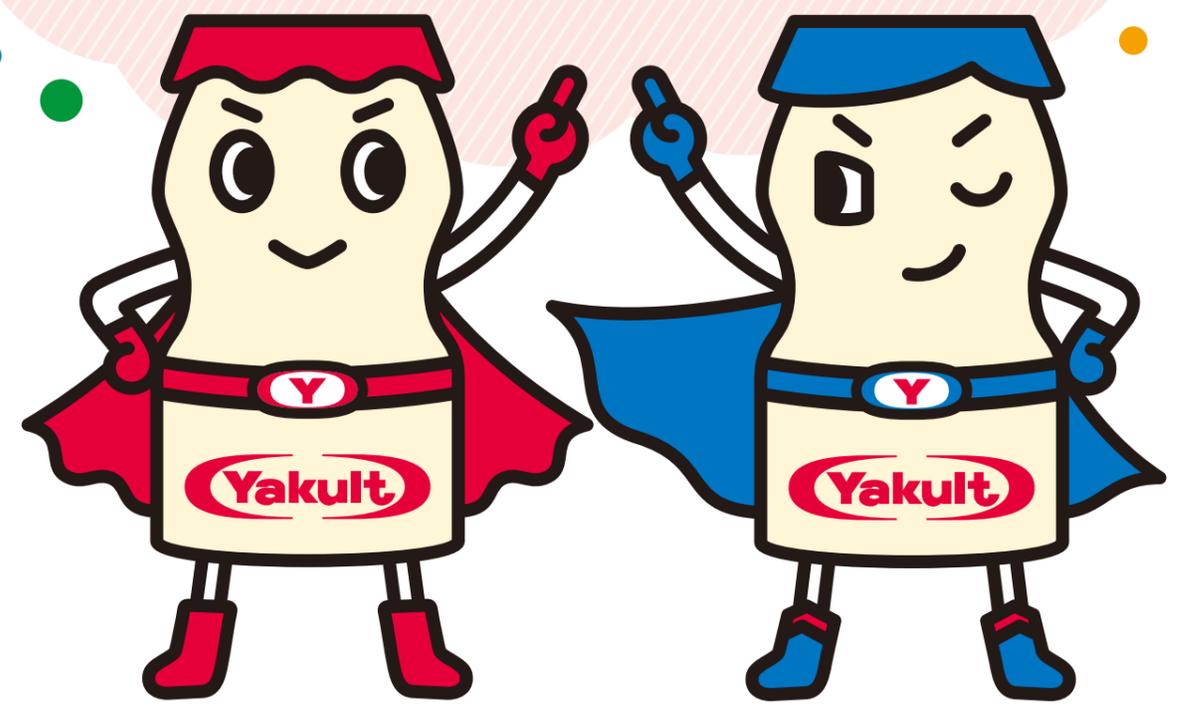




Yakult
CSR Communication Book
2020



Yakult Honsha Co.,Ltd.

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 Published on: November 2020
 Next version: November 2021



Please find the Yakult CSR Report 2020 (76 pages) by using the above QR code.



Printed on paper made with wood from forest thinning. "Morino Chonai-Kai" (Forest Neighborhood Association) — supporting sound forest management.



This booklet is printed with ink that does not contain volatile organic compounds (VOC), which have been identified as contributing to climate change.



The passion that lives on in the Yakult Group

Yakult's founder, Minoru Shirota, a Doctor of Medicine, began his medical studies in 1921 at Kyoto Imperial University (now Kyoto University). At the time, Japan had yet to achieve economic prosperity, and unsanitary conditions caused large numbers of children to die of infectious diseases. Disturbed by that reality, while still a medical student Dr. Shirota set his sights on the field of preventive medicine, which aims to help people avoid sickness rather than treating diseases after they occur, and started down the path of microorganism research.

In his research, Dr. Shirota discovered that lactic acid bacteria were effective in suppressing harmful bacteria within the intestines, and he later succeeded in strengthening and culturing strain so that it reached the intestines alive. This is now known as *Lactobacillus casei* strain Shirota.

Together with those who have the same spirits, Dr. Shirota then developed an inexpensive, good-tasting beverage, so that as many people as possible could benefit from *Lactobacillus casei* strain Shirota. That is how the *Yakult* fermented milk drink was born in 1935.

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

Message

**Supporting people's health through thick and thin.
Through our products and our various initiatives,
we will strive to help our customers and wider society.**

Yakult is working on initiatives to bring about sustainable societies throughout the world, focusing on what we believe are the three key CSR areas that are deeply connected to our business: health, local communities, and the environment.

Our lives have drastically changed in 2020 because of the COVID-19 pandemic. Today, we are expanding various initiatives globally to keep our customers and workers safe and to support society [▶ P.9](#).

These circumstances have made me more keenly aware of one of the concepts that makes up Shirota-ism: preventive medicine. [▶ P.2](#). Yakult was initially a company that was conceived by Minoru Shirota's desire to save children from dying of infectious diseases. Our aim is to contribute to the health and happiness of people through products based on solid research and various services. We consider this very business to be a form of CSR, which directly links to our efforts toward achieving each of the SDGs [▶ P.7](#).

We expect the current situation to constantly change. But through our products and initiatives, we will continue to think of ways to help our customers and wider society. To that end, we will keep listening to feedback from customers and all our stakeholders as we expand our CSR activities.

Takashige Negishi

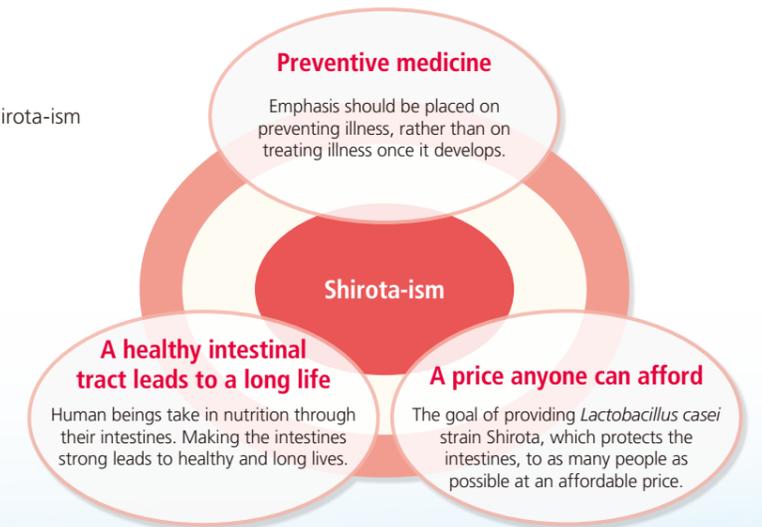
Takashige Negishi
President and Representative Director



Shirota-ism

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

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



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Promoting CSR throughout the supply chain



Yakult Man, your digestive ally that keeps the peace in your intestinal tract, and Yakult Man Blue

The Yakult Group in Numbers

The Yakult Group delivers good health to people in 40 countries and regions worldwide. Here, we showcase the features of our business operations and CSR activities in numbers.

* Figures are for fiscal 2019

Yakult's founding

1935

In the past, Yakult was filled in a glass bottle.

Since being introduced to the market in 1935, Yakult has become known worldwide over its more than 80-year history. The Yakult Group has made a number of research achievements in the pursuit of life science.

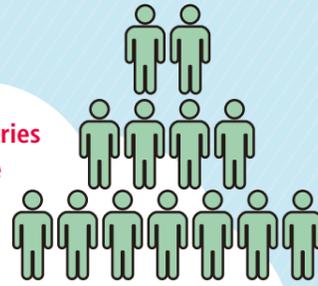
The familiar Yakult containers, which was certified as 3D trademark in January 2011.



Countries and regions we cover

Marketing population in countries and regions where we operate

2.4 billion



We cover about one-third of the world population, and will continue to expand our presence.

Women's participation

Ratio of female managers

Japan **6.7%**

Outside Japan **24.7%**

Ratio of female board members

Japan **6.6%**

Within Yakult Honsha and business sites outside Japan



Number of Yakult Ladies worldwide

80,000



Over 80,000 Yakult Ladies are delivering good health worldwide.

CO₂ emissions

Japan Compared to fiscal 2010

8.1% cut

We have been steadily reducing our environmental impact based on the Yakult Environmental Action Plan.



Water consumption

Japan Compared to fiscal 2010

20.8% cut

CO₂ emissions and water consumption of Yakult Honsha, bottling companies and logistics (designated shippers)



Yakult Ladies' community support initiatives

Courtesy visit activities*

* 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.



2,700

Yakult Ladies visited

37,000

elderly people at home

Community safety watch and crime prevention activities

26,000

Yakult Ladies conducted the activities in cooperation with

870

local governments, and police and fire departments nationwide



Dispatch of guest lecturers

Participants (Lectures)

Japan **280,000**
(4,100)

Outside Japan **3,880,000**
(51,700)



Promoting health through sports

Baseball clinics by current players

Participants (Clinics)

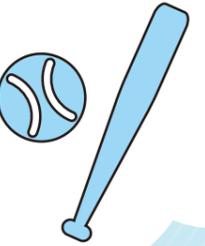
1,078



Tsubame baseball clinics by retired players

Participants (Clinics)

3,517



Three-year job retention rate of new graduates

95.7%



Reference
Average over all industries
College graduates: 75.0%
High school graduates: 74.0%
(Businesses with 1,000 or more employees, 2016, Ministry of Health, Labour and Welfare)

Job retention rate is extremely high because of health management initiatives, substantial employee benefits, a human resource policy that fosters job satisfaction, etc.

Health-related lectures

Participants (Lectures)

Japan **350,000**
(14,200)

Outside Japan **7,570,000**
(138,400)



The Yakult Group's Business and the SDGs

From research and development to the product you receive at home, Yakult is engaged in a variety of activities working towards achieving the SDGs. Here we introduce highlights from fiscal 2019, and new initiatives.



R&D

We undertake research to realize the concepts of preventive medicine and the idea that a healthy intestinal tract leads to a long life, and are applying research results in the development of food and beverages, pharmaceuticals, and cosmetics.



Fiscal 2019 Highlight

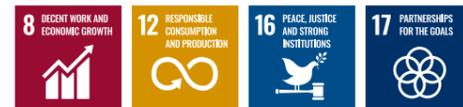
Citrus juice fermented with lactic acid bacteria found to reduce cedar pollen allergy symptoms

With the number of allergy sufferers on the rise, there is increasing demand for food and drinks with antiallergic effects. Continued consumption of citrus juice fermented with *Lactobacillus plantarum* YIT 0132 has been found to reduce symptoms of hay fever during pollen dispersal periods, and inhibit the reduction of cells that suppress excessive allergic reactions.



Procurement

We procure raw materials such as skimmed milk, sugar and packaging materials through fair trade.

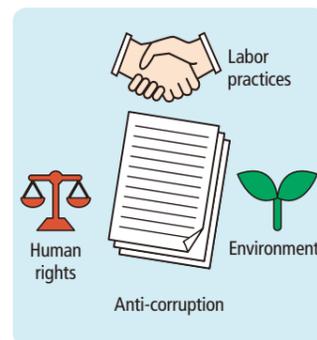


Fiscal 2019 Highlight

Highlight CSR procurement survey of 102 business partners

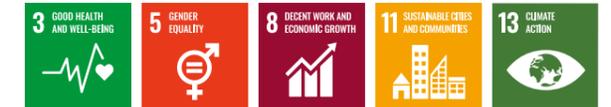
In line with our CSR Procurement Policy, we cooperate with our business partners to promote procurement that considers issues such as human rights, labor practices, the environment, and anti-corruption. Since fiscal 2018 we have conducted a CSR procurement survey of business partners, enabling us to understand the initiatives at each company. In fiscal 2019 we surveyed 102 companies and provided individual feedback on the results to encourage improvement in CSR procurement initiatives.

Related information p.17-18 Sustainable procurement initiatives



Sales

Besides the products themselves, we also provide customers with accurate product information as well as information useful for maintaining health.



Fiscal 2019 Highlight

Certified as a Company or Organization Promoting Food and Nutrition Education

Our efforts to provide health-related information through health-related lectures and dispatch of guest lecturers were recognized as a form of food and nutrition education by the Japanese Society of Shokuiku, and we were certified for the second consecutive year as a Company or Organization Promoting Food and Nutrition Education.



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

Logistics

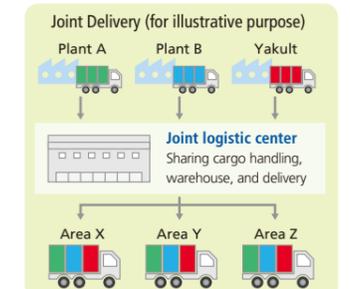
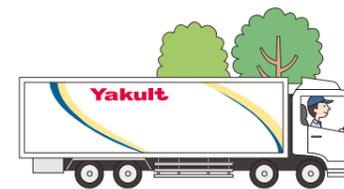
By ensuring fuel-efficient driving and choosing delivery methods that have reduced environmental impacts, we are reducing the amount of CO₂ emissions deriving from product shipments.



Fiscal 2019 Highlight

Promoting joint delivery with other manufacturers

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



Production

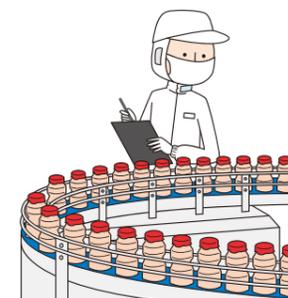
We use finite resources efficiently and employ environmentally conscious methods to manufacture high-quality products that are safe and offer peace of mind to customers.



Fiscal 2019 Highlight

Reducing water usage in the shrink labeling process

Water is used for cooling when applying shrink labels to *Yakult* and *Joie* products. Yakult Honsha plants and bottling companies are introducing equipment that doesn't use water, and in fiscal 2019 the Yakult Fukuoka Plant reduced their water use and wastewater volume by converting to this equipment.



Shrink label tunnel

The Yakult Group's Actions for the SDGs

Through its business operations, Yakult is working on various actions to help achieve the SDGs.

Sustainable Development Goals (SDGs) and Yakult's initiatives

The world is currently facing a number of economic, social and environmental issues.

It has been pointed out that, if the current rate of population growth and global consumption continues, by the year 2030 humanity will need the equivalent of two Earths to sustain itself.

Under these circumstances, the United Nations Summit in 2015 adopted the Sustainable Development Goals (SDGs). Countries around the world agreed on 17 goals and 169 targets with the aim of solving global problems and creating a sustainable society, and with the pledge to "leave no one behind."



Joy, a New Yakult Lady



The SDGs are all such big goals... But governments and international organizations seem to be on top of them...

Actually a key point of the SDGs is the need for **active engagement from the private sector**. Radical changes in thinking at the individual level are also necessary. Think of them as **goals that require governments, businesses and individuals working together toward their achievement**.

Andy, from CSR Promotion Department



I see. I also need to be aware of them as a Yakult employee, and as an individual. Is Yakult helping to achieve all 17 goals?

The Yakult Group's corporate activities are widely associated with all 17 SDGs, but we place the strongest focus on the following five particularly relevant goals. Our concrete actions are presented on the next page!

Goals highly relevant to the Yakult Group **3 5 8 12 13**

There are actions that are relevant to me too. I now feel it's something within reach. Yakult has many different businesses with many people working in them. Are they all aware of the SDGs?

Yakult manages various CSR goals and achievements under the **Yakult CSR Action Plan**, which incorporates elements of the SDGs as well. We also conduct campaigns for the SDGs and the **whole Group is working toward achieving the SDGs**.



Achieving the SDGs through these actions



Action 1 Health-related lectures and dispatch of guest lecturers to support healthy and enjoyable lifestyles

Our efforts to achieve the SDGs



Ensure healthy lives and promote well-being for all people regardless of age



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Our employees in Japan visit elementary schools and other locations, where they use scale models and explain in simple terms things like the important role of the intestines and proper daily habits conducive to good bowel functions.

For adults, marketing company employees in each region give health-related lectures at sales centers (Yakult Lady sales hubs) and community facilities on a wide variety of topics including the importance of the intestines, probiotics, and seasonal ailments.

Be an intestinal tract researcher at the Yakult Central Institute! (August 2019)

This event was held to raise interest in science and inform people of Yakult's research activities that carry on the spirit of Shirota-ism. Fifty-three fifth and sixth graders and their parents attended. After a quiz-type lecture on intestinal bacteria and probiotics, they toured the Shirota Memorial Museum and conducted an experiment using actual instruments to experience being a researcher. They also enjoyed learning about Yakult's joint research with the Japan Aerospace Exploration Agency (JAXA) and the ability of *Lactobacillus casei* strain Shirota to relieve stress.

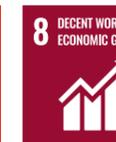


Action 2 Yakult Ladies worldwide

Our efforts to achieve the SDGs



Achieve gender equality and empower all women and girls



Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all

Yakult is well known for the Yakult Ladies who deliver products to homes and offices. Started in 1963, this unique home delivery system has since expanded around the world and become a powerful driver in the expansion of our business.

In regions where women's social advancement is not as well-progressed as other areas of the world, we support their employment with detailed follow-ups. You can find Yakult Ladies active in regions around the world.



Yakult Lady and her customer (Yakult (China) Corporation)

Action 3 Promoting plastic recycling of containers and packaging

Our efforts to achieve the SDGs



Ensure sustainable consumption and production patterns

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

In January 2019 we announced our Declaration of Action on Plastic Recycling. By 2025, we will establish the foundation for environmentally conscious container and packaging technology, and begin conversion to easily-recyclable materials, working to convert as much as possible by 2030.



Products no longer packaged with straws (Left) Japan: New Yakult 10-pack (Right) Malaysia: Yakult Ace

Action 4 Cutting CO₂ and water usage in production; adopting solar power

Our efforts to achieve the SDGs



Take urgent action to combat climate change and its impacts



Ensure availability and sustainable management of water and sanitation for all

At Yakult Honsha plants and bottling companies, we have introduced environmentally conscious equipment and LED lighting, and promoted efficient production to reduce CO₂.

We are cutting water usage by recycling water and reexamining our operations, and minimizing our impact on rivers through the thorough management of wastewater. We are also adopting solar power, a clean and renewable source of energy.

Related information p.15-16 Special Feature 3: The Environment Water resource conservation



Solar panels (Yakult Okayama Wake Plant Co., Ltd.)

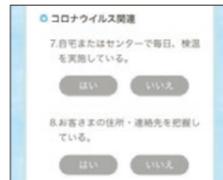
The Yakult Group's efforts to respond to COVID-19

In February 2020, the Yakult Group established the COVID-19 General Response Headquarters (headed by the President and Representative Director) tasked with preventing infection throughout the Group and continuing business activities. Our top priority is to ensure the safety of our customers and Yakult Group workers and their families in Japan and overseas. In response to requests from the government and communities, we are working to continue doing business to the extent possible in cooperation with local communities.

Concrete efforts

Employees

- Groupwide**
 - Providing face masks, universal mask wearing
 - Enforcing hand washing, coughing manners, alcohol-based disinfection, and temperature taking
- Yakult Honsha**
 - Promoting working at home (remote work)
 - Implementing flextime
 - Voluntary restriction on business trips within Japan and overseas travel
 - Voluntary restriction on holding meetings, promoting online meetings
 - Voluntary restriction on holding various events and social gatherings, revising how these are held
- Marketing companies**
 - Aid in the form of hand soap and rubber gloves
 - Recommending delivery methods that avoid close contact (delivery using cool boxes, ordering via Yakult Delivery Net with payment by credit card)
 - Providing guidelines in case of an infected person within the company
- Yakult Ladies**
 - Aid in the form of alcohol-based disinfectant sprays and face masks
 - Aid in the form of Yakult 400LT samples
 - Aid in the form of Lactdew S.E. Lotion (prevents skin problems caused by mask wearing)
 - Special relief payment
 - Providing cooling face masks and sunscreens
 - Creating a checklist of COVID-19 measures on the Safety and Security Clinic, a website for Yakult Ladies dedicated to a safe and secure delivery service



Checklist on the Safety and Security Clinic

Customers and local communities

- Providing products and relief supplies to nursing homes, schools, children's clubs, community centers, and retailers
- Exercises to cheer up nursing home residents
- Support for daily living assistance services for seniors
- Collaboration with charitable organizations
- Cancellation of plant and research institute tours

Healthcare and government institutions, etc.

- Healthcare institutions**
 - Providing medical masks
 - Providing products and relief supplies
 - Deepening understanding of Yakult's scientific evidence
- Government institutions**
 - Getting Yakult products recognized as daily necessities (providing scientific evidence, such as joint international research results)
 - Donating face masks and protective clothing to local governments and authorities (China)
 - Charity support (Shanghai Charity Foundation: 48 million yen)
- Others**
 - Providing products to police, immigration bureaus, etc. (outside Japan)

Signature board from children in an after-school children's club where Yakult donated products



Receiving words of appreciation from the Prime Minister of Vietnam Nguyen Xuan Phuc for donating 100,000 bottles of Yakult (Yakult Vietnam Co., Ltd.)



Donating products to healthcare facilities



Yakult U.S.A. Inc.

Yakult Middle East FZCO

Yakult (Thailand) Co., Ltd.

The Quick Guide to the Yakult Group's CSR Activities

Yakult runs CSR activities around the globe in our three key CSR areas: Health, Local Communities, and The Environment.



Health

→ P.11-12

Guest lectures on intestinal health



Health-focused Management



E-learning about cancers that particularly affect women

Health-related lectures



A health-related lecture for seniors (Yakult Nara Sales Co., Ltd.)

Promoting sports to the next generation



Ball-throwing clinics (Japan)



Yakult running clinic (Japan)



Supporting a rugby team (Yakult Australia Pty. Ltd.)

Occupational safety and health



5S (sort, set in order, shine, standardize, sustain) activities (Yakult (Malaysia) Sdn. Bhd.)

We're expanding our CSR activities worldwide!



Appealing Yakult value



Free samples at a hospital (Yakult Myanmar Co., Ltd.)

Improving work environments



Molding room with air conditioning reduces stress on workers (Yakult Okayama Wake Plant Co., Ltd.)

Community safety watch and crime prevention activities



Courtesy visit activities



Tree planting activities



Planting trees around the plant (P.T. Yakult Indonesia Persada)

- [Plants]** Reducing CO₂ (e.g. introducing energy-efficient production equipment)
- Reducing water usage (e.g. reuse, modifying usage)
- Adequate wastewater management
- Using solar power



Solar power generation (Fukushima Plant)

[Yakult Honsha, marketing companies] CO₂ reduction, water conservation

Local Communities

→ P.13-14



COMS electric vehicles used for delivery by Yakult Ladies

The Environment

→ P.15-16



Special Feature 1: Health Health-focused Management initiatives

The future of our company is built on the well-being of our workers

As a company that promotes health, the well-being of our workers is an essential theme for Yakult. Here we introduce various initiatives run by the Health-focused Management Promotion Section and Yakult Health Insurance Association.

Yakult's Health-focused Management

Health-focused Management* is the strategic practice of employee health management by the company from an operational perspective.

As a company that champions health, Yakult Honsha considers the mental and physical well-being of workers as the foundation of its operations, and is actively engaged in furthering their health. We recognize that improving workers' health and their health awareness boosts their productivity, creativity and dynamism, in turn leading to continuous, stable business development and an enhanced company image. In 2017 we released our Statement on Health, and in April 2020 established a Health-focused Management Promotion Section inside the Human Resources Department to further develop activities.

* Health-focused Management is a registered trademark of Nonprofit Organization Kenkoekiel.



Our efforts to achieve the SDGs

- 3 GOOD HEALTH AND WELL-BEING**
- 4 QUALITY EDUCATION**
- 8 DECENT WORK AND ECONOMIC GROWTH**

3, 4: We provide workers information on health through events, training, and other resources.
8: We create healthy and comfortable working environments to boost worker motivation and drive, leading to long-term economic growth.

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.

- 1 Yakult Health 21**
A 90-day health campaign run every year from September to November. In fiscal 2020 there are two courses, one promoting healthy eating habits, and the other exercise.
■ We are striving to create safe and secure working environments by holding monthly Occupational Safety and Health Committee meetings at each business site in accordance with the laws.
- 2 Mental health measures**
We have set up internal and external consultation desks, and also encourage counseling for workers who are found to have high stress levels in stress checks conducted in accordance with the laws.
- 3 Health screening follow-ups**
We provide detailed guidance based on the results of annual health screenings.
- 4 Promoting voluntary medical screenings**
We provide onsite opportunities for breast and gynecological cancer screenings during working hours at some workplaces. We also encourage workers over 35 to undergo the Yakult Health Insurance Comprehensive Check-up.

Worker health awareness has steadily improved

- Workers who achieved Yakult Health 21 goals (Yakult Group)**
12,485
- Workers who exercise regularly**
68.7%
- Workers who took a stress check**
94.3%
- Companies that have made a Health-focused Company Declaration*¹ Companies awarded silver certification as a company promoting health*² (Yakult Group)**
118
- White 500*³ certified for 3 consecutive years**
49

Workers who took breast and gynecological cancer screenings

- Breast cancer screenings: **48.2%**
- Uterine cancer screenings: **50.0%**

*1 Health-focused Company Declaration®: A system where companies declare their intention to become a company promoting health by engaging in health initiatives at all operation bases, and receive certification after achieving specific results
*2 Silver certification as a company promoting health: Awarded when a company has made a Health-focused Company Declaration and continues the declared initiatives for a specified duration, submits a report or other documentation and receives more than 80 points.
*3 White 500: The Ministry of Economy, Trade and Industry's system to award major corporations with outstanding initiatives for health and productivity management

~ Dialogue ~

Creating an environment for proactive worker engagement in health



Fusayo Hayashi
Manager, Health-focused Management Promotion Section
Yakult Honsha Co., Ltd.



Kazuya Kawashima
Executive Director
Yakult Health Insurance Association

A partnership promoting health
Hayashi: The Health-focused Management Promotion Section works to raise employee awareness of health through initiatives like regular check-ups and screenings, seminars, and stress checks. We also promote diversity by creating comfortable working environments for everyone, including women, those with disabilities, and seniors.
Kawashima: The Health Insurance Association is in charge of providing health insurance, designated health screenings, and health guidance, and we work with the Health-focused Management Promotion Section to provide those and other health-related services to promote health amongst workers (Collabo health)*.
Analyzing and addressing health challenges
Hayashi: Since 2019 we have been surveying all workers of Yakult Honsha about their health. Our smoking rate is higher than the average rate revealed by the National Health and Nutrition Survey, which we are taking measures to address.

Ms. Hayashi's tips to stay healthy
I eat three solid meals per day, keep to a routine, and try to avoid bottling up stress.

Kawashima: Health screenings do uncover a certain percentage of workers who have or potentially could have lifestyle-related diseases.
Hayashi: The key to good health is early diagnosis and early treatment. We would especially like to see rates of workers who take comprehensive check-ups and gynecological cancer screenings improve in the future.
Reducing regional disparities in health
Kawashima: As Yakult operates throughout Japan, we are striving to develop initiatives that close the gaps between different local areas. Workers around the globe also participate in the Yakult Health 21 campaign.
Hayashi: We are also surveying workers and running stress checks at overseas branches to understand more about their health.
Yakult's focus on health is a selling point
Hayashi: In recent years, we have seen an increase in new staff that joined Yakult because they liked our Statement on Health and philosophy prioritizing worker health. Our staff retention rate has also improved. Yakult Honsha has been certified a White 500 company for three consecutive years, and it feels like investors have also really taken notice of

our initiatives on health.
Kawashima: At business sites I point out that our company Statement on Health commitments and certification as a company promoting health **P.11** lead to higher corporate value.
Being proactive about health with preventive medicine
Kawashima: We would like all workers to strive to be healthy each day by being conscious of preventive medicine, one of the key ideas of Shirota-ism.
Hayashi: We provide each worker with one bottle of a Yakult product every day. Many people are already very health-conscious, but moving forward we would like to see even more workers be proactive about health. We'll continue doing our best with the Insurance Association in supporting the health of workers.

Mr. Kawashima's tips to stay healthy
I aim to take 10,000 steps each day, often by getting off the train one station early and walking to my destination.

* Collabo health
Joint efforts by health insurance associations and companies to promote the Ministry of Health, Labour and Welfare's Data Health, which utilizes and analyzes insureds' health data to provide guidance on effective measures for disease prevention and better health, and the Ministry of Economy, Trade and Industry's Health-focused Management, driven by companies

Improving the Health Management Office

To provide a more supportive environment for workers who feel mentally or physically unwell, when the Yakult Honsha office moved to a new location in April 2020 we improved the Health Management Office by adding individual consultation rooms, an industrial physician's office, and resting rooms for staff when they feel ill.



Protecting the health of suppliers

In the Yakult Group Supplier CSR Guidelines section on occupational safety and health management, we request that suppliers provide working environments that are safe, hygienic, and healthy.

Related information p.17-18 Sustainable procurement initiatives Promoting CSR throughout the supply chain

Yakult Ladies do indeed have healthy guts! Of course workers also drink Yakult products!

Yakult Ladies have plenty of chances to drink Yakult products, and when their intestinal flora were compared to women in the general population, it was found that their intestines had more bifidobacteria and other beneficial bacteria. (Tsuji et al., Int J Probiotics Prebiotics, 2014)

Yakult products are always available
Yakult products are a familiar presence for workers, who drink them at various points throughout their working day.



Special Feature 2: Local Communities | Yakult Vietnam Co., Ltd.

Promoting health activities in close partnership with local communities

The Yakult Group not only sells products that help improve health, but also provides health-related information to customers in many different ways and promotes activities that keep communities safe and secure.

Here, we showcase our initiatives at Yakult Vietnam Co., Ltd.

Vietnam, a youthful and vibrant country

Home to 96.2 million people living in a country about 87% the size of Japan, Vietnam's economy has been growing at a spectacular rate. It is a youthful and vibrant country with an average age of 31. In addition, over 70% of women aged 15 and above are participating in the labor force, demonstrating the major role they play in Vietnam's growth.

Our efforts to achieve the SDGs

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	3: We contribute to the health of local communities by selling and delivering products that are beneficial for people's health and providing health-related information.
5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	4: We provide accurate information on health for all ages, from children to older people.
		5, 8: We contribute to women's empowerment by offering job opportunities as Yakult Ladies.

Basic information

Company name	Yakult Vietnam Co., Ltd.
Founded	June 2006
Number of employees	1,034 (8 seconded Japanese staff and 1,026 local hires) (as of the end of May 2020)
Sales hubs	23 branches, 73 sales centers (as of the end of May 2020)

Plant	Vietnam Plant (Binh Duong Province)
Average daily sales	638,985 bottles (calculated based on cumulative total from January to May 2020)
Retailers	38,852 locations (as of the end of May 2020)



Health-related lectures held in the community

We hold health-related lectures for all kinds of people at hospitals, schools, preschools, partner plants, Yakult Lady centers and other locations. Covering a wide range of topics to suit participants—from the importance of the intestines to research paper publications on *Lactobacillus casei* strain Shirota—our lectures have also included well-received tips on how to prevent infection and proper hand washing procedure since the COVID-19 pandemic began.



Number of health-related lecture participants **250,000** (Fiscal 2019)
*Fiscal 2020 target: 300,000

Conveying the value of health and Yakult through health-related lectures

I work as an instructor for health-related lectures. Even though *Yakult* has become a well-known brand, not everyone appreciates its benefits. Through the lectures, I try my best to convey the value of *Yakult* to as many people as possible. I am glad to hear customers drinking *Yakult* talk about their positive experiences. That has been a source of pride and satisfaction for my work.



Nguyen Thi My Le
Science Department,
Yakult Vietnam Co., Ltd.

Easy-to-follow topics were well received

Yakult held health-related lectures for our hospital's patients. The explanations were very easy to follow, and everyone seemed to have gained a deeper understanding of the importance of intestinal flora and the value of probiotics. I think the participants will start drinking *Yakult* products for their health.



Tran Ngoc Bich
Nursing Department,
Saigon General Hospital

Plant tours for visitors to enjoy learning the secrets of Yakult

During plant tours, we talk about the history of Yakult and provide an overview of the plant, our products' benefits, the importance of intestinal health and the Yakult Lady home delivery system, after which we give visitors a tour of the production site. People are also given the chance to see *Lactobacillus casei* strain Shirota under a microscope, which is quite popular.

Students, *Yakult* drinkers, women's associations, senior citizens' associations, medical professionals, and many other types of people participate, so we try to be creative to make sure our tour engages everyone.

Number of tour visitors **30,000** (Fiscal 2019)



Virtual reality plant tours

Yakult began offering VR plant tours from April 2019 to enable people farther away to see a safe, reliable, and high-quality plant. We conduct the tours for those participating in mini health-related lectures at Yakult centers and for direct sales partners and opinion leaders.



Collaboration with local communities

Supporting Pink Ribbon activities

Breast cancer awareness is still low in Vietnam, so it is extremely important to promote awareness and screening for breast cancer prevention. In 2019, we donated around 3.65 million yen in total to several organizations, to provide aid to 10,000 people for breast cancer screening as well as to cooperate with an initiative donating wigs to 50 people who have lost their hair from chemotherapy.



Sponsoring events for training local food safety and health managers

We have been sponsoring training events for food safety and health managers promoted by the Food Safety and Health Department in Binh Duong Province. At the 2019 event, we helped with improving the knowledge, morale and sense of responsibility of food safety and health managers selected from various areas of Binh Duong Province, using case studies and other materials related to food safety and food sanitation.

Community-based home deliveries

Yakult Ladies who watch over the community and deliver products and health information are an integral part of local communities.

Their average income is equivalent to the starting salary of college graduates. Because of the job's stable income and social contribution aspect in working to help improve people's health, their numbers have steadily increased 3.7 times compared to three years ago.

Number of Yakult Ladies **1,022** (as of June 2019)

As a district health adviser

We believe that the health of our customers is our top priority, so we provide useful information based on each person's health condition. I do my best as a health adviser for my district, in keeping with the concepts "preventing illness is key" and "daily *Yakult* consumption."



Phan Thi Bich Ngoc
Yakult Lady



I'm hard of hearing, so I communicate with the Yakult Lady by writing on paper. She's always friendly and kind. She also gives me information on keeping healthy and preventing diseases, so I feel healthier than ever.

Nguyen Ngan Thang
Customer

Moving up to the next level with a Yakult License

Monthly tests (six in total) are conducted on subjects such as basic conversations to inform customers of product benefits, product knowledge and health information. A license is issued to those who passed the tests.

Certified takers **2,000** (administration and production employees, Yakult Ladies)

Response to COVID-19

Since February 2020, we have been providing two *Yakult* bottles daily free of charge to quarantined patients and healthcare providers at six hospitals in major cities, with the cumulative total reaching 170,000 bottles as of June 21, 2020. We received the following feedback from a medical institution: "We appreciate your prompt offer of help to the hospital. Both the medical staff and patients are grateful as well." We will continue with these efforts and increase the number of hospitals covered until the epidemic is over.

Further, we installed 50 hand-washing stands at entrances to health care centers, markets and hospitals, at the request of communities with high numbers of infection. Going forward, we plan to install 200 wash stands mainly in preschools nationwide, to help foster the custom of hand washing and prevent infectious diseases.



Installation of a hand-washing stand

Special Feature 3: The Environment Water resource conservation

Conserving limited water resources

Water is an irreplaceable resource that sustains us in our daily lives. At Yakult, it is an ingredient in products and also essential for cleaning, cooling and disinfecting plant facilities. Here we introduce the overall concept of water use at Yakult, as well as our water resource conservation activities around the world.

Reflecting awareness of the global rise in water risks in our production and policymaking

The state of global water risks

Increase in global population and economic development are driving growth in water use. Intensification of climate change is also closely connected to water resources and is causing extreme weather such as localized changes in rainfall levels, flooding, and drought.

The Aqueduct Water Risk Atlas published by the World Resources Institute (WRI) indicates water risk in areas throughout the world. The below 17 countries are identified as having high water risk, with some of them being home to Yakult production or sales.

Countries with high water risk (Aqueduct Water Risk Atlas)

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

Water risk surveys

Since 2017, we have been conducting surveys through external organizations to understand the impact each production base has on nearby waterways and ecosystems, as well as flooding and other water risks. In March 2020 we used the WRI Aqueduct Water Risk Atlas tool to evaluate water risks at all production bases. (See table at right)

Based on these results, we are working to ascertain the situation at each location and reflect the findings in our production and policymaking.

Water conservation activities

We run various water resource conservation initiatives at Yakult production bases, with the following two primary goals:

- ① Reduce water use by reusing water or changing production processes
- ② Manage wastewater appropriately with stringent internal standards and our proprietary A&G Water Purification System

See specific initiatives on the next page!



The upstream Abukuma River nearby the Fukushima Plant

Our efforts to achieve the SDGs

6 CLEAN WATER AND SANITATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

6, 12: We conserve water resources by using water in production effectively, and by comprehensively managing wastewater quality.

13: We are taking action against climate change-related water risks.

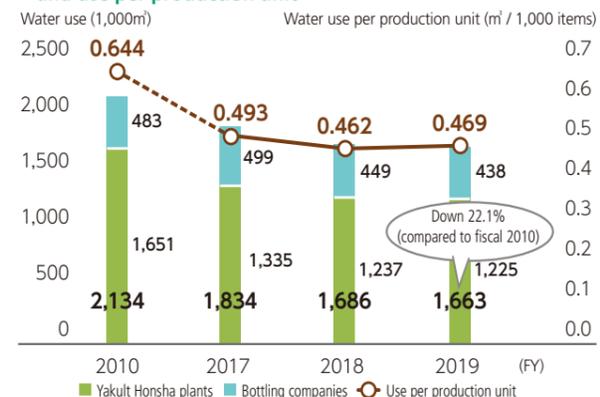
Evaluation of water risks at Yakult production bases (fiscal 2019 survey: Baseline Water Stress)

Area	No. of production bases	Bases with "extremely high" water risk	Bases with "high" water risk
Japan	12	0	0
Overseas	27	1	10

Volume of water used (fiscal 2019)



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



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

Conserving water resources at production bases

We are striving to reduce water use and manage wastewater appropriately around the world.

We'll keep expanding our initiatives based on water risk surveys!



Example initiatives in Japan

Reducing water use with updated equipment and operations

In the past, a certain amount of water use was necessary to maintain a constant flow that cools devices used to close the aluminum caps on Yakult bottles and other products. In fiscal 2019 we installed equipment to reduce that amount by reusing coolant water.

External air conditioning units at some plants are also cooled by spraying water, and changing the volume and time the water is sprayed, and the nozzle shape, has reduced water use while still maintaining operational efficiency.

Emergency training

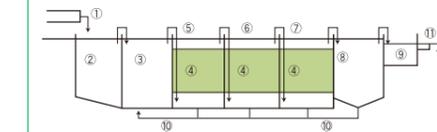
Knowing the impact our plants can have on the natural environment of surrounding waterways, we hold emergency training at least once per year to prepare workers for unexpected circumstances, such as if oil from transportation vehicles is released into waterways, to improve their awareness and strengthen our systems.

Stringent standards for wastewater management

Wastewater at all plants is managed based on voluntary standards more stringent than those stipulated by law.

Structure of the Yakult A&G Water Purification System

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



WEB CSR> The Environment> Promoting water resource conservation> Water Purification by using Yakult containers in plants
<https://www.yakult.co.jp/english/csr/environment/water/>

Example initiatives overseas

Reducing water use with new cooling systems and wastewater reuse (Yakult S.A. de C.V. (Mexico))

When the Yakult Mexico Guadalajara Plant changed the cooling method for its dairy homogenization equipment, they were able to reduce their fiscal 2018 water usage by 1,464m³ from the previous year—a reduction of more than half.

At the Ixtapaluca Plant, water is conserved by reusing treated wastewater for irrigating greenspaces around the facility. In fiscal 2019 irrigation used an average of 775m³ of water each month, for a yearly total of 9,300m³.



Treated wastewater being used to irrigate greenspaces (Yakult S.A. de C.V. (Mexico))

Using treated wastewater to flush toilets (Yakult S/A Ind. E Com. (Brazil))

The Yakult Brazil Lorena Plant has started construction on a system that uses wastewater from Plant 3 and worker welfare facilities to flush toilets. This is expected to result in a large reduction in water use.



Pipes to carry treated wastewater (Yakult S/A Ind. E Com. (Brazil))

TOPIC Providing free plant water when public water services are down (Yakult Philippines, Inc.)

At each production base, Yakult Philippines explains wastewater management to locals during events, keeping in close contact with the community. Some production bases are also equipped to help support local regions in times of disaster.

For example, the Calamba Plant has a system enabling them to provide plant water for free to the local area when public water services are down. In an area with frequent water service issues, where outages and contamination occur often, the plant helps support the safety and security of the local community.

Sustainable procurement initiatives

Promoting CSR throughout the supply chain

Yakult established the Yakult Group CSR Procurement Policy in 2018, and the Supplier CSR Guidelines in 2020, to promote sustainable procurement. We are working with our suppliers to improve sustainability through the entire supply chain by taking environmental and social impact into consideration and reducing risks.

What is sustainable procurement

Sustainable procurement means **considering CSR factors such as human rights, labor practices, the environment and anti-corruption** when sourcing raw materials, in addition to factors like quality, price, and delivery time, and working with suppliers towards a more sustainable society.

As supply chains are becoming ever more global, companies cannot ignore **global social issues like environmental destruction, forced labor and child labor**.

The aim of sustainable procurement is **companies and suppliers working together for greater sustainability** to tackle such social issues.

Recent CSR-related cases in global supply chain by other companies

Lack of consideration for workers' safety and human rights leads to disaster

In 2013 a commercial building in Bangladesh housing garment factories supplying major apparel brands collapsed due to illegal construction, resulting in thousands of casualties. The investigation uncovered harsh working environments, and the companies were strongly criticized for ignoring the suppliers' human rights and neglecting health and safety.

Child labor behind shimmery cosmetics

Mica is a mineral used in pearlescent pigments for cosmetic products. Mica mines in India were found to be using child labor, although it was difficult to trace, due to being resold through several companies. Several major cosmetics companies decided to take responsibility, launching the Responsible Mica Initiative in 2017 to improve the conditions of mica mining.

Human rights violations against non-Japanese workers in Japan

There are more than 1.66 million non-Japanese workers in Japan (as of the end of October 2019), and this number is rising every year. There are issues such as overwork and unreasonably low wages, so "forced labor" is an issue close to home.

These things are happening!

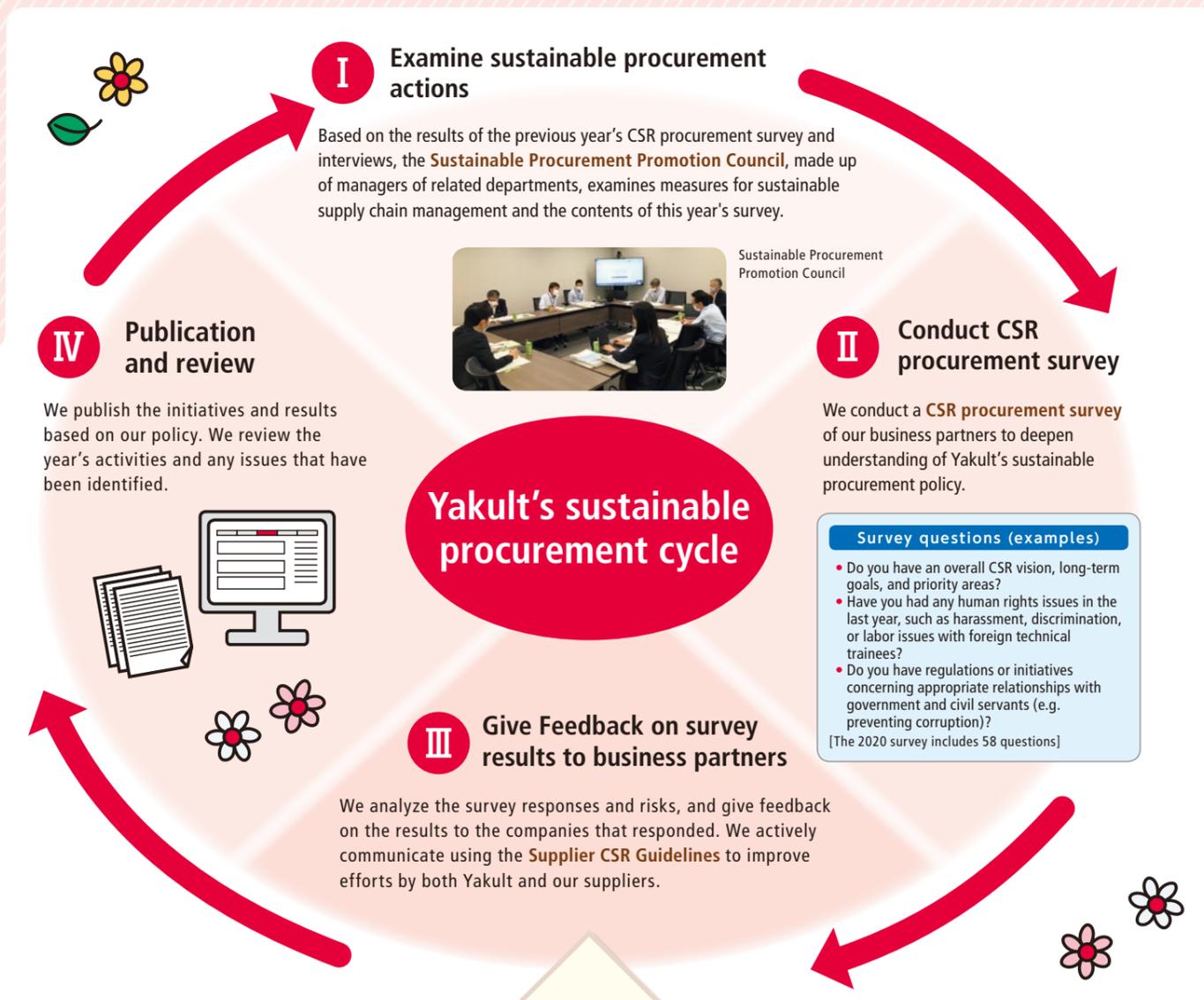


What is the Yakult Group doing?

Clarifying the aims of sustainable procurement based on the CSR Procurement Policy

Promoting sustainable procurement is an important theme for Yakult to achieve our management philosophy.

Based on the Yakult Group CSR Procurement Policy, we are actively communicating with our business partners to help them understand our ideas about sustainable procurement and what we are aiming to achieve.



Supplier CSR Guidelines	
Requests to our business partners (summary)	Examples of specific requests
<p>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.</p>	<p><input checked="" type="checkbox"/> Educate employees and raise their awareness of company policies including the code of conduct and internal regulations.</p>
<p>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.</p>	<p><input checked="" type="checkbox"/> Protect employees' safety and health by appropriate management of working hours and days off.</p>
<p>3 Build a framework to ensure high quality and safety.</p>	<p><input checked="" type="checkbox"/> Build and operate a management framework to uphold quality standards agreed with the Yakult Group.</p>
<p>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.</p>	<p><input checked="" type="checkbox"/> Strive to conserve energy in business activities, promote the use of renewable energy, and reduce greenhouse gas emissions.</p>
<p>5 Strictly manage confidential information.</p>	<p><input checked="" type="checkbox"/> Build a framework to appropriately manage and protect information.</p>
<p>6 Promote activities to coexist with society and to create a sustainable society.</p>	<p><input checked="" type="checkbox"/> Be aware of issues in the communities where we operate and help create a sustainable society through engagement with communities.</p>

Supplier CSR Guidelines



To find out more about Yakult's CSR activities, take a look at our CSR Report 2020!

