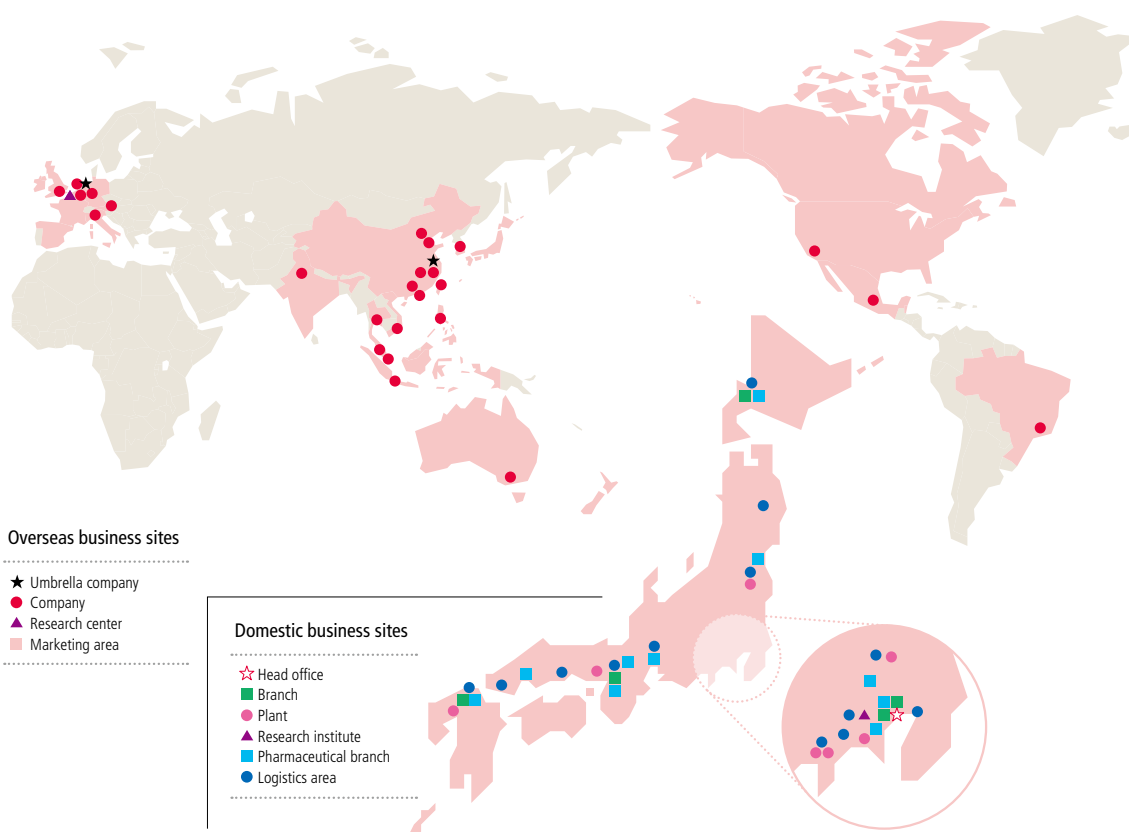
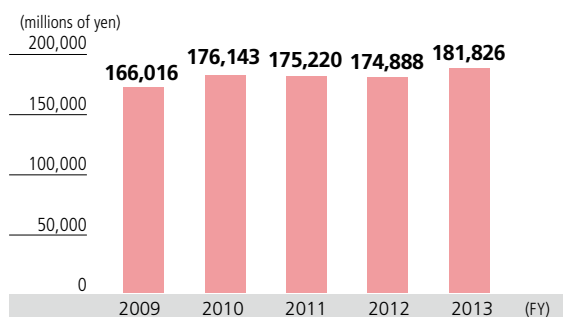
#### Overseas

Business sites: 27 companies and 1 research center  
 Number of employees: 16,537  
 Number of Yakult Ladies: 42,347  
 Marketing regions: 32 countries and regions

Sales structure by type of product (nonconsolidated)



Five-year overview of net sales (nonconsolidated)



## To Our Stakeholders



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

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

## The Yakult Group will fulfill its corporate social responsibilities through the implementation of its corporate philosophy.

The year 2013 marked the final fiscal year of Phase I of Yakult Vision 2020, the Yakult Group's long-term business management vision. Phase I was implemented over a three-year period starting in 2011. Thanks to the support of all our stakeholders, we were able to exceed all of our numerical targets (average number of bottles of dairy products sold per day worldwide, consolidated sales, consolidated operating income). In April 2014, we commenced Phase II of the vision and will strive by all means to attain our newly established targets.

Looking at major developments in 2013, we terminated our strategic alliance with Danone. Since 2004, Yakult and

Danone have strived to develop a mutually beneficial alliance taking advantage of the distinctive strengths and business models of both companies. Despite these efforts, we were unable to overcome the respective differences in corporate cultures and marketing methods, and for this reason, we decided to terminate our alliance agreement. Going forward, we believe we should maintain the affable relations nurtured with Danone over the past nine years, and therefore, both companies have executed a comprehensive Memorandum of Understanding for future business collaboration.

Meanwhile, as another noteworthy development, we have updated our core product line of *Yakult* fermented



**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.**

milk drinks. Although we had maintained the original price of *Yakult* over a long period of time, in reality it became increasingly difficult to absorb costs such as soaring raw materials prices for drink containers. Along with the price revision, we have also enhanced the contents of *Yakult*, so this does not merely constitute a simple price increase. In fact, this is our first substantive price revision for *Yakult* in 22 years. Specifically, in November 2013 we raised the manufacturer's list price of *Yakult* from ¥35 to ¥40 per bottle. The philosophy of our founder, Dr. Minoru Shirota, is referred to as Shirota-ism and serves as the root of all of Yakult's business activities today. While firmly adhering to one such Shirota-ism idea, namely offering products at "a price anyone can afford," we will work to disseminate and expand our mainstay product *New Yakult* with the aim of strengthening our organization in Japan.

Yakult products are delivered directly into the hands of customers by Yakult Ladies. Home delivery by Yakult Ladies was launched throughout Japan in 1963 and marked its 50th year in 2013. Yakult Ladies have been able to continue delivering Yakult products every day regardless of rain or wind because they know that customers are awaiting them. Yakult's unique home delivery system also represents the execution of Shirota-ism, which embodies ideas like "sincerity," "harmony among people," "honesty and kindness," "caring enough to broaden acceptance" and "caring enough to make home deliveries." As social activities special to the Yakult Group, we will continue to value bonds and closeness with local communities through "Courtesy Visit Activities" by Yakult Ladies and our cooperation in regional crime prevention activities.

In this way, to ensure that we continuously achieve sustainable growth as a company that advocates good health, we believe that safety and peace of mind are particularly crucial in all our business activities. Accordingly, it goes without saying that building reliable evidence is important.

To this end, as a pioneer in probiotics, we are undertaking a major building and renovation project at the Yakult Central Institute to ensure that we can prevail against fierce global competition in research and development. We launched this project in fiscal 2006 with completion scheduled for fiscal 2015. The entire Yakult Group eagerly awaits the day when we can quickly provide our customers with the outstanding products and research results created within this new R&D environment.

On a different front, in March 2014 we published *Yakult's 75 Years of History*, Yakult Honsha's first genuine historical account of its company history. We hope this corporate history, which encapsulates the passionate spirit of our founding, is helpful in fostering a better understanding and deeper familiarity of the Yakult Group.

To fulfill our corporate social responsibilities, we will steadily implement initiatives for thorough compliance management, risk management, quality assurance and social and environmental activities for all our stakeholders. We will promote these initiatives through our business activities based on our corporate philosophy of "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular."

September 2014

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

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

# Yakult's Roots: Shirota-ism

## Yakult's beginnings

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

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

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

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

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

## Shirota-ism—The root of our business

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

## Legacies

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

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

Yakult is developing its business based on its corporate philosophy. Expressed as, "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular," this philosophy is based on Shirota-ism.

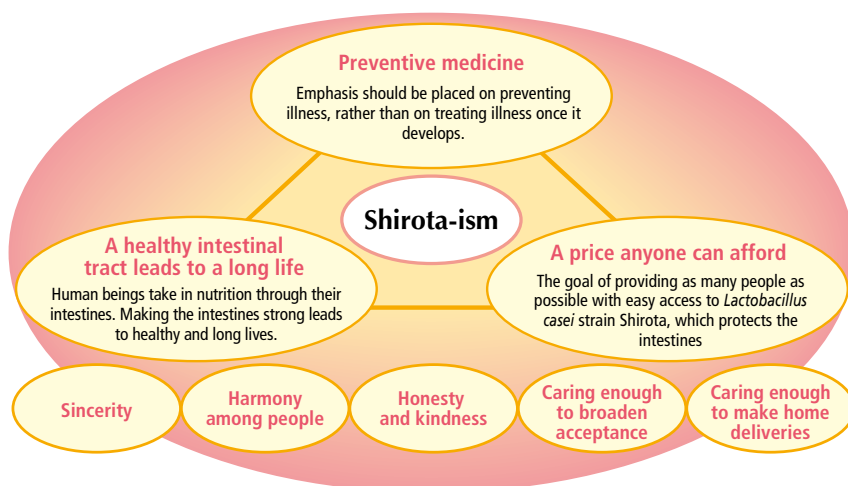
Our corporate philosophy addresses everything from R&D to production, the delivery of good health to people throughout the world and contributions to the health of the planet and society.

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

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



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



# Yakult's Business Operations

## Yakult Vision 2020

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

### Background of Yakult Vision 2020's formulation

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

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

### Qualitative goals

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

### Quantitative goals (Fiscal year 2020)

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

## Business operations

### Food/Beverage Business

Yakult provides fermented milk drinks and fermented milk products, which contain lactobacilli and bifidobacteria (probiotics) that reach the intestines alive, as well as health beverages rich in functional benefits.

- Fermented milk drinks
- Fermented milk products



Yakult dairy products are based on the concepts of "preventive medicine" and "a healthy intestinal tract leads to a long life." *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain *Yakult* reach the intestines alive and promote a healthier intestinal tract.

- Fruit and vegetable juice products
- Soft drinks
- Coffee and tea beverages
- Other beverages, noodles
- Health foods



Yakult beverages that help contribute to a healthy lifestyle. High-quality raw materials are used to create functional beverages with various health benefits.

### Cosmetics Business

Employing innovative ingredients generated by its in-house research related to lactobacilli, Yakult offers cosmetics products for maintaining beautiful skin.

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



Yakult cosmetics are born of bioscience. These products help maintain beautiful and healthy skin.

### Pharmaceutical Business

Besides preventive medicine, Yakult is active in the field of pharmaceuticals, where it is contributing to better health through research and development programs focused on anti-cancer agents.

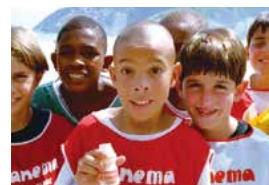
- Pharmaceutical products
  - Ethical therapeutic drugs (anti-cancer agents, Lactobacilli-based drugs, etc.)
  - OTC drugs
- Medical devices
- Quasi-drug products



Yakult pharmaceuticals are making contributions in the field of medicine. These products are providing people with benefits in both medical facilities and homes.

### International Business

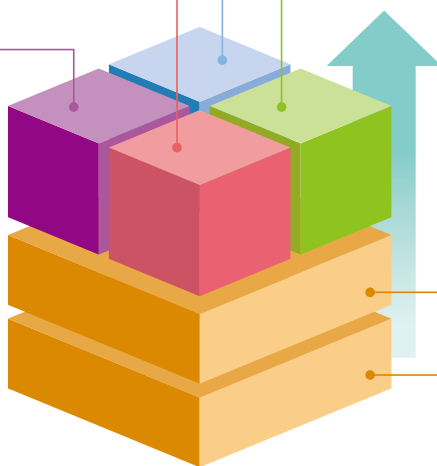
Seeking to improve the health of people throughout the world, we are proactively promoting probiotic products centered on the fermented milk drink *Yakult*.



### Corporate Philosophy

..... A philosophy born of our roots

**Shirota-ism** .....Yakult's roots





# Shirota-ism and Yakult's Activities

With Shirota-ism\* as its roots, Yakult undertakes a diversity of activities that include developing, manufacturing and delivering products that contribute to people's health throughout the world as well as promoting communications and carrying out social contribution activities. For this year's report, we held our first Stakeholder Dialogue to exchange opinions with experts about consumer issues, local communities and the environment.

\*Please refer to page 4 for detailed information on Shirota-ism.

Date of dialogue ● 2pm-4pm, July 17, 2014 (Thursday)

### ■ Consumer issues

**"The plant tour truly conveyed Yakult's 'sincerity'."**  
(Akabane)

**"Since we are a food company, I believe that allowing people to see where our products are manufactured provides them with a sense of peace of mind."**  
(Yakult)

**Natsume:** First, I'd like to hear from Ms. Akabane, who we've asked to write a third-party opinion for our Social & Environmental Report. Ms. Akabane recently visited our Fukushima Plant.

**Akabane:** I had the opportunity to observe the Fukushima Plant and during my visit I could feel that "sincerity" in desiring to provide products that are safe and offer peace of mind is deeply ingrained in each and every employee. I believe this creation of products by employees with long years of service and who empathize with Shirota-ism, which serves as Yakult's roots, is also a valuable treasure for Yakult.

**Suzuki:** When necessary and depending on the category, in our plants we inspect every single item with both the eyes of humans and machinery such as visual inspection systems for containers. This meticulous approach underscores our efforts to provide safe products that offer



consumers peace of mind.

**Natsume:** I believe you also saw the intestinal tract course inside the plant.

**Akabane:** The intestinal tract course was lots of fun and filled with clever features.

Among these, the sound of gas being passed after moving through a tunnel resembling the intestines was particularly interesting. I was also impressed to learn this was an employee's idea. I could sense the plant's enthusiasm for trying to foster an understanding about intestinal health among children, who are literally the smallest consumers.

**Narita:** Our plant tours receive just under 200,000 visitors per year in Japan and approximately 500,000 people annually when including our overseas plants. Since we are a food company, I believe that allowing people to see where our products are actually manufactured directly provides them with a sense of safety and peace of mind. *Yakult* is a product that contains live lactobacillus. Nowadays in Japan, even children know about friendly bacteria and bad bacteria. On the other hand, in overseas countries bacteria generally have a negative image. To have people become Yakult customers, it is important to undertake the process of allowing people to see our manufacturing sites and enabling them to acquire proper knowledge of bacteria that promote good health and then have people sample *Yakult* after they fully understand the purpose of drinking this beverage.



**Participants**

● **Experts**



**Makiko Akabane**  
Director of CSR Asia Japan Office

Ms. Akabane has over 10 years' of CSR management experience in multi-sector and multi-national companies. Her initiatives to create corporate units focused on environmental responsibilities and contributions to society and her efforts to organize employee volunteer programs have been highly evaluated. Besides her work in Japan, she has experience launching CSR projects in Singapore, Thailand, South Korea and China.

She has bachelor degrees in political science and biology from Waseda University (Japan) and did graduate studies at the University of California at Riverside (U.S.), Tufts University (U.S.) and Keio University (Japan). She has presented lectures at diverse venues, including Japan's Ministry of the Environment, Keio University, the World Bank, the British Council and Toyo Keizai Inc., and she has written third-party evaluations of CSR reports issued by numerous companies. Recognized as a leading expert in the CSR field, she is frequently consulted by companies asking for her views on CSR issues.



**Tamio Yamaguchi**  
Representative of the Workers Club for Eco-harmonic Renewable Society (NPO)

Mr. Yamaguchi worked 25 years at a newspaper company and during his last five years he was bureau chief of a forum for promoting corporate environmentalism and also served as a foreign correspondent covering environmental-related topics. Subsequently, he worked as manager of public relations at an environmental venture company and editor of a publishing company's environmental magazine before becoming a freelancer. Mr. Yamaguchi is currently a visiting lecturer at Hosei University Graduate School and a lecturer at BtoB Advertising Association Japan's BtoB Communications University in addition to working as a lecturer on CSR. Mr. Yamaguchi is also a member of the Center for Better Living Certification and Registration Advisory Committee.

From 2002, Mr. Yamaguchi has continually analyzed reports (environmental reports/CSR reports) and to the present has analyzed the reports of approximately 330 companies. Utilizing this track record, Mr. Yamaguchi is involved in an assortment of activities that include holding seminars on trends in reports, supporting the creation of reports and writing third-party opinions.

● **Yakult Honsha**



**Hiroshi Narita**  
Director and Managing Executive Officer, Divisional General Manager of Management Support Division, CSR/Environmental Management Committee Chairman



**Masao Imada**  
Executive Officer In charge of Public Relations Department and Advertising Department



**Hiroshi Natsume**  
General Manager of Public Relations Department and General Manager of CSR and Environmental Promotion Department



**Hideyuki Kawana**  
General Manager of Legal Department



**Masaki Kaiya**  
Deputy General Manager of General Affairs Department



**Hiroaki Nagaoka**  
General Manager of Human Resources Department



**Hitoshi Ishiguro**  
Manager of Food and Beverage Sales Management Department



**Yasuyuki Suzuki**  
Executive Manager of Production Control Department



**Yoshihiro Goto**  
Associate Director of Development Department



**Kazuaki Hamasato**  
Senior Manager of Yakult Central Institute

**"I hope to see manufacturers of food products and beverages clarify their initiatives for safety and peace of mind."  
(Yamaguchi)**

**"Our overriding corporate objective is to contribute to people's health."  
(Yakult)**

**Natsume:** Mr. Yamaguchi, how do you evaluate Yakult's activities?

**Yamaguchi:** Food and beverage product manufacturers place top priority on safety and peace of mind. For this reason, all companies call attention to their initiatives for safety and peace of mind, including through the publication of reports. Yakult's inspection of every single product through continuous monitoring as mentioned previously made a particularly deep impression on me. I believe the most important point is to communicate to stakeholders that "we go to any length" so they realize Yakult "spares no efforts" to ensure safety. Also, I'd like to see food and beverage companies demonstrate what sort of approaches they take toward the use of food additives. Some companies just say they don't use additives without stating the premises for their non-use. At the same time, there are companies that use legally approved additives. Even with legally approved additives, some companies discontinue use when deemed necessary due to concerns based on scientific evidence. Each of these three approaches is actually used by companies. I'd like to see Yakult

clarify its standpoint on food additives.

**Goto:** Let me explain Yakult's use of raw materials, with tea as an example. Yakult implements surveys of regions that produce tea leaves, which are raw materials, as well as surveys on the use of pesticides in these regions. The Yakult Central Institute then carries out safety evaluations and we use only those tea leaves that meet safety criteria. Regarding food for specified health uses, we carry out excess testing such as drinking three times the regular volume for two weeks and we then sell only products that pass this testing without any problems.

**Narita:** We have an analysis center that can also perform analyses commissioned by external bodies such as local governments. The overriding purpose of our corporate activities is to have people consume drinks containing beneficial bacteria that contribute to their health. In view of this, we are in a position where it is absolutely unthinkable that consuming a Yakult product could possibly harm someone's health.





## ■ Local communities

**“I believe the Yakult Lady system is also an excellent business model from the perspective of women’s advancement in society.”**  
(Yamaguchi)

**“Yakult’s business itself is a CSR activity.”**  
(Yakult)

**Natsume:** Yakult engages in such activities as “Courtesy Visit Activities,” centering on the home delivery system by Yakult Ladies. \*Refer to page 22 for details.

**Yamaguchi:** I consider the Yakult Lady system an excellent business model. I especially think this is an outstanding model overseas from the perspective of supporting women’s independence and advancement in society. Regarding social contribution activities, since these activities involve the deployment of management resources, I think it’s important to survey the awareness of people and the communities where activities are undertaken to ascertain how these activities have changed awareness. Carrying out appropriate social contribution activities will maximize impacts in local communities, increase employee motivation and enhance acclaim from society. Making strategic social contributions with a view to these three major benefits is also crucial for maximizing the effectiveness of limited management resources.

**Akabane:** Yakult also operates childcare centers across Japan for the children of Yakult Ladies. Such centers where women can entrust their children with peace of mind serve as a valuable infrastructure that ultimately enables women to work within our society. Rather than simply utilizing the abilities of women, establishing such supportive infrastructures in this manner creates work environments appreciated

by women. In promoting various social contribution initiatives, I think it would be a good idea for Yakult to more prominently declare its support of women’s work and consolidate these social contribution activities throughout the world under this position.

**Imada:** Yakult’s business itself is a CSR activity. Yakult’s business started off as a form of town development. Employees would visit founder Dr. Minoru Shirota to pick up the bacteria, fill bottles with *Yakult* locally and then have Yakult Ladies from the local community deliver the bottles. This approach helped foster communications with residents of the local community, and our Courtesy Visit Activities evolved from this communication. Our plant festivals also originated from the notion that communications with residents of local communities are important.

**Suzuki:** The festivals at each plant are enjoyed by residents of the local communities and approximately 20,000 people attend these festivals each year. To encourage people with slight disabilities to participate in plant tours, we have met needs for barrier-free environments by setting up ramps and installing elevators to allow these visitors to ascend to the observation course.

**Narita:** The origins of our business are what Yakult is all about. The creation of *Yakult* by our founder Dr. Shirota, who was driven by his aspiration to help people afflicted with infectious diseases, represents our starting point. With income earned by performing their jobs, Yakult Ladies who deliver our products are able to send their children to college or purchase their own home. Yakult Ladies overseas in particular can become independent through this same process. Also, I believe that customers realize Yakult products are helping promote the health of their intestinal tracts. I would like to see Yakult as a product manufacturer realize our founder’s philosophy of creating a healthy society. Besides working to be this type of manufacturer, we’ll also make all-out efforts to ensure the satisfaction of our customers, Yakult Ladies and retailers.

## ■ Environment

**“I believe Yakult will bear a large risk unless it establishes and strives to attain long-term environmental targets.”**  
(Yamaguchi)

**“I think Yakult should set targets for water.”**  
(Akabane)

**Natsume:** We’ve established autonomous environmental targets and are currently promoting initiatives based on our Phase 5 Plan.



**Yamaguchi:** I can see that the plan-do-check-act (PDCA) cycle is being rotated within the ISO14001 structure, but circumstances concerning the environment are becoming increasingly serious. I think Yakult will bear a large risk unless it establishes and makes efforts to achieve long-term targets such as for reducing CO<sub>2</sub> emissions.

**Akabane:** I had the opportunity to write the third-party opinion in last year's report and I believed that targets should be set for water. Although the amount of water consumption will increase along with a rise in product sales, I think there are various methods for establishing targets. One such way would be to establish a target clarifying by when and by how much Yakult will reduce water consumption per each liter of product manufactured.

**Suzuki:** Until now we've systematically promoted initiatives for curbing CO<sub>2</sub> emissions and even though it would be extremely difficult to dramatically raise our targets under present circumstances, we are proactively introducing energy-saving equipment. For water, we have ascertained the amount of consumption and implemented water conservation activities at each plant. Going forward, we will first of all re-evaluate our targets and then based on these reviews we will set targets for each plant.

## ■ Toward the future

**"We aim to be a company that earns acclaim as we place high value on humility while respecting differences."  
(Yakult)**

**Natsume:** Finally, I'd appreciate any suggestions you have for Yakult in the future.

**Akabane:** Top-priority issues for Yakult's entire business model will be decided by management, but I think the time to decide these issues is now approaching.

**Yamaguchi:** Companies progressing with globalization will need to directly address human rights problems.

**Natsume:** Having heard these suggestions, I'd like to ask each of our other participants to make a brief comment.

**Suzuki:** We're making all-out efforts to implement greenhouse gas measures at our plants. Although we're taking steps to conserve water, we must make appropriate responses upon identifying what society demands of us in the future.

**Goto:** Although I'm involved in food development, I felt more than ever before we need to deepen our environmental-related initiatives from a



wide perspective.

**Kaiya:** I believe the awareness of each and every employee is what supports our social contributions. I'd like to find some type of activity in which employees can participate on their own initiative rather than feeling like they're being forced to participate.

**Hamasato:** We have very strict security at the institute, but I think a key issue will be how we can promote risk communication with the neighboring community.

**Ishiguro:** There was previous mention of measuring the effectiveness of social contribution activities and I think that providing information to marketing companies and supporting their activities will be key issues in the future.

**Kawana:** Very few Japanese, myself included, have an awareness of water-related problems. I felt that water has now become an issue globally.

**Nagaoka:** Employee training on human rights focuses mainly on discrimination, but I now believe that providing education with an even wider view of human rights is also important.

**Natsume:** As General Manager of the CSR and Environmental Promotion Department, I'd like to work closely with members of various committees to give shape to the opinions expressed here today.

**Imada:** I'd like to consider communications from the perspective of publicizing our own activities widely across society.

**Narita:** Yakult has a 79-year history, but in comparing our history with a flower, we are still at the bud stage. In setting our sights on the world, we aim to be a company that earns acclaim from its stakeholders as we place high value on humility while respecting differences. I'd like to thank everyone for your thought-provoking suggestions today.



## 50th Anniversary of the Yakult Lady System



Over 80,000 Yakult Ladies worldwide deliver good health with sincerity to local communities.



Yakult founder Minoru Shirota stated: “Yakult has two special characteristics. The first is that our products are living microorganisms. The second is that these products are delivered individually by specific people to specific people.” In 2013, we marked 50 years since Yakult Ladies first came on the scene. The fermented milk drink *Yakult* and our other popular dairy products are now consumed at a rate of over 30 million bottles per day around the world.

\*Please see page 4 for details on Shirota-ism.

### ●● Yakult Ladies as customer health advisors

The job of Yakult Ladies is not merely to deliver and sell products to individuals in their homes. The mission of Yakult Ladies is to promote good health among local citizens based on the concepts underpinning Shirota-ism, namely preventive medicine and a healthy intestinal tract leads to a long life as well as providing products at a price anyone can afford. Yakult Ladies possess knowledge about lactobacilli and the workings of the intestine, and serve as health advisors who provide consultation on concerns relating to customers’ health. Many Yakult Ladies build bonds with customers and words of gratitude provide sufficient motivation for them to continue with these daily activities.

### ●● Start of business model encouraging women’s social advancement in 1963

Yakult Ladies made their debut in 1963. Since many Yakult customers were homemakers, we thought that it would be a good idea for women to deliver products to individuals in their homes as this breeds an air of familiarity. This provided the impetus to commence Yakult’s unique home delivery service that is undertaken by women. At the time, Japan was enjoying a period of rapid economic growth with the proliferation of household electrical goods and other items lessening

the burden of housework placed on women. Despite this, women still found themselves on less than an equal footing with their male counterparts when it came to work. Yakult Honsha and marketing companies joined forces to expand the initiative and set about encouraging women’s social advancement. In 1969, the number of Yakult Ladies nationwide topped 50,000.

In the 1970s, Yakult started setting up daycare centers to make it easier for women with children to work. Some 1,200 centers have been established to date.

### ●● Yakult Ladies’ activities expand to regional contribution before long

The customer-based activities of Yakult Ladies expanded to include social programs for local communities before long. In 1972, a Yakult Lady in Kohriyama, Fukushima Prefecture, took it upon herself to start providing *Yakult* to elderly people living alone, at her own expense, after hearing the sad news of one such person whose death went unnoticed. The concept very quickly spread throughout Japan and became known as “Courtesy Visit Activities” to confirm the safety of single elderly people and spend time chatting with them. Currently over 3,300 Yakult Ladies are conducting this activity with agreements having been signed



with 141 local governments and other institutions nationwide.

Since Yakult Ladies deliver products every day and are able to observe what is happening throughout their entire delivery area, they also conduct activities to help support safety and peace of mind in local communities. At present, around 100 marketing companies have joined forces, for example, with police departments, local governments and schools in each region with around 25,000 Yakult Ladies cooperating with local safety watch and crime prevention activities.

**● Yakult Ladies imparting to the world the concepts of preventive medicine and a healthy intestinal tract leads to a long life**

Yakult commenced operations in Taiwan in 1964. This was followed by Brazil and Thailand and with entry into the Philippines in 1978 the number of Yakult Ladies overseas topped 8,000. The mission of Yakult is to spread the philosophy of “Shirota-ism,” which aims to contribute to people’s health and includes the concepts of “preventive medicine,” “a healthy intestinal tract leads to a long life” and “a price anyone can afford.” These concepts resonated with the people in each country, providing the impetus for Yakult to enter the respective markets. The Yakult Ladies organization now spans 12 countries and regions.

The Yakult National Convention was first held in 1963, with the name subsequently being changed to the Yakult International Convention and then Yakult World Convention. Some 3,000 Yakult Ladies gathered from around the world for the Yakult World Convention in 2012 to share in the desire to deliver good health to as many people as possible.

**50-Year history of Yakult Ladies**

- 1963 Founding of Yakult Ladies organization ●●●●● 9,489 Yakult Ladies in Japan  
Holds first Yakult National Convention
- 1964 Starts sales in Taiwan
- 1968 Starts sales in Brazil
- 1969 Number of Yakult Ladies tops 50,000 ●●●●● 50,657 Yakult Ladies in Japan
- 1971 Starts sales in Thailand and Korea
- 1972 Yakult Ladies start “Courtesy Visit Activities”
- 1978 Starts sales in the Philippines ●●●●●●●●●● 8,430 Yakult Ladies overseas
- 1979 Starts sales in Singapore
- 1981 Starts sales in Mexico
- 1991 Starts sales in Indonesia
- 2002 Starts sales in China (Guangzhou) ●●●●● Number of Yakult Ladies overseas tops 30,000
- 2004 Starts sales in Malaysia
- 2005 Holds Yakult International Convention following renaming from Yakult National Convention
- 2007 Starts sales in Vietnam
- 2008 Starts sales in India
- 2012 Holds Yakult World Convention following renaming from Yakult International Convention
- 2013 50th anniversary of the Yakult Lady System ●●●●● Number of Yakult Ladies worldwide: 81,676

**Yakult Ladies' Voice**

**I have been delivering good health to customers for 49 years and getting a lift from them at the same time.**



**Toshiko Hagiwara**  
Hamacho Center, Yakult Tokyo Sales Co., Ltd.

In the beginning, I didn't think I would continue for this long, but before I knew it I was closing in on half a century. A few years ago when things got tough both emotionally and physically, customers would encourage me by saying that age was no barrier and telling me not to quit. Now I enjoy what I do every day and intend to keep going.

**Twin sister Yakult Ladies: We lead fulfilling lives every day at work and with childcare.**



**Rumi Kurimoto, Mami Matsuyuki**  
Heiwadai Center, Yakult Chiba Ken Sales Co., Ltd.

I decided to work just before my child turned two, but had to go on a waiting list for the local daycare facility. When I realized the second floor of the Heiwadai Center was a daycare facility, the decision to become a Yakult Lady was easy (Rumi Kurimoto). Through Yakult products, I feel that I am bringing health to customers with my own hands. That's incredibly satisfying (Mami Matsuyuki).

**I have been a Yakult Lady for 10 years and am keen to stay involved with providing Yakult products.**



**Maria Luisa Rodriguez Hernandez**  
Yakult S.A. de C.V. (Mexico)

I have learned a lot and met a lot of people by delivering *Yakult*. Every day is full of surprises and new discoveries. I hope to continue doing this job well into the future.

# Management of the Yakult Group

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

## Basic Policy on CSR

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

### Basic Policy on CSR

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.

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

## Compliance programs

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

### ■ Yakult Ethical Principles and Code of Conduct

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

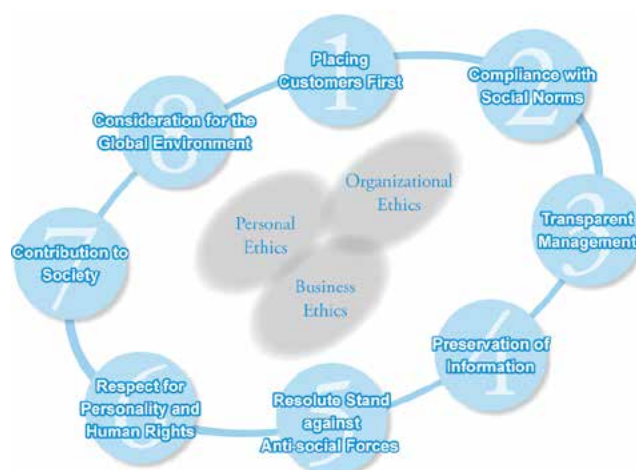
Taking into consideration the changes in the environment surrounding companies, in 2013 we reviewed the contents of the principles and code and revised them to make these more readable and friendly with the aim of enhancing the effectiveness of compliance promotion.

A pocketbook including the Yakult Ethical Principles and Code of Conduct has been distributed to employees so that they can easily refer to them at any time during their day-to-day



work when they need to confirm a particular decision-making process. The Yakult Ethical Principles and Code of Conduct are also posted on the Company's website.

### Yakult Ethical Principles



### ■ Compliance promotion system

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

### ■ Training and learning activities

Yakult regularly organizes position-specific compliance training programs for groups of employees ranging from managers to newly hired employees as well as training programs for such specialists as compliance managers. The Company also endeavors to promote a more comprehensive understanding of compliance issues by preparing and distributing compliance handbooks as needed.

In addition, we employ our internal LAN to provide all employees with e-learning courses related to compliance on an ongoing basis.

### ■ Compliance Committee

In 2000, Yakult established its Compliance Committee, which is composed of independent experts (attorneys and certified

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

■ **Corporate Ethics Committee**

In 2002, Yakult established its Corporate Ethics Committee, which is primarily composed of independent experts (attorneys) from outside the Company. This committee is convened regularly with a focus on the status of the Company’s corporate ethics activities (such as avoiding relationships with anti-social forces) and members make objective assessments. The Company takes remedial measures when a problem is identified, and accordingly, aims to maintain sound management.

**Fundamental corporate governance policy**

Yakult’s fundamental corporate governance policy is to “devote thorough efforts to steady business development centered on core business operations and promote highly transparent management functions.” Based on this policy, we are endeavoring to increase the level of society’s trust in us and our brand value while earning outstanding evaluations from customers as well as shareholders, investors, those working throughout the Yakult Group and other stakeholders, thereby seeking to realize sustained corporate development and growth.

**Corporate governance system**

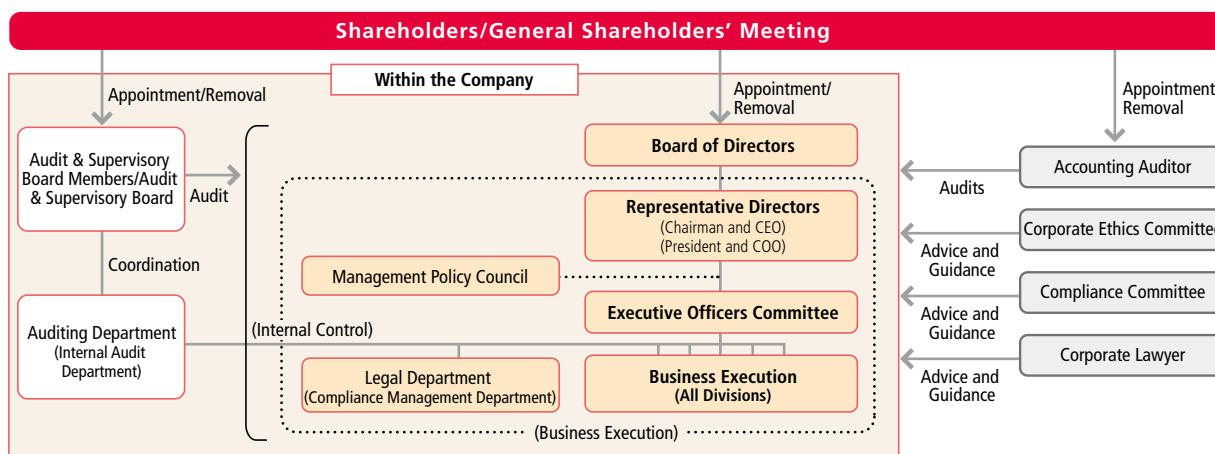
On June 22, 2011, we introduced the executive officer system.

This aims to strengthen the Board of Directors’ decision-making functions and supervisory functions as well as clarify responsibilities, and it is increasing the efficiency of both kinds of functions. In addition, to promote effective management activities and accelerate decision-making, we have established the Management Policy Council. It includes Representative Directors, Divisional General Managers and one Audit & Supervisory Board Member, and the Executive Officers Committee, which includes Executive Officers and Audit & Supervisory Board Members. The Board of Directors is composed of 15 Directors (including four outside directors), and the Audit & Supervisory Board is composed of seven members (including a female auditor).

■ **Outside Directors**

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

**Corporate governance framework**



## Auditing entities

### Internal audits

The Auditing Department, which reports directly to the Company president, performs operational audits including accounting audits and internal control system audits for Yakult Honsha and its subsidiaries in Japan and overseas. The Auditing Department provides advice and recommendations to ensure that envisioned risk at internal departments and subsidiaries is properly controlled.

### Audit & Supervisory Board Member audits

Based on the audit policies and audit plans determined by the Audit & Supervisory Board, the seven Audit & Supervisory Board Members (including a female auditor) audit the operational execution situation of Directors by attending meetings of the Board of Directors and other important meetings of the Company and examining documents related to decision-making and other matters.

### External audits

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

## Approach to the environment

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

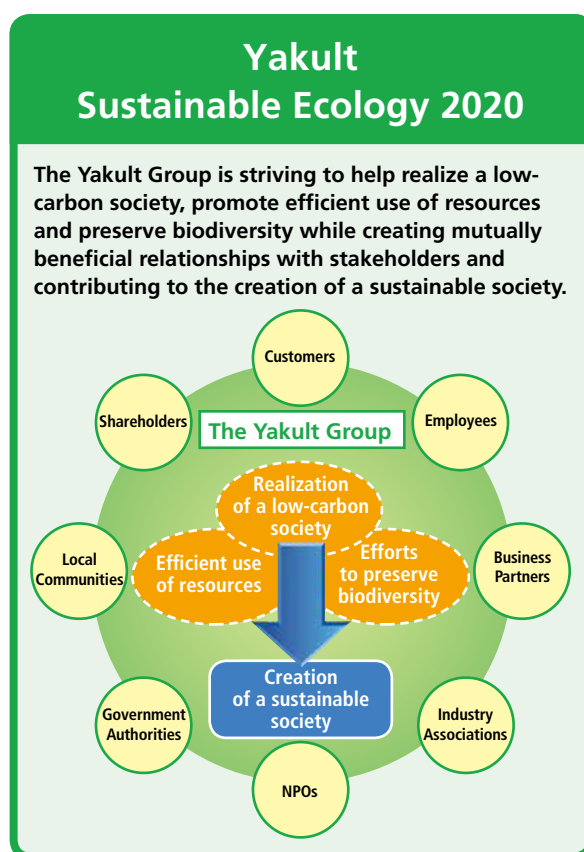
### Environmental Philosophy

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

In accordance with the Basic Policy on the Environment, we have drafted new versions of the Yakult Environmental Action Plan at three-year intervals since fiscal 2001. Based on these plans, all the Yakult Group's development, manufacturing, marketing and office units have been moving ahead with environmental measures designed to reduce the Group's environmental impact. The fourth environmental action plan was completed in fiscal 2012, and the fifth environmental action plan was begun in fiscal 2013.

Because of the fundamental nature of environmental measures, however, we believe that such initiatives must be implemented

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



### Realization of a low-carbon society

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

### Efficient use of resources

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

### Efforts to preserve biodiversity

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



## Efforts to obtain ISO certifications

To ensure that customers can enjoy products manufactured by Yakult Honsha with peace of mind, the Yakult Group places strong emphasis on promoting customer satisfaction of product delivery while concurrently reducing the environmental impact of logistics operations. As a part of associated efforts, since 2005 Yakult Honsha has provided support to enable all Yakult Marketing Group member companies to obtain combined certifications of their compliance with the two international standards, namely the ISO14001 environmental management system standard and the ISO9001 quality management system standard.

### ■ Obtaining combined certifications for quality and environment management systems

The acquisition of ISO certifications began when a customer of a Yakult marketing company in Hiroshima Prefecture that had already obtained ISO14001 certification requested that the Yakult marketing company follow suit.

The operations of Yakult marketing companies center on the provision of products manufactured by Yakult Honsha to customers via the Yakult Lady home delivery system as well as via direct sales involving stores and vending machines. Given the nature of those operations, we concluded that besides just reducing environmental impact (ISO14001), making concurrent efforts to reevaluate quality factors in both products and services with the aim of ensuring customer satisfaction (ISO9001) would lead to an improvement in management quality.

The two management systems (ISO14001/ISO9001) also have features in common. As such, activities were commenced to obtain combined certifications for the Yakult Marketing Group together with marketing companies, with these efforts centered on Yakult Honsha's Marketing Company Modernization Department. In operating these systems, the sharing of case examples has helped raise the management quality of each company and also led to the effective use of funds. In the future, the Yakult Marketing Group will strive to contribute to improvements in the management quality of the Yakult Group by disseminating information on case examples of improvements.

In fiscal 2014, through operational follow-ups and ISO meetings, ISO-related activities will be carried out on a day-to-day basis with the aim of undertaking an even higher level of activities.

Also, preparations will be made for responding to revisions to ISO standards scheduled for 2015.

## ISO14001 and ISO9001 certifications obtained with Yakult Honsha's support

Year of receipt	Marketing company
2005	Yakult Shin Hiroshima Sales Co., Ltd.
2005	Yakult Hiroshima Chuo Sales Co., Ltd.
2006	Yakult Miyazaki Sales Co., Ltd.
2006	Yakult Miyakonojo Sales Co., Ltd.
2006	Yakult Kagoshima Sales Co., Ltd.
2006	Yakult Sendai Sales Co., Ltd.
2006	Yakult Kagoshima Tobu Sales Co., Ltd.
2007	Yakult Iwate Sales Co., Ltd.
2007	Yakult Niigata Sales Co., Ltd.
2007	Yakult Tokyo Sales Co., Ltd.
2008	Yakult Kanagawa Tobu Sales Co., Ltd.
2008	Yakult Kinki Chuo Sales Co., Ltd.*1
2008	Yakult Saga Ken Sales Co., Ltd.
2009	Yakult Yamaguchi Sales Co., Ltd.
2010	Yakult Miyagi Chuo Sales Co., Ltd.
2011	Yakult Sasebo Co., Ltd.
2012	Yakult Odate Sales Co., Ltd.
2012	Yakult Chiba Ken Sales Co., Ltd.
2013	Yakult Sapporo Sales Co., Ltd.

\*1 Certification obtained for a portion of branches.

\*2 The names of marketing companies are shown according to current company names.

### ■ Marketing companies' independent initiatives to obtain ISO certifications

On their own initiatives, numerous Group marketing companies not included within the scope of the Yakult Marketing Group have been working to obtain ISO9001, ISO22000 (for food safety management systems) and ISO14001 certifications.

### ISO certifications obtained on marketing companies' own initiatives

Year of receipt	Marketing company	ISO 9001	ISO 22000	ISO 14001
2004	Yakult Yonezawa Sales Co., Ltd.	○		
2005	Yakult Saitama-Nishi Sales Co., Ltd.			○
2007	Yakult Mito Sales Co., Ltd.	○		
2008	Yakult Hyogo Sales Co., Ltd.		○	

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

All Yakult Honsha dairy product plants and all Group bottling companies have obtained ISO9001 certification. Each year, these business sites and companies implement activities related to the goals of the ISO9001 standards, thereby working to further upgrade their quality performance.

All Yakult Honsha plants\*, all Group bottling companies and the Yakult Central Institute Analysis Center have obtained ISO14001 certification.

\* The Hyogo Miki Plant, which began full-scale operations in December 2012, is currently preparing to obtain ISO certifications.

## Social Activities – Customers

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

### Efforts to Ensure Safety and Peace of Mind

## We endeavor to conduct safe, secure and high-quality manufacturing.

#### ■ Ensuring the safety of raw materials

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

#### ■ Ensuring the safety of products

Yakult establishes internal product quality standards that are much more rigorous than standards set by relevant laws and regulations and employs Hazard Analysis and Critical Control Point (HACCP) systems, ISO9001-certified quality management systems and other quality management systems in connection with its efforts to provide products that are safe and of dependably high quality.

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

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

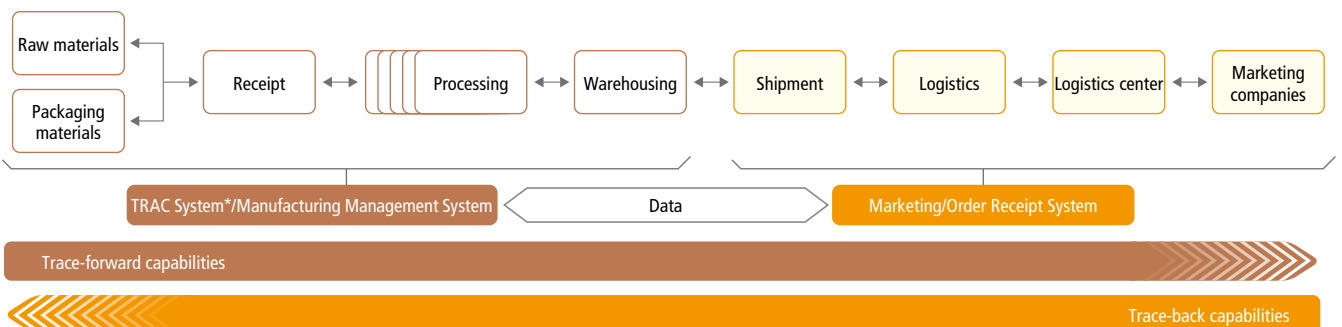


other systems are functioning effectively, we autonomously implement audits on inter-unit, inter-plant, intra-company and other bases as part of our efforts to discover and respond to problems as quickly as possible.

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

#### ■ Traceability system

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



\* The TRAC (To provide Real Assurance with Continuously) system refers to a system that enables a search of manufacturing history and is connected with other mission-critical systems.

#### ■ Product quality issues

Just as in fiscal 2012, Yakult had no product quality issues requiring autonomous product recalls or similar measures during fiscal 2013.

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

## ■ Role and systems of the Customer Support Center

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

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

## Customer Feedback

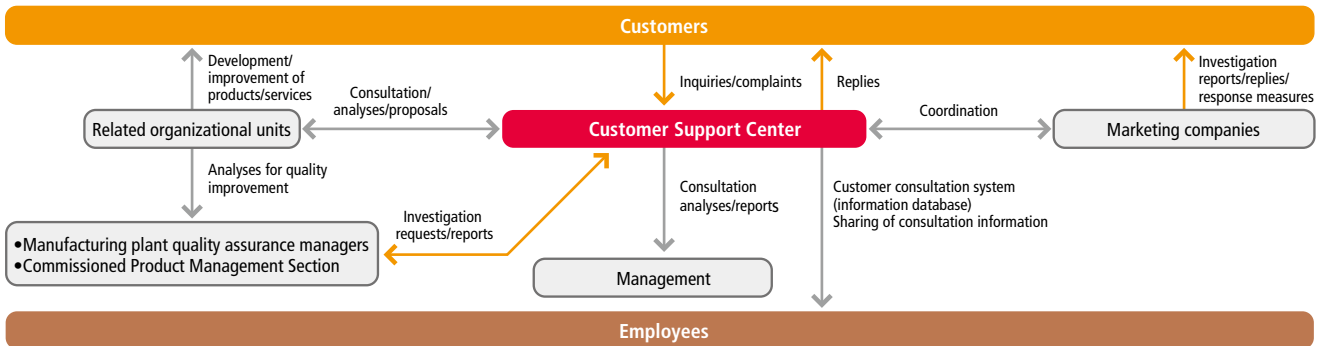
We organize our customer consultations into the categories of inquiries, applications, complaints, discontinuations/suspensions, changes and others.

In fiscal 2013, the Customer Support Center received 49,857 consultations, down slightly from 53,572 in the previous year.

### Customer consultations in fiscal 2013

Topic	Number
Inquiries	37,200
Applications	4,376
Complaints	4,635
Discontinuations/suspensions	1,524
Changes	528
Others	1,594
Total	49,857

## Customer response flows



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

## ■ Cases of success in products based on customer feedback

~ Improved visibility of expiry date on *Yakult 400* multipacks ~  
 In fiscal 2013, we improved visibility of the expiry date in response to opinions gathered from customers stating that it was difficult to see on *Yakult 400* multipacks. Specifically, we changed the background color where the expiry date is displayed on the film used for multipacks to white and made the date easier to see.

*New Yakult* and *New Yakult Calorie Half* have displayed the expiry date on a white background since before their renewal (the same applies to *Yakult Gold* released in June 2014).



The part of the packaging that shows the printed expiry date has been changed from being transparent (upper) to white for easier viewing (lower).

Research and Development

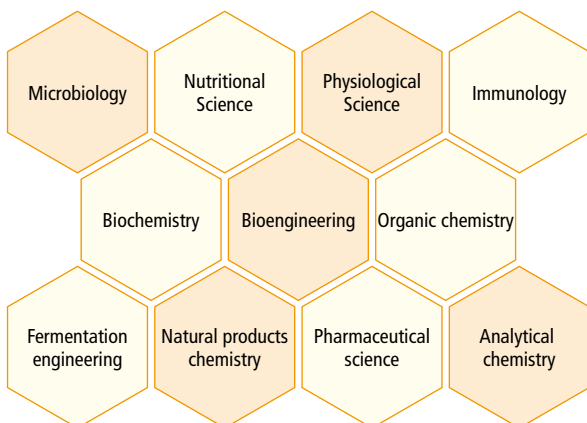
# We conduct R&D that contributes to the concepts of “preventive medicine” and “a healthy intestinal tract leads to a long life.”

■ History of the Yakult Central Institute

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

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

Key research fields



■ Pursuing health science research focused primarily on intestinal flora

The Yakult Central Institute’s research programs are focused primarily on elucidating ways that intestinal microorganisms (intestinal flora) can contribute to preventive medicine. The institute has established a molecular biology-based intestinal flora analysis system (YIF-SCAN®) that it employs to investigate healthy and pathological intestinal flora structures and undertake research into the relationship between intestinal flora and human health. The institute is also seeking to discover intestinal microorganisms unknown up until now and gain a deeper understanding of the structures and functions of intestinal flora.

Research into the relationship between intestinal flora and health has been attracting increasing attention in recent years, and many scientists throughout the world have begun focusing on this theme. It has been discovered that intestinal microorganisms have a variety of effects on people’s health beyond what was previously thought. Besides intestinal health and maintaining the development of immunity, a correlation has been found with mental activity such as lifestyle-related diseases and stress. The Yakult Central Institute is pursuing the significance of intestinal microorganisms by conducting state-of-the-art research within this domain.



YIF-SCAN® intestinal flora analysis system

■ Applied research using beneficial microorganisms and natural products

The mainstream of Yakult’s R&D related to its core food product business involves probiotics research that builds on the Shirota-ism concepts of “preventive medicine” and “a healthy intestinal tract leads to a long life.”

The word “probiotics” is derived from the word “probiosis,” which refers to symbiotic relationships among organisms, and are defined as live microorganisms that exert a beneficial effect on host organisms, including people. Probiotics research is largely aimed at leveraging the power of beneficial bacteria to help maintain and improve human health, and *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult are among the most prominent types of such

beneficial bacteria. Research related to such “carefully selected and fortified bacteria strains” has enabled us to maintain a position on the leading edge of global progress in the field of probiotics.

At the institute, we broadly seek out natural materials in the natural world in addition to research into these beneficial microorganisms and work actively to develop food materials with functions that benefit people’s health as well as pharmaceutical and cosmetic materials. The results of this research are utilized in product development.



Bacteria-culturing work performed on a clean bench

#### ■ Expansion of joint research including an overseas research base

Yakult established an overseas research base in distant Belgium in 2005. Setting up a research facility in Europe where yogurt has been popular over the ages made it possible to employ various studies targeting people in Europe who have different lifestyles, including eating habits. The research center can provide even stronger support to Yakult’s global-reaching scientific nature through investigation into the functionality of products based on cooperation from persons overseas.

The research center proactively pursues joint research with a number of overseas research institutes and elucidates the benefits of Yakult’s probiotics from different perspectives. In Japan, we have started a new joint research program with the Japan Aerospace Exploration Agency (JAXA) to explore the workings of probiotics for life in space. This has drawn attention as a dream-inspiring initiative with a view to a new era of space in the near future.



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

#### ■ Aiming for additional progress through the expansion and strengthening of research facilities

A reconstruction project for the institute commenced in 2006 and is progressing steadily toward planned completion in October 2015. The project includes upgrading buildings and equipment and following completion the complex will consist of structures such as the Research Administration Building, Food Research Building, Pharmaceutical and Cosmetic Research Building/Yakult Analysis Center, Basic Research Building, Quality and Technical Development Building and Energy Building. The new research facilities, based on the concept of a research institute among the trees and water that is open and highly visible, incorporate state-of-the-art research equipment as well as the means to communicate to the world the results of past research and the philosophy of Shirota-ism via the International Conference Hall and Shirota Memorial Museum.

Expansion and enhancement of research facilities coupled with the tireless pursuit of health at the institute will form the foundation of our research regarding intestinal microorganisms. The institute will also further accelerate efforts to harness the broad power of nature in people’s health as a hub for research regarding probiotics.



Yakult Central Institute

## Social Activities – Suppliers

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

### Purchasing Activities

## We work to improve the quality of raw materials and enhance the level of stable supply.

#### ■ Promoting fair and sound transactions

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

Aiming to further upgrade performance with respect to raw material quality, stable supplies and other issues, since January 2005 we have undertaken efforts with the understanding and cooperation of our business partners to fairly and equitably review the characteristics of transactions in single-year periods. Our business partners are given feedback on the results of those reviews, and the results are employed as a basis for proactive efforts to enhance and reform the characteristics of transactions.

#### **Yakult Basic Policy on Green Procurement**

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

#### **[Scope of policies]**

All manufacturing, marketing, office and R&D facilities

#### **[Basic policies]**

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

Established March 5, 2001

#### ■ Green procurement

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

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

#### ■ Green purchasing

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

The green purchasing ratio for fiscal 2013, the first fiscal year of the plan's fifth phase, increased 0.4% year on year to 93.9% companywide. Plans call for sustaining efforts to promote further progress in augmenting green purchasing going forward.

## Social Activities – Shareholders

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

### IR Activities

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

#### ■ Relationship with shareholders

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

Regarding individual investors, our main objective is to "cultivate Yakult fans through the provision of products and services, thereby promoting long-term investments in Yakult stock by individual investors." In April 2005, we reduced the size of our shareholding unit from 1,000 shares to 100 shares as a means of facilitating the acquisition of our stock by a greater number of individual investors, and we have also worked to strengthen and expand our systems for providing shareholders with special benefits.

With respect to our dividend policies, we give top priority to providing shareholders with dividends at a stable level continually, and we have, therefore, adopted the policy of setting the fundamental level of annual dividends per share at ¥20.0. Actual dividend levels are determined by adjusting the fundamental level based on the comprehensive consideration of funding requirements related to strategies for future business expansion and profitability increases, the current financial position, recent corporate performance and other relevant factors.

With respect to fiscal 2013, ended March 31, 2014, the level of total dividends applicable to the fiscal year was ¥24.0 per share.

We had approximately 20,000 shareholders as of March 31, 2014.

#### ■ IR information disclosure

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

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

##### What's new

##### Top Message

##### Management Policy

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

##### Financial Information

Supplementary Materials for Financial Statements and Financial Data Book

##### IR Library



Yakult Annual Report 2014

Reports to shareholders

## Social Activities – Local Communities

As a member of the local community, we respect regional cultures and customs and build strong relationships with communities in the areas in which we operate. To achieve this, we actively communicate with respective local communities and undertake corporate activities in collaboration with them. We believe corporate social contribution is our responsibility and obligation to society and each employee proactively conducts social responsibility activities as a good corporate citizen that contributes to society.

### Relationships with Local Communities

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

### ■ Courtesy Visit Activities

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

This activity began when a Yakult Lady in Kohriyama, Fukushima Prefecture, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news of one such person whose death went unnoticed. Her initiative resonated with both the local Yakult marketing company and social workers in the region and moved many local governments to take action. As a result, these visits by Yakult Ladies, known as “Courtesy Visit Activities,” have spread throughout Japan. As of March 2014, over 3,300 Yakult Ladies are paying regular visits to more than 45,000 elderly people in response to requests from 141 local governments and other institutions in Japan.

As part of activities organized to celebrate the 70th anniversary of Yakult’s founding, since September 2005 we have presented flowers to elderly people on Respect for the Aged Day. In 2012, we delivered attractive flowers and a message card to elderly people visited as part of our “Courtesy Visit Activities.” As this program has been highly evaluated, we are continuing it for the 10th consecutive year in 2014.



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

### ■ Providing communities with safety and peace of mind —Yakult Ladies’ community safety watch and crime prevention activities

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

In Yamagata Prefecture, the Yamagata Prefecture Yakult Association consisting of three marketing companies within the prefecture (Yakult Yamagata Sales Co., Ltd., Yakult Yonezawa Sales

Co., Ltd. and Yakult Shonai Sales Co., Ltd.) concluded an agreement regarding activities to ensure safety in the region with Yamagata Prefecture. As background to this, Yamagata Prefecture concludes agreements regarding activities to ensure safety in the region with a number of private businesses that have the opportunity to come in contact with local citizens on a daily basis. The aim is to strengthen ties to ensure safety and provide appropriate support for those requiring assistance such as the elderly and persons with disabilities as well as children and to promote the creation of local communities in which everyone can live with peace of mind in familiar surroundings. The Yamagata Prefecture Yakult Association is in full agreement with this concept and is committed to cooperating in whatever way it can. The daily services provided by Yakult Ladies include contacting municipalities in case unusual changes are detected in an elderly person or child, in which a report is made to the fire department or police in case of emergency, as well as cooperating with efforts to prevent loneliness undertaken by the municipality.

We are carrying out such safety watch and crime prevention programs in all of Japan’s regions, and these programs are earning growing support and recognition from people in each region. As of March 2014, 99 marketing companies throughout Japan have created organizations to contribute to communities’ safety and peace of mind.



A vending machine installed together with an AED unit

### ■ Implementing social activities with vending machines

As of the end of March 2014, the Yakult Group has installed approximately 55,000 vending machines throughout Japan. In addition to their original function of enabling customers to purchase products, some vending machines with special social contribution functions can offer important assistance to people in local communities.

One example of such vending machines are models installed together with automated external defibrillators (AEDs) that can save the lives of people with cardiac arrhythmias that can lead to cardiac arrest. In fiscal 2013, Yakult has installed 353 vending machines with AED units.

In addition, we installed universal design models that are easy to use for everyone, disaster-relief models that will distribute



Universal design vending machine



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 activities.

In cooperation with Kirin Beverage Co., Ltd., which is a partner in Yakult's vending machine operations, we are moving ahead with the installation of "Pink Ribbon" vending machines that contribute a portion of their proceeds to the Japan Cancer Society. Yakult is working to install vending machines with special social contribution functions, and in fiscal 2013, 104 "Pink Ribbon" vending machines have been installed throughout Japan.

### ■ Symposium on Intestinal Flora cosponsorship

Coordinated by the Yakult Bio-Science Foundation and supported by the Ministry of Education, Culture, Sports, Science and Technology, the Symposium on Intestinal Flora has been organized to promote greater public awareness and understanding of bioscience issues centered on those related to intestinal flora. Yakult Honsha has been cooperating with respect to this symposium program since its inauguration. Held on November 1, 2013, at Yakult Hall, the 22nd session of the symposium focused on the main theme of "Intestinal Microbiota and Ageing." Those attending the event included approximately 60 Yakult Group employees from facilities in 12 countries and regions as well as 520 other people, including researchers working in Japan- and overseas-based universities, government research institutions and companies.

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

### ■ Implementation of plant festivals and tours

Aiming to deepen friendly relations with local communities, we annually organize festivals at each plant and invite the members of local communities to participate.

Besides food and refreshment vending booths, the festivals feature performances by actors portraying animated characters popular with children and bands as well as Japanese drum ensembles. While enjoying the fun, people attending festivals also have the opportunity to participate in plant observation tours and product tasting events. The festivals have proven to be an effective means of fostering a deeper understanding of plant operations among people from local communities. During fiscal 2013, five Yakult Honsha plants and five bottling companies held festivals, which a total of approximately 23,000 people attended.

In addition, with the objective of deepening understanding of Yakult's products and the Group's commitment to environmental awareness and products that are safe and offer peace of mind, we proactively offer tours of each plant. We offer plant tours to members of the general public ranging from children to the elderly as well as such programs as sociology and environmental education programs for primary school students, and we also seek to use such tours to obtain feedback information from opinion leaders and people with a particularly strong interest in health issues. During fiscal 2013, plant renovation projects temporarily limited the ability of some Yakult Group plants to accept visitors, but six Yakult Honsha plants, including the Shonan Cosmetics Plant, and five bottling companies hosted approximately 190,000 people.

Plant tours are also being conducted at overseas facilities.



Plant festival at Hyogo Miki Plant



Plant festival at Ibaraki Plant

### ■ Cleanup campaigns

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

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

In fiscal 2013, 13 business sites helped beautify nearby areas by implementing 150 cleanup campaigns in which a total of 972 employees participated.



Kobe Plant

## Voice

### Examples of comments from plant tour participants

- The explanations were easy to understand, which made learning fun.
- Now I can understand very well how Yakult products are good for your health.
- The strict hygiene controls inside the plant mean I know I can consume Yakult drinks with peace of mind.
- It was easy to see that company employees are doing their work with a sense of mission, responsibility and care.
- I was moved at the considerations being made to accommodate wheelchairs.
- The children looked like they were having fun. We hope to come back again.



Relationships with Local Communities

■ Promoting sports activities

The Yakult Group’s professional baseball team, the Tokyo Yakult Swallows, entertains a great many fans during the baseball season. During the offseason, the team cooperates with marketing companies throughout Japan to organize baseball clinics. Focused on primary and junior high school baseball teams, the clinics help children learn about the enjoyability of sports and the preciousness of good health by interacting with professional baseball players. In fiscal 2013, 1,547 children participated in clinics held in 11 locations.

Yakult also cooperates in efforts to promote “bound tennis,” a sport created in Japan that combines the rules of ordinary tennis with certain elements of racquetball and other sports. The Japan Bound Tennis Association held its 31th national bound tennis championship tournament at the Tokyo Metropolitan Gymnasium in July 2013, and this event featured relentlessly heated competition among more than 1,000 contestants from throughout Japan.

In addition, since 2005 Yakult has cosponsored international swimming competition events as an official partner of the Federation Internationale de Natation (FINA), as FINA’s efforts to promote good health by means of participation in aquatic sports resonate with Yakult’s corporate philosophy of “We contribute to the health and happiness of people around the world.”

■ Dispatching guest lecturers

Besides supplying products that promote good health, Yakult is seeking to realize the benefits of Shirota-ism concepts by providing health-related information to people in local communities.

Yakult Honsha branches and marketing companies in each region of Japan dispatch guest lecturers to kindergartens, primary 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. In fiscal 2013, Yakult conducted around 1,900 guest lectures for roughly 130,000 people nationwide.



Guest lecture

■ Initiatives overseas

● Providing water, Yakult and food items free of charge at times of emergency (Yakult Philippines, Inc.)

In Calamba City in the Philippines, where Yakult has a plant, nearby water supply facilities are still inadequate in general, making water outages and murky water frequent occurrences. For that reason, Yakult Philippines provides water designated for the plant free of charge when supply is not running smoothly in support of local citizens.

In addition, major typhoons have hit the Philippines almost yearly recently, causing massive damage. Yakult Philippines heads to the

affected areas following a natural disaster, such as a typhoon, and provides support by delivering Yakult, food and other items.

● Participation in “breakfast project” social contribution activity (Yakult (China) Corporation)

Yakult (China) participates in a “breakfast project” as part of its social contribution activities.

This activity is a public-interest activity that involves providing a healthy breakfast to people in poor areas. Yakult (China) made courtesy calls to schools in poor regions of Yunnan Province and supplied Yakult for breakfast, collected 10,000 yuan and donated 17,790 yuan from internal sales of postcards for public benefit.



Breakfast project in China

● Alliance with Mexico’s Secretariat of Health aimed at improving eating habits and promoting food hygiene and exercise in Mexico (Yakult S.A. De C.V.)

Yakult S.A. de C.V. (Mexico) has teamed up with Mexico’s Secretariat of Health for a joint program targeting the Secretariat and the national populace with the aims of improving eating habits and promoting food hygiene and exercise. Specific examples include producing training materials, providing training to Secretariat representatives in each state of Mexico and training at schools and within the Secretariat. The training helps promote health among Mexican people.

In addition, emphasis is given to creating ties with local communities in Mexico in various ways not necessarily related to food. These initiatives include supporting a program promoting public morals (teaching the importance of friendship, patience, sincerity and self-esteem to elementary school students) being undertaken by Mexico’s Office of the General Prosecutor mainly in Mexico City and its surrounding cities as well as providing support for course fees and educational materials to students with disabilities.



Training provided for Secretariat of Health representatives in respective states

## Social Activities – Employees

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

### Employees' Missions and Motivation

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

#### ■ Employee education

In order to further advance the Yakult Group, we devise and implement training and development programs that encourage growth in employees and the organization.

##### Basic policies

1. Promote the dynamic perpetuation of the spirit of our founding by including material on Shirota-ism within training programs for all levels of employees.
2. Create training programs that generate results in actual business operations by avoiding isolated, one-shot programs and by consistently organizing programs that involve prior preparation, actual training and subsequent follow-up processes.
3. Emphasize the expansion of educational opportunities and the actual use of education at business sites while working to augment and strengthen programs that are based on understanding of frontline operations and involve visits to business sites.
4. In addition to developing and upgrading the personal skills of individual employees, undertake management support activities that help increase the vitality of marketing company organizations.

Yakult conducts education and awareness-raising activities based on the basic policies stated above. In fiscal 2013, a total of 661 employees from Yakult Honsha and 3,214 employees from Yakult Group companies underwent training courses to further develop skills.

#### ■ Personnel systems for promoting employees' missions and motivation

In light of differences among the size of the roles the Company expects individual employees to play, methods of contributing to performance and job types, Yakult undertakes human resource management processes by classifying employees into different role groups (levels), job groups and career courses (occupational category). Newly hired employees are assigned to a specific career course and given opportunities to develop the skills they require and contribute to corporate performance as they seek to expand and raise the level of their own roles in the Company.

##### ● Career Course Switch System

The Career Course Switch System is designed to enable employees to select the career courses they desire following a set number of years of experience, enhance the levels of employees' missions and motivation by encouraging individual career development after joining the company and create dynamic workplaces full of vitality. The system serves to fully draw out employees' motivation and abilities and in

the nine years since its introduction has been used by 118 employees who choose to proactively make the requisite efforts and address the challenges of a new career development path.

##### ● Self-Reporting/Qualification Assessment System

The Self-Reporting/Qualification Assessment System is conducted once a year and helps Yakult learn about individual employees' opinions and desires with respect to job characteristics, skills development, postings and transfers in order to further increase the effectiveness of personnel management processes. The In-House FA (Free Agent) system, which enables employees to announce their desire to shift to a new position, helps those employees move to new workplaces where they can make the most of their individual capabilities at a higher level, which leads to organizational dynamism.

##### ● Job Rotation System

The Job Rotation System is designed to help assess employees' aptitudes and facilitate employees' long-term career development. Employees hired for the comprehensive course in the office section are transferred to new posts at roughly three-to-four-year intervals following initial training, thereby experiencing work in three organizational units within 10 years. By experiencing work both in metropolitan areas and outlying regions, both in marketing departments as well as administrative departments and other kinds of departments, employees expand the horizons of their experience in a balanced manner and increase the level of their skills. Concurrently, they gain a better understanding of what kind of post is most appropriate for them and can take measures to make the most of their abilities.

#### ■ Increasing employee satisfaction

Since fiscal 1998, Yakult has been utilizing a Cafeteria Plan System as a welfare program to promote greater employee satisfaction, supporting a more pleasant work environment for employees and enhancing the level of satisfaction.

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

Employees' Missions and Motivation

■ Continuous Employment System

Yakult introduced a Continuous Employment System in April 2006, which is designed to reemploy personnel who have reached retirement age as full-time and contract workers. The system has been revised as needed in alignment with the intent of the Act for Stabilization of Employment of Older Persons etc. Currently, it is basically being utilized as a system to reemploy persons desiring to continue work up until they reach the age they begin to receive a welfare pension (earnings-related component). In fiscal 2013, 51 of the 68 persons of retirement age continued working under this scheme. As of April 2014, a total of 165 employees who have chosen to continue working have made effective use of their wealth of experience and knowledge and leveraged their skills in respective places of work to ensure they fulfill their maximum potential.

Ratio of continuous employment at retirement age

Fiscal year	2010	2011	2012	2013
Number of persons at mandatory retirement age	86	72	58	68
Number engaged in continuous employment at Yakult	41	42	30	35
Number of continuous workers who transfer to another company	24	10	13	16
Number of persons who choose to retire	21	20	15	17
Ratio of continuous employment	75.6%	72.2%	74.1%	75.0%

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

■ Expanding the role of women at work

In response to current issues facing Japan, namely a "declining birthrate and aging population" and a "declining productive population," Yakult is making concerted efforts to secure and develop diverse human resources. In particular, expanding the role of women at work has been positioned as a key topic within our personnel strategy and we are working positively toward this realization. The ratio of women comprising general positions undertaken by new recruits is around 20% and we have expanded the fields in which women are active, which includes forming women-oriented project teams to develop new products through a new brand of food for women called "Mitsuboshi Factory." The effects of expanding the role of female workers in this way are becoming more evident in the ratio of women in managerial positions, with 40 of 804 people in management, or around 5%, being accounted for by women as of April 2014, and this figure continues to rise.



"Mitsuboshi Factory" project team

Ratio of women in managerial positions

Fiscal year	2010	2011	2012	2013
Total number of managers	808	811	810	804
Female managers	30	33	35	40
Ratio of women in management	3.7%	4.1%	4.3%	5.0%

■ Employment of persons with disabilities

Yakult aims to create environments in which diverse human resources can work with vitality, and ensuring that persons with disabilities receive help from their surroundings and can work in the same way as healthy individuals has proven fruitful. The employment of persons with disabilities is recognized as a core social responsibility of the company and we proactively promote such hiring in compliance with the legally mandated rate.

Yakult has consistently maintained our rate of employing persons with disabilities above the legally mandated rate of 1.8% since fiscal 1999, excluding fiscal 2009 when employee retirements and other factors caused our rate to slip below the stipulated level. The stipulated rate has been raised to 2.0% since fiscal 2013 and we fell slightly below this level in fiscal 2013 with 1.98%. Going forward, we aim to realize a rate that exceeds the legally mandated rate by continuing to actively employ persons with disabilities.

Rate of persons with disabilities employed

Fiscal year	2010	2011	2012	2013
Rate of persons with disabilities employed (annual average)	1.81%	1.81%	1.84%	1.98%

■ Worker safety and peace of mind

Yakult is committed to safety management and strives to create comfortable work environments so that employees can work with peace of mind. A particular area of focus has been mental health measures, an area that has become a social issue in recent years. In addition to seeking to prevent mental health problems, we have been conducting workshops every year since 2012 to enable the appropriate response to problems as part of efforts related to health management from both mental and physical perspectives for employees throughout the company.

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

Work accident frequency rate and severity rate

Fiscal year	2010	2011	2012	2013
Work accident frequency rate (%)	0.52	0.17	0.17	0.33
Work accident severity rate (%)	0.07	0.0003	0.006	0.002

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

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

■ Helping realize optimal work-life balances

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

● **Work-life balance workshop**

In order to promote initiatives related to work-life balance across the organization, Yoshie Komuro, CEO of Work Life Balance Co., Ltd. and a leader in the work-life balance field, was invited to give a speech at a training workshop for employees in 2012 and for directors in 2013.

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

To promote employees' use of their annual allotments of paid holidays, in 2010 Yakult Honsha has created a system that encourages use of a paid holiday by each employee on his or her birthday. This initiative was supplemented in 2012 with the establishment of an anniversary leave system and a volunteer activity leave system. Going forward, we will push ahead with the creation of work environments so that it is even easier to take annual allotments of paid holidays.

**Rate of using annual allotment of paid holidays**

Fiscal year	2010	2011	2012	2013
Rate of using annual allotment of paid holidays	45.4%	53.6%	47.7%	50.6%

● **Acquisition of Kurumin Mark certification**

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

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



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

In 2010, we revised our employment regulations to enable our "conservation leave" system to be used for child-rearing leave to make it easier to obtain. As a result, the number of men that take child-rearing leave is increasing with a total of 12 as of March 31, 2014. We are continuing to take measures to create workplaces that help employees maintain a good balance between work and child rearing, including measures to promote greater awareness of the child-rearing leave systems we offer.

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

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

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

Many people who have taken leave have suggested that talking with people from the Human Resources Department and employees with experience in taking leave before helped prepare them for what to expect after returning to work and made them feel more at ease.



Participants in a round-table meeting

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

Since many Yakult Ladies are homemakers with children, Yakult has been setting up daycare centers in marketing companies nationwide since the 1970s. Currently, we provide support in the form of daycare centers at around 1,200 locations so that women with small children can work with peace of mind. In addition, some of the daycare centers not only look after the children of Yakult Ladies but also children living in surrounding areas, while we also hold events and child-raising lectures that parents and children can attend together. These and other efforts are designed to make a contribution to the regions in which we operate.

■ **Efforts to raise employee satisfaction overseas**

In Indonesia, where there are fewer employment opportunities for women, Yakult is working to help realize the dreams of women there by creating chances for work from a social contribution perspective that calls for support in creating fun and healthy lifestyles for local people (number of Yakult Ladies as of April 2014: 5,240). We provide support for women who are working through various forms of training on basic operations and customer response as well as different measures to stimulate motivation at work (conventions, sales contests) and membership in social security systems as a company.



Yakult Lady convention held in Indonesia

## Promoting Education and Training Regarding CSR and the Environment

### ■ Promotion of CSR/environment-related training

Yakult worked to increase awareness of CSR and environmental issues again in fiscal 2013 by implementing new employee training and level-specific training. A variety of opinions were gathered from a survey to course participants, including those that stated a greater understanding of the importance of CSR and a deeper insight into the initiatives of the company.

We have supplemented those programs by employing our internal LAN to provide employees with e-learning courses on environmental issues, and this has greatly increased employees' opportunities for obtaining environmental information.

Environmental education programs on diverse themes, including ISO standards, energy conservation and waste-product processing, were implemented at Yakult Honsha plants, and these programs helped achieve further progress regarding employees' consciousness of environmental issues.

#### CSR/environmental education programs

Training program	Number of participants
Newly hired employee training	119
Employee training courses by management level	214
Environmental education (e-learning courses)	236
<b>Total</b>	<b>569</b>

#### Environmental education programs at Yakult Honsha plants

Training program	Number of sessions	Number of participants
ISO standards-related education	19	99
Energy conservation and waste product processing	3	4
<b>Total</b>	<b>22</b>	<b>103</b>

### ■ CSR/environmental management seminars

We have implemented CSR/environmental management seminars for managers since fiscal 2002. In fiscal 2013, Keio University professor and former Administrative Vice Minister of the Ministry of the Environment Hikaru Kobayashi was invited to lead a seminar on the theme of "Generating profit from the environment" that was attended by 52 people, including directors and organizational unit managers. The seminar introduced a number of cases based on the most recent findings and experience in the Ministry of the Environment, such as the latest trends in Japan and overseas plaguing the environment,



Seminar being given by Keio University Professor Hikaru Kobayashi

response to environmental and economic conflict and welcome environmental initiatives. In particular, he advocated a shift from the view that outlaying costs for environmental reasons has a negative effect on the economics of a company to the idea that investing in the environment enhances public benefits and leads to greater brand value and the securing of individual interests (CSV: Creating Shared Value) as well as promotes the sustainability of the company.

### ■ Groupwide unified CSR/environmental protection campaigns

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

In fiscal 2013, the Group implemented a campaign with the theme "Ecology, do you think about it?" and asked Group employees to send in original poems about the environment. A total of 11,493 poems were received, resulting in funding in the amount of ¥290,000 for nature conservation activities based on the number of entries.

Yakult continued to participate in *Green Wave* 2013, which is advocated by the Ministry of the Environment, and planted trees in 15 locations, including Shiroyama Park in Kunitachi City, Tokyo, where Yakult's Central Institute is located, and plants throughout the country.

The cumulative total number of employees participating in the annual Yakult environmental protection campaigns reached 140,000 in fiscal 2013, and it is believed that the campaigns have had a considerable effect in steadily increasing environment consciousness among Yakult Group employees.

#### Yakult environmental protection campaign themes

Fiscal year	Theme	Number of participants
2007	Challenging goal of eliminating disposable shopping bags	8,026
2008	Do you know what Team Minus 6% is?	14,563
2009	Transform unneeded things into green—Smile/Eco Fund Raising!	7,072
2010	What Is Biodiversity?—Let's Sustain the Life of the Earth.	15,766
2012	Let's Increase Greenery Starting Nearby	18,644
2013	Ecology, do you think about it?—Express your eco thoughts in a poem	11,493

\* The campaign was suspended in fiscal 2011 owing to the impact of the Great East Japan Earthquake disaster.



Tree-planting activity as part of *Green Wave* 2013

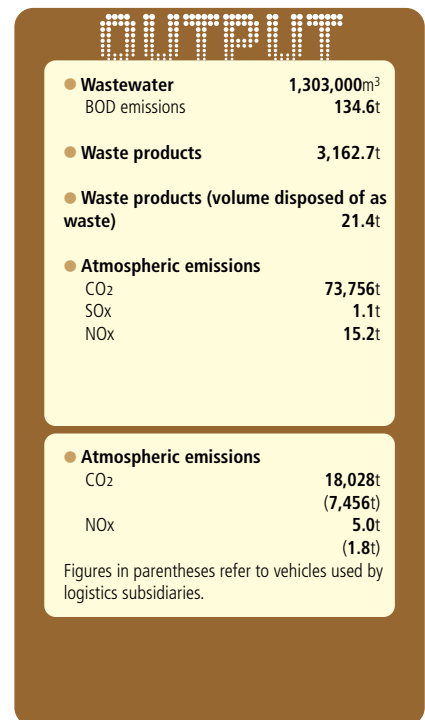
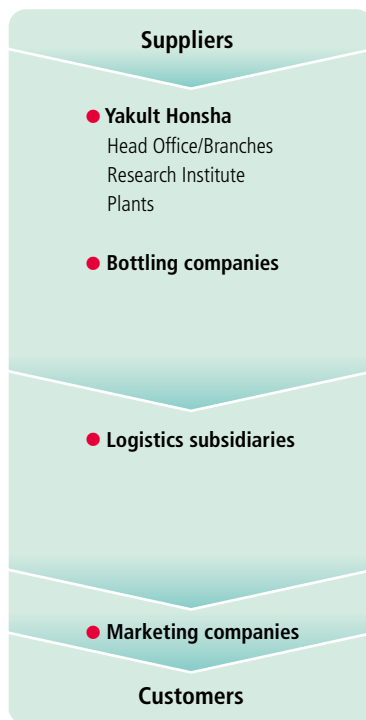
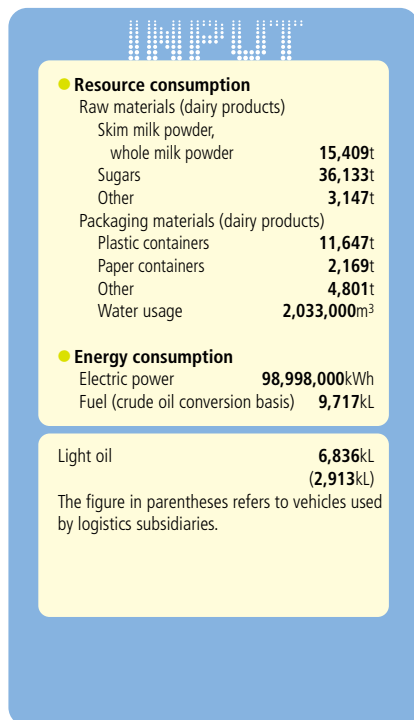
# Environmental Activities

Based on a keen awareness that protecting the natural environment is a critical challenge facing all of humankind, we conduct corporate activities in consideration of the environment from all perspectives in research, development, production, transportation, shipping and delivery.

## Environmental Impact of Business Activities

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

### From production through delivery



### Specify and reduce critical areas of environmental burden

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

#### ● Production

The fermented milk drink *Yakult* and other dairy products are produced at five Yakult Honsha plants and six bottling companies. We are pushing ahead with effective utilization of raw materials (skim milk powder, etc.), electric power, fuel, water resources and packaging materials (paper, plastic) used in production at respective plants and bottling companies in line with ISO14001 objectives and targets.

#### ● Logistics

The transport of products manufactured in plants and bottling companies is primarily handled by logistics subsidiaries. As Yakult has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), it is required to annually reduce its energy consumption per unit of freight by an average of 1% or more during a five-year period. This requirement has been incorporated within the Yakult Environmental Action Plan,

and we are seeking to ensure the requirement is met. In addition, each logistics subsidiary has created and renewed its environmental management and promotes eco-driving methods as a means of reducing CO<sub>2</sub> emissions.

#### ● Marketing

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

#### ● Recycling

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

When consumers separately dispose of containers of consumed products in accordance with local governments' waste-sorting regulations, those containers are also ultimately recycled by the association, thus we encourage consumers to conscientiously sort their trash.

## Environmental Action Plan

To generate concrete results in efforts to realize the objectives of the Yakult Basic Policy on the Environment and to strengthen the foundations of environmental management, Yakult has been implementing its Environmental Action Plan since April 2001. The fifth phase of the plan was started in fiscal 2013.

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

Under the Phase 5 Plan, we have formulated the following action items and targets mainly for the reduction of greenhouse gas

emissions and measures for waste, and we have continuously deployed these activities since April 2013.

In formulating the Phase 5 Plan, we sought to further reinforce the effects of the Phase 4 Plan.

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

Action item	Action target
1. Reduction of greenhouse gas (CO <sub>2</sub> ) emissions	(1) Reduce annual CO <sub>2</sub> emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) and bottling companies to 1% below the average annual level in the three years through fiscal 2011
	(2) Reduce annual CO <sub>2</sub> emissions of Yakult Central Institute facilities covered by the Tokyo Metropolitan Ordinance on Environmental Preservation by 8% each year compared with the base year targets for the two-year period through fiscal 2014 (fiscal 2015 target not yet determined)* <sup>1</sup>
	(3) Meet requirements as a designated shipper based on Japan's revised Act on the Rational Use of Energy (Energy Conservation Act) by reducing annual energy consumption per unit of freight (including outsourced transport operations) by an average of 1% or more each year compared with the level in fiscal 2012
2. Reduction of waste emissions	(1) Reduce waste emissions from the Head Office building (including food product waste) to 6% below the level in fiscal 2012 by fiscal 2015
	(2) Reduce waste emissions from the Yakult Central Institute (including food product waste) by 5% each year compared with the base year (fiscal 2012) and maintain a 95% recycling rate
	(3) Promote the material recycling of waste emissions of Yakult Honsha plants (including pharmaceuticals and cosmetics plants) and bottling companies
3. Resource protection	(1) Reduce the volume of office automation paper used at the Head Office* to 6% below the level in fiscal 2012 by fiscal 2015
	(2) Reduce electric power consumption at the Head Office building to 3% below the level in fiscal 2012 by fiscal 2015
4. Continuation of green purchasing promotion	Keep the green purchasing ratio at the Head Office* <sup>2</sup> to 95% or higher each year (including office automation paper, office supplies and sanitary supplies)
5. Vending machine policies	(1) Install a number of overhauled units representing approximately 33% of all newly installed vending machines in fiscal 2015
	(2) Increase the share of newly installed vending machines that incorporate heat pumps to 90% in fiscal 2015
6. Support for biodiversity	(1) Consider countermeasures regarding the relationship between business activities and biodiversity
	(2) Implement environmental education programs, etc., related to biodiversity

\*1 Set following the announcement of the second plan of the Tokyo Metropolitan Ordinance on Environmental Preservation.

\*2 Head Office: Includes all Head Office units in the Head Office building, Hatagaya, the Ginza-Kobiki Building and the Ginza MTR Building.



## Environmental Accounting—Costs and Benefits of Environmental Protection

### ■ Environmental accounting

#### ● Yakult's environmental accounting system

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

#### ● Purpose of the system

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

#### ● Main features of the system

##### Scope of data

Yakult Honsha, on a non-consolidated basis

##### Time period

From April 1, 2013 through March 31, 2014

##### Noteworthy features

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

### Fiscal 2013 economic accounting performance

(millions of yen)

Item	Main activities	FY2012			FY2013		
		Investment value	Expense value	Total	Investment value	Expense value	Total
(1) Costs within business areas	① Pollution prevention costs	64.1	218.0	282.1	51.7	228.1	279.8
	② Global environment preservation costs	196.8	30.1	226.9	450.8	25.2	476.0
	③ Resource recycling costs	61.2	100.8	162.0	75.8	126.0	201.7
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0.0	304.1	304.1	0.0	297.1	297.1
(3) Management activity costs	Plant grounds green area management, environmental management system renovation and maintenance, Social & Environmental Report, environmental impact monitoring expense, employee environmental education program expense	0.7	124.3	125.0	6.8	117.2	124.0
(4) R&D costs	Consideration of improvements to containers and secondary materials	0.0	10.0	10.0	0.0	32.0	32.0
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0.0	6.1	6.1	0.0	5.0	5.0
(6) Environmental damage costs*	Pollution load levy	0.0	0.1	0.1	0.0	0.0	0.0
<b>Total</b>		<b>322.8</b>	<b>793.5</b>	<b>1,116.3</b>	<b>585.0</b>	<b>830.7</b>	<b>1,415.7</b>

\* Environmental damage costs = pollution load levy

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

### Economic benefits associated with environmental protection measures

(millions of yen)

Type of benefit	FY2012	FY2013
Reduction of waste disposal costs associated with recycling	0.0	0.0
Income from recycling	10.3	4.7
Cost reductions resulting from resource conservation	0.2	0.1
Cost reductions resulting from energy conservation	13.2	11.2
Cost reductions resulting from packaging weight reductions	54.8	39.5
Cost reductions resulting from the overhaul and reuse of vending machines	369.4	316.9
Gains resulting from green purchasing	0.0	0.0
Other	0.0	0.0
<b>Total</b>	<b>447.9</b>	<b>372.4</b>

Looking at environmental accounting results, Yakult's total environmental investments and costs were approximately ¥299 million higher than in the previous fiscal year. The increase in investments was approximately ¥262 million, and the increase in expense was approximately ¥37 million. Factors causing the increase in investments within "② Global environment preservation costs" included the expansion of a solar power project at the Fukushima, Ibaraki and Saga plants and the Yakult Central Institute aimed at reducing CO<sub>2</sub> emissions.

The level of economic benefits was down approximately ¥76 million compared with the previous fiscal year. Factors causing this decrease included a decrease in the number of vending machines overhauled, despite cost reductions resulting from a decrease in the volume of plastic resins used for dairy product containers.

## Responding to Environmental Laws and Regulations

### ■ Energy Conservation Act

The enforcement of the revised Act on the Rational Use of Energy (Energy Conservation Act) has shifted the focus of regulation from individual business sites to individual enterprises.

In response to this change, for all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2013 and a medium- to long-term plan for the period beginning from fiscal 2014.

Based on the Energy Conservation Act, the Fuji Susono Plant, Fukushima Plant, Hyogo Miki Plant and the Yakult Central Institute have been categorized as Type 1 facilities with annual energy usage of 3,000kl or more on a crude oil conversion basis, while the Ibaraki Plant and Saga Plant have been categorized as Type 2 facilities with annual energy usage of 1,500kl or more on a crude oil conversion basis.

Yakult Honsha's total energy use during fiscal 2013 amounted to 25,241kl on a crude oil conversion basis (up 1,231kl from the previous fiscal year).

The amount of CO<sub>2</sub> equivalent greenhouse gas emitted in line with energy usage amounted to 52,866t (up 5,963t from the previous fiscal year). The CO<sub>2</sub> emission coefficient uses the actual emission factor for each electric power supplier.

### ■ Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food waste products and promote the recycling of such waste products. In fiscal 2013, the volume of food waste products was 1,039.5t, and recycling and other measures were undertaken for 95.6% of this waste.

In accordance with Japan's Food Recycling Act, revised in December 2007, enterprises that generate large volumes of food waste products (annual volume of 100t or more) have been required to submit regular reports on their waste reduction performance beginning from performance in fiscal 2008.

#### Food waste product reuse performance (fiscal 2013)

Volume generated (t)	Volume reused (t)	Reuse, etc. ratio (%)	Reuse applications
1,039.5	962.9	95.6	Fertilizer, animal feeds, etc.

### ■ Containers and Packaging Recycling Act

The Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act) was instituted in 1995 and revised in June 2006, with the revised law taking full effect in April 2008. Among the provisions of the revised law are those that require retailers to reduce their use of plastic bags and other kinds of containers and packaging items. As a manufacturer, Yakult has previously been obligated to undertake product recycling processes, and the Company has initiated additional measures regarding "3R" (reduce, reuse, and recycle) promotion and the start of the system for making payments to the municipal governments handling sorted waste processing.

The amount of commissioned recycling fees paid by Yakult in fiscal 2013 is shown in the table. These fees and the payments to municipal governments amounted to approximately ¥250 million.

#### Container and packaging obligatory recycling volume and commissioned recycling fees (fiscal 2013)

Container and packaging type	Obligatory recycling volume (t)	Commissioned recycling fees (thousands of yen)
Glass bottles	382	1,765
PET bottles	139	354
Plastic containers and packaging	6,035	232,875
Paper containers and packaging	129	1,127
<b>Total</b>	<b>6,685</b>	<b>236,121</b>

### ■ PRTR Act\*

Japan's Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR Act) took full effect in April 2003. It requires that companies measure the volume of their emissions of specified substances, transfers of such substances from their business sites and other data. It also requires the submission of reports on the volume of substances handled in the case of specified substances that are handled in volumes of one ton or more in the course of a year. The scope of Yakult's reporting obligation in fiscal 2013 includes only chloroform. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in October 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100kg or more. In fiscal 2013, the scope of Yakult's mandatory reporting based on that ordinance included methanol and five other substances.

\* PRTR Act: Pollutant Release and Transfer Registration Act

#### Substances used by Yakult Central Institute (Kunitachi City, Tokyo) subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation (fiscal 2013)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Ordinance
Chloroform	1,388	(air) 38	(waste product) 1,350	○	○
Methanol	1,071	(air) 24	(waste product) 1,047	○	○
Hexane	734	(air) 52	(waste product) 682	○	○
Ethyl acetate	774	(air) 11	(waste product) 763	○	○
Acetone	125	(air) 0.6	(waste product) 124	○	○
Sulfuric acid	246	0	0	○	○

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

## Curbing Greenhouse Gas Emissions

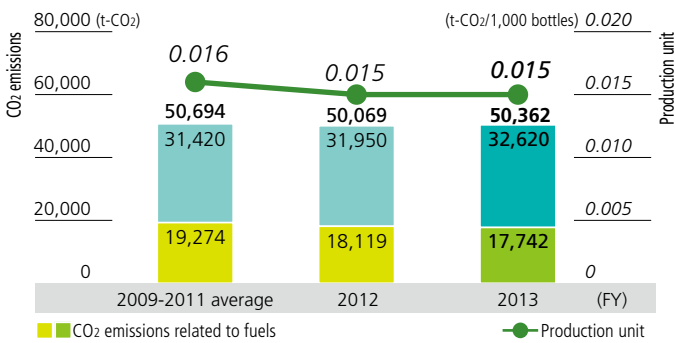
### Measures at Yakult Honsha plants and bottling companies

At Yakult Honsha's seven plants and six bottling companies, energy and resource conservation activities have been stepped up with the goal of attaining objectives and targets based on the ISO14001 system.

Measures aimed at curbing CO<sub>2</sub> emissions and conserving energy implemented during fiscal 2013 included the introduction of a city gas-fueled boiler at Yakult Aichi Plant Co., Ltd., solar power expansion projects implemented at six plants, namely the Fukushima, Ibaraki and Saga plants, and Yakult Iwate Plant Co., Ltd., Yakult Aichi Plant Co., Ltd. and Yakult Fukuoka Plant Co., Ltd. In addition, 75 other new projects were implemented, primarily those focused on electric power, fuel and water usage such as the replacement of mercury and fluorescent lamps with LEDs.

Looking at CO<sub>2</sub> emissions during fiscal 2013, the volume of emissions was 0.7% lower than the annual average level during the three-year period from fiscal 2009 through fiscal 2011 (emissions associated with fuels were down 7.9%, and emissions associated with electric power were up 3.8%), reflecting the steady progress of Yakult's emissions-restraint measures. (For emissions associated with electric power, the average CO<sub>2</sub> emission coefficient for the period from fiscal 2009 to fiscal 2011 is used.)

### Yakult Honsha plant and bottling companies CO<sub>2</sub> emissions per production unit



\* The average CO<sub>2</sub> emission coefficient for the three-year period from fiscal 2009 to fiscal 2011 is used.



Solar power equipment at the Fuji Susono Plant



Introduction of a city gas-fueled boiler at the Fukushima Plant

### Measures at the Yakult Central Institute

In fiscal 2013, the Yakult Central Institute made effective utilization of natural energy through such initiatives as installing high-functionality, high-performance glass (Low-E) and expanding solar power generation facilities (approximately 60KW) in line with construction of new research buildings. Further energy conservation measures were introduced as well into the newly built cool temperature thermal source facilities through the selection of equipment with high coefficient of performance (COP).



Newly built cool temperature thermal source facilities

### Logistics-related measures

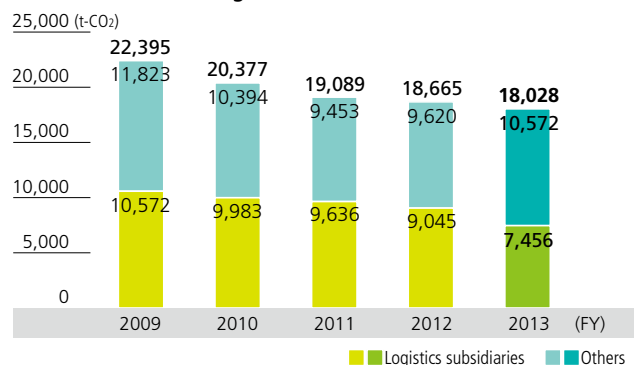
The Yakult Group's shipping of dairy products and other food products as well as cosmetics products and other products to marketing companies throughout Japan is primarily handled by logistics subsidiaries.

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

Japan's revised Energy Conservation Act has required Yakult to annually reduce its energy consumption per unit of freight by an average of 1% or more, and Yakult achieved a 1.0% average annual reduction during the five-year period through fiscal 2013 with a base year of fiscal 2009.

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

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



## Reducing Waste Product Volume

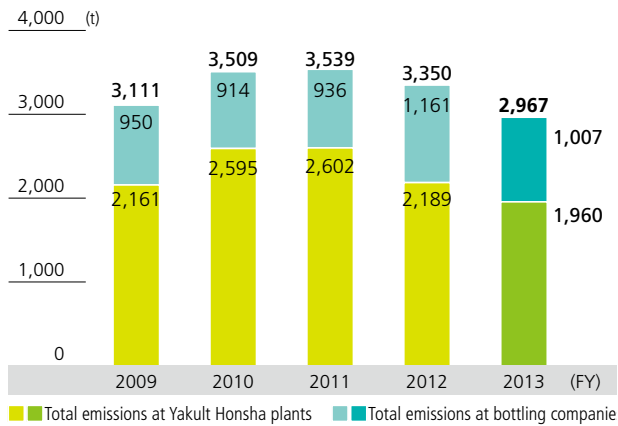
### ■ Yakult Honsha plants and bottling companies' waste product countermeasures and sustained zero emissions performance

Yakult Honsha plants and bottling companies are sustaining measures to curb the generation of waste products and promote recycling, thereby maintaining zero emissions of waste materials performance.

The total volume of waste emissions at Yakult Honsha plants and bottling companies during fiscal 2013 was approximately 2,967t, a year-on-year decrease of approximately 382t, or 11.4% (Yakult Honsha plants: approximately 1,960t, bottling companies: approximately 1,007t).

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

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

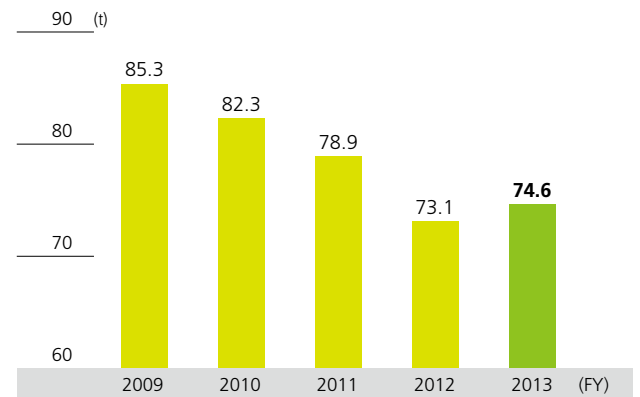


Eco station at the Hyogo Miki Plant

### ■ Curbing and sorting waste product at the Head Office building

At the Head Office building, efforts are being made to reduce waste generated in the office and promote separation and collection of waste so that it can be recycled. Wastepaper-sorting boxes have been placed on each floor while a special garbage bin is used for other kinds of waste to ensure proper separation and collection. In order to increase consciousness of waste-sorting and collection, we constantly provide education and other awareness-raising activities for employees primarily via the company intranet and an e-learning system.

### Total emission volume of waste products from the head office building



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

Because the institute is engaged in diverse kinds of research, it generates a wide variety of waste products. Outside specialist companies are commissioned to recycle 93.8% (2013 result) of this waste, but the remaining approximately 6% includes such products as used reagents and other products that are difficult to recycle. Currently, the institute has contracts with 20 commissioned waste-processing companies, and on-site inspections of the facilities of seven of those companies were conducted during 2013, aiming to confirm that waste processing was being carried out appropriately. When necessary, we revise the contract provisions of our contracts with these waste-processing companies.



Eco station at the Yakult Central Institute

## Conservation of Water Resources

### Preserving water resources

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

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

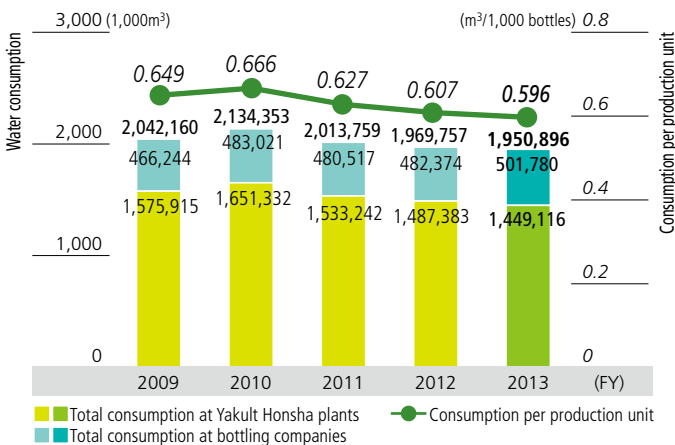
### Effective utilization of water resources

Water is applied in a variety of situations at Yakult Group plants, not only as a raw material in products but also to clean production equipment and cool products and machinery. In fiscal 2013, Yakult Honsha's plants and bottling companies used approximately 1,950,000t in total (Yakult Honsha plants: approximately 1,450,000t, bottling companies: approximately 500,000t), with the amount decreasing annually owing to plant's efforts to conserve water.

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

Going forward, the Yakult Group will continue striving to conserve water by introducing technology to recirculate and recycle water in order to make effective use of limited water resources.

### Water consumption and consumption per production unit



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

For the purpose of purifying wastewater, the dairy product plants of Yakult Honsha and other Group companies are introducing the Yakult A&G Water Purification System. This system has been installed at three of Yakult Honsha's plants, namely the Fukushima, Fuji Susono and Hyogo Miki plants, as well as at bottling companies Yakult Iwate Plant and Yakult Aichi Plant. Overseas, the system was introduced at the Sukabumi Plant of P.T. Yakult Indonesia Persada in 2010.

This system uses 65ml *Yakult* containers with the bottoms removed (Yakult filter material) as tools for culturing microorganisms that break down contaminants. One of the most noteworthy characteristics of the Yakult A&G Water Purification System is that it reduces the excess sludge generation volume to a level approximately 1/12 of the level typically seen with conventional activated sludge processing systems. Because of this, the running cost of the Yakult A&G Water Purification System can be reduced to approximately half the level of conventional activated sludge processing systems, and superior maintenance ease is another merit of this system.

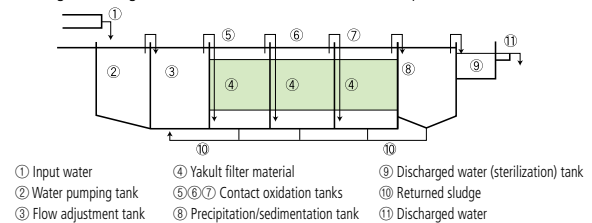
### Introduction of the Yakult A&G Water Purification System at Yakult Honsha plants and other Yakult Group plants

Plants	Date of introduction
Fukushima Plant (currently being upgraded)	September 1997
Yakult Aichi Plant*	December 2002
Fuji Susono Plant	March 2005
Yakult Iwate Plant*	March 2007
Yakult Aichi Plant* (expansion)	January 2008
Hyogo Miki Plant	March 2012
Sukabumi Plant (P.T. Yakult Indonesia Persada)	December 2010

\* Bottling company

### Structure of the Yakult A&G Water Purification System

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



### Yakult filter material

Since the shape of Yakult filter material is moderately complex and the size of the air current is optimally controlled, the dissolved oxygen level within the water is varied, thereby enabling diverse types of microorganisms from anaerobic microorganisms to aerobic microorganisms to take up residence. The material can be used semi-permanently within contaminated water since it is made of high-quality polystyrene.



## Efforts to Promote Biodiversity

### ■ Biodiversity-related initiatives

Many companies around the world implement initiatives related to biodiversity. Yakult's Phase 5 Action Targets of the Yakult Environmental Action Plan call for conducting environmental education programs related to biodiversity and to "consider countermeasures regarding the relationship between business activities and biodiversity."

In fiscal 2013, we supported environmental enlightenment activities with the Afan Woodland and the Children's Forest Program being undertaken by OISCA\* and we also participated in *Green Wave 2013*. Yakult intends to sustain its biodiversity promotion efforts going forward by taking such measures as those to promote the groupwide sharing of related information, educate employees regarding biodiversity and conduct biodiversity-related social contribution activities.

\* The Organization for Industrial, Spiritual and Cultural Advancement (OISCA) is an international non-governmental organization (NGO) that promotes rural development, human resource development and greenification campaigns focused primarily on the Asia Pacific region. Our donations have been used to fund programs on the Republic of Fiji's Viti Levu Island as well as in other locations.

### ■ Environmental enlightenment activities with the Afan Woodland

Yakult signed a contract to become an official sponsor of the C.W. Nicol Afan Woodland Trust chaired by C.W. Nicol and has been supporting the forest preservation activities of the trust since fiscal 2012.

In fiscal 2013, a program was implemented for Yakult Honsha employees to raise awareness and provide the opportunity to experience activities aimed at preserving the natural environment over two days, October 5-6, at the Afan Woodland (Shinano Town, Nagano Prefecture). During the two days, 11 employees and two representatives visited the area where they were given an explanation of activities to regenerate the village forest and nurture people's hearts through a forest abundant with biodiversity. Following this, participants spent time removing underbrush in the woodland under the guidance of an instructor.

The employees who took part had the following to say about the program: "I felt that as a beverage manufacturer we have to take good care of forests that produce clean water," "I got to truly experience what it means to contribute to the 'everything around them' part of our corporate slogan 'In order for people to be healthy, everything around them must also be healthy,'" and "I felt fulfilled and soothed spending time in a forest with an open heart. I was totally refreshed and I think this could be included as part of our welfare program."

\*These activities are introduced on the C.W. Nicol Afan Woodland Trust website.

 <http://www.afan.or.jp/>  
(Japanese)



Experiencing activities in the Afan Woodland

### ■ Supporting the creation of biotopes at schools with the Yakult A&G Water Purification System

Yakult makes use of the Yakult A&G Water Purification System not only to purify wastewater emitted from plants but also in support of social contribution and environmental learning.

Following the Great East Japan Earthquake, we donated purification tanks that use the Yakult A&G Water Purification System to three temporary health clinics in Iwate Prefecture. We also promoted a form of science, biology and integrated study for elementary and junior high schools by providing assistance with the creation of biotopes through purification of the slightly murky water in their school ponds using the system. The children got to see first-hand what mechanisms facilitate the circulation of water and the natural environment. By gaining an understanding of these mechanisms, we believe we have created opportunities to think about the importance of nature.



Biotope at Wakayama Municipal Nishiwasa Primary School

## Environment-Friendly Design and Logistics

### ■ Eco-friendly packaging and other measures

In January 1995, Yakult drafted its Basic Policy on Environment-Friendly Containers and Packaging, which has the fundamental goals of ensuring the safety of containers and packaging, reducing the amount of packaging used, optimizing processing/disposal processes and promoting resource recycling. At the same time, we instituted our Container and Packaging Environment-Friendliness Evaluation Standards to more concretely guide efforts made in accordance with the basic policy to design containers and packaging with low levels of environmental impact for Yakult products, beginning with dairy products and also including other food products and cosmetics products. We have continually considered means of improving and increasing the sophistication of these evaluation standards in light of changes in laws and regulations, progress in recycling technologies and other factors. In fiscal 2007, we drafted container and packaging evaluation standards for pharmaceutical products and conducted an evaluation of the containers and packaging of each individual item in our pharmaceutical product lineup.

During fiscal 2013, we considered means of promoting the 3Rs (reduce, reuse and recycle) regarding containers and packaging items, including the crating methods used for products and secondary materials.

### ■ Improving container/packaging configurations and promoting the reduction and recycling of related materials

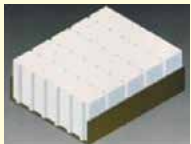
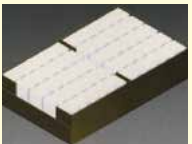
#### ● Development of environment-friendly packaging

In fiscal 2013, Yakult employed non-aluminum paper containers developed in consideration of the environment when it introduced *Nyusankin Soy α*.

In addition, regarding the packaging material used to carry *Nyusankin Soy α* in bulk, we removed the flap part on the short-length sides and reduced the area of the flap part on the long-length sides relative to cardboard trays used for Yakult's dairy products. In doing so, we were able to employ cardboard sheets that use approximately 47% less cardboard.



#### Packaging material for bulk items

<i>Nyusankin Soy α</i>	(Reference) Yakult dairy products in paper containers
Cardboard sheet + shrink film	Cardboard tray + shrink film (2-tray packaging)
	
↑ Cardboard sheet (Entire bottom + folding flap part on long-length sides)	↑ Cardboard tray

### ■ Improvements regarding cosmetics containers and packaging

In fiscal 2013, we eliminated the partition for *POSHMAMA* hand soap (refillable) and the partition and top and bottom padding for

*POSHMAMA* body shampoo, reducing the volume of the outer case for both and therefore reducing cardboard consumption. Moreover, we changed the shape of the partition for the standard inner case for both *POSHMAMA* hand cream and hand gel, which helped reduce cardboard consumption.

#### ● Reducing packaging/waste material volume

As a result of packaging material rationalization promotion measures implemented again in fiscal 2013, decreases were achieved in food product packaging material usage, including a reduction of 145t for resin used in containers for *Yakult 400* and a reduction of 7.2t in base paper used for cardboard sheets for *Nyusankin Soy α*. In addition, we reduced cardboard base paper by 1.7t in cosmetics product containers and packaging.

### ■ Various initiatives at marketing stages

During fiscal 2013, we worked to promote the recycling of used containers collected in connection with direct sales routes and vending machines by continuing to introduce route delivery trucks with special container collection spaces designed based on consideration of hygienic and efficiency factors as well as by continuing to retrofit route delivery trucks with container collection spaces attached to their roofs. We also maintained programs to install empty-container-recovery boxes next to vending machines.

Since fiscal 2007, we have been introducing non-fluorocarbon vending machines that employ natural refrigerant (CO<sub>2</sub>) that has a very low global warming potential and heat-pump-type vending machines that have the potential for generating significant energy-conservation benefits. We aim to further conserve energy in fiscal 2014 by installing new vending machines incorporating hybrid heat pump units and new power-saving functions. In addition, we overhaul and reuse vending machines that have been removed from the market in an effort to effectively utilize equipment and reduce waste.

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



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



New vending machine

#### Introduction of environment-friendly equipment (fiscal 2013)

Item	Number introduced
Route delivery trucks with internal container collection spaces	70
Route delivery trucks with roof-mounted container collection spaces	8
Empty container collection boxes for vending machines	218
Heat-pump-type vending machines	1,375
Overhauled vending machines	596

Environment-Friendly Design and Logistics

Logistics initiatives

Switching to vehicles that comply with exhaust gas regulations  
 Logistics subsidiaries are actively promoting the shift to new vehicles aimed at reducing emissions of CO<sub>2</sub>, PM (particulate matter) and NO<sub>x</sub> (nitrogen oxide) during transportation of Yakult products, raw material liquids and other items. In fiscal 2013, we introduced 12 eco-friendly tankers and refrigerated trucks at two logistics subsidiaries.



Eco-friendly tanker

Recycling of product containers/packaging

Because Yakult manufactures and markets containers for such products as *Yakult* fermented milk drink and *Joie* yogurt and a diverse range of containers and packaging for its dairy products and other products, the Company is considered a specified container and packaging producer and user in accordance with Japan's Containers and Packaging Recycling Act, and therefore, has a responsibility to handle the recycling of its containers and packaging (see page 32).

Containers and packaging disposed of as sorted trash by households are recycled by municipalities. In addition, container and packaging-related waste generated at Yakult plants and bottling companies is sorted by material, and measures are taken to recycle the materials in that waste. In the case of plastic bottles, polystyrene resin is recovered and used to manufacture such products as frames for personal computers and audio equipment.

To promote greater consciousness of recycling, a portion of the polystyrene resin is used to manufacture special recycled goods, such as rulers and bottle openers, that are distributed free of charge to people participating in plant tours and environmental events.

Recycled plastic products (fiscal 2013)

Item	Production volume (items)
30cm rulers	191,500
Bottle openers	104,000
Yakult card stands	58,000

Recycled plastic products



15cm ruler

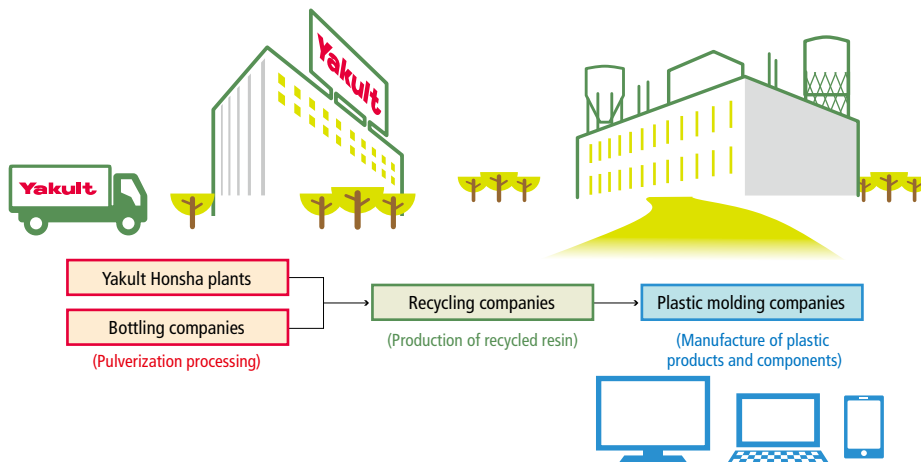
We started introducing 15cm rulers in fiscal 2014. These rulers are made to fit inside a pencil case with an affable design using illustrations of Yakkun and Biffi, which appear in an animated video about Yakult science. Also, the design of the opposite side to the scale prevents ink bleeds while the rulers are easy to pick up even from desks with a flat surface simply by pushing down lightly on this part.



Bottle opener

First introduced in fiscal 2008, our bottle openers make it easy for people with minimal strength to open a drink simply by placing them onto the cap of a PET bottle or under the tab of a canned beverage.

Recycling of waste plastic from plants





# Business Site Reports

## [Note regarding fuels]

Plants make use of heavy fuel oil, city gas, LPG, light oil and other fuels. However, fuel usage figures are stated in terms of the amount of the main fuel used at each facility, with usage of secondary types of fuels converted into the corresponding volume of that main fuel.

## Fukushima Plant



Tree planted in commemoration of Green Wave 2013



Ryoji Gonoi  
Manager,  
Facilities Management  
Section

**Location:** 10-1, Aza Tooki, Kuroiwa, Fukushima-shi, Fukushima 960-8520  
**Plant manager:** Masahide Murasaki  
**Products produced:** Concentrated *New Yakult*, concentrated *New Yakult Calorie Half*, concentrated *Yakult 400*, *Mil-Mil*, *Mil-Mil S*, *Sofuhl*  
**HACCP certification:** 1998  
**ISO9001 certification:** 2011                      **ISO14001 certification:** 2002  
**Plant grounds area:** 28,059m<sup>2</sup>                      **Building floor space:** 11,501m<sup>2</sup>  
**Number of employees:** 141

### Fiscal 2013 review

The Fukushima Plant increased power generation capacity to 105kW by expanding solar power generation systems and it is also working to use renewable energy. Moreover, the plant aims to further reduce environmental load by pushing ahead with upgrades of purification systems that use *Yakult* containers at effluent treatment facilities.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SO <sub>x</sub> (t)	NO <sub>x</sub> (t)
2013	172	7,513	1,076	399	44.11	6,973	0.000	3.923

## Ibaraki Plant



Tree planted in commemoration of Green Wave 2013



Tomoki Kitachi  
Manager,  
Facilities Management  
Section

**Location:** 1232-2, Oaza Kawatsuma, Goka-machi, Sashima-gun, Ibaraki 306-0314  
**Plant manager:** Teiji Nakamura  
**Products produced:** Concentrated *New Yakult*, concentrated *Yakult 400LT*, concentrated *Yakult Ace*, concentrated *Yakult Fruity*, *BF-1*  
**HACCP certification:** 1998  
**ISO9001 certification:** 2011                      **ISO14001 certification:** 2002  
**Plant grounds area:** 44,800m<sup>2</sup>                      **Building floor space:** 16,028m<sup>2</sup>  
**Number of employees:** 88

### Fiscal 2013 review

Production volume for the current year increased by 3% compared with the previous year. In environmental activities, the plant has continued to install green curtains and worked to recover eco-caps since 2013. In local contribution activities, the plant participated in a local waterfront revitalization event and explained about a water purification system that uses *Yakult* containers.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SO <sub>x</sub> (t)	NO <sub>x</sub> (t)
2013	192	5,131	858	255	0.55	4,618	0.000	1.290

## Fuji Susono Plant/Fuji Susono Pharmaceutical Plant



Tree planted in commemoration of Green Wave 2013



Takuma Arai  
Manager,  
Products Section II

### Fuji Susono Plant

**Location:** 653-1, Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105  
**Plant manager:** Masaru Kurihara  
**Products produced:** Concentrated *Yakult 400*, concentrated *Yakult 400LT*, *Joie (Drinkable Yogurt)*, *Pretio*, *Mil-Mil*, *Sofuhl*, *Joie (Yogurt Cup)*  
**HACCP certification:** 1998  
**ISO9001 certification:** 1997      **ISO14001 certification:** 2000  
**Plant grounds area:** 208,497m<sup>2</sup>      **Building floor space:** 21,653m<sup>2</sup>  
**Number of employees:** 263

### Fuji Susono Pharmaceutical Plant

**Location:** 653-1, Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105  
**Plant manager:** Masayoshi Tajima  
**Products produced:** Prescription drugs, specially controlled medical devices, designated quasi-drugs  
**ISO14001 certification:** 2003  
**Building floor space:** 5,572m<sup>2</sup>      **Number of employees:** 65

### Fiscal 2013 review

The Fuji Susono Plant set the reduction of fuel consumption as an environmental target and worked to increase efficiency in steam use and conduct remote operation of the boiler switch, which resulted in achieving the target. In addition, efforts were made to reduce electric power consumption by switching to LED lighting inside facilities and production rooms. Despite this, the plant was unable to achieve its target due in part to the restart of sodium-sulfur (NAS) battery use. Going forward, the plant will strive toward efficient use of storage batteries in promoting equalization of power use.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SO <sub>x</sub> (t)	NO <sub>x</sub> (t)
2013	577	18,485	2041	832	0.70	14,299	0.017	2.380

\*Figures are totals from the Fuji Susono Plant and Fuji Susono Pharmaceutical Plant.

## Hyogo Miki Plant



Tree planted in commemoration of Green Wave 2013



Toshihiro Sentoku  
Section Manager,  
Facilities Management  
Section

**Location:** 1838-266, Aza Nakao, Shijimi-cho Toda, Miki-shi, Hyogo 673-0514  
**Plant manager:** Naoki Tomomatsu  
**Products produced:** Concentrated *New Yakult*, concentrated *Yakult 400*, concentrated *Yakult 400LT*, *Mil-Mil*, *Mil-Mil S*, *Sofuhl*, *Sofuhl Genki Yogurt*  
**HACCP certification:** 2013      **ISO9001 certification:** 2013  
**Plant grounds area:** 80,874m<sup>2</sup>      **Building floor space:** 21,189m<sup>2</sup>  
**Number of employees:** 144

### Fiscal 2013 review

Around one and a half years have passed since the start of production at this plant and operations have entered a period of stability. The first plant festival was held in September and attracted approximately 3,500 people. This was the first step toward getting closer to the local community. In addition, joint fire prevention training was conducted with the local fire department, fire company and volunteer fire prevention crew, thereby contributing to cooperation with local groups. Moving ahead, the plant aims to be trusted by the local community through its business activities.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SO <sub>x</sub> (t)	NO <sub>x</sub> (t)
2013	277	12,519	1,801	251	3.14	10,469	0.000	2.863



Tree planted in commemoration of Green Wave 2013



Hiromichi Aoki  
Section Manager,  
Facilities Management  
Section

## Saga Plant

Location:	2300, Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002		
Plant manager:	Megumi Tagomori		
Products produced:	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , <i>Joie (Drinkable Yogurt)</i> , <i>Pretio</i> , <i>Mil-Mil S</i>		
HACCP certification:	1998		
ISO9001 certification:	2011	ISO14001 certification:	2001
Plant grounds area:	20,936m <sup>2</sup>	Building floor space:	12,110m <sup>2</sup>
Number of employees:	131		

### Fiscal 2013 review

The Company closed the Kumamoto Plant in April 2013 and established a production building for concentrated *Yakult* at the Saga Plant, and staff worked together with employees transferred from the Kumamoto Plant. In terms of results for environmental conservation activities in fiscal 2013, the plant reduced CO<sub>2</sub> by 52,315kg and posted a target achievement ratio of 111%. Going forward, the plant will actively promote eco-friendly production activities and strive to implement further environmental protection activities as a community-based plant.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
2013	213	6,670	378	197	43.61	6,221	0.000	1.679



Tree planted in commemoration of Green Wave 2013



Takato Muranushi  
Manager,  
General Affairs Section

## Shonan Cosmetics Plant

Location:	2-5-10, Kugenumashinmei, Fujisawa-shi, Kanagawa 251-0021		
Plant manager:	Toshiya Yanagisawa		
Products produced:	Cosmetics products		
ISO14001 certification:	2002		
Plant grounds area:	4,455m <sup>2</sup>	Building floor space:	3,200m <sup>2</sup>
Number of employees:	46		

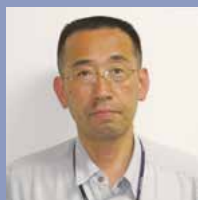
### Fiscal 2013 review

This plant completed the switch to LED lighting (stage 2 construction) in line with plans, which contributed to a reduction in electric power consumption. Efforts are continuing to promote the switch to LED lighting in fiscal 2014 (stage 3 construction) along with completing the switch to LED lighting at the plant. Moreover, the plant will set ISO14001 targets that are directly linked to management and business, and all employees will work on environmental preservation activities together.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
2013	15	602	27	19	1.46	377	0.000	0.035



Tree planted in commemoration of Green Wave 2013



Hiroshi Yamada  
Section Manager,  
Facilities Management  
Section

## Yakult Central Institute

Location:	5-11, Izumi, Kunitachi-shi, Tokyo 186-8650		
Institute director:	Fumiyasu Ishikawa		
Research fields:	Development research for foodstuffs, pharmaceuticals and cosmetics; research related to intestinal bacteria; bioactive substance discovery research; biotechnology research; product and material safety testing and research; analytical testing		
ISO14001 certification:	2001 (Analysis Center)		
Plant grounds area:	29,779m <sup>2</sup>	Building floor space:	40,023m <sup>2</sup>
Number of employees:	280		

### Fiscal 2013 review

Construction of the Basic Research Building is progressing at the Yakult Central Institute toward the complete handover in October 2015. This plan is based on the concept of a research institute among the trees and water. A green path will be built around the premises of the facility to ensure harmonious coexistence with the lush, green nature of the Musashino area and the pure waters of the Tama River. Going forward, the institute will promote environmental activities that value bonds with the local community.

Fiscal year	Water usage (1,000m <sup>3</sup> )	Electric power usage (1,000kWh)	City gas usage (1,000m <sup>3</sup> )	Waste product emissions (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
2013	52	10,647	673	121	0.80	5,534	0	0.180

# Activities of Principal Overseas Business Sites

(\*Figures for numbers of employees are as of December 31, 2013)

## Yakult Co., Ltd. (Taiwan)

**Location:** Taipei  
**Start of operations:** March 1964  
**Number of employees:** 329  
**Business scope:** Manufacture and marketing of *Yakult*, *Yakult 300*, *Yakult 300 Light*, fermented milk, etc.  
**GMP certification:** 2002

### Environmental activities

- The waste products generated at the company's plant are separated into seven categories and reused.
- Based on an agreement with the government, the company provides NT\$8-9 million each year to cover the cost of collecting and disposing of empty containers of such products as *Yakult*.
- Since 2006, the company has had an energy conservation committee at its plant that is considering the installation of energy-saving equipment and working to increase employee consciousness of energy conservation issues.

### Social activities

- The company provides drinking water to the Chinese Taipei Baseball Association in order to contribute to sports promotion.

## Hong Kong Yakult Co., Ltd.

**Location:** Hong Kong Special Administrative Region  
**Start of operations:** June 1969  
**Number of employees:** 184  
**Business scope:** Manufacture and marketing of *Yakult* and *Yakult LT*  
**HACCP certification:** 2013  
**ISO9001 certification:** 2001  
**ISO22000 certification:** 2013

### Environmental activities

- Paper, empty containers, aluminum, OPP film, petri dishes and other waste products are separated from waste generated by the plant and are collected and recycled by a specialist company.
- The company has introduced an immersed membrane filter (microfiltration device) at its wastewater treatment facility and has taken measures to simplify treatment processes and improve the quality of wastewater emissions.
- Because sunlight entering the plant building through windows led to sharp temperature increases, all windows have been covered with light-blocking film as a means of preventing such temperature rises.

### Social activities

- To foster a positive corporate image and increase exchanges with local communities, the company has promoted plant tours. Approximately 30,000 people participated in such tours in fiscal 2013.
- The company supports various respective health-related and charity events held in the Hong Kong and Macao regions.

- Uniforms are provided to little league teams as part of efforts to promote sports.

## Yakult (Thailand) Co., Ltd.

**Location:** Bangkok  
**Start of operations:** June 1971  
**Number of employees:** 1,308  
**Business scope:** Manufacture and marketing of *Yakult*  
**HACCP certification:** 2005  
**GMP certification:** 2004

### Environmental activities

- Regarding industrial waste products generated at the company's plants, the company separates recyclable items for sale to specialized companies, and it has achieved zero emissions performance with respect to trash incineration.
- The company filters water processed at effluent facilities using membrane filters (microfiltration membrane) and uses it for cleaning trucks, flushing toilets and watering the grass in an effort to conserve water.
- Natural gas is being used as fuel for boilers.
- By introducing GPS operations management systems for logistics trucks, monitoring vehicle speeds, engine speed, vehicle locations and other factors, and checking if drivers are speeding or idling their vehicles for long periods of time, the company is working to reduce its fuel consumption and CO<sub>2</sub> emissions.

### Social activities

- The company accepts schools (primary, junior high and high schools, universities, technical colleges) and groups for tours of its facilities and is working to spread awareness of probiotics.

## Korea Yakult Co., Ltd.

**Location:** Seoul  
**Start of operations:** August 1971  
**Number of employees:** 1,091  
**Business scope:** Manufacture and marketing of *Yakult*, *Yakult Ace*, *Yakult 400*, etc.  
**HACCP certification:** 1998

### Environmental activities

- As a part of its environmental protection measures, the company collects used product containers.
- The company is using the Yakult A&G Water Purification System for plant wastewater treatment.
- At the Nonsan Plant, the company conducts "sister" alliances related to the environment with local schools and undertakes such environmental conservation measures as those to provide funding for their nature conservation campaigns.

### Social activities

- The company has organized the "Love Help Campaign" that calls for

donating 1% of all employees' salaries to such charitable organizations as those that care for underprivileged children.

- The company is implementing the "Love *Kimjan* (kimchi-making) Campaign," in which the Yakult Ladies make kimchi each autumn and provide it free of charge to elderly people in need throughout South Korea.

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## Yakult Philippines, Inc.

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**Location:** Manila  
**Start of operations:** October 1978  
**Number of employees:** 893  
**Business scope:** Manufacture and marketing of *Yakult* and *Yakult Light*

### Environmental activities

- The company sorts its waste materials into the categories of aluminum, plastics, metal cans, waste oil and general trash and commissions their processing by government-approved specialist companies.
- The company uses bio-diesel fuel for its boilers and in-house power generators.

### Social activities

- Since the water supply frequently cuts out and water is often murky in the area around the plant, the company provides water designated for the plant free of charge when supply is not running smoothly.
- Employees from the company head to areas affected by typhoons and other disasters, delivering *Yakult*, food and other items.
- Aiming to promote sports, the company annually organizes the "Yakult 10 Miler Run" event.
- The company cooperates with doctors who perform checkups at health clinics and helps them provide patients with explanations regarding gastrointestinal functions and guidance regarding the maintenance of a balanced diet.



"Yakult 10 Miler Run" event

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## Yakult (Singapore) Pte., Ltd.

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**Location:** Singapore  
**Start of operations:** July 1979  
**Number of employees:** 154

**Business scope:** Manufacture and marketing of *Yakult* and marketing of *Yakult Ace Light*

**HACCP certification:** 2002

**ISO9001 certification:** 2003

### Environmental activities

- The company thoroughly sorts its waste products and arranges for the sale of such valuable resources as waste paper, cardboard, waste plastic and scrap iron to specialized recycling companies. It also arranges for the collection and reuse of such resources as waste aluminum foil and waste oil by specialized recycling companies.
- To reduce its water consumption, the company has continued to position restrictive orifices (constant flow valve) within water pipes to reduce flow rates.
- The company switched from fluorescent lighting to LED lighting inside its plants.

### Social activities

- The company provides products to support symposia, regional health lecture meetings and other activities organized by the Singapore Cancer Society
- The company has been a sponsor of symposia organized by the National Foundation for Digestive Diseases (NFDD) for more than 20 years.
- Aiming to increase its exchanges with local communities, the company proactively organizes plant tours and approximately 17,000 people visited the company's plant in fiscal 2013. The company actively accepts students from Japan and corporations to take part in plant tours.

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## P.T. Yakult Indonesia Persada

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**Location:** Jakarta  
**Start of operations:** January 1991  
**Number of employees:** 3,538  
**Business scope:** Manufacture and marketing of *Yakult*  
**ISO22000 certification:** 2011

### Environmental activities

- Since December 2010, the Sukabumi Plant has operated the Yakult A&G Water Purification System. In light of the delayed development of local infrastructure, the company is using its new water purification system as a demonstration facility as it works to promote the construction of additional such facilities and thereby increase the effective use of used *Yakult* containers.

### Social activities

- Among other social contribution programs, the company works to increase understanding of Yakult and increase exchanges with local communities by organizing plant tours and film showings. Besides cosponsoring various kinds of symposia, the company organizes booths at local food product exhibitions and participates in Indonesia-Japan friendship promotion programs and other events to promote a better understanding of the benefits of *Yakult* fermented milk drinks.

## Activities of Principal Overseas Business Sites

### Yakult Australia Pty. Ltd.

Location:	Dandenong
Start of operations:	February 1994
Number of employees:	96
Business scope:	Manufacture and marketing of <i>Yakult</i> and <i>Yakult Light</i>
HACCP certification:	2009
ISO9001 certification:	2004

#### Environmental activities

- By reevaluating plant facilities' operating time periods and settings, the company has reduced its consumption of electric power and natural gas used as fuel.
- The company cooperates with an energy conservation project being undertaken by the State of Victoria where its headquarters and plant facilities are located and switched all lighting to LED lighting, including outdoor lights at the headquarters building and plant facilities.
- In South Australia, the company and other beverage makers are paying an A\$0.10 tax to the authorities for each container of beverage marketed.

#### Social activities

- The company is cosponsoring the social contribution activities of the AFL's (Australian Football League) Essendon Football Club.
- As sponsor of the Melbourne Rebels in the SR15 (Super Rugby), the company continues to support a program for the sound development of youth through rugby being undertaken by the team as well as activities to promote rugby in the State of Victoria.

### Yakult (Malaysia) Sdn. Bhd.

Location:	Shah Alam
Start of operations:	February 2004
Number of employees:	238
Business scope:	Manufacture and marketing of <i>Yakult Ace</i> and <i>Yakult Ace Light</i>
HACCP certification:	2006

#### Environmental activities

- Garbage generated at the plant is separated into three categories and consigned to a contractor for processing.
- Cardboard, aluminum containers and plastic containers are separated at the headquarters and branches before requesting collection and recycling by specialists.

#### Social activities

- The company conducts plant tours as part of efforts to promote interchanges with the local community and approximately 30,000 people took part in these tours throughout the year. The company also actively accepts students and corporations from Japan for the tours.
- The company distributes the *Yakult Newsletter* three times each year as a means of providing ordinary consumers with health-related

information.

- Yakult health talks are held at local community centers, kindergartens and schools.
- *Yakult Ace* was provided to a four year old child suffering from chronic constipation following an operation for Hirschsprung's disease (large intestine dilates due to chronic constipation). This significantly improved the child's bowel movements.

### Yakult (China) Corporation

Location:	Shanghai
Start of operations:	April 2005
Number of employees:	1,084
Business scope:	Supervision of Group companies in China and marketing of <i>Yakult</i>

#### Environmental activities

- The company collects the used containers and caps from the fermented milk drink *Yakult* that it distributes daily along with empty PET bottles and provides those items to recycling companies to enable resource reuse.

#### Social activities

- The company is conducting activities to increase awareness of probiotics such as promoting activities advocating World Digestive Health Day on May 29, supporting the 8th International Symposium on Lactic Acid Bacteria, and holding a workshop for teachers of kindergartens and primary schools to spread dietary education aimed at enhancing intestinal health and creating a new future.
- The company was granted the title of an educational base for promoting food science nationwide from the China Association for Science and Technology and has been highly praised, for example, with an award at the Seven-Star Food Product Safety Contest for the third successive year. This award is the most prestigious in the food safety sector.
- In order to express its gratitude for the past 10 years since starting sales and to reaffirm the basics to contribute to the health of the people, the company held exchange sessions and a commemorative ceremony to which academic institutions, specialists and the media were invited.



Receiving the award at the Seven-Star Food Product Safety Contest

## Guangzhou Yakult Co., Ltd.

Location:	Guangzhou
Start of operations:	June 2002
Number of employees:	700
Business scope:	Manufacture and marketing of <i>Yakult</i>
HACCP certification:	2004
ISO14001 certification:	2003
ISO9001 certification:	2003
GMP certification:	2006

### Environmental activities

- The company achieved a recycling rate of 96.5% by separating waste into varieties of plastic, glass and iron scraps.
- Reverse water flow from water treatment facilities is reused for flushing toilets, cleaning pallets and watering the greenery, which has led to conservation of 800t of water per month.
- Cool air used to chill inside filling and packaging rooms is reused for temperature control for secondary material storage areas.

### Social activities

- Aiming to increase exchanges with local communities, the company is promoting plant tours. During fiscal 2013, 418 tour sessions were implemented and approximately 25,500 people participated in the tours.
- The company is cooperatively organizing diverse volunteer activities based on a tie-up with Shenzhen University and volunteer organizations in Guangzhou.
- Based on a tie-up with Shenzhen University, the company has been providing continuous support for primary schools and children in poorer areas of Guangdong Province for the past five years.
- A tie-up with a volunteer group in Guangzhou City was formed to conduct ongoing support for primary schools and children in disadvantaged areas. Moreover, the company has been conducting plant tours and Guangzhou City tours for the past three years for students of schools for the blind, the physically challenged and elderly persons living alone.
- Employees visited elderly persons living alone in Shenzhen City for Chinese New Year for the first time this fiscal year and made special seasonal dishes together as part of efforts to get closer to the community. In addition, employees made courtesy calls to elder care



Activity supporting education at a primary school in a disadvantaged area

facilities and conducted interchange activities. The company also gives a culture-related course on Mother's Day for single mothers living under difficult economic conditions in Shenzhen City.

- The company has formed a tie-up with an association of the elderly and has sponsored mountain-climbing activities (on Mount Baiyun near Guangzhou) for the past seven years aimed at promoting health. Approximately 3,500 elderly persons have taken part to date. In addition, health-related courses and plant tours are held on a regular basis (10 times a year) with the aim of enhancing health among the elderly and increasing the opportunity for interchange.



Activity in support of single mothers

## Shanghai Yakult Co., Ltd.

Location:	Shanghai
Start of operations:	May 2005
Number of employees:	363
Business scope:	Manufacture and marketing of <i>Yakult</i>
HACCP certification:	2008
ISO9001 certification:	2008

### Environmental activities

- The company shifted from heavy oil to natural gas for its boiler fuel, resulting in a 380t reduction in CO<sub>2</sub> emissions for the year.
- By shifting to the use of LED lighting fixtures in its plant, the company has reduced its electric power consumption by 331,060kW.

### Social activities

- The company takes a proactive approach to plant tours and conducts awareness-raising activities relating to the effectiveness of lactic acid bacteria.

## Tianjin Yakult Co., Ltd.

Location:	Tianjin
Start of operations:	August 2011
Number of employees:	165
Business scope:	Manufacture of <i>Yakult</i>

### Environmental activities

- The Company promotes 5S activities as part of its environmental

## Activities of Principal Overseas Business Sites

program, which has enhanced the plant's operating ratio.

- By introducing a displacement air conditioning system (spiral flow type), the company has reduced energy costs associated with air conditioning by 40%.

### Social activities

- Aiming to create a "plant that is open to society," the company arranges plant tours for groups of all sizes as well as individuals. When requested, the company arranges for its managers to provide explanations of corporate policies and food hygiene maintenance efforts. In February 2012, the company's plant was certified by the city of Tianjin's commercial tourism exposition assessment committee as a model factory, thereby increasing opportunities for hosting tourists coming from distant locations. This certification has greatly expanded the plant's interactions with society.

### Yakult Vietnam Co., Ltd.

Location:	Ho Chi Minh City
Start of operations:	September 2007
Number of employees:	294
Business scope:	Manufacture and marketing of <i>Yakult</i>
HACCP certification:	2010
ISO22000 certification:	2010
ISO14001 certification:	2011

### Environmental activities

- The company acquired Binh Duong Province's green factory certification in fiscal 2011, 2012 and 2013 and is pushing ahead with activities to achieve the same distinction in fiscal 2014, including the use of solar panels for outside lighting, reusing coolant water and planting trees around the plant.

### Social activities

- In order to spread awareness of probiotics, the company holds seminars for local citizens and students.

### Yakult Danone India Pvt. Ltd.

Location:	New Delhi
Start of operations:	January 2008
Number of employees:	144
Business scope:	Manufacture and marketing of <i>Yakult</i>
HACCP certification:	2010
ISO9001 certification:	2011

### Environmental activities

- The company collects waste from its plants and arranges for the recycling of resources from that waste.
- The company is maintaining wastewater and ventilation processes in accordance with national environmental standards.

### Social activities

- The company established a science foundation in India in November 2011 to disseminate knowledge about probiotics to Indian society.



Activity to disseminate the idea of probiotics



### Yakult S/A Ind. E. Com. (Brazil)

Location:	São Paulo
Start of operations:	October 1968
Number of employees:	2,476
Business scope:	Manufacture and marketing of <i>Yakult</i> , <i>Yakult 40</i> , <i>Sofyl</i> , etc.
HACCP certification:	2004
GMP certification:	2001

### Environmental activities

- The company uses a pulverizing unit to process all its cap-related aluminum waste materials and plant-use container waste materials before selling those materials to recycling companies.
- The company employs natural gas as its boiler fuel, so that its soot emissions are insignificant.
- Okara (soy pulp), which is left after extracting the liquid from soybeans, is sold to livestock farmers and used as feed for cows on the company's farms.
- Federal legislation relating to solid waste was promulgated in August 2010, mandating companies to take responsibility for collecting product containers. Yakult in Brazil takes part in a joint project led by the Associação Brasileira das Indústrias da Alimentação (Brazilian Food Industry Association). The company plays a coordinating role for activities in response to the federal law relating to solid waste in the State of Parana and is providing support for non-profit organizations.



### Social activities

- The company provides plant tours and cosponsors various Brazilian baseball activities. It also is cosponsoring occupational training programs for people with physical disabilities.

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### Yakult S.A. de C.V. (Mexico)

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Location:	Mexico City
Start of operations:	October 1981
Number of employees:	3,012
Business scope:	Manufacture and marketing of <i>Yakult</i> , <i>Yakult 40LT</i> , <i>Sofúl LT</i> , <i>Sofúl (drink)</i>
HACCP certification:	2002
GMP certification:	2002

### Environmental activities

#### [Distribuidora Yakult Guadalajara S.A. de C.V.]

- The company supported the urban forestation campaign of a public organization and presented cherry saplings and other tree varieties to customers who helped collect 225 empty *Yakult* containers (approx. 1kg).
- Garbage is separated and collected with the paper, plastic and empty *Yakult* containers sold to recycling centers.

#### [Ixtapaluca Plant, Guadalajara Plant]

- Plant waste is separated and collected before being sold to designated recycling centers.
- In order to reduce electricity consumption in refrigerating machines, well-water with lower water temperature is used with the plate heat exchanger, thereby reducing the use of chilled water.
- A hot water heater has been installed for the boiler in an effort to reduce fuel consumption.

### Social activities

#### [Yakult S.A. de C.V. (Mexico)]

- In cooperation with Mexico's Ministry of Health, the company is promoting activities designed to increase Mexicans' consciousness of health issues, including campaigns to disseminate information about how to improve diets, maintain good food hygiene standards and improve exercise habits.

#### [Distribuidora Yakult Guadalajara S.A. de C.V.]

- During the period from March 1 through April 30, the company implemented a program that accumulated donations for Guadalajara's Hospital Civiles hospital at a rate of one centavo (approximately ¥0.07) per bottle of *Yakult* fermented milk drink sold. The accumulated donations are being used to fund health care for infants. This fiscal year the company funded treatment costs for 32 infants.
- Health-related seminars are held once a month free of charge to promote health within the local community.

#### [Ixtapaluca Plant, Guadalajara Plant]

- The plant donates to the Red Cross and assists the fire department

with various activities as part of efforts to contribute to the local community.

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### Yakult U.S.A. Inc.

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Location:	Fountain Valley, California
Start of operations:	October 1999
Number of employees:	64
Business scope:	Manufacture and marketing of <i>Yakult</i> and marketing of <i>Yakult Light</i>

### Environmental activities

- The company separates waste paper, containers and other kinds of waste materials generated at its plant and arranges for their collection and recycling by specialized companies.
- The company stores rainwater collected on the premises and uses it to water greenery.

### Social activities

- The company cosponsors symposia organized by the American Academy of Family Physicians.

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### Yakult Europe B.V.

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Location:	Almere, The Netherlands
Start of operations:	March 1996
Number of employees:	120
Business scope:	Supervision of Group companies in Europe and manufacture of <i>Yakult</i> , <i>Yakult Light</i> and <i>Yakult Plus</i>
HACCP certification:	2003
ISO14001 certification:	2000
ISO9001 certification:	2005

### Environmental activities

- The company registered for the energy reduction plan formulated by the government and is pushing ahead with various efforts under a program that runs from 2013 to 2016 that include: (1) reducing water and energy by enhancing efficiency in automated cleaning; (2) introducing LED lighting; and (3) creating a hot water reuse system within the plant.
- The company is participating in an environmental project led by regional administration, collaborating with businesses within the industrial complex to investigate expanding the use of solar power, wind power and underground hot and cold water tanks.

### Social activities

- The company runs the International Yakult Symposium (symposium for medical and science related persons).
- Plant tours are provided for consumers, medical-related personnel and nutritionists, among others.
- The company sponsors the Netherlands Philharmonic Orchestra and Van Gogh Museum.

## Third-Party Comments



**Makiko Akabane**  
Director of CSR Asia Japan  
office

This is the second consecutive year I have been given the opportunity to provide a third-party opinion. This year's report includes the special feature entitled the "50th Anniversary of the Yakult Lady System." In last year's report I stated that "I would like to see more information about the activities of Yakult Ladies." Yakult responded to this suggestion promptly by including such information in this year's report. There was also progress in terms of initiatives for water resources. I mentioned in last year's report that "I hope to see initiatives concerning water resources listed in addition to environmental responses." Yakult promptly improved this aspect of its report as well by adding the category Conservation of Water Resources. These improvements can be highly regarded as a good example of Yakult's integrity and response capabilities.

This year, communications with stakeholders is once again emphasized and Yakult also convened its first Stakeholder Dialogue. I, too, participated in this dialogue, which included two executive officers and eight employees from related departments within Yakult. This was an extremely lively dialogue as all participants actively expressed their own opinions.

I could feel that Yakult has human resources who respectively seriously consider the company's future and that Yakult is a company connected by a sense of solidarity in which employees continually think about what needs to be done and then move into action.

Moreover, the Social Activities section in this fiscal year's report is compiled in a manner that addresses each stakeholder, beginning with customers, and also including suppliers, shareholders, local communities and employees. I believe these aspects demonstrate Yakult's resolve to fulfill its social responsibilities while placing unprecedented emphasis on engagement with stakeholders.

I would like to see Yakult address the following issues in the future to become an esteemed company throughout the world and fulfill its social responsibilities by implementing its 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."

### **Purchasing activities**

Regarding the procurement of raw materials such as powdered skim milk and saccharides, which are main product ingredients, during my plant observation I heard that Yakult only purchases materials that meet its own independent strict quality standards and for which traceability is assured. Information on raw materials provides safety and peace of mind to consumers as well. With this in mind, I suggest that Yakult include information that goes even one level further for any disclosable initiatives.

### **Stakeholder engagement overseas**

This year Yakult held a Stakeholder Dialogue with stakeholders in Japan. I hope to see Yakult carry out stakeholder engagement overseas as well in the future. For example, a dialogue with overseas stakeholders is a method for discovering business opportunities that are unimaginable in Japan as well as risks that must be avoided. Such dialogue will enable Yakult to obtain opinions not only about social responsibilities, but that also contribute to business operations and the expansion of markets. This year's report also mentions that in Indonesia, where there are few employment opportunities for women, Yakult holds training for Yakult Ladies and implements different measures to stimulate their motivation at work. The report conveys aspects of Yakult's earnest efforts to address community issues and develop capabilities overseas as well. The Yakult Group operates bases in 27 locations overseas and sells its products in 32 countries and regions. Overseas, the Yakult Group also has more than 16,000 employees and over 40,000 Yakult Ladies, which exceeds the number in Japan. I believe that Yakult can consider implementing dialogues with overseas employees as a step toward full-fledged stakeholder engagement overseas.

## Response to third-party opinion



**Hiroshi Narita**  
Director and Managing  
Executive Officer  
Divisional General Manager of  
Management Support Division  
(CSR/Environmental  
Management Committee  
Chairman)  
Yakult Honsha Co., Ltd.

We are very grateful that Ms. Akabane has been able to provide us with her objective third-party appraisal of the *Yakult Social & Environmental Report 2014* for the second consecutive year based on her considerable specialist knowledge of the CSR field. At the same time, we thank Ms. Akabane for her favorable assessment of Yakult's activities.

Yakult is maintaining our commitment to carrying out our responsibilities to society through activities based on our corporate philosophy—"We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." In accordance with this commitment, we are aiming to be a company that contributes to the creation of a sustainable society and operates in harmony with its stakeholders in Japan and throughout the world. In our various CSR activities, we are seeking to maximize the benefits attainable through the use of our unique home delivery system and by leveraging other special characteristics of our business models, and this report provides information on the way we have developed those diverse CSR activities.

Ms. Akabane has provided her suggestions concerning the two themes of proactive information disclosure that leads to safety and peace of mind for consumers and stakeholder engagement overseas. I believe each of these themes is worthy of increased emphasis in the context of our efforts going forward to appropriately carry out our responsibilities to society and realize further advancement as a corporate citizen both in Japan and overseas. We will be giving a great deal of consideration to Ms. Akabane's suggestions as we endeavor to further improve the quality of our CSR programs and make steady progress in the implementation of those programs, while also responding to changes in society and associated changes in the nature of themes. We will continue to do our utmost to implement social contribution and environmental protection activities that are highly beneficial.

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

# History of Social and Environmental Activities

(Fiscal years)	
1970	<ul style="list-style-type: none"> <li>● Began collecting plastic containers of <i>Yakult</i> fermented milk drink products, etc.</li> </ul>
1972	<ul style="list-style-type: none"> <li>● Began "Courtesy Visit Activities" by Yakult Ladies</li> </ul>
1976	<ul style="list-style-type: none"> <li>● Established Plastic Recycling Committee</li> </ul>
1991	<ul style="list-style-type: none"> <li>● Began using Yakult A&amp;G Water Purification Systems incorporating Yakult filter material to purify wastewater from Yakult Group plants, etc.</li> <li>● Established the Environmental Countermeasures Committee and other environmental countermeasure units in Yakult Honsha to promote environmental management</li> </ul>
1992	<ul style="list-style-type: none"> <li>● Held the first Symposium on Intestinal Flora</li> </ul>
1994	<ul style="list-style-type: none"> <li>● Received the Minister of Health and Welfare Award for volunteer contributions as part of "Courtesy Visit Activities"</li> <li>● Began overhauling and reusing vending machines</li> </ul>
1995	<ul style="list-style-type: none"> <li>● Drafted Basic Policy on Environment-Friendly Containers and Packaging and Container and Packaging Environment-Friendliness Evaluation Standards</li> </ul>
1996	<ul style="list-style-type: none"> <li>● Fukushima Plant selected for FY1996 MITI Minister's Award for Factory Energy Management Excellence</li> </ul>
1997	<ul style="list-style-type: none"> <li>● Drafted the Yakult Basic Policy on the Environment (including the Environmental Philosophy and Action Directives)</li> </ul>
1999	<ul style="list-style-type: none"> <li>● Established Green Purchasing Guidelines</li> <li>● Acquired ISO14001 certification for the Kyoto Plant and subsequently obtained this certification for all of Yakult Honsha's plants</li> </ul>
2000	<ul style="list-style-type: none"> <li>● Began annually publishing and distributing the <i>Yakult Environmental Report</i></li> <li>● Drafted Yakult Environmental Action Plan Phase 1 Plan</li> </ul>
2001	<ul style="list-style-type: none"> <li>● Drafted Yakult Environmental Accounting Guidelines and began annually disclosing environmental accounting data</li> </ul>
2002	<ul style="list-style-type: none"> <li>● Drafted Environmental Pollution Risk Management Directive and Waste Product Management Directive</li> </ul>
2003	<ul style="list-style-type: none"> <li>● Revised the Action Directives of the Yakult Basic Policy on the Environment</li> <li>● Drafted Yakult Eco Vision 2010</li> </ul>
2004	<ul style="list-style-type: none"> <li>● Created the Yakult Environment Symbol</li> </ul>
2005	<ul style="list-style-type: none"> <li>● Began presenting flowers to elderly people on Respect for the Aged Day to commemorate the 70th anniversary of Yakult's founding</li> <li>● Began sponsoring the FINA World Swimming Championships as an official partner</li> <li>● Organized Symposium "Leaving Behind a Better Water Environment"</li> </ul>
2006	<ul style="list-style-type: none"> <li>● Yakult Central Institute selected for FY2006 Tokyo Metropolitan Environment Award (Governor's Award)</li> <li>● Yakult Central Institute selected for FY2006 Japan Society on Water Environment Technology Award</li> <li>● Began introducing non-fluorocarbon vending machines that use a natural refrigerant</li> </ul>
2008	<ul style="list-style-type: none"> <li>● Participated in the Team Minus 6% program of the Ministry of the Environment</li> </ul>
2010	<ul style="list-style-type: none"> <li>● Revised the Action Directives of the Yakult Basic Policy on the Environment</li> <li>● Renamed the Environmental Countermeasures Office as the CSR and Environmental Promotion Department</li> <li>● Yakult Central Institute earns AA+ evaluation for outstanding greenhouse gas reduction performance based on the Tokyo Metropolitan Government's Prevention of Urban Global Warming system</li> </ul>
2011	<ul style="list-style-type: none"> <li>● Donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture</li> </ul>
2012	<ul style="list-style-type: none"> <li>● Instituted Basic Policy on CSR and Yakult Sustainable Ecology 2020</li> </ul>
2013	<ul style="list-style-type: none"> <li>● Started Yakult Environmental Action Plan Phase 5 Plan action targets</li> <li>● Participated in the <i>Green Wave</i> 2013 program promoted by Japan's Ministry of the Environment</li> </ul>

# **Yakult**

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