



Materiality

# Plastic containers and packaging



## Our approach

The Yakult Group aims to establish a foundation for environmentally conscious container and packaging technology in order to address challenges related to the growing social issues around plastic waste, such as environmental pollution and the recycling of resources. We plan to reduce the environmental impact of our plastic containers and packaging, and at the same time transition to easily recyclable materials. We will continue to pursue initiatives around containers and packaging, including reducing the amount of plastic used in them and improving recycling based on quantitative targets.

## Risks and opportunities

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

## Policies/Guidelines/Targets

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

## Targets and achievements

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

## Challenges and solutions

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

## Declaration of Action on Plastic Recycling

As part of our efforts to design containers and packaging with low levels of environmental impact, in 1995 we instituted guidelines for more concrete initiatives with the fundamental goals of ensuring the safety of containers and packaging, reducing the amount of packaging used, optimizing processing/disposal processes and promoting resource recycling. We announced our Declaration of Action on Plastic Recycling in January 2019 to focus attention on issues such as plastic pollution in oceans, global warming and natural resource depletion, and to show our commitment to recycling our plastic containers and packaging.

### Declaration of Action on Plastic Recycling (summary)

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

#### — 2025 target —

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

#### — 2030 target —

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

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

## Reducing specified plastic-containing products\*

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

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

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

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

### Amount of specified plastic-containing products distributed

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

\* Target for fiscal 2022

## Plastic recycling promotion framework

### ■ Plastic Recycling Promotion Committee

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

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

## Increased use of biomass materials

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

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

## Thinner shrink labels

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

## Increased use of recycled PET labels

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

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



### Biomass Mark

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



### Recycled PET Mark

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

## Equity participation in R Plus Japan

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

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

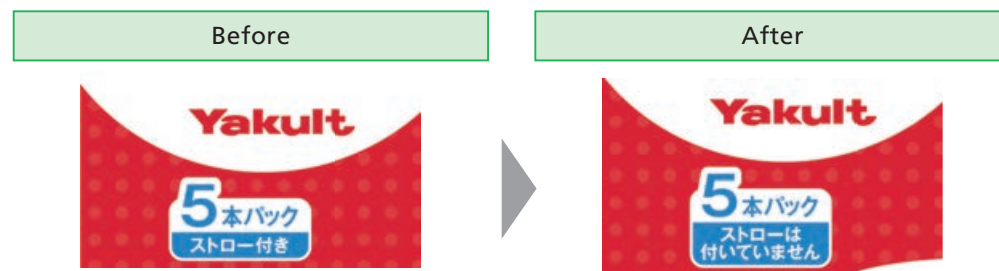
Going forward we will also work to make used plastics recyclable through R Plus Japan initiatives.

## Reducing plastic usage

### ■ New Yakult series initiative: Japan

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

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



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

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

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



Expanded use of carton packaging

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

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



Separating shrink wrap



Collecting *Yakult* containers