

Social Activities Report

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

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Fiscal 2021 legal compliance

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



Photo courtesy of Yakult Middle East FZCO



Materiality

Innovation

Our approach

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

Risks and opportunities

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

Policies/Guidelines/Targets

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

Targets and achievements

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

Challenges and solutions

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

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

Message from the chief officers



Fumiyasu Ishikawa

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

Founded on innovation

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

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

Meeting the needs of the times

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

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

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

Continued commitment to creating value

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

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

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



Masanori Ito

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

Helping as many people as possible through our pharmaceuticals

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

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

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

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

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

Organizations that generate innovation

■ Yakult Central Institute

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

Yakult Central Institute

Established: April 1955 (launched in Kyoto as the Shirota Institute)

Location: 5-11 Izumi, Kunitachi-shi, Tokyo

Employees: Around 300

Key research subjects and fields

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



Online corporate visit program for students

We introduced an online corporate visit program to promote career education for junior high and high school students. The program provides opportunities to deepen understanding of researchers and their profession, and cultivate interest among students in contributing to society through work. In fiscal 2021, 620 students from 19 schools participated, with over 90% of the students responding to a survey that they were “very satisfied” or “satisfied” with the program.

■ Yakult Honsha European Research Center for Microbiology VOF

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

Research on bacteriology

Preventive medicine Researching the intestinal microbiota

The human intestinal tract is colonized by some 100 trillion bacteria, of which there are around 1,000 different types. In particular, a diverse array of intestinal bacteria inhabits the area from the lower section of the small intestine to the large intestine and is called the intestinal microbiota. It has been discovered that the intestinal microbiota is related to lifestyle-related diseases and stress in addition to the health of the intestines and the development and maintenance of immunity.

Research into the intestinal microbiota from the standpoint of preventive medicine is a major pillar of activities at the Yakult Central Institute. The Institute has created an integrated database of the groups of intestinal bacteria for over 2,000 Japanese people using our proprietary intestinal microbiota analysis system known as YIF-SCAN® (Yakult Intestinal Flora SCAN).* Research is also being conducted into the differences in the intestinal microbiota of people living in various cities in the world and abnormalities in the intestinal microbiota when ill.

Going forward, we will focus on functional analysis of intestinal bacteria and contribute to the maintenance and enhancement of people's health the world over.

* YIF-SCAN is a registered trademark of Yakult

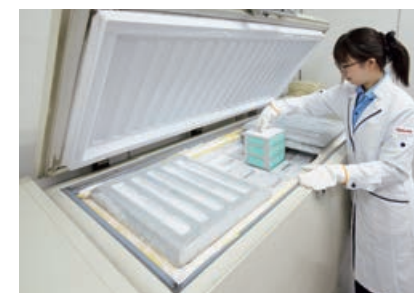


Intestinal flora analysis system YIF-SCAN®

A healthy intestinal tract leads to a long life

Probiotics research

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



Collection of microorganisms such as lactic acid bacteria and bifidobacteria

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

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

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

Mental healthcare is also becoming increasingly important as many people today suffer from stress. In the face of this social problem, in October 2019 we launched *Yakult 1000*, our first Food with Function Claims developed through broader research into the intestinal microbiota and probiotics to provide new health value based on its effects on stress and sleep. And in October 2021, *Y1000* was launched with the same functions as *Yakult 1000*, primarily for the retail store channel.

■ Efforts in Japan

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

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

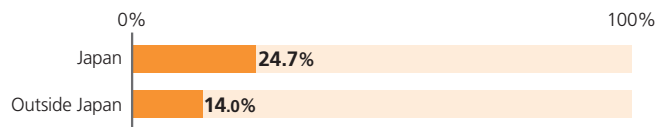
■ Sales of low-sugar, low-calorie products (outside Japan)

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

Outside Japan, we sell low-sugar, low-calorie products in 27 of the 39 countries and regions where we operate in order to respond to our customers' health needs while giving consideration to solving their health issues.

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

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



Effective use of resources

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

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

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

Expanding joint research

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

■ Joint research with JAXA

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



International Space Station (ISS)

■ Joint research with the National Center of Neurology and Psychiatry

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

■ Joint research with the Tokyo Metropolitan Institute of Gerontology

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

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

■ Research grant program with Nature Research

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

Ethical compliance

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

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

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

Protection of intellectual property

We work actively to acquire the intellectual property rights (patents, designs, trademarks, etc.) in and outside Japan for new products and technologies, and by using these rights appropriately, we work to maintain and improve our brand value (number of patents held in and out of Japan: about 1,000).

In addition, Yakult Honsha centrally manages the intellectual property rights in all countries and regions where the Yakult Group conducts business, thereby creating an optimal intellectual property strategy for the entire Group.

When introducing new products and services, we conduct a careful prior review of third-party intellectual property rights and take appropriate measures to avoid any infringements.

In recent years, we have been building up our monitoring system in collaboration with outside experts particularly for imitation products, which are rapidly increasing overseas. We also conduct employee training on intellectual property to cultivate awareness and respect for the intellectual property rights of third parties.

Materiality

Value co-creation with communities

Our approach

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

Risks and opportunities

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

Policies/Guidelines/Targets

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

Targets and achievements

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

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

*2 Activities were held taking thorough protective measures to prevent the spread of COVID-19.

*3 Including marketing companies under the holding companies.

Challenges and solutions

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

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

Message from the chief officers



Tetsuya Hayashida

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

Growing with the local community

The Yakult Group's business is rooted in local communities, with 101 marketing companies throughout Japan. The Yakult Lady home delivery system was launched in 1963 with the vision of contributing to the health of regional communities by explaining in detail how our products assist intestinal health so that customers understand and benefit from them. For customers that we cannot reach directly, we provide our products through alternative sales channels, such as retailers and schools.

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

Delivering better health

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

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

A good corporate citizen

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

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



Susumu Hirano

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

Sharing Yakult's core values with the world

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

Harmonizing with diverse communities

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

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

Delivering the benefits of Yakult products to people worldwide

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

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

The Yakult Group's Policy on Community Development Activities

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

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

The Yakult Group's Policy on Community Development Activities

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

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

Established: March 20, 2018

Community investment

In accordance with our Policy on Community Development Activities, we proactively engage in activities that contribute to community development. In fiscal 2021, we invested approximately 190 million yen in activities run in partnership with local communities

Furthering the concepts of preventive medicine and a healthy intestinal tract leads to a long life

■ Providing information on health

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

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

■ Developing online tools

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

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

■ Dispatching lecturers

Our branches and marketing companies in each region of Japan dispatch employees as lecturers to elementary schools and other locations, where they use scale models and other instructional tools to provide easy-to-understand information about the important role of the intestines and the importance of healthy eating habits conducive to good bowel functions. This program has been well received and cited as a positive case study in the *Journal of Japanese Society of Shokuiku*. In 2015 our program received an Honorable Mention from the Judging Committee of the Awards for Companies Promoting Experience-based Learning Activities for Youth, sponsored by Japan's Ministry of Education, Culture, Sports, Science and Technology (MEXT).

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

■ Health-related classes

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

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

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



A health-related class organized by P.T. Yakult Indonesia Persada

■ Providing information about bowel cancer

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

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

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

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

■ Beauty workshops

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

We thus run regular beauty workshops where customers, local community residents, and companies can receive beauty-related information and have skin consultations with marketing company employees and Yakult Beauty Advisors.



A beauty workshop

Initiatives in each country and region

■ The Pink Ribbon campaign

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

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



A Yakult Lady explains the Health Promotion Board sticker on a product (Singapore)

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

Yakult Vietnam Co., Ltd. endorses and contributes to the Heartbeat Vietnam (Nhịp Tim Việt Nam) program that strives for early detection and treatment of heart disease in children from impoverished families. Cases of congenital heart disease in children have risen in recent years, and some families living in poverty give up on treatment because of the enormous costs of surgery. In fiscal 2021 Yakult Vietnam Co., Ltd. donated around 5.5 million yen to this incredibly important program that saves the lives of children and the futures of families. This contribution helps provide free heart disease screenings to children and covers a portion of surgery costs for families in need.



An event to encourage children, Heartbeat Vietnam program

Supporting the safety and peace of mind of communities

■ Courtesy Visit Activities

Since 1972, Yakult Ladies have been visiting elderly people living alone as they make their deliveries to confirm that they are safe and to spend some time chatting with them. This activity began when a Yakult Lady in Koriyama, Fukushima, Japan, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news that one such person had died unnoticed. Her consideration resonated with both the local Yakult marketing company and social workers in the region, and further moved many local governments to take action. As a result, these visits by Yakult Ladies, known as Courtesy Visit Activities, have spread throughout Japan.

In fiscal 2021, Yakult Ladies took extensive steps to prevent the spread of COVID-19 such as temperature checks, regular disinfection and quick deliveries, and checked up on elderly customers while making their deliveries.

As of March 2022, about 2,600 Yakult Ladies are paying regular visits to about 35,000 elderly people in response to requests from 120 local governments in Japan.

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

■ Community safety watch and crime prevention activities

Being well positioned to observe every corner of their sales areas during their daily deliveries, Yakult Ladies contribute to communities' safety and peace of mind by participating in crime watch and other activities undertaken in cooperation with 932 local governments and police units around Japan. As a result of these activities, there have been cases where Yakult Ladies have felt something was not normal at a customer's residence and reported it to the police, who have found and rescued the person. As of March 2022, 101 marketing companies* throughout Japan have created organizations to help support communities' safety and peace of mind.

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

* Including marketing companies under holding companies

■ Backing support facilities for persons with disabilities

In cooperation with prefectural pachinko and pachislot cooperative associations, we provide work opportunities to persons with disabilities staying at or visiting welfare facilities to support their participation in society. We ask them to attach stickers that include New Year and summer greetings to our products distributed to customers at pachinko and pachislot parlors. In fiscal 2021, we had the stickers attached to a total of around 740,000 bottles at 72 facilities in 20 prefectures.

■ Implementing social activities with vending machines

As of the end of March 2022, the Yakult Group has installed about 42,000 vending machines throughout Japan. Some of these vending machines have special social contribution functions that can offer important assistance to people in local communities.

For example, we are installing universal design models that are easy to use for everyone, disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models that incorporate security cameras that can play useful roles in crime prevention.

In cooperation with Kirin Beverage Company, Limited, we are moving ahead with the installation of Pink Ribbon vending machines that contribute a portion of their proceeds to the Japan Cancer Society. In fiscal 2021, we installed another 4 Pink Ribbon vending machines throughout Japan (total: 316 in operation).



Pink Ribbon vending machine

■ Support during disasters

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

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

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

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

■ Elderly welfare check: Yakult China Group

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



Visiting a nursing home

Promoting health through sports

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

■ Baseball clinics

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

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

■ Ball-throwing clinic

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



Ball-throwing clinic

■ Track and field club and rugby club

The track and field club, founded in 1972, participates in different sporting events such as *ekiden* (road relay) and marathon races. Yakult running clinics have been staged annually since 1988 as a place for athletes and local citizens to come together. The Yakult Levins rugby club was founded in 1980 and takes part in Japan Rugby's Top East League A. It also plays an active role in helping spread the game of rugby and improve children's health through rugby events and programs, taking part in the Toda Rugby Festival in Saitama Prefecture and a tag rugby clinic at elementary schools in Tokyo and Chiba Prefecture.

Note: In fiscal 2021, Yakult running clinics, the Toda Rugby Festival and tag rugby clinic were cancelled to prevent the spread of COVID-19.

Environmental conservation

■ Cleanup activities

Each plant independently runs activities to improve the surrounding environment including at local rivers, parks and shrines. In fiscal 2021 activities were held 79 times with 776 participants. Although plants also actively participate in cleanup and other activities run by local communities, in fiscal 2021 participation was suspended to prevent the spread of COVID-19.

The Yakult Central Institute conducts staff-run cleanup activities on the second Thursday of every month. While the number of events has been reduced due to COVID-19, we continue to do cleanup activities in small groups. We also actively participate in initiatives that foster the next generation, like the Tama River Expedition for children where they can experience the joy of being in nature.

■ Recycling fair

A recycling fair is held annually at the head office building as part of our social contribution activities. All donations made by employees and profits from the sale of books are given to OISCA's Children's Forest Program. In 2021, donations from the recycling fair reached 69,506 yen. The Company donated the same amount as a matching gift.

Addressing poverty issues

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

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

Support for elderly people living poverty: Yakult Deutschland GmbH

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



A Christmas card with the Herzwirk logo

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

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



Donation of Yakult drinks to an orphanage

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

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

Support for the breakfast for kids project: Yakult China Group

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



Materiality

Supply chain management

Our approach

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

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

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

Risks and opportunities

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

Policies/Guidelines/Targets

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

Targets and achievements

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

Challenges and solutions

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

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

Message from the chief officer

**Akifumi Doi**

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

Keeping an eye on global trends and responding to change

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

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

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

Enhancing sustainability across the supply chain

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

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

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

Further promoting supply chain management

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

Sound relationships with business partners

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

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

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

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

■ Mutual prosperity with marketing companies

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

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

* As of March 2022

■ Compliance with the Subcontract Act

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

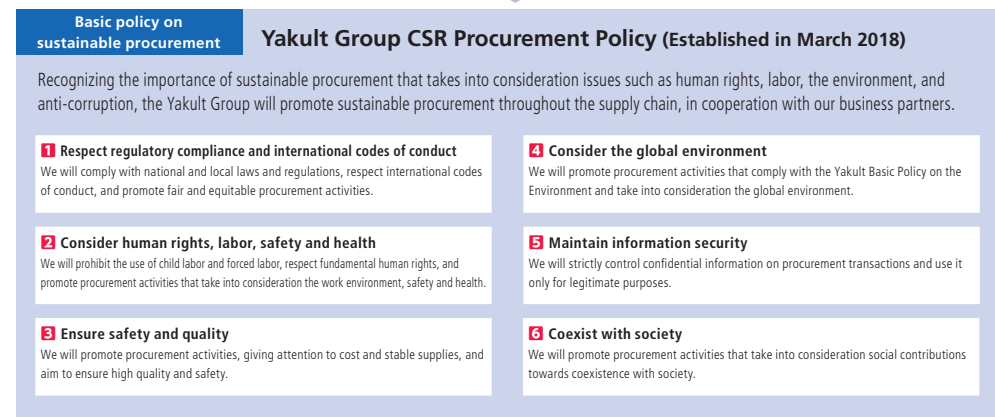
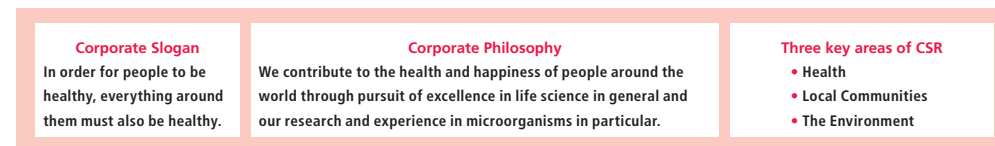
[Related information](#) ▶ [p. 90 Compliance ▶ Anti-corruption](#) ▶▶

Promoting sustainable procurement

■ CSR Procurement Policy

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

Yakult Group's vision for sustainable procurement

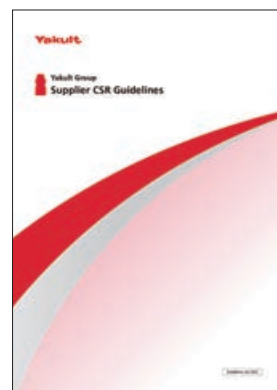


■ Supplier CSR Guidelines

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

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

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



WEB [Yakult Group Supplier CSR Guidelines >>>](https://www.yakult.co.jp/english/csr/policy/pdf/supplier_csr_guidelines.pdf)

https://www.yakult.co.jp/english/csr/policy/pdf/supplier_csr_guidelines.pdf

Requests to our business partners (summary)

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

■ Evaluation of business partners and collaboration

Based on our CSR Procurement Policy, we carry out supplier risk assessments through an annual CSR procurement survey in order to identify high-risk suppliers on issues such as the environment, human rights, occupational health and safety and anti-corruption. The fiscal 2021 survey was carried out in June for 124 business partners accounting for the top 90% of our total procurement cost related to manufacturing.

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

Supplier selection criteria for implementation of CSR procurement survey

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

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

For high-risk suppliers identified by this survey, we provide materials explaining our sustainable procurement initiatives, and engage in support activities with the aim of capacity building for these suppliers, including providing information on supply chain management and raising awareness about the need for sustainability initiatives.

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

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

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

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

CSR procurement survey results (July 2021)

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

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

Number of business partners by average score

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

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

■ Supplier communication (holding a presentation for business partners)

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

For our major business partners, such as raw material suppliers and manufacturing subcontractors, we explained the Yakult Group CSR Procurement Policy and conducted a survey in order to promote understanding and implement the policy. In March 2019, we held a general

briefing session on the policy for all our production subcontractors (19 companies) to ask for their understanding and cooperation. We share social issues and specific cases related to human rights, labor, the environment and anti-corruption. We also share our ongoing efforts to promote sustainable procurement that increases social sustainability throughout the supply chain, in order to consider the impact on society and the environment and reduce risks.

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

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

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

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

■ Raising sustainable procurement awareness

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

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

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



Sustainable procurement promotion meeting

Awareness-raising activities regarding sustainable procurement

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

■ Green procurement

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

Fiscal 2021
Green procurement ratio:

65.0%

(head office, research institute, Honsha plants)

Yakult Basic Policy on Green Procurement

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

Scope of policies All manufacturing, marketing, office and R&D facilities.

Basic policies

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

Established: March 5, 2001

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

WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_green_policy.pdf

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

Stable procurement of raw materials

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

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

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

Stable procurement for pharmaceuticals

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

Stable procurement for cosmetics

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

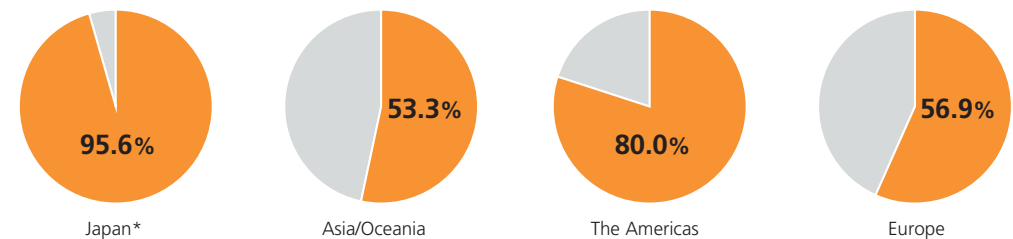
Our commitment to local employment and sourcing

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

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

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

Locally procured raw materials (Fiscal 2021)



* Results for dairy product raw materials

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

Human rights

Human Rights Policy

The Yakult Group operates globally, based on our philosophy of contributing to the health and happiness of people around the world. To make this a reality, it is important to create a society in which human rights are protected and respected all over the world.

We recognize that our actions may have a direct or indirect impact on human rights during the course of conducting business, or through our value chain. In order to ensure that the human rights of all people involved in our business are respected, in fiscal 2021, we established the Yakult Group Human Rights Policy in April after deliberation and approval by the Board of Directors. The Policy clearly states that we shall promote human rights based on the framework of the United Nations Guiding Principles on Business and Human Rights (referred to below as the “Guiding Principles”), which is the global standard for human rights. Using that framework, we will continue to develop and implement mechanisms for human rights due diligence.

Human rights promotion structure

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

Human rights due diligence

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

Yakult Group Human Rights Policy

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

The Yakult Group recognizes that during the course of conducting business, or through our value chain there exists the possibility that the group may have a negative impact on human rights, either directly or indirectly, and in order to ensure that the human rights of all people involved in the business are respected, the group shall hereby establish the Yakult Group Human Rights Policy (hereinafter referred to as the “Policy”), shall promote initiatives to further the respect of human rights, shall undertake continuous improvements, and shall contribute to the realization of a sustainable society.

The Yakult Group acts in accordance with the United Nations’ “Guiding Principles on Business and Human Rights” for respecting human rights and supports and respects the following international principles in the execution of its business activities:

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

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

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

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

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

Established: April 27, 2021

Hiroshi Narita
President and Representative Director



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

WEB https://www.yakult.co.jp/english/csr/social/human_rights/

14 key human rights issues for the Yakult Group

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

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

■ Human rights due diligence promotion council

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

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

Human rights due diligence promotion council

Secretariats of various CSR Promotion Committees*

Compliance Promotion Team

International Business Department
(department responsible for overseas offices)

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

Upholding human rights in advertising

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

■ Avoiding discriminatory language and protecting copyrights and portrait rights

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

■ Children and advertising

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

Related information ▶ p. 73 Customer satisfaction: Honest and responsible advertising ▶▶▶

Protecting employees' human rights and raising awareness

■ Employee consultation desk

We have established both an internal consultation desk (Health Management Office) and an external consultation desk as a means to enhance and expand our consultation system for employees concerning mental health, harassment and related issues. In particular, our external consultation desk has enabled us to further improve our consultation system by providing face-to-face counseling in addition to email and phone consultations.

We have broadened the scope of the system so that not only employees but also their family members can receive consultations. This makes it possible to address concerns in their personal lives as well as issues at work.

■ Training on human rights

Training on human rights is given as needed, such as when a new recruit joins the Company. The training includes a lecture on basic knowledge concerning human rights and harassment, and seeks to deepen understanding of the risks involved in inadvertently violating a person's human rights, which includes discrimination and prejudice arising from common assumptions. We pay particular attention to ensure that individuals become neither a perpetrator nor a victim.

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

Upholding human rights during the COVID-19 pandemic

■ Responding to changes in the labor environment

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

■ Production facilities in and outside Japan

The most important role of our production facilities is to ensure a stable supply of safe and reliable products. Therefore, as a general rule, employees involved in manufacturing still commute to work. Measures to prevent infection are being thoroughly implemented, along with strict rules for dealing with confirmed or suspected cases of COVID-19 among employees.

■ Protecting the human rights of infected individuals

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

Preventing harassment

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

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

■ Compliance training

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

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

■ Compliance newsletter

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

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

■ Action in cases of harassment

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

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

■ Action for suppliers

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

Related information [p. 58 Supply chain management > Promoting sustainable procurement >>>](#)

■ Establishment of a harassment committee

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

Respecting human rights and cultural diversity around the world

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

■ Initiatives in Japan

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

■ Halal certification: Outside Japan

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



Halal certification symbol

Upholding human rights in the hiring process

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

■ Initiatives outside Japan

• Initiatives in the US: Yakult U.S.A. Inc.

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

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

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

■ Initiatives in Japan

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

Response to local human rights due diligence legislation

■ UK Modern Slavery Act: Yakult UK Ltd.

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

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

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

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

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

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

Product safety

Basic policy on product quality

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

Yakult Group Basic Quality Policy

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

The Yakult Group Basic Quality Policy covers the following.

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

Established: March 30, 2021

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

WEB https://www.yakult.co.jp/english/csr/social/product_safety/

Product quality certifications

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

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

Certifications acquired for product quality

(Number of certified locations: as of August 2022)

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

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

*2 Includes branches that have acquired the certification

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

- HACCP: A system for assuring safety by implementing thorough hygiene management across the entire manufacturing process
- ISO 9001: An international standard for quality management systems
- ISO 22000: An international standard for food safety management systems based on HACCP hygiene management methods
- FSSC 22000: An international standard for food safety management systems based on ISO 22000 that incorporates food defense and other matters
- GMP (Good Manufacturing Practice): An international standard for pharmaceuticals and food manufacturing management and quality control

Note: In Taiwan, the plant obtained TQF (Taiwan Quality Food) certification which is equivalent to GMP.

- Halal: A standard for food quality management systems based on Islamic Law
- ISO 45001: An international standard for occupational health and safety management systems
- SQF: An international standard for management systems that ensure the safety and quality of food products

WEB Please refer to the following URL for details about certification acquired by each company >>>

https://www.yakult.co.jp/english/csr/social/product_safety/certification/index.html

Quality management systems

Raw material management

When selecting our main raw materials for ingredients and packaging, including powdered skim milk, paper and plastic, at the product design stage, we investigate and analyze the types of raw materials, additives, and processing aids used during the manufacturing process of the raw materials, and decide to utilize them only if they conform to the Food Sanitation Act and related laws, and after rigorously confirming their safety. Investigation results are consolidated in our raw material database.

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

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

Production

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

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

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

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

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

Logistics

Yakult Logistics Co., Ltd. makes logistics quality the foundation of its mission to deliver fresh products at their peak of quality.

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

Marketing

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

Initiatives in cosmetic and pharmaceutical production

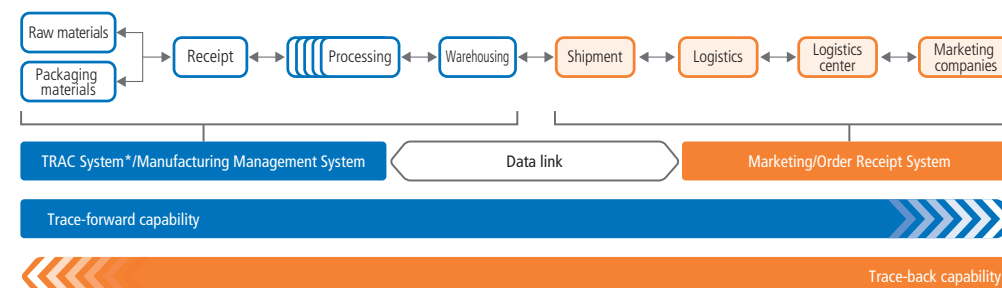
To maintain safe and standardized product quality during all processes at our pharmaceutical plant, from receipt of raw materials to product manufacturing, quality testing and storage, we follow the pharmaceutical Good Manufacturing Practice. We also follow the GMP standards of the countries to which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

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

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

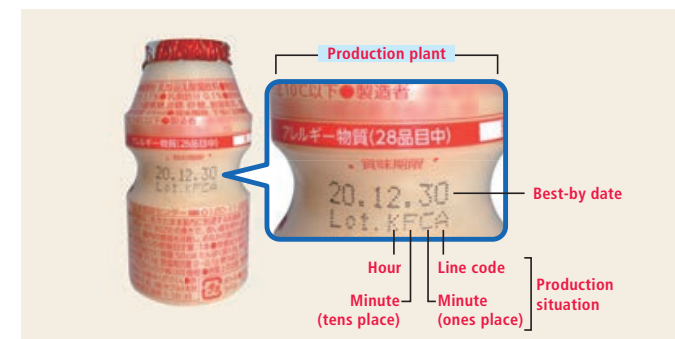
Traceability system

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



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

Product print example: New Yakult



■ Independent food safety audits: Yakult China Group

In order to provide consumers with safe, secure and delicious products, regular independent food safety audits are carried out in China based on the Food Safety Law. In fiscal 2021, audits took place in July at the Shanghai, Tianjin and Wuxi Plants. Due to COVID-19 related restrictions on business travel, the planned year-end audits were postponed.



An independent food safety audit

Active disclosure of product information

■ Universal design fonts for product labeling

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

■ Easy-to-understand allergen information

We display the allergens contained in our food and beverage products on the ingredients list as stipulated by law. To make it easier for customers to get the information they need, we also separately provide the names of allergens included or not included for 28 types of allergens: 7 specified ingredients that are for mandatory labeling and 21 others that are recommended for labeling. Our website also lists the allergens (out of 28 different allergens) contained in our food and beverage products.

An example list of allergens



アレルギー物質(28品目中)乳・大豆

WEB Product Information > Food Ingredients and Allergens >>>

<https://www.yakult.co.jp/products/component.html> (Japanese)

Access to better nutrition

Lifestyle changes have made obesity, diabetes and metabolic syndrome more prevalent in industrialized and emerging economies, prompting calls for measures to prevent lifestyle diseases from a young age. Also, the shift to super-aged societies in developed countries is increasing the need for highly nutritious foods to address smaller meals and increasing frailty*1 among older people with a view to extending their healthy life expectancy. On the other hand, developing countries are facing hunger and malnutrition issues due to poverty.

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

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

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

For example, in Japan, we launched such products as *Yakult 1000* and *Y1000*, which contain *Lactobacillus casei* strain Shirota that can not only improve the intestinal environment but also relieve stress and improve sleep quality; *Yakult Five*, which is fortified with five different popular nutrients; *Joie*, which supplements daily nutritional requirements for vitamins and minerals; and *Kininaruyasai Ichinichibunno Multivitamin Tomato & Red Grape*, which provides a meal's worth*2 of six water-soluble vitamins (niacin, vitamins B₁, B₂, B₆ and C, and folic acid) that are often deficient in the diet in one easy and delicious serving. We also provide nutrient-enriched products that meet global health needs.

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

*2 Equivalent to one-third of the reference daily values for nutrients, etc.

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

Customer satisfaction

Role and systems of the Customer Support Center

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

Customer feedback

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

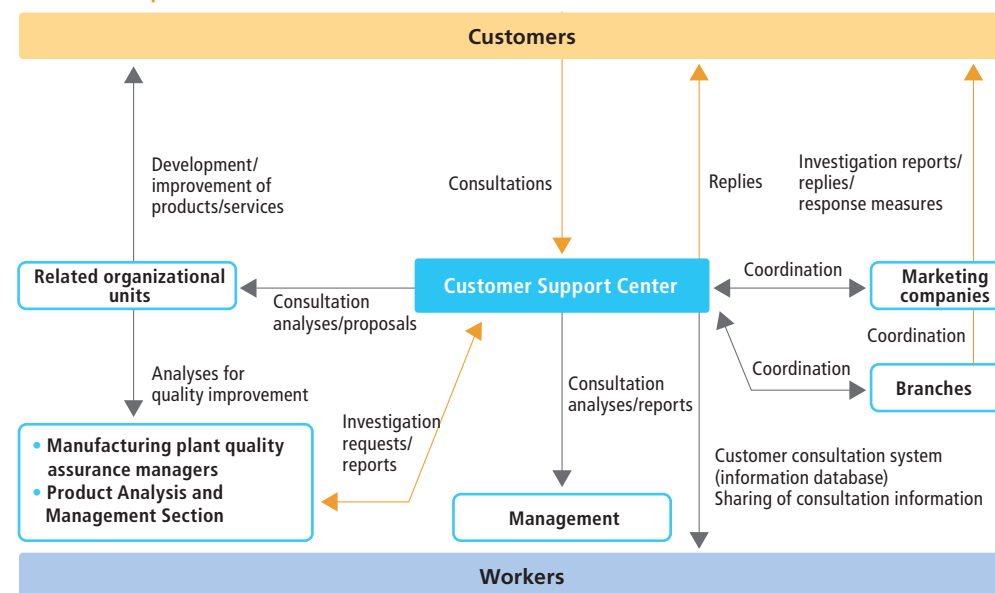
In fiscal 2021, the Center received 32,638 consultations.

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

Customer consultation in fiscal 2021

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

Customer response flow



Customer Support Center

Toll-Free: **0120-11-8960** (In Japan only)

(10:00 to 16:00, except Saturdays, Sundays, holidays, summer holidays, year-end and New Year holidays, and so on.)

Note: The hours of operation are reduced.

Helpline: **0570-00-8960** (In Japan only)

Customer communication through social media: Overseas

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

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

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

Using customer feedback in products

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

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



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

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

Expanding Yakult Delivery Net online ordering service

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

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

■ Customer satisfaction improvement in Mexico

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

Communicating with customers and providing health information

■ Plant and institute tours

For a deeper understanding of our products and the Group's commitment to the environment and producing safe products that offer peace of mind, we proactively offer tours of our plants. The tours are not just for members of the general public of all ages but are also popular as destinations for elementary school field trips and environmental programs and as sources of information for opinion leaders and people with a particularly strong interest in health issues.

To simplify the way customers can make reservations for plant tours, we introduced an online reservation system in September 2018. Additionally, to make it easier for the elderly and customers with disabilities to comfortably tour our plants, we are introducing elevators, ramps, and handrails in plant tour areas to make each plant more accessible to all.

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

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

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

■ Use of online tools

• Shonan Cosmetics Plant

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

• Dairy plants in Japan

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

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

Plant tours were cancelled due to the impact of COVID-19, but virtual plant tours were started in October 2020. This enabled not only people who were prevented from visiting the plant due to COVID-19 to take part but also those who live in remote regions to experience the tours. In fiscal 2021, 18,299 people took part.

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



Connecting schools online



Conducting an online plant tour in Indonesia

■ Healthist

Healthist is a magazine first published in 1976 that provides easy-to-understand information to the general public, from the newest discoveries in life science and cutting-edge research to health-related topics and useful information for daily life. Some 50,000 copies of the bimonthly, Japanese-language magazine are published each year. From fiscal 2020, we launched an online version to make the magazine more widely available.

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



Healthist

Understanding and complying with marketing rules

■ Training for Yakult Ladies

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

To facilitate continuous training and information sharing, we publish a magazine for Yakult Ladies four times per year. "Mind your manners" campaigns were held twice during fiscal 2021. We also introduced a form of study via the internet, through which participants could go over the key points in building trust with customers while preventing the spread of COVID-19. In addition, we used the Safety and Security Clinic, a website where Yakult Ladies can independently acquire information on safety and security and conduct home delivery self-checks, to raise awareness of these issues.

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



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

■ Training for route sales representatives

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

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

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



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

Honest and responsible advertising

■ Establishing an advertising policy

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

Yakult Group Advertising Policy

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

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

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

Established: March 30, 2021

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

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

WEB https://www.yakult.co.jp/english/csr/download/pdf/2022_advertising_policy.pdf

■ Considerations in the production of advertisements

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

■ Internal review for responsible marketing

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

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

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

In fiscal 2021, we carried out 1,063 screenings and reviews, constantly making sure to prevent issues from arising.

* Industry-led standards

The code of fair competition for food for specified health uses (FOSHU Fair Trade Council)

<http://www.jhnfa.org/tokuho-kyougikai/kiyaku-1.pdf> (Japanese)

Code of fair advertising practices: Foods with Function Claims

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

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

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

Protecting customers' personal information

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

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

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

Yakult Group's Privacy Policy

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

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

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

Revised April 2022

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

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

■ Training for Yakult Ladies

Yakult Ladies often have the opportunity to handle customer personal information in their line of work, and we enforce rules for the handling of this information through training and handbooks. We remind them that utmost care must be taken never to leak or lose any information received while on duty.

■ GDPR compliance

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

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

Health-focused management

Statement on Health

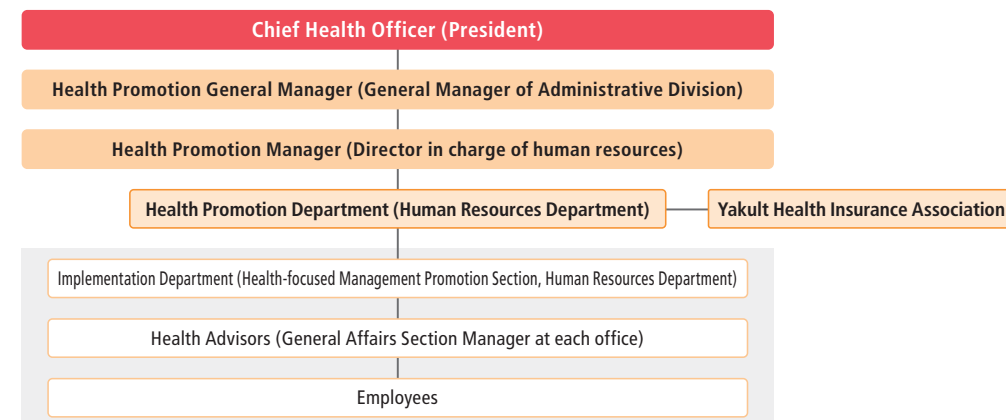
■ Initiatives based on our Statement on Health

The Yakult Group sees employee health maintenance and improvement as an investment that can enhance profitability in the long run. Viewing these concerns as a management issue, we promote strategic Health-focused Management and published in September 2017 our Statement on Health. To actively promote Health-focused Management, we established a new, dedicated Health-focused Management Promotion Section within the Human Resources Department in fiscal 2020. While encouraging employees to manage their own health, the Group is also proactively engaged in the health maintenance and improvement of its employees. By further boosting everyone's awareness and keeping them in good health, we aim for continuous and stable business development.

Statement on Health

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

Health-focused Management promotion system



White 500 certification for five consecutive years

In 2022 we received “White 500” certification for the fifth year in a row. This is awarded to companies that meet the standards set by Japan’s Ministry of Economy, Trade and Industry to proactively promote employee health and productivity management.

Yakult Health 21

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

Helping employees to quit smoking

As well as implementing a total ban on smoking during working hours, we encourage smokers to quit and support their efforts to kick the habit, such as by fully subsidizing the cost of cessation treatment.

Health management for employees posted overseas

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

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

Initiatives in Japan

■ Cancer screenings for women

At some business sites we offer mobile cancer screenings for women during working hours, aimed at health promotion and early-stage detection of breast and uterine cancer.

In fiscal 2022, we partnered with medical facilities in the vicinity of each business site to make it even easier for women to get screenings. We are aiming for over 70% of female employees to be screened by fiscal 2025.

■ Periodic health consultations and sharing issues in the workplace

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

■ Yakult Stretch workplace exercise

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

Mental health measures

We keep employees motivated by reducing stress that comes from workload pressures and workplace relationships and also endeavor to create cheerful and welcoming work environments through various measures and training sessions.

■ Consultation desk

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

■ Health advisors

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

■ Stress checks and organizational analysis

We conduct stress checks using legally prescribed methods and compile the results by workplace to provide feedback to supervisors. This has proven useful in improving workplace environments.

Diversity

Fundamental philosophy about diversity

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

Empowerment of female employees

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

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

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

Fundamental philosophy

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

Numerical targets

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

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

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

Career design training for women

To continue being a company where everyone can succeed regardless of gender, we offer career design training for women who have concerns about their future career to help them work confidently toward advancement.

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

Empowerment of women outside Japan

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

Main overseas initiatives

Country and region	Details
China	<ul style="list-style-type: none"> • Shorter working hours (one hour per day for one year) for women following childbirth (used by all eligible female employees) • Half-day leave for employees with children under 14 on Children's Day, June 1
Vietnam	<ul style="list-style-type: none"> • Female employees can take up to three 30-minute breaks during their menstrual period • Female employees with children under 12 months can take an hour break every day
Philippines	<ul style="list-style-type: none"> • Maternity leave system
Indonesia	<ul style="list-style-type: none"> • Expectant mothers are encouraged to take antenatal leave • A childcare room is available in the head office building
Middle East	<ul style="list-style-type: none"> • Maternity leave system and 18 months of reduced working hours for mothers
Mexico	<ul style="list-style-type: none"> • Dedicated rooms for nursing mothers to express milk (Ixtapaluca Plant and Guadalajara Plant)
Brazil	<ul style="list-style-type: none"> • Employees receive childcare benefits from the child's birth until the age of six months
Australia	<ul style="list-style-type: none"> • The company provides 8 weeks of paid parental leave on top of the 18 weeks paid by the state, making a total of 26 weeks

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

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

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

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

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

Employment of persons with disabilities

Yakult Honsha hires and assigns employees taking into account their personal abilities, ambitions and aptitude, while giving sufficient consideration to the nature of their disability. Our personnel system motivates all employees to demonstrate their abilities and succeed in their careers despite any disabilities. With the relocation of the Yakult Honsha building, we are aiming to make the workplace accessible and comfortable for everyone, including installing multi-functional toilets based on a universal design approach. We will continue to expand employment, such as by actively hiring people with disabilities.

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

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

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

Promoting employment of older people

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

Rate of continuous employment at retirement age (Yakult Honsha)

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

* Including those persons who have transferred to another company

Work-life balance

Fundamental philosophy about work-life balance

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

Initiatives for work style reform

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

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

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

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

Fiscal year	2017	2018	2019	2020	2021
Percentage of annual paid leave taken (%)	58.8	70.9	76.9	71.7	76.5
Average overtime hours (per month)	8.5	10.5	10.7	8.1	9.0

■ Initiatives in Brazil

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

■ Initiatives in Guangzhou

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

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

Balancing work and childcare/nursing care

■ Platinum Kurumin certification

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

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



■ Parental leave for fathers

Yakult Honsha has established a saved leave system in which employees can save the unused paid leave exceeding the carry-over limit and use it for other purposes, such as parental leave or nursing care leave. There has been an increase in the number of male employees taking parental leave, as we have been encouraging male employees—even before the enforcement of the revised Child Care and Family Care Leave Law on April 1, 2022—to take parental leave as soon as we learn that their spouse has given birth. Our target is for over 50% of eligible male employees to take parental leave by 2025, and for them to take an average of five days or more.

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

Number of employees taking parental leave (Yakult Honsha)

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

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

■ Building a pleasant work environment for parental leave takers

As part of its efforts to provide pleasant workplace environments, Yakult Honsha organizes roundtable meetings for employees who are returning to work after taking parental leave so that they can go back to work with confidence and subsequently maintain a good balance between work and childcare. The meetings serve as a platform for the Human Resources Department to provide information and to exchange ideas with employees who are already successfully balancing work and childcare. Encouraging a smooth return to work for participants enables the optimum use of their limited time and contributes to a dynamic work environment.

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

■ Nursing care support system

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

Promoting career management

We have introduced a career management system allowing employees to take on side jobs to facilitate their acquisition of knowledge and skills for a second career and to accommodate flexible work styles according to their life situations and self-fulfillment needs. In addition, for employees at the age of 55, we offer a Life Plan Seminar that provides an opportunity to consider work styles and motivations in life, while also promoting understanding of the continuous employment system, to help them enjoy a fulfilling life after retirement age.

Occupational health and safety

Reducing occupational accidents

The Occupational Health and Safety Committee spearheads our effort to undertake thorough safety management and to create safe and comfortable work environments so that employees can work with peace of mind. As a result of these efforts, the rate of accidents at work has remained at an extremely low level, with commuting incidents accounting for the majority of cases. In the past 10 years, there have been no fatal accidents involving regular employees or contract employees.

Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2017	2018	2019	2020	2021	Whole industry average*3
Work accident frequency rate*1	0.53	1.06	1.39	0.20	0.40	2.09
Work accident severity rate*2	0.0219	0.0109	0.0137	0.0020	0.0006	0.09

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

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

*3 Whole industry average: Partial extract from the Ministry of Health, Labour and Welfare's Survey on Industrial Accidents (2020)

■ Safety and health inspection tours and environmental improvement measures at plants

We regularly conduct safety and health inspection tours at each of our plants in Japan and actively respond to any findings for improvement. As examples of improvements to address problems identified by these tours, we have recently replaced ladders with stairs to alleviate the physical strain of elderly workers during equipment inspections, repaired dangerous areas that were posing a risk on site, installed measures to stop shelving from tipping over in case of an earthquake, and installed conveyors to reduce lower back strain on operators during product disposal.

We are also improving working environments by choosing energy-saving and low-noise models when replacing older machinery.

■ Safety and health training at plants

We conduct safety and health training at each plant in Japan, using risk assessments to reduce workplace accidents. We also utilize external resources and internal and external trainers to provide safety training required for specific roles, including working with hydrogen sulfide and oxygen deficiency risk, handling of hazardous materials, and the use of safety harnesses for working at heights.

In cooperation with manufacturers of production and energy supply equipment, we also hold training sessions that cover the operation and function as well as the maintenance method of each type of equipment. This improves employee skill level and safety awareness, helping prevent work-related accidents.

Additionally, as many employees commute by car to our plants, we hold courses on traffic safety to raise awareness of safe driving.

■ Equipment to reduce workload and prevent workplace injury

In Japan, plant equipment is washed automatically at the end of production, but to prepare for this, detergent previously needed to be transported and inserted by workers. Out of concern that workers may fall or chemicals may spill, resulting in workplace injuries, we introduced an automatic detergent dispensing system.

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

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

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

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

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

■ Sales-related measures

To raise awareness of safe driving, we periodically conduct in-house information sessions and training at driving schools for medical representatives who use corporate vehicles. For the safety of our employees, all vehicles are equipped with automatic brake assist systems to help prevent rear-end collisions.

Human resources development

Fundamental philosophy about human resources management

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

Human Resources Management Policy

- Individuals shall recognize their own challenges, and improve their knowledge and skills
- We unite diverse individuals and the organization to improve ability to take action
- We create motivating workplaces for each individual to facilitate the above

Increase productivity through alignment of growth vectors



The three pillars of human resources development strategy

- Foster personnel to establish a growth driver
- Foster personnel in a way that supports the growth of diverse individuals
- Foster personnel capable of embodying shared values

Message from the chief officer



Hiroshi Wakabayashi

Deputy President and Executive Officer
Divisional General Manager of Administrative Division

Investing in our workforce from a human capital management perspective

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

They are important assets who create value, enabling us to achieve our corporate philosophy, namely, "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." Our human resources development efforts are thus marked by active investment in human capital.

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

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

Striving for sustained growth of corporate value

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

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

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

Fostering global human resources

We place special priority on fostering personnel who can excel in our growing international business and other global capacities. Our global internship system provides employees with work experience at overseas offices to help them deepen their understanding of the Group's international business, and to foster a global company culture. This system was implemented online in fiscal 2021 due to the spread of COVID-19 and is scheduled to be held under similar arrangements in fiscal 2022.

Participant comments



Aki Masuda

Senior Staff, International
Operations Department

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

Decent work

Personnel system that motivates employees

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

Major personnel systems: Yakult Honsha

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

Providing an enjoyable working environment

■ Inclusive working environment for diverse employees

Recognizing that our employees have diverse work styles, abilities and values, and that diversity is the seed of innovation, the Yakult Group strives to create an enjoyable working environment where each employee can make the most of their strengths. In an effort to provide a better work environment, Yakult Honsha promotes the health of our employees from the perspective of Health-focused Management, with employee interviews being conducted at each business site in Japan.

■ Respect for basic labor rights

We do not currently have an in-house labor union, but we work with representatives of the majority of employees at each workplace to ensure that employees' voices are heard. Before bringing in any changes that will significantly affect our employees, we hold briefing sessions for all employees and try to build consensus.

Comparison of starting salaries and minimum wage (fiscal 2021)

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

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

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

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

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

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

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

Initiatives for Yakult Ladies



Improving the working environment for Yakult Ladies

We are developing and introducing systems and equipment to improve the working environment for Yakult Ladies. Specific measures include the introduction of portable terminals to make keeping track of customer information more efficient and an online payment system allowing collected fees to be processed at each sales center, without the need to go to a bank. We have also introduced COMS electric vehicles to both reduce CO₂ emissions and make deliveries more efficient.

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



COMS electric vehicle

Supporting Yakult Ladies as employees

In response to Yakult Ladies seeking employment stability, we have decided to offer Yakult Ladies the option of becoming employees of the Company. This will help us to secure human resources who will continue working over the long term. Currently, nearly 10% of Yakult Ladies have become employees.

Retention of Yakult Ladies

In fiscal 2019 we launched a financial planning consultation desk and money-related seminars so that Yakult Ladies can receive money-saving advice from financial planners. We will continue to promote comfortable working environments for Yakult Ladies at every stage of their lives.



Money-related seminar

Yakult daycare centers for children

The Yakult Group has been running its own in-house daycare centers since the 1970s and now operates 1,033 centers in Japan (as of March 2022). We promote the operation of safe and secure daycare centers that meet national standards and offer quality childcare by training care providers throughout the country and distributing our original childcare magazine.

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

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



Safe and secure childcare centers

Pick up!

Yakult Ladies in Indonesia

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

