

Yakult CSR Report 2015



About This Report

Editorial policy

This *Yakult CSR Report 2015* summarizes the Yakult Group's corporate social responsibility (CSR) activities in fiscal 2014.

Yakult Honsha began publishing the *Yakult Environmental Report* in fiscal 2000 and subsequently expanded and upgraded the reported content in fiscal 2006 with the publication of the *Yakult Social & Environmental Report*. We also expanded the scope of reporting from Yakult Honsha to the entire Yakult Group. In fiscal 2015, Yakult began systemizing its CSR activities based on ISO 26000, the global standard for social responsibility. Accordingly, this first Yakult CSR Report has been edited with an awareness of the Seven Key Principles and Seven Core Subjects of ISO 26000. In this report, we have included special features on "Local Communities," "Health" and the "Environment," which the Yakult Group regards as highly important. Concurrently, the report also includes concise descriptions of each stakeholder. Additionally, we have enhanced comparability by concretely listing various indicators that are expressed in numerical figures as part of efforts to create an easy-to-understand communication tool.

In the future as well, we will take a global perspective and further expand and upgrade the content of the CSR Report for the Yakult Group, which is contributing to the development of societies in each country and region.

Publishing date

October 2015

(Next version: October 2016)

Publishing format

Website only. We publish Japanese and English versions of this report.

Period

April 1, 2014 through March 31, 2015

This report includes some information pertaining to before or after the period.

Scope of data

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

References to the "Yakult Group" contained in this report include Yakult Honsha, domestic marketing companies, logistics companies and affiliated companies as well as overseas business sites.

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Disclaimer

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

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Overview of Yakult's Operations

Corporate profile

Profile of Yakult Honsha (as of March 31, 2015)

Name: Yakult Honsha Co., Ltd.
 Address: 1-19 Higashi-Shinbashi 1-chome, Minato-ku, Tokyo 105-8660, Japan
 Founded: April 9, 1955
 Businesses: Manufacturing and marketing of foodstuffs, pharmaceuticals, cosmetics and others
 Paid-in capital: ¥176,117 million
 Net sales: ¥317,639 million (non-consolidated)
 ¥367,980 million (consolidated)
 (as of fiscal year ended March 31, 2015)
 Business sites: 5 branches, 7 plants, 1 research institute, 10 medical branches, 13 logistics centers
 Number of employees: 2,913 (including 317 seconded employees and 168 contract employees)

Profile of Yakult Group

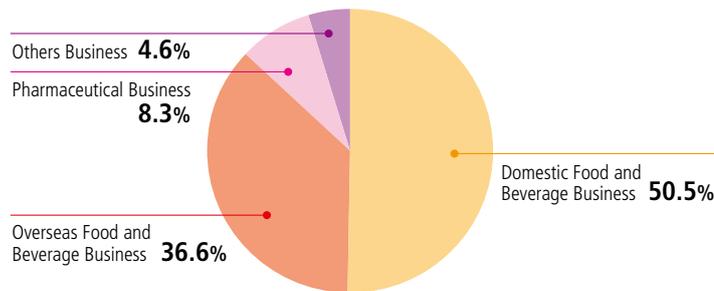
Japan (as of March 31, 2015)

Marketing companies: 104 companies
 Number of employees: 13,719
 Number of Yakult Ladies: 37,597
 Bottling companies: 5 companies
 Number of Yakult Beauty Advisors: 5,580
 Affiliated companies, etc.: 14 companies and 4 associations

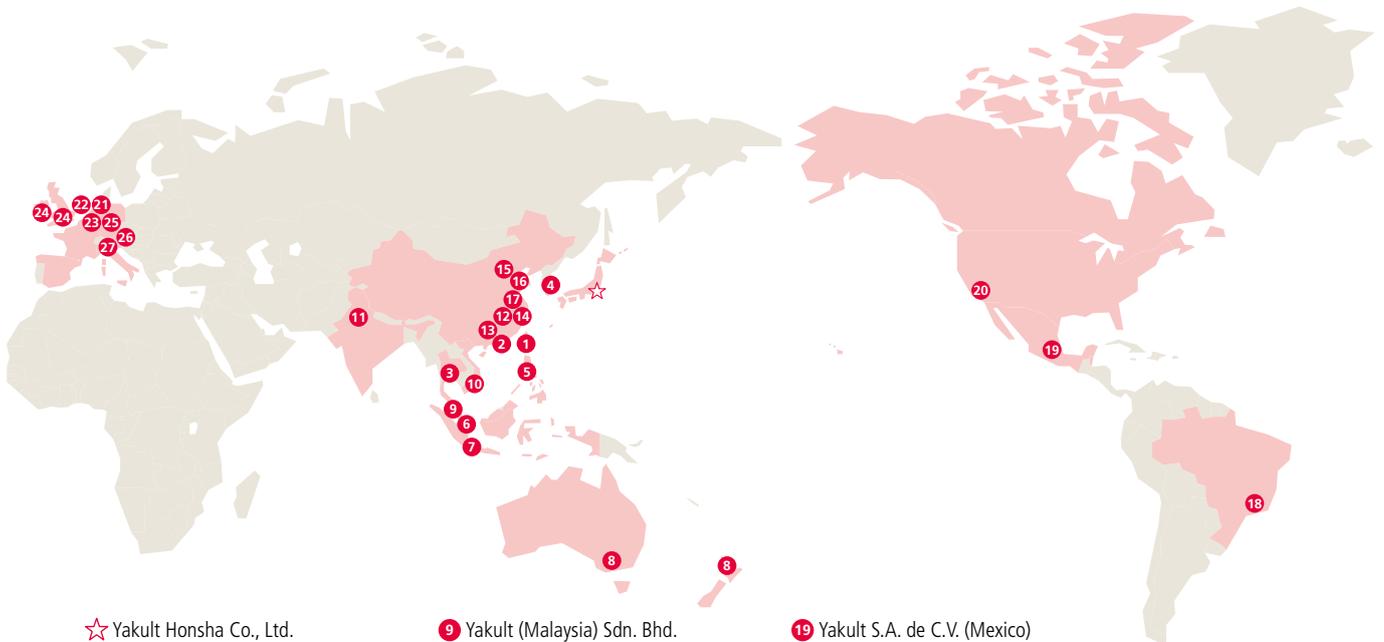
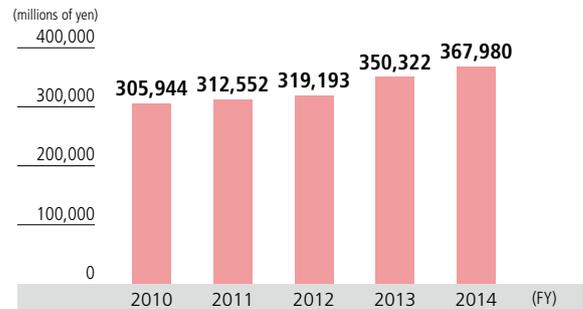
Overseas (as of December 31, 2014)

Business sites: 27 companies
 Number of employees: 18,094
 Number of Yakult Ladies: 43,428
 Marketing regions: 32 countries and regions

Sales structure by segment (consolidated)



Five-year overview of net sales (consolidated)



- ☆ Yakult Honsha Co., Ltd.
- ① Yakult Taiwan Co., Ltd.
- ② Hong Kong Yakult Co., Ltd.
- ③ Yakult (Thailand) Co., Ltd.
- ④ Korea Yakult Co., Ltd.
- ⑤ Yakult Philippines, Inc.
- ⑥ Yakult (Singapore) Pte., Ltd.
- ⑦ P.T. Yakult Indonesia Persada
- ⑧ Yakult Australia Pty. Ltd. (New Zealand Branch)

- ⑨ Yakult (Malaysia) Sdn. Bhd.
- ⑩ Yakult Vietnam Co., Ltd.
- ⑪ Yakult Danone India Pvt. Ltd.
- ⑫ Yakult (China) Corporation
- ⑬ Guangzhou Yakult Co., Ltd.
- ⑭ Shanghai Yakult Co., Ltd.
- ⑮ Beijing Yakult Co., Ltd.
- ⑯ Tianjin Yakult Co., Ltd.
- ⑰ Wuxi Yakult Co., Ltd.
- ⑱ Yakult S/A Ind. E Com. (Brazil)

- ⑲ Yakult S.A. de C.V. (Mexico)
- ⑳ Yakult U.S.A. Inc.
- ㉑ Yakult Europe B.V.
- ㉒ Yakult Nederland B.V.
- ㉓ Yakult Belgium N.V./S.A.
- ㉔ Yakult UK Ltd. (Ireland Branch)
- ㉕ Yakult Deutschland GmbH
- ㉖ Yakult Oesterreich GmbH
- ㉗ Yakult Italia S.R.L.

We will meet the expectations of society with “Shirota-ism” as our roots.

Yakult’s roots: Shirota-ism

● Yakult’s beginnings

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

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

In his research, Dr. Shirota discovered that lactobacilli were

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

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

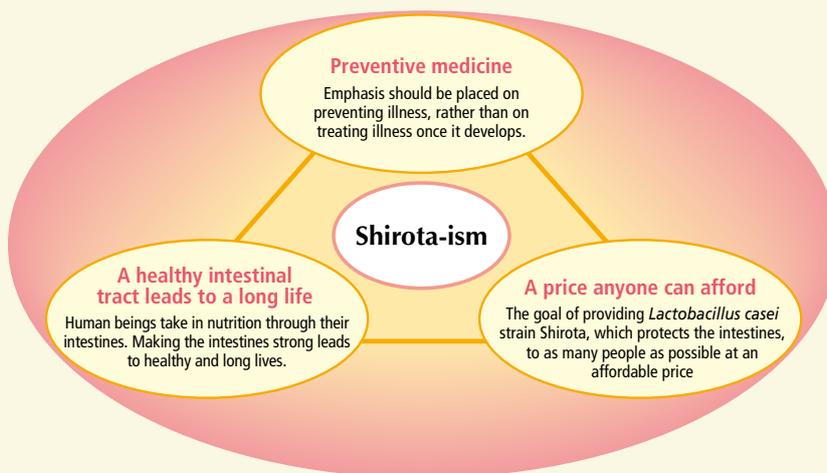
Dr. Shirota dedicated himself to helping protect the health of people throughout the world. His passion, ideas and relentless spirit of inquiry live on today.

● Shirota-ism—The root of our business

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



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



The Yakult Group’s businesses activities and CSR

Research and Development

We develop products that contribute to the health of customers and provide these at prices anyone can afford.



Procurement

We procure raw materials that are safe and offer peace of mind through fair transactions.



Manufacturing

We use environmentally conscious methods to produce safe, high-quality products that offer peace of mind.



The Yakult Group’s CSR foundation = Shirota-ism,

● Legacies

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

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

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

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

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

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

Importance of CSR

Corporate Social Responsibility (CSR) is becoming increasingly important for being a company that is trusted by society.

CSR activities deepen relationships with customers, local communities, business partners and other stakeholders, help solve various social issues and play a key role in achieving growth to become a company whose continued existence and development are needed by society.

With Shirota-ism as its roots, the Yakult Group's CSR activities respond to a host of contemporary social issues and have been expanded to include activities that lead to the creation of a healthy and livable society. Specific CSR activities include "Courtesy Visit Activities" by Yakult Ladies, health education through the dispatching of guest lecturers and holding of plant tours, and consideration of the environment for product containers and packaging as well as production and shipping processes.

Yakult Honsha established the CSR Promotion Committee in April 2015 to strengthen its CSR. Going forward, every person in each division, including research and development, procurement, manufacturing, logistics and marketing, will proactively undertake activities that contribute to business and local communities in keeping with Shirota-ism, our Corporate Philosophy, Basic Policy on CSR and the Yakult Ethical Principles. The flow diagram below shows the activities we value in each process.

Significance of publishing a CSR report

This CSR Report systematically organizes the Yakult Group's activities and allows us to confirm the results of our activities. The report also serves as a communication tool for earning recognition from society. This is the first CSR Report to be published by the Yakult Group. We will further evolve our CSR activities through dialogue with stakeholders as well as promote sincere communications to become a Group that meets the expectations of society.

Logistics

We deliver products using methods that consider both safety and the environment.



Sales

We contribute to the healthy lives of our customers through the delivery of our products.



Community

We contribute to the creation of a healthy, sound and secure society.



Yakult's Business Operations

We are expanding our operations to food and beverages such as fermented milk drinks, as well as cosmetics, pharmaceutical products and international business, with life science as our foundation.



International Business

Yakult's business expansion into overseas countries flowed naturally from a desire to fulfill Dr. Shirota's wish to "help protect the health of people throughout the world."

In 1964, Yakult Taiwan Co., Ltd. commenced operations, marking the start of Yakult's overseas business. Outside of Japan, *Yakult* is presently sold in 32 countries and regions spanning Asia, Oceania, the Americas and Europe. *Yakult* and our other popular dairy products are now consumed at a rate of over 25.2 million bottles per day overseas (2014 average).

Food and Beverage Business

In 1930, Dr. Minoru Shirota became the first in the world to successfully strengthen and culture a strain of lactobacilli, and in 1935, *Yakult*, a beverage containing *Lactobacillus casei* strain Shirota, was born. In 1963, the Yakult Lady home delivery system was launched throughout the country to disseminate the value of *Yakult*. Products in the Food and Beverage Business have been expanded from *Yakult* fermented milk drinks to *Joie* and other fermented milk products, and juice and other beverages such as *100% Juice*.



- Fermented milk drinks
- Fermented milk products

Life Science

Yakult Vision 2020

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

Background of Yakult Vision 2020's formulation

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

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

Pharmaceutical Business

Since the founding of Yakult, Dr. Minoru Shirota focused not only on preventive medicine but also on therapeutic medicine. In 1956, Yakult commenced the development of pharmaceutical products that utilize the characteristics of lactobacilli and also began research on enzymes. In 1961, Yakult commenced the manufacture and sales of enzymes for pharmaceutical ingredients. Presently, we have expanded this business to the fields of ethical therapeutic drugs such as anti-cancer agents, quasi-drug products, medical devices and test reagents.



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

Life science serves as the foundation of Yakult's business. The passionate desire of our founder Dr. Minoru Shirota in pursuing the potentials of lactobacilli is being carried on today in the form of Shirota-ism (refer to page 2).

Cosmetics Business

Yakult's Cosmetics Business began with the discovery of the cosmetic efficacy of a fermented lactic acid bacteria extract by Dr. Minoru Shirota. In 1955, Yakult launched a skin lotion and a moisturizing cream and introduced the Yakult Beauty Advisor delivery system in 1970. Based on the concept of preserving the health of skin through life science, Yakult provides a variety of cosmetic products centering on basic skin-care products.



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

Qualitative goals

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

Quantitative goals (Fiscal year 2020)

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

The Yakult Group is fulfilling its social responsibilities as a life science-based global company.

In fiscal 2014, Yakult achieved all-time highs in terms of average sales of dairy products per day worldwide, consolidated net sales and consolidated operating income, with figures reaching 33.98 million bottles daily, ¥367.9 billion and ¥34.8 billion, respectively. Additionally, overseas net sales rose sharply to ¥142.7 billion. As these results illustrate, the Yakult Group is making steady strides toward attaining the targets of Yakult Vision 2020, the Yakult Group's long-term business management vision commenced in fiscal 2011. These solid results are owed to the high acclaim in Japan and overseas for the Yakult Group's approach that encompasses not only our products but that also includes manufacturing that is safe and offers peace of mind, the promotion of good health habits through Yakult Lady home deliveries and our contributions to local communities. We would like to express our appreciation.

Corporate Philosophy

We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular.



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

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

As we mark the 80th anniversary of our founding, we will contribute to even healthier lives through the pursuit of excellence in life science.

In 2015, the Yakult Group marked the 80th anniversary of its founding. Since our founding in 1935, we have continuously worked to disseminate Shirota-ism, which includes the concepts of “preventive medicine,” “a healthy intestinal tract leads to a long life” and “a price anyone can afford,” and have also implemented corporate activities based on our corporate philosophy. Through these efforts, today our products are enjoyed in Japan and 32 countries and regions around the world.

The Yakult Group has progressed with the key initiatives of “establishing new research buildings at the Yakult Central Institute” toward the further pursuit of excellence in life science and “restructuring and establishing new plants.” Each day our customers consume our food and beverages, take our pharmaceuticals and apply our cosmetics to their skin. On the basis of manufacturing products that are safe and offer peace of mind, Yakult will continue to focus on research and development and contribute to the health and happiness of people around the world.

We are also promoting joint research with the Japan Aerospace Exploration Agency (JAXA). This research involves verifying the impact of *Lactobacillus casei* strain Shirota on the immune functions and intestinal environments of astronauts on long-term stays aboard the International Space Station. We believe this research will enable the accumulation of knowledge helpful for enhancing the health of our customers and by extension will be useful in promoting the advance of preventive medicine.

Over 80,000 Yakult Ladies throughout the world contribute to the health of people and the creation of livable communities.

To contribute to the health of people around the world, Yakult delivers a variety of products mainly through the Yakult Lady home delivery system as well as offers customer health-related consultations.

In Japan, approximately 37,600 Yakult Ladies deliver Yakult products to customers each day. Yakult Ladies are contributing to the creation of safe, secure and livable communities through “Courtesy Visit Activities,” in which they pay visits to more than 45,000 single elderly persons under an agreement with 142 local governments and other institutions in Japan. Yakult Ladies are also participating in safety and crime prevention watches in cooperation with approximately 700 police departments and local governments nationwide.

As one measure to support the employment of Yakult Ladies, we also operate in-house daycare centers at around 1,200 locations throughout Japan that take care of approximately 10,000 preschool age and younger children.

Overseas, Yakult undertakes its operations in 32 countries and regions and approximately 43,400 Yakult Ladies are delivering good health to customers, primarily in Asian countries. By carrying out its business activities, the Yakult Group provides employment opportunities to women in respective communities and contributes to the formation of good health habits through the consumption of Yakult drinks while also helping vitalize local communities.

We are undertaking CSR activities based on the ISO 26000 global standard.

From fiscal 2015, Yakult Honsha began systemizing and undertaking its CSR activities in accordance with ISO 26000, the international standard for social responsibility. From fiscal 2001, Yakult started promoting CSR initiatives based on the Yakult Environmental Action Plan and formulated the Basic Policy on CSR in fiscal 2012 in line with efforts to fulfill its social responsibilities as a company by achieving sustainable growth. Going forward, we will strengthen CSR activities across the entire Yakult Group with a deep awareness that we are a global company.

In conjunction with these efforts, we have changed the name of this report from the *Yakult Social & Environmental Report* to the *Yakult CSR Report*. Through this report, we will explain the Yakult Group’s CSR initiatives to all stakeholders, beginning with our customers, local communities, shareholders, investors, business partners and employees inside and outside of Japan. We look forward to your honest opinions.

September 2015



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



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

We are contributing to the creation of livable communities.

One feature of the Yakult Group's business is our unique home delivery system. Yakult Ladies made their debut in 1963 and currently there are around 37,600 Yakult Ladies throughout Japan delivering good health to local communities. We visited Yakult Kanagawa Tobu Sales Co., Ltd., one of Yakult's 104 marketing companies nationwide, to learn about some of the community-based activities being undertaken in different regions. We also hear from the mayor of Kawasaki City about his expectations for companies to create better communities.

A key aspect of the job being done by Yakult Ladies is to build relationships so people feel comfortable opening up about any topic.

Norihito Maeda

President and Representative Director, Yakult Kanagawa Tobu Sales Co., Ltd.



Community contribution is underpinned by efforts to promote good health among customers.

We get along well in many ways and discuss a variety of topics.

Rumiko Sano

Customer



a Yakult Lady from Yakult Kanagawa Tobu Sales' Saiwai Center. "If I don't do that, I don't think there's any point handing over the products. I'm also happy to receive advice from customers about childcare."

Rumiko Sano, a customer, had the following to say: "I drink *Yakult 400* and my kids drink *Joie*. I'm happy when Ms. Shigihara comes to visit and she gets along well with both of my two small children, too, which makes it easy to chat with her about different things. My boy calls her 'our Yakult Lady' and when there is no more *Joie* in the fridge he asks me if I have contacted 'our Yakult Lady' for more yet."

*See page 2 for details on "Shirota-ism."

The mission of Yakult Ladies is to deliver good health to people in local communities based on "Shirota-ism*." Yakult Ladies possess knowledge about lactobacilli and the workings of the intestine, and serve as health advisors who provide consultation on concerns relating to customers' health by listening carefully to what each person has to say. The following provides excerpts of conversations with the president of Yakult Kanagawa Tobu Sales, a company aiming to promote health and happiness, and a Yakult Lady.

"In addition to delivering good health through our products, we recognize the importance of looking for ways to lend a hand to our customers through our home delivery service and deepening connections with the community through work," explains Norihito Maeda, President and Representative Director of Yakult Kanagawa Tobu Sales. "That's why a key aspect of the job being done by Yakult Ladies is to enhance communication with customers and build relationships so people feel comfortable opening up about any topic."

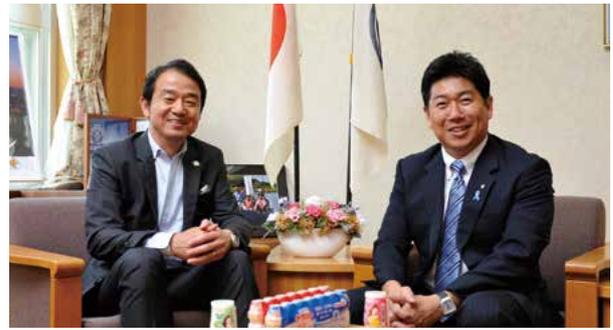
"I visit around 100 homes every week and do my best to engage customers in conversation," says Natsuko Shigihara,

I do my best to engage customers in conversation.

Natsuko Shigihara

Yakult Lady from the Saiwai Center





In the office of the mayor of Kawasaki City

We set up daycare centers to make it easier for women with children to work. This plays a part in helping resolve the issue of being put on a daycare waiting list.

In the 1970s, the Yakult Group started setting up daycare centers to make it easier for women with small children to work. Some 1,200 centers have been established nationwide to date. Yakult Kanagawa Tobu Sales has set up 36 daycare centers in the region it operates and two of these also take care of the children of local residents as certified daycare centers.



Our face-to-face home delivery system contributes to the creation of livable communities.

“Courtesy Visit Activities*” and local safety watch and crime prevention activities undertaken by Yakult Ladies were born from our community-based home delivery system. Yakult Kanagawa Tobu Sales entered into an agreement with Asao Ward in Kawasaki City to be part of a network watching over the elderly in 2012 and from the following year started cooperating in cities nationwide in a similar capacity. In March 2015, we received an award from Kawasaki City for the efforts of Yakult Ladies in discovering elderly persons who were unwell and contributing to saving their lives.

“Our company has 587 Yakult Ladies, and I believe this organization of Yakult Ladies can take on a role as a key part of social infrastructure,” comments President Maeda. “We receive a great deal of positive feedback concerning the daily activities of our Yakult Ladies.”

Yakult Kanagawa Tobu Sales actively promotes exchange with the local community in a corporate capacity, which includes providing factory tours for elderly citizen groups and opinion leaders from respective industries, as well as dispatching guest lecturers to elementary schools and giving courses for local residents that encourages them to consider their diet and health. Going forward, the Yakult Group will aim to contribute to customers’ health and the creation of livable communities, and to be seen as a presence that adds value to society.



Certificate of appreciation presented by Kawasaki City

*See page 24 for details on “Courtesy Visit Activities.”

I have high expectations in Yakult to fulfill a role of building healthy communities that make child rearing easier.

Kawasaki City succeeded in eliminating the waiting time for day care in April of this year. Yakult played a part in this achievement with an initiative that was a first for the city in terms of expanding the scope of the children it accepted for childcare by transforming daycare facilities for employees into childcare centers certified by Kawasaki City.

Japan is faced with the problems of a dwindling population and rapidly aging society. That’s why it’s important to create an environment that makes it easier to raise children in order to stem the flow of population decline as well as build a society in which getting old does not mean being unwell and inactive. I believe that the mission of Yakult to create a healthy society is the mission of us all living in the present day.



Norihiko Fukuda
Mayor of Kawasaki City

We provide the opportunity to learn about intestinal health in a fun way.

The missions of the Yakult Group are to deliver good health and provide the opportunity to learn about health. To this end, we are conducting a program that involves giving lectures on intestinal health with the aim of enlightening young people about their physical condition. In this Special Feature, we interviewed people from Sumida Elementary School (Tokyo) and Midorigaoka Elementary School (Miki City, Hyogo Prefecture) to where Yakult Honsha's Metropolitan Branch and Yakult Hyogo Sales Co., Ltd. respectively dispatch guest lecturers. Evaluations from teachers and their future expectations are presented.



The lectures on intestinal health were born from looking at what message Yakult ought to convey.

"The digestive tract, a kind of 'magic hose,' is inside every human being. So how does it work?" The Yakult Group started dispatching guest lecturers in 2008. When the Basic Act on Food Education went into effect in 2005, food education became a part of school education. In light of this, Yakult developed a program of dispatching guest lecturers to impart their knowledge, predominantly registered dietitians from Yakult Honsha. Based on the philosophy that "the mission of the Yakult Group is to convey the importance of the intestine in digesting food and absorbing nutrients and contribute to the promotion of good health," we are providing lectures on intestinal health to children so they can learn about how bacteria in the intestine work and intestinal health. These lectures tie in the concept of having a "morning bowel movement" with the "Early to Bed, Early to Rise, and Don't Forget Your Breakfast" campaign advocated by the Ministry of Education, Culture, Sports, Science and Technology (MEXT).



Measuring a child's height against the large intestine



Lactobacilli work in the small intestine and bifidobacteria work in the large intestine.



There are more than 100 trillion bacteria in the intestines, weighing approximately this much (1kg).



Noriko Ebisawa

Registered Dietician, Senior Staff in charge of Public Relations, General Affairs Section, Metropolitan Branch, Yakult Honsha Co., Ltd.



Taeko Morita

Registered Dietician, Manager, Good Relations Promotion Department, Yakult Hyogo Sales Co., Ltd.



Chiharu Matsumoto

Registered Dietician, in charge of Public Relations Promotion, Good Relations Promotion Department, Yakult Hyogo Sales Co., Ltd.

Lecturers now dispatched across Japan, with over 160,000 participants in fiscal 2014.

"The plant tour I went on as an elementary school student was a wonderful, unforgettable memory for me," says Noriko Ebisawa. "Yakult doesn't have plants in every region, so everyone got together and came up with an experience-based program using models and getting the children to make presentations with the aim of making sure that the time spent in the classes performed by dispatched guest lecturers is as fun as the plant tours. We are pleased that the lectures have been well received for being easy to understand, enjoyable and for enabling quieter children to actively participate. We have received requests for the lectures from more than 10% of the elementary schools in the Tokyo metropolitan area and staff from Yakult marketing companies head to these schools to give the lectures."

Also, Yakult Hyogo Sales was looking for activities to expand food education to children. It had already been holding health-based lectures for adults and decided to start dispatching guest lecturers as a program for children based on educational materials developed by Yakult Honsha. The lectures began by dispatching lecturers to daycare centers, kindergartens and elementary schools and this was soon extended to junior and senior high schools, among other places.

"I want the children to learn about what they can do each day from a young age to build a healthy intestine, increase their immunity and remain healthy well into adulthood," notes Taeko Morita.

"A lot of female high school and university students skip breakfast and suffer from constipation," explains Chiharu Matsumoto. "I would like to have more of an opportunity to speak with these people about intestinal health."

The Yakult Group now dispatches lecturers to all parts of Japan, with the number of participants exceeding 160,000 in fiscal 2014. Yakult Honsha and marketing companies nationwide team up for these activities, which have helped the lectures develop into a community-based program on a nationwide scale. In February 2015, the program received an Honorable Mention from the Judging Committee of the "Awards for Companies Promoting Experience-based Learning Activities for Youth" sponsored by MEXT.

I believe it is extremely valuable to have opportunities for children to learn from people other than teachers.

Tamae Koiso, Teacher at Sumida Elementary School (Sumida-ku, Tokyo)

At Sumida Elementary School, we are setting aside time for this kind of learning and have lectures from elderly persons in the area, instructors for sports and cultural activities and outside lecturers from companies and civil groups. Each person has immeasurable knowledge, experience, wisdom and skills, and the children are learning about a lot of different things aside from typical classroom subjects in a fun way such as the region one lives in, society, lifestyle and culture.

Comments from second grade students at Sumida Elementary School who experienced the lectures:

- Thank you for the talk on bowel movements and intestines today.
- From today I'll do my best to make sure I am early to bed, early to rise, do not forget my breakfast and have a bowel movement in the morning.
- I was surprised that the small intestine was six meters long.
- It was interesting learning about how the intestine works.
- I really like Yakult now.
- I want to know more. Please come again.

I think one's eating habits are important in order to spend a healthy school life and that's why we requested the lectures.

Yuki Abo,

Teacher at Midorigaoka Elementary School (Miki City, Hyogo Prefecture)

At Midorigaoka Elementary School, the lifestyles of the children are a constant concern. Accordingly, we have done such things as a survey on daily habits and had an instructor in nutritional education give a talk during the lunch hour. This will be the third time we have asked Yakult to dispatch a guest lecturer. Through the lectures, the children get the chance to learn about things not normally taught at school such as bacteria, and they get excited when someone from outside the school comes to teach them.

We are striving to develop containers with low levels of environmental impact.

Increasingly stringent conditions are being demanded of container packaging for such items as beverages. In addition to delivering products in a safe and hygienic manner to customers, it is important that consideration is given to making products easy to open and easy to drink, ensuring minimal environmental impact during production and transportation, and enabling simple waste separation and recycling after consumption. This section provides an explanation of initiatives undertaken to produce containers with low levels of environmental impact by employees in charge of development at Yakult Honsha.

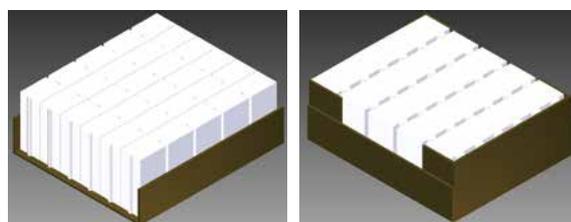


First to employ non-aluminum paper container for a soft drink. Maintained product quality as well as reduced environmental impact.

A layer of aluminum foil is typically inserted into material used for box-type containers for soft drinks to prevent oxygen from seeping in, which can affect product quality. Since a high amount of energy is needed in the production of aluminum, however, the Yakult Group is striving to reduce environmental impact by shifting to aluminum-free containers.

Nyusankin Soy α released in 2013 was the world's first product to introduce a non-aluminum paper container for box-type containers used for soft drinks. By inserting a PET* layer in the place of aluminum foil, we succeeded in keeping the amount of oxygen seeping in to a minimum and this change enabled around a 15% reduction in CO₂ emissions deriving from the containers. In addition, we shifted from traditional cardboard trays to cardboard sheets for carrying the product in bulk with the objective of minimizing waste from bulk packaging. This resulted in around a 47% reduction in cardboard consumption.

*A plastic that is the raw material used in PET bottles. It is a kind of polyester.



Cardboard sheet (left) and conventional cardboard tray (right)



Nyusankin Soy α

In addition to using non-aluminum paper packaging, we made it easier to insert the straw in *Nyusankin Soy α*. The product received the Fiscal 2014 Minister of the Environment Award for Contributions to the Promotion of a Recycling-Oriented Society sponsored by the Ministry of the Environment and the WorldStar Award in the WorldStar 2014 Competition sponsored by the World Packaging Organisation, which has 51 member countries.



Naomi Iida
Deputy Manager, Planning & Development Section,
Development Department



Takayoshi Horiya
Manager, Technical Research Section,
Development Department



Osamu Sekiguchi
Senior Researcher, Technical Research Section,
Development Department

Shifted from aluminum to plastic for caps, reduced the environmental load during production and minimized the effort required for waste separation.

The Yakult Group's "aluminum-free" initiative started in 2008 with a shift from aluminum to plastic in caps used for Joie. Eliminating the use of aluminum while also modifying production facilities led to around a 15% reduction in CO₂ emissions. On top of this, we have minimized the effort required to separate waste when the product is disposed of by configuring the cap and container all in plastic.

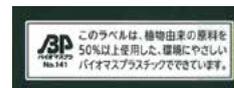


Joie
Joie won the WorldStar Award in the WorldStar 2009 Competition.

The use of biomass plastic in labels helps curb global warming.

Biomass plastic does not use finite fossil resources such as oil and is made from renewable sources such as corn and sugarcane. Since it uses plant material as the raw material, it is deemed to be environmentally friendly plastic based on the philosophy of carbon offsetting in which there is no impact on the amount of CO₂ in the atmosphere even if the product is incinerated after disposal.

Yakult employed biomass plastic labels* for *Bansoreicha* (500ml PET bottle) plus two other items in 2013 and for *Sawayaka Ume* (280ml PET bottle) plus two other items in 2014. This slashed CO₂ emissions deriving from the labels by 50%. Going forward, we plan to use biomass plastic for the bottles and caps as well.



500ml PET bottle of *Bansoreicha*
The degree of biomass used is stated on the label.

*See page 43 for details on products using biomass plastic.

We are promoting resource conservation by reducing the consumption of plastic in containers and conserving energy during transportation.

The Yakult Group is working to conserve resources used in containers. Conserving resources leads to lighter weight containers, which makes it possible to cut CO₂ emissions during transportation. In 2014, we reduced plastic consumption in 2L PET bottles of *Bansoreicha* while maintaining functionality, including container strength, holding ease and pouring ease. We realized a significant reduction in weight, with each bottle reduced from 59g to 49g.



2L PET bottle of *Bansoreicha*

Reduced consumption of resources used in labels by 24% and conserved energy in the production process.

Yakult has introduced a thinned-down shrink label for *Yakult Gold* released in 2014. By thinning down* the label by more than 20% compared with standard labels used for *Yakult 400* and other drinks, we succeeded not only in conserving resources but also cutting CO₂ emissions deriving from the label by approximately 24%. The label is the thinnest in the world among sleeve-type (tubular) polystyrene-made shrink labels.

Yakult has also developed a machine to shrink the new labels to the containers in line with the introduction of this label. Although previous machines required a length of 3.6m, the new machine shrinks the labels within a space of 1.6m. Besides realizing a compact design for the equipment, we also succeeded in reducing energy consumed in the shrinking process.

Going forward, we will look into the possibility of introducing a thin label for other products, including other types of Yakult products.

*Previously, shrink labels had a thickness of 25µm or 27µm, whereas the thin label adopted for *Yakult Gold* measures 20µm. 1µm (micrometer) equals one-thousandth of a millimeter.



Yakult Gold
Enhancing the finish quality of the *Yakult Gold* label makes it possible to employ attractive illustrations and displays.

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

Basic Policy on CSR

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

Basic Policy on CSR

All of us in the Yakult Group will strive through corporate activities based on our corporate philosophy to earn the trust of all the Group's stakeholders and promote mutually beneficial relationships with all stakeholders.

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

Compliance programs

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

■ Yakult Ethical Principles and Code of Conduct

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

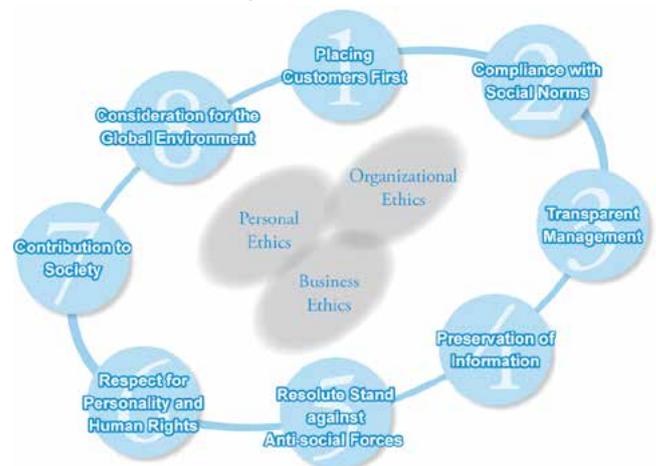
Taking into consideration the changes in the environment surrounding companies, in 2013 we reviewed the contents of the principles and code and revised them to make these more readable and friendly with the aim of enhancing the effectiveness of compliance promotion.

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



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

Yakult Ethical Principles



■ Compliance promotion system

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

■ Training and learning activities

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

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

■ Compliance Committee

In 2000, Yakult established its Compliance Committee, which is composed of independent experts from outside the Company. The Compliance Committee regularly meets with directors of Yakult

Honsha to discuss such themes as the financial situation and compliance promotion situation of each department. Members provide wide-ranging opinions and recommendations related to a broad range of corporate activities from the perspective of compliance, as well as confirm that there are no situations that were problematic in terms of compliance.

■ **Corporate Ethics Committee**

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

Fundamental corporate governance policy

Yakult's fundamental corporate governance policy is to "devote thorough efforts to steady business development centered on core business operations and promote highly transparent management functions." We undertake management that emphasizes enhanced internal control functions beginning with the optimization of management organizations and decision-making. We believe that such management is important in implementing our corporate philosophy: "We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular."

Corporate governance system

On June 22, 2011, we introduced the executive officer system. This aims to strengthen the Board of Directors' decision-making functions and supervisory functions as well as clarify

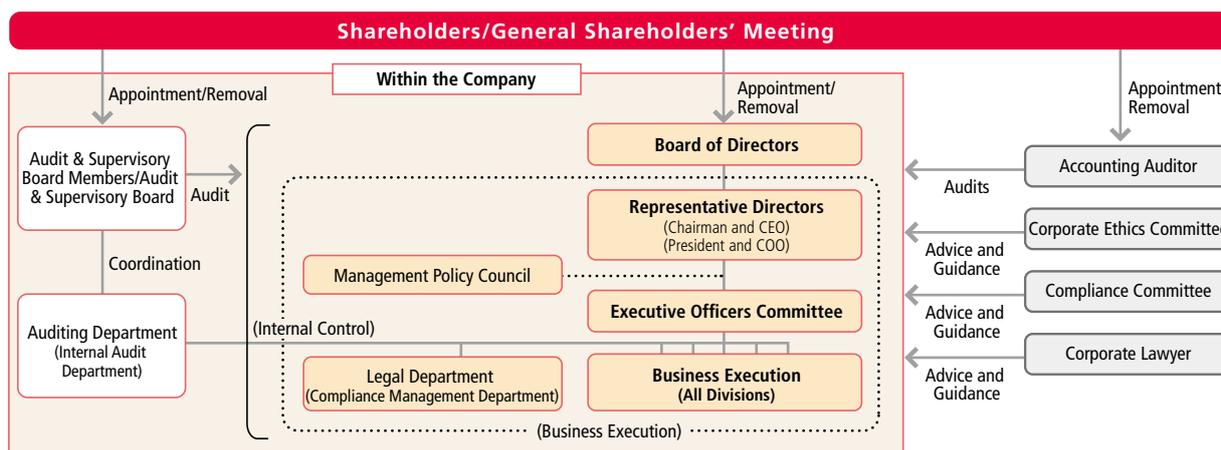
responsibilities, and it is increasing the efficiency of both kinds of functions. In addition, to promote effective management activities and accelerate decision-making, we have established the Management Policy Council, which includes Representative Directors, Divisional General Managers and one Audit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

We will firmly respond to Japan's new Corporate Governance Code that was adopted in June 2015 and strive to further strengthen our governance.

■ **Outside Directors**

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

Corporate governance framework



■ Auditing entities

Internal audits

Yakult has set up the Auditing Department as an organization reporting directly to the president to perform accounting audits and operational audits as well as internal control system audits that also cover affiliated companies in Japan and overseas. With a 14-person staff under the department general manager, this department currently handles internal auditing functions that include risk avoidance, implements internal audits covering the entire operations of each internal department and each affiliated company and provides specific advice and recommendations for improving operations.

Audit & Supervisory Board Member audits

Based on the audit policies and audit plans determined by the Audit & Supervisory Board, the seven Audit & Supervisory Board Members (including four outside auditors, one of whom is a female auditor) audit the operational execution situation of Directors and Executive Officers by attending meetings of the Board of Directors and other important meetings of the Company and examining documents related to decision-making and other matters. We have also secured a system for supporting Audit & Supervisory Board Member audits by deploying two full-time auditors possessing thorough knowledge of company operations and who can appropriately assist the work of the auditors.

External audits

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

Approach to the environment

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

Environmental Philosophy

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

In accordance with the Basic Policy on the Environment, we have drafted new versions of the Yakult Environmental Action Plan at three-year intervals since fiscal 2001. Based on these plans, all the Yakult Group's research and development, manufacturing,

marketing and office units have been moving ahead with environmental measures designed to reduce the Group's environmental impact. From fiscal 2013, the fifth environmental action plan has started, in which fiscal 2015 is the final year.

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



Realization of a low-carbon society

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

Efficient use of resources

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

Efforts to preserve biodiversity

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

Efforts for Quality and Environmental Management

To ensure that customers can enjoy products manufactured by Yakult with peace of mind, the Yakult Group works to carry out appropriate quality control while curbing the environmental impact during the manufacturing and logistics stages. As a part of associated efforts, Yakult Honsha plants, the Yakult Central Institute, bottling companies, marketing companies and overseas Group companies have obtained international management system certifications for quality and the environment that include ISO 9001, ISO 14001, HACCP, ISO 22000 and GMP.

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

All Yakult Honsha dairy product plants and all Group bottling companies* have obtained ISO 9001 certification. Each year, these business sites and companies implement activities related to the goals of the ISO 9001 standards, thereby working to further upgrade their quality performance.

All Yakult Honsha plants, all Group bottling companies* and the Analytical Science Department's Analysis Laboratory No. 3 at the Yakult Central Institute have obtained ISO 14001 certification.

* Yakult Okayama Wake Plant Co., Ltd., which began full-scale operations in February 2015, is currently preparing to obtain ISO certifications.

Status of ISO certifications obtained by Yakult Honsha plants (as of March 31, 2015)

Plant name	Location	Number of employees	Products produced	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Fukushima Plant	Fukushima-shi, Fukushima	137	Concentrated <i>New Yakult</i> , concentrated <i>New Yakult Calorie Half</i> , concentrated <i>Yakult 400</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i> , <i>Sofuhl</i>	2011	2002	1998
Ibaraki Plant	Sashima-gun, Ibaraki	86	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400LT</i> , concentrated <i>Yakult Ace</i> , <i>BF-1</i>	2011	2002	1998
Shonan Cosmetics Plant	Fujisawa-shi, Kanagawa	41	Cosmetics products		2002	
Fuji Susono Plant	Susono-shi, Shizuoka	223	Concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , <i>Joie (Drinkable Yogurt)</i> , <i>Joie (Yogurt Cup)</i> , <i>Sofuhl</i> , <i>Pretio</i>	1997	2000	1998
Fuji Susono Pharmaceutical Plant	Susono-shi, Shizuoka	67	Quasi-drugs, prescription drugs and active pharmaceutical ingredients		2003	
Hyogo Miki Plant	Miki-shi, Hyogo	144	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , concentrated <i>Yakult Gold</i> , <i>Sofuhl</i> , <i>Mil-Mil</i> , <i>Mil-Mil S</i>	2013	2014	2013
Saga Plant	Kanzaki-shi, Saga	125	Concentrated <i>New Yakult</i> , concentrated <i>Yakult 400</i> , concentrated <i>Yakult 400LT</i> , <i>Joie (Drinkable Yogurt)</i> , <i>Pretio</i> , <i>Mil-Mil S</i>	2011	2001	1998

Status of ISO certifications obtained by Yakult Central Institute (as of March 31, 2015)

Institute name	Location	Number of employees	Research fields	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Yakult Central Institute	Kunitachi-shi, Tokyo	282	Development research for foodstuffs, pharmaceuticals and cosmetics; research related to intestinal bacteria; bioactive substance discovery research; biotechnology research; product and material safety testing and research; analytical testing		2001	

Status of ISO certifications obtained by bottling companies (as of March 31, 2015)

Company name	Location	Number of employees	Products produced	Year of receipt		
				ISO 9001	ISO 14001	HACCP
Yakult Iwate Plant Co., Ltd.	Kitakami-shi, Yamagata	84	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i> , <i>New Yakult Calorie Half</i> , <i>Yakult Ace</i>	2012	2004	2008
Yakult Chiba Plant Co., Ltd.	Yotsukaido-shi, Chiba	62	<i>New Yakult</i> , <i>Yakult 400</i>	2012	2003	1998
Yakult Aichi Plant Co., Ltd.	Nisshin-shi, Aichi	97	<i>New Yakult</i> , <i>Yakult Gold</i> , <i>Yakult 400LT</i>	2012	2004	2009
Yakult Okayama Wake Plant Co., Ltd.*	Wake-gun, Okayama	147	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>			
Yakult Fukuoka Plant Co., Ltd.	Chikushino-shi, Fukuoka	84	<i>New Yakult</i> , <i>Yakult 400</i> , <i>Yakult 400LT</i>	2012	2004	1998

*In February 2015, Yakult Osaka Plant Co., Ltd. and Yakult Kobe Plant Co., Ltd. merged to form Yakult Okayama Wake Plant Co., Ltd., creating a five-plant structure.

Marketing companies acquisition of ISO certifications

In the early 2000s, the acquisition of ISO certifications of marketing companies began when a customer of a Yakult marketing company in Hiroshima Prefecture that had already obtained ISO 14001 certification requested that the Yakult marketing company follow suit.

The operations of Yakult marketing companies center on the provision of products manufactured by Yakult Honsha to customers via the Yakult Lady home delivery system as well as via direct sales involving stores and vending machines. Given the nature of those operations, we concluded that besides just reducing environmental impact, making concurrent efforts to reevaluate quality factors including products and services would be important in management quality.

The two management systems (ISO 14001/ISO 9001) also have

features in common. Accordingly, efforts have begun to secure these certifications at numerous business sites centering on Yakult Honsha's Marketing Company Modernization Department.

As a matter of course, marketing companies that have obtained these certifications commenced activities* as members of the Yakult Marketing Group. This will help further raise the quality of Group management through continuous improvements and also lead to the sharing of information as well as the effective utilization of funds.

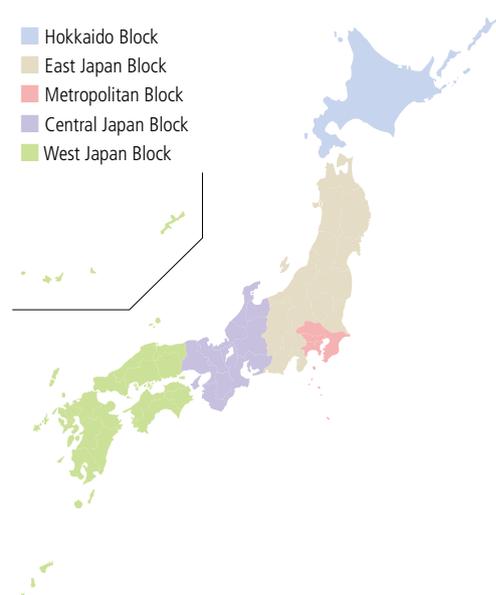
In fiscal 2015, through operational follow-ups and ISO meetings, ISO-related activities will be carried out on a day-to-day basis with the aim of undertaking an even higher level of activities.

We are making preparations to respond to both ISO standards revised under the 2015 versions.

* Some marketing companies obtained certification individually.

Number of marketing companies and employees (as of March 31, 2015)

Block name	Number of marketing companies	Number of employees		
		Number of marketing companies' employees	Number of Yakult Ladies	Number of Yakult Beauty Advisors
Hokkaido	9	482	2,054	997
East Japan	29	3,115	9,028	730
Metropolitan	17	3,794	8,127	841
Central Japan	19	3,604	9,564	1,238
West Japan	30	2,724	8,824	1,774
Total	104	13,719	37,597	5,580



Status of ISO certifications obtained by marketing companies

Block name	No.	Company name	Year of receipt		
			ISO 9001	ISO 14001	ISO 22000
Hokkaido	1	Yakult Sapporo Sales Co., Ltd.		2013	
East Japan	2	Yakult Iwate Sales Co., Ltd.		2007	
	3	Yakult Odate Sales Co., Ltd.		2012	
	4	Yakult Yonezawa Sales Co., Ltd. *2	2004		
	5	Yakult Miyagi Chuo Sales Co., Ltd.		2010	
	6	Yakult Mito Sales Co., Ltd. *2	2007		
	7	Yakult Niigata Chuo Sales Co., Ltd. *1		2007	
	Metropolitan	8	Yakult Saitama-Nishi Sales Co., Ltd. *2		2005
9		Yakult Chiba Ken Sales Co., Ltd.		2012	
10		Yakult Tokyo Sales Co., Ltd.		2007	
Central Japan	11	Yakult Kanagawa Tobu Sales Co., Ltd.		2008	
	12	Yakult Kinki Chuo Sales Co., Ltd. *1		2008	
	13	Yakult Hyogo Sales Co., Ltd. *2			2008
West Japan	14	Yakult Shin Hiroshima Sales Co., Ltd.		2005	
	15	Yakult Yamaguchi Sales Co., Ltd.		2009	
	16	Yakult Hiroshima Chuo Sales Co., Ltd.		2005	
	17	Yakult Sagaken Sales Co., Ltd.		2008	
	18	Yakult Sasebo Co., Ltd.		2011	
	19	Yakult Miyazaki Sales Co., Ltd.		2006	
	20	Yakult Miyakonojo Sales Co., Ltd.		2006	
	21	Yakult Sendai Sales Co., Ltd.		2006	
	22	Yakult Kagoshima Sales Co., Ltd.		2006	
	23	Yakult Kagoshima Tobu Sales Co., Ltd.		2006	

*1 Certification obtained for a portion of branches.

*2 Marketing companies obtaining certification individually. Others obtained certification as the Yakult Marketing Group.

Standards certification obtained in Japan and overseas

- HACCP (Hazard Analysis and Critical Control Point): 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 14001: An international standard for environmental management systems
- ISO 22000: An international standard for food safety management systems based on the hygiene management methods of HACCP
- GMP (Good Manufacturing Practice): An international standard for pharmaceuticals and food manufacturing management and quality management
- HALAL: A standard for food quality management systems based on Islamic Law
- OHSAS 18001: An international standard for occupational health and safety management systems

■ **Certifications obtained at overseas business sites**

The Yakult Group carries out the manufacture and sales mainly of the fermented milk drink *Yakult* in 32 countries and regions, with operations centering on 27 business sites and one research institute.

Status of certification obtained by overseas group (as of December 31, 2014)

	Region	No.	Company name	Start of operations	Number of employees	Number of Yakult Ladies	Plant name	Year of receipt						
								ISO 9001	ISO 14001	ISO 22000	HACCP	GMP	HALAL	OHSAS
Manufacturing and marketing companies	Asia and Oceania	1	Yakult Taiwan Co., Ltd.	1964	310	1,395	Zhongli Plant					2002		
		2	Hong Kong Yakult Co., Ltd.	1969	189	0	Tai Po Plant	2001		2013	2013			
		3	Yakult (Thailand) Co., Ltd.	1971	1,327	3,295	Bangkok Plant				2005	2004	2014	
							Ayutthaya Plant				2012	2012	2014	
		4	Korea Yakult Co., Ltd.	1971	1,006	12,381	Pyeongtaek Plant				1998			
							Nonsan Plant				1998			
							Yangsan Plant				1998			
							Cheonan Plant				2002	2011		
		5	Yakult Philippines, Inc.	1978	1,000	2,737	Calamba Plant						2005	
		6	Yakult (Singapore) Pte. Ltd.	1979	158	340	Singapore Plant	2003			2002		1999	
		7	P.T. Yakult Indonesia Persada	1991	4,031	5,929	Sukabumi Plant			2011			1998	
							Surabaya Plant						2012	
		8	Yakult Australia Pty. Ltd.	1994	105	0	Australia Plant	2004			2009			
9	Yakult (Malaysia) Sdn. Bhd.	2004	249	511	Malaysia Plant				2006		2004			
10	Yakult Vietnam Co., Ltd.	2007	333	268	Vietnam Plant		2011	2009	2009			2013		
11	Yakult Danone India Pvt. Ltd.	2008	149	237	Sonipat/Rai Plant	2011			2010			2012		
12	Guangzhou Yakult Co., Ltd.	2002	986	1,814	Guangzhou Plant 1	2003	2003		2004	2006				
					Guangzhou Plant 2	2014	2014		2014	2014				
13	Shanghai Yakult Co., Ltd.	2005	382	367	Shanghai Plant	2008			2008					
Manufacturing companies	The Americas	14	Yakult S/A Ind. E Com. (Brazil)	1968	2,521	5,276	Lorena Plant				2004	2003		
		15	Yakult S.A. de C.V. (Mexico)	1981	3,136	8,598	Isutaparuka Plant				2002	2002		
							Guadalajara Plant				2006	2005		
16	Yakult U.S.A. Inc.	1999	101	0	California Plant									
Marketing companies	Asia and Oceania	17	Tianjin Yakult Co., Ltd.	2011	274	—	Tianjin Plant							
		18	Wuxi Yakult Co., Ltd.	2015	—	—	Wuxi Plant							
	Europe	19	Yakult Europe B.V.	1996	110	—	Almere Plant	2005	2000		2003			
	Asia and Oceania	20	Yakult (China) Corporation	2007	1,440	99	—							
		21	Beijing Yakult Co., Ltd.	2006	203	181	—							
	Europe	22	Yakult Nederland B.V.	1994	17	0	—							
		23	Yakult Belgium N.V./S.A.	1995	7	0	—							
		24	Yakult UK Ltd. (Ireland Branch)	1996	20	0	—	1999	1999					
		25	Yakult Deutschland GmbH	1996	24	0	—							
		26	Yakult Oesterreich GmbH	2005	3	0	—							
27		Yakult Italia S.R.L.	2007	13	0	—								

Customers

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

Efforts to Ensure Safety and Peace of Mind

We endeavor to manufacture products that are safe, offer peace of mind and are of high quality.

■ Ensuring the safety of raw materials

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

■ Providing products that are safe and offer peace of mind

Yakult sets internal product quality standards that are much more rigorous than standards set by relevant laws and regulations and establishes original systems that integrate ISO 9001-certified quality management systems with Hazard Analysis and Critical Control Point (HACCP) systems and food defense in connection with its efforts to provide products that are safe and of dependably high quality.

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

To verify that our plant employee technical education programs, facility management systems, food hygiene management systems and other systems are functioning effectively, we autonomously implement

audits on inter-unit, inter-plant, intra-company and other bases as part of our efforts to discover and respond to problems as quickly as possible.

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

In addition, certain countries overseas have attained HALAL certification (see page 19).

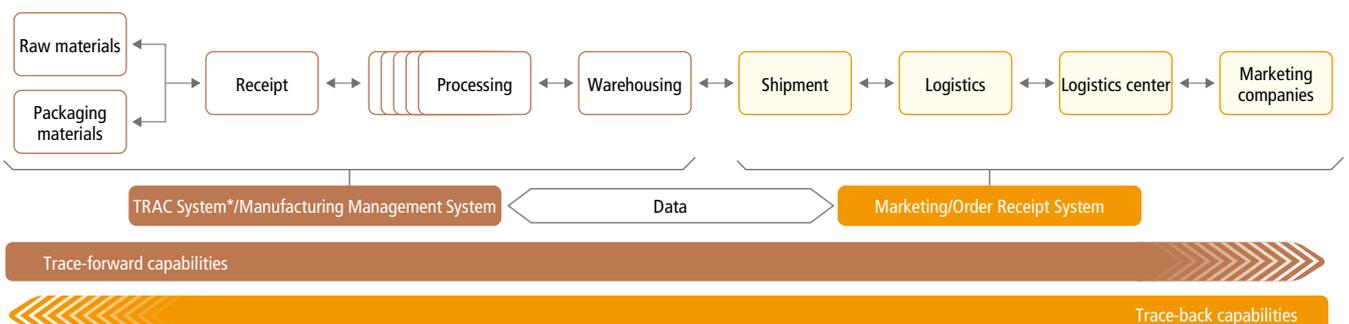


■ Product quality issues

Just as in fiscal 2013, Yakult had no product quality issues requiring autonomous product recalls or similar measures during fiscal 2014.

■ Traceability system

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



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

Communication with Customers

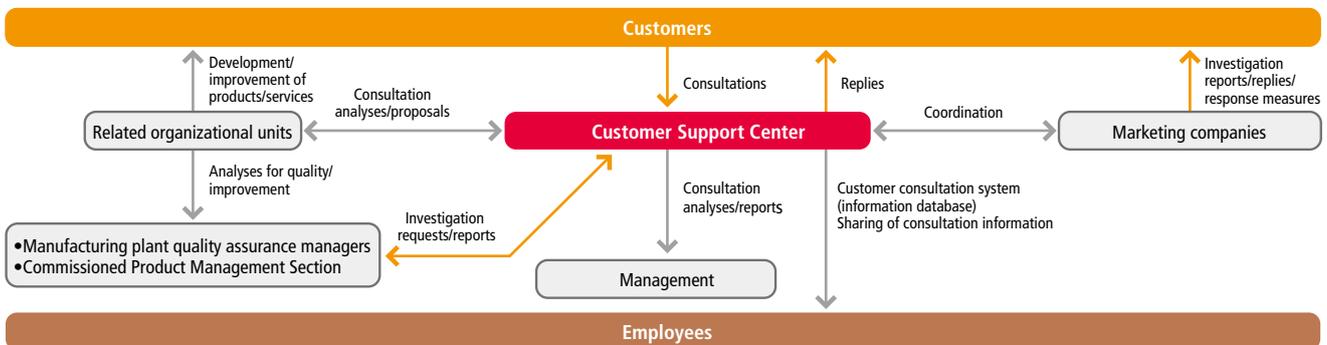
We respond quickly, accurately and with sincerity to customer feedback.

■ Role and systems of the Customer Support Center

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

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

Customer response flows



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

■ Cases of success in products based on customer feedback

– Enhanced ease of removing cap on Yakult 400 products –

Yakult has responded to customer feedback stating that the cap was hard to remove and that it sometimes broke while being opened by making the cap tab bigger and thus easier to open. Approximately 80 different trial products were tested to determine the best shape for the tab, with evaluations focusing on ease of opening and visibility, and the final selection was made based on an evaluation conducted by outside monitors. The new cap was introduced in a step-wise manner starting in December 2014 with full switchover completed by July 2015. Many customers have commented that the cap is easier to grasp and open and that it doesn't break when opening.

Improving the shape of the tab



Customer Feedback

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

In fiscal 2014, the Customer Support Center received 46,888 consultations, down slightly from 49,857 in the previous year.

Customer consultations in fiscal 2014

Topic	Number
Inquiries	35,436
Applications	3,762
Complaints	4,280
Discontinuations/suspensions	1,435
Changes	477
Others	1,498
Total	46,888

Research and Development

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

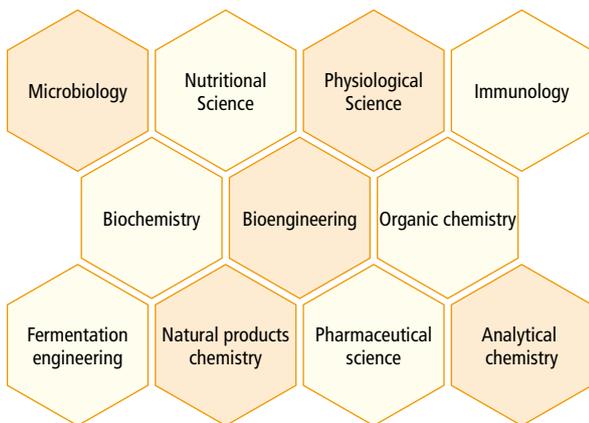
■ History of the Yakult Central Institute

~ Inheriting and putting into practice “Shirota-ism” ~

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

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

Key research fields



■ Pursuing health science research focused primarily on intestinal flora

The Yakult Central Institute’s research programs are focused primarily on elucidating ways that intestinal microorganisms (intestinal flora) can contribute to preventive medicine. The institute has established a molecular biology-based intestinal flora analysis system (YIF-SCAN®) that it employs to investigate healthy and pathological intestinal

flora structures and undertake research into the relationship between intestinal flora and human health. The institute is also seeking to discover intestinal microorganisms unknown up until now and gain a deeper understanding of the structures and functions of intestinal flora.

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



YIF-SCAN® intestinal flora analysis system

■ Applied research using probiotics and natural products

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

The word “probiotics” is derived from the word “probiosis,” which refers to symbiotic relationships among organisms, and are defined as



Bacteria-culturing work performed on a clean bench

live microorganisms that exert a beneficial effect on host organisms, including people. Probiotic research is largely aimed at leveraging the power of beneficial bacteria to help maintain and improve human health, and *Lactobacillus casei* strain Shirota and *Bifidobacterium breve* strain Yakult are among the most prominent types of such beneficial bacteria. Research related to such carefully selected and fortified bacteria strains has enabled us to maintain a position on the leading edge of global progress in the field of probiotics.

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

■ Research and development activities overseas

Yakult Honsha opened the Group's first overseas research base in Ghent, Belgium, in 2005. Setting up a research facility in Europe where yogurt has been popular over the ages and the concept of probiotics was born has made it possible to employ various studies targeting people in Europe who have different lifestyles, including eating habits, from Japanese. The research center proactively pursues joint research with such institutes as universities and hospitals in Europe. Previously, it was discovered by the center in a human study that *Lactobacillus casei* strain Shirota reaches the intestine alive when commercial products (*Yakult*) produced locally are consumed by Europeans and that *Yakult* has the effect of improving fecal properties.

By accumulating such data, Yakult aims to establish a research foundation in pursuit of global business expansion spanning from Europe to the United States and Asia.



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

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

A reconstruction project for the institute commenced in 2006 and is progressing steadily toward planned completion in October 2015. The project includes upgrading buildings and equipment and following completion the complex will consist of structures such as the Common Use Facility Building, Energy Supply Building, Food Research Building, Research Administration Building, Quality and Technical Development Building, Pharmaceutical and Cosmetic Research Building/Yakult Analysis Center and Basic Research Building. The new research

facilities, based on the concept of a research institute among the trees and water that is open to visitors, incorporate state-of-the-art research equipment as well as the means to communicate to the world the results of past research and the philosophy of Shirota-ism via the International Conference Hall and Shirota Memorial Museum.

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



Yakult Central Institute

■ Expansion of joint research

The research institute actively conducts joint research with a number of universities, hospitals and research institutes and elucidates the benefits of Yakult's probiotics from different perspectives. There are expectations that future joint research will give rise to new knowledge.

As one example, we started joint research using the International Space Station (ISS) in conjunction with the Japan Aerospace Exploration Agency (JAXA) starting from April 2014. The key objective of this project is to verify scientifically the effects of the continuous intake of probiotics (*Lactobacillus casei* strain Shirota) on the immune functions and intestinal environment of astronauts on long-term stays aboard the ISS. The aim is to use the findings to maintain the health of astronauts in the coming space-exploration age and discover new effects of probiotics.



International Space Station (ISS)

Local Communities

As a member of the local community, we respect regional cultures and customs and promote corporate activities in collaboration 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.

Relationships with Local Communities

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

■ Courtesy Visit Activities

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

This activity began when a Yakult Lady in Kohriyama, Fukushima Prefecture, took it upon herself to provide Yakult products to elderly people living alone, at her own expense, after hearing the sad news of one such person whose death went unnoticed. Her initiative resonated with both the local Yakult marketing company and social workers in the region and moved many local governments to take action. As a result, these visits by Yakult Ladies, known as "Courtesy Visit Activities," have spread throughout Japan. As of March 2015, over 3,400 Yakult Ladies are paying regular visits to more than 45,000 elderly people in response to requests from 142 local governments and other institutions in Japan.

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



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

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

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

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

Co., Ltd. and Yakult Shonai Sales Co., Ltd.) concluded an agreement regarding activities to ensure safety in the region with Yamagata Prefecture. The daily services provided by Yakult Ladies include contacting municipalities in case unusual changes are detected in an elderly person or child, in which a report is made to the fire department or police in case of emergency, as well as cooperating with efforts to prevent loneliness undertaken by the municipality.

We are carrying out such safety watch and crime prevention programs in all of Japan's regions, and these programs are earning growing support and recognition from people in each region. As of March 2015, 100 marketing companies throughout Japan have created organizations to contribute to communities' safety and peace of mind.

■ Implementing social activities with vending machines

As of the end of March 2015, the Yakult Group has installed approximately 53,000 vending machines throughout Japan. In addition to their original function of enabling customers to purchase products, some vending machines with special social contribution functions can offer important assistance to people in local communities.

One example of such vending machines are models installed together with automated external defibrillators (AEDs) that can save the lives of people with cardiac arrhythmias that can lead to cardiac arrest. In fiscal 2014, Yakult has installed 307 vending machines (total of 2,129 vending machines) with AED units.

In addition, we installed universal design models that are easy to use for everyone, disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models that incorporate security cameras that can play useful roles in crime prevention activities. In cooperation with Kirin Beverage Value Vendor Company, Limited, which is a partner in Yakult's vending machine operations, we are moving ahead with the installation of "Pink Ribbon" vending machines that contribute a portion of their proceeds to the Japan Cancer Society. Yakult is working to install vending machines with special social contribution functions, and in fiscal 2014, 79 "Pink Ribbon" vending machines (total of 219 vending machines) have been installed throughout Japan.



Universal design vending machine "Pink Ribbon" vending machine

■ Backing support facilities for persons with disabilities

In cooperation with pachinko and pachislot cooperative associations in respective prefectures, Yakult provides work opportunities to persons with disabilities who use welfare facilities, which helps support their participation in social activities. The work involves requesting persons with disabilities at the welfare institutes to attach stickers that include New Year and summer greetings to *Yakult* products that are distributed to customers at pachinko and pachislot parlors. In fiscal 2014, Yakult had the stickers attached to a total of around 760,000 bottles at 60 institutes in 12 prefectures. Going forward, we will continue conducting this activity and look to expand the number of prefectures and institutes.

■ Provision of information regarding bowel cancer

Yakult provides the opportunity to deepen understanding of bowel cancer through pamphlets and a website that offer simple explanations of the disease for people suffering from bowel cancer and their families as a social contribution activity relating to the Pharmaceutical Business.

■ Symposium on Intestinal Flora cosponsorship

Coordinated by the Yakult Bio-Science Foundation and supported by the Ministry of Education, Culture, Sports, Science and Technology, the Symposium on Intestinal Flora has been organized to promote greater public awareness and understanding of bioscience issues centered on those related to intestinal flora. Yakult Honsha has been cooperating with respect to this symposium program since its inauguration. Held on October 31, 2014, at Yakult Hall, the 23rd session of the symposium focused on the main theme of "Intestinal Microbiota, Intractable Disease and Autoimmunity." Those attending the event included approximately 80 Yakult Group employees from operations in 12 countries and regions as well as 525 other people, including researchers working in Japan- and overseas-based universities, government research institutions and companies.

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

■ Dispatching guest lecturers

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

Yakult Honsha branches and marketing companies in each region of



Guest lecture (Yakult Kushiro Sales Co., Ltd.)

Japan dispatch guest lecturers to kindergartens, primary schools and other locations, where they use scale models and other instructional tools to provide easy-to-understand information about the important role of the intestines and the importance of healthy eating habits conducive to good bowel functions (see pages 10-11 for details on dispatching guest lecturers). In fiscal 2014, Yakult conducted around 2,300 guest lectures for roughly more than 160,000 participants nationwide. Guest lectures are also being given overseas in such countries as Hong Kong, Thailand, Malaysia, India and China.

■ Holding health-related seminars for primary school teachers (Yakult (China) Corporation)

Yakult (China) Corporation is supporting "children by the riverside" activities for primary school teachers and children in impoverished regions that aim to create healthy lifestyles. In July 2014, 100 teachers recognized as implementing the most outstanding activities were taken on a plant tour while practical physicians were invited to hold seminars related to nutrition and health for children.



"Children by the riverside" activity

■ Cleanup campaigns

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

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

In fiscal 2014, 13 business sites helped beautify nearby areas by implementing 120 cleanup campaigns in which a total of 1,094 employees participated.



Cleanup campaign (Saga Plant)

■ Plant festivals and tours

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

Besides food and refreshment vending booths, the festivals feature performances by actors portraying animated characters popular with children and bands as well as Japanese drum ensembles. While enjoying the fun, people attending festivals also have the opportunity to participate in plant tours and product tasting. The festivals have proven to be an effective means of fostering a deeper understanding of plant operations among people from local communities. During fiscal 2014, five Yakult Honsha plants and five bottling companies held festivals, which a total of approximately 20,000 people attended.

In addition, with the objective of deepening understanding of

Yakult’s products and the Group’s commitment to environmental awareness and products that are safe and offer peace of mind, we proactively offer tours of each plant. We offer plant tours to members of the general public ranging from children to the elderly as well as such programs as sociology and environmental education programs for primary school students, and we also seek to use such tours to obtain feedback information from opinion leaders and people with a particularly strong interest in health issues. During fiscal 2014, six Yakult Honsha plants, including the Shonan Cosmetics Plant, and six bottling companies hosted approximately 190,000 people.

Plant tours are also actively being conducted at overseas facilities in such places as Hong Kong, the Philippines, Singapore, Indonesia, Malaysia, Vietnam, India, China, the United States and Europe.

We provide tours showing how we make products that are safe and offer peace of mind and take visitors on a journey through the “intestinal tunnel.”



Mizuki Honda

In charge of public relations, General Affairs Department, Fukushima Plant, Yakult Honsha Co., Ltd.

During the tours at Yakult Honsha’s Fukushima Plant, visitors are introduced to Shirota-ism and Yakult products, and then shown the production line where the plant makes products that are safe and offer peace of mind. Finally, visitors are guided through an “intestinal tunnel” where they learn about intestinal health in a fun way. In this section, visitors learn about intestinal microorganisms and the workings of the intestines. The entranceway to the tunnel looks like a person’s mouth and visitors are told to imagine food being consumed there before moving on to the stomach, small intestine and large intestine and finally out as a bowel movement. The exit resembles a person’s behind and is complete with the sound of gas being passed. The course is filled with such ideas that were conceived of by employees.

“I hope to increase the number of Yakult fans by boosting understanding of the structure of the intestines and the workings of lactobacilli,” says Mizuki Honda, who is in charge of public relations at Yakult Honsha’s Fukushima Plant.



Some children express their desire to work at Yakult when they get older.

Children learn about the structure of the intestines and what Yakult is delivering to the world.

Kaori Sato, teacher at Hirano Elementary School, Fukushima City

As part of our lesson on manufacturing, we take part in one of Yakult’s plant tours. Since we view the production process from behind glass walls, the children are able to get a clear idea of how products are being made in a safe manner. With the “intestinal tunnel,” Yakult provides the opportunity to learn about what’s good for the intestinal environment in a fun way. In addition, we learn about products originally from Japan that are being delivered to different parts of the world in a section displaying Yakult packages from around the globe.

■ Initiatives at marketing companies

The Yakult Group works proactively to implement regional and social contribution activities in its marketing companies, with some of these marketing companies even releasing their own CSR-related reports.



CSR Report 2015 (Yakult Gunma Sales Co., Ltd.)



Business Report on Health, Assistance and Hospitality Vol.5 (Yakult Hyogo Sales Co., Ltd.)

■ Activities promoting sports

The Yakult Group actively promotes various sports as well as undertakes regional and social contribution activities.

● Baseball clinics

Yakult holds baseball clinics nationwide that are run by current players from the Tokyo Yakult Swallows in the professional baseball off-season. In 2014, more than 1,100 children took part in the clinics at nine different venues.

The non-profit organization Tsubame Sports Promotion Association was established in 2005 and holds baseball clinics and coach training through retired players from the Tokyo Yakult Swallows. In 2014, clinics and training were conducted at 38 venues and over 6,000 people participated.



Baseball clinic

● Track and field club and rugby club

The track and field club, founded in 1972, participates in different sporting events such as various *ekiden* (road relay races), including the New Year Ekiden held every year on January 1, as well as marathons. Yakult running clinics have been staged annually since 1988 as a place for athletes and local citizens to come together. Approximately 150 people participated in 2014.

The Yakult Levins rugby club was founded in 1980 and takes part in Japan Rugby's Top East Division 1 League. It also plays an active role in helping to spread the game of rugby and assists with

the running of the Toda Rugby Festival held every year in Toda City, Saitama Prefecture, and a tag rugby clinic at a primary school in Chiba Prefecture.

The track and field club and rugby club continue to conduct activities that contribute to the local community such as active participation in local cleanup campaigns.



Yakult running clinic



Tag rugby clinic (Kazahaya Hokubu Elementary School, Kashiwa City)

● Bound tennis

The Yakult Group takes on activities aimed at promoting "bound tennis" as a sport for all ages through support of the Japan Bound Tennis Association.

The Japan Bound Tennis Association held its 32nd national bound tennis championship tournament at the Tokyo Metropolitan Gymnasium in June 2014, and more than 1,000 contestants from throughout Japan participated in this competition.

● Support of FINA

Since 2005 Yakult has cosponsored international swimming competition events as an official partner of the Federation Internationale de Natation (FINA), as FINA's efforts to promote good health by means of participation in aquatic sports resonate with Yakult's corporate philosophy.



2015 FINA World Championships

● Support of Super Rugby

As sponsor of the Melbourne Rebels in the SR15 (Super Rugby), Yakult Australia Pty. Ltd. actively conducts regional and social contribution activities through sports. This includes conducting activities to promote rugby in the state of Victoria where the team is from, holding rugby clinics for local clubs and sponsoring trips to hospitals to visit children suffering from intractable diseases.

■ Regional and social contribution activities overseas

In addition to Japan, the Yakult Group implements regional and social contribution activities overseas as well through a number of different initiatives.

● Contributing to raising health consciousness through film-showing (P.T. Yakult Indonesia Persada)



Film-showing activities at a company

In order to communicate the philosophy and science of Yakult to larger numbers of people, P.T. Yakult Indonesia Persada actively conducts film-showing activities. These activities help raise people's health consciousness.

In 2014, 73 Yakult Indonesia staff organized 4,425 showings and 127,591 people participated.

Going forward, Yakult Indonesia will continue actively implementing film-showing activities.

● Running a pavilion at KidZania

(Yakult S/A Ind. E Com. (Brazil)/P.T. Yakult Indonesia Persada)

Yakult S/A Ind. E Com. (Brazil) has opened a pavilion at KidZania São Paulo, a theme park where children get to simulate different adult occupations that opened in a shopping center in São Paulo, Brazil, in February 2015.

At Yakult S/A Ind. E Com.'s Yakult Science Lab Pavilion children can wear a white coat and find out what it's like to be a researcher by experiencing different types of research using actual equipment. The aim is to give the children an insight into the fun and wonder of science and the joy of working as a researcher.

P.T Yakult Indonesia Persada has been running a pavilion at KidZania Jakarta since 2008 as well.



Yakult Science Lab Pavilion at KidZania São Paulo

Yakult has also had a pavilion at KidZania Tokyo since 2006 and KidZania Koshien since 2009.

● Providing *Yakult Ace* to children suffering from intestinal disease (Yakult (Malaysia) Sdn. Bhd.)

Hirschsprung's Disease is a congenital disorder involving chronic constipation and intestinal blockage caused when part of the large intestine lacks the nerve bodies that regulate gastrointestinal activity. Ho Min Yi, who was born with the disease in 2009, started drinking three bottles of *Yakult Ace* a day in September 2012 following surgery on the recommendation of the doctor in charge, which helped improve his symptoms considerably.

Yakult Malaysia Sdn. Bhd. has been providing 25 complimentary bottles of *Yakult Ace* every week since November 2012 after being contacted by the doctor.

Min Yi is now five years old and no longer requires medication as of December 2014. Yakult Malaysia will continue supporting Min Yi's health.



Ho Min Yi with his mother and father

● Cooperation with Olympic Training Centre (Yakult Deutschland GmbH)

Yakult Deutschland GmbH has been providing *Yakult* since September 2011 as the official partner and supplier of the Olympic Training Centre Bavaria (OSP Bayern, Munich), the biggest among the Olympic Training Centres in Germany. At eight regional bases all over Bavaria, Yakult products are available for athletes in special refrigerators and OSP recommends *Yakult* to athletes.



Skiing athletes of the residential school trust in Yakult.

Suppliers

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

Purchasing Activities

We are working to improve the quality of raw materials and enhance the level of stable supply.

■ Promoting fair and sound transactions

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

Aiming to further upgrade performance with respect to the quality of raw materials purchased, stable supplies and other issues, we have undertaken efforts with the understanding and cooperation of our business partners to fairly and equitably review the characteristics of transactions and our business partners are given feedback on the results.

As part of this process, we confirm the acquisition status of ISO 9001 and ISO 14001 certification and the release of CSR reports among other efforts by our business partners.

These initiatives serve as the basis for proactive efforts to improve the characteristics of transactions.

Yakult Basic Policy on Green Procurement

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

Scope of policies

All manufacturing, marketing, office and R&D facilities

Basic policies

1. Avoid procuring items with a potential for harming the environment or human health.
2. Procure items that give due consideration to resource conservation and energy conservation.
3. Procure items provided with crating and packaging materials that incorporate a high proportion of recycled materials.
4. Procure items provided with crating and packaging materials designed to be reused, particularly when the materials can be reused many times.
5. Procure items provided with crating and packaging materials with minimal portions that must be disposed of as waste and for which those minimal portions that must be disposed of as waste can be easily processed and disposed of.

6. Procure items that are manufactured, marketed and shipped by companies proactively addressing environmental protection objectives by such means as building environmental management systems, disclosing environmental information and cooperating with Yakult's environmental protection activities.

Established March 5, 2001

■ Green procurement

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

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

■ Green purchasing

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

The green purchasing ratio for fiscal 2014, the second fiscal year of the plan's fifth phase, increased 0.2% year on year to 94.1% companywide. Plans call for sustaining efforts to promote further progress in augmenting green purchasing going forward.

Shareholders

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

IR Activities

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

■ Relationship with shareholders

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

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

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

the current financial position, recent corporate performance and other relevant factors.

With respect to fiscal 2014, ended March 31, 2015, the level of total dividends applicable to the fiscal year was ¥25.0 per share.

We had approximately 20,000 shareholders as of March 31, 2015.

■ IR information disclosure

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

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

What's new

Top Message

Management Policy

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

Financial Information

Supplementary Materials for Financial Statements and Fact Book/Financial Data

IR Library



Financial Results Briefing



Yakult Annual Report 2015



Reports to shareholders

Employees

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

Employees' Missions and Motivation

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

■ Employee education

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

Basic policies

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

In fiscal 2014, a total of 575 employees from Yakult Honsha and 3,220 employees from Yakult Group companies underwent training courses.

■ Personnel systems for promoting employees' missions and motivation

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

● Career Course Switch System

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

the 10 years since its introduction in 2005 has been used by 151 employees who choose to proactively make the requisite efforts and address the challenges of a new career development path.

● Self-Reporting/Qualification Assessment System

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

● Job Rotation System

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

■ Increasing employee satisfaction

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

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

In addition, although we have been using a company to handle the welfare program enabling the use of accommodation facilities and other facilities nationwide for a special price, we changed the outside contractor in 2012, which has led to greater convenience for employees and a more enriched service menu. Since introducing the new services, the usage rate has grown by more than double compared with before and this has become a more attractive welfare plan for employees.

■ Continuous Employment System

Yakult introduced a Continuous Employment System in April 2006, which is designed to reemploy personnel who have reached retirement age as full-time and contract workers. The system has been revised as needed in alignment with the intent of the Act for Stabilization of Employment of Older Persons etc. Currently, it is basically being utilized as a system to reemploy persons desiring to continue work up until they reach the age they begin to receive a welfare pension (earnings-related component). In fiscal 2014, 54 of the 69 persons of retirement age continued working under this scheme. As of April 2015, a total of 155 employees who have chosen to continue working have made effective use of their wealth of experience and knowledge and leveraged their skills in respective places of work to ensure they fulfill their maximum potential.

Ratio of continuous employment at retirement age

Fiscal year	2010	2011	2012	2013	2014
Number of persons at mandatory retirement age	86	72	58	68	69
Number engaged in continuous employment at Yakult	41	42	30	35	40
Number of continuous workers who transfer to another company	24	10	13	16	14
Number of persons who choose to retire	21	20	15	17	15
Ratio of continuous employment* (%)	75.6	72.2	74.1	75.0	78.3

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

■ Expanding the role of women at work

In response to current issues facing Japan, namely a "declining birthrate and aging population" and a "declining productive population," Yakult is making concerted efforts to secure and develop diverse human resources. In particular, expanding the role of women at work has been positioned as a key topic within our personnel strategy and we are working positively toward this realization. In terms of fields in which women are active, we have formed women-oriented project teams that release new products through a brand called "Mitsuboshi Factory" and we established a female-centered team to revitalize the Yakult Ladies organization in April 2015 in order to



"Mitsuboshi Factory" project team

communicate inside and outside the Group the importance of creating an environment that is pleasant for women to work in. The effects of expanding the role of female workers in this way are becoming more evident in the ratio of women in managerial positions, with 45 of 780 people in management, or around 5.8%, being accounted for by women as of April 2015, and this figure continues to rise.

Ratio of women in managerial positions

Month/Year	Apr. 2011	Apr. 2012	Apr. 2013	Apr. 2014	Apr. 2015
Total number of managers	808	811	810	804	780
Female managers	30	33	35	40	45
Ratio of women in management (%)	3.7	4.1	4.3	5.0	5.8

■ Employment of persons with disabilities

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

Yakult has almost consistently maintained our rate of employing persons with disabilities above the legally mandated rate of 1.8% since fiscal 1999. Since the stipulated rate has been raised to 2.0% in fiscal 2013, we fell slightly below this level. Going forward, we aim to realize a rate that exceeds the legally mandated rate by continuing to actively employ persons with disabilities.

Rate of persons with disabilities employed

Fiscal year	2010	2011	2012	2013	2014
Rate of persons with disabilities employed (%) (annual average)	1.81	1.81	1.84	1.98	1.99

■ Worker safety and peace of mind

Yakult is committed to safety management and strives to create comfortable work environments so that employees can work with peace of mind. A particular area of focus has been mental health measures, an area that has become a social issue in recent years. We have been conducting initiatives related to health management from both mental and physical perspectives for employees throughout the company.

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

Work accident frequency rate and severity rate

Fiscal year	2010	2011	2012	2013	2014	Whole industry average*3
Work accident frequency rate*1 (%)	0.52	0.17	0.17	0.33	0.71	1.66
Work accident severity rate*2 (%)	0.07	0.0003	0.006	0.002	0.007	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 (2014)

● Mental health measures

Yakult promotes motivation at work by reducing stress that comes from the weight of work and responsibility and also endeavors to

create a bright and welcoming workplace through various actions that serve as mental health measures.

Specifically, a mental health consultation desk has been set up which provides health consultations and counseling through resident health outreach workers as well as counseling as required through company-designated industrial physicians. Mental health advisors with knowledge of ways to deal with persons who are mentally unwell have been assigned to respective business sites and they endeavor to realize early detection of mental health issues and undertake the appropriate response.

In order to promote understanding relating to prevention of mental illness and suitable response among all employees, Yakult has been running regular workshops at business sites nationwide since 2012 while individual stress tests have been undertaken since 2014.

Besides this, we are working to further enhance understanding and increase knowledge of mental health through various level-specific workshops for persons from newly hired employees to newly appointed managers.

■ Helping realize optimal work-life balances

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

● Training related to work-life balance

In order to promote initiatives related to work-life balance across the organization, Yoshie Komuro, CEO of Work Life Balance Co., Ltd. and a leader in the work-life balance field, was invited to give a speech at a training workshop for employees in 2012 and for directors in 2013. Subsequent to this, Yakult has been continuing to increase awareness related to work-life balance through such means as e-learning for all employees and training workshops for newly appointed managers.

● Promoting the use of annual allotments of paid holidays

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

Rate of using annual allotment of paid holidays

Fiscal year	2010	2011	2012	2013	2014
Rate of using annual allotment of paid holidays (%)	45.4	53.6	47.7	50.6	53.0

● Setting "no overtime days"

As part of efforts to ensure a good work-life balance, Yakult has set one day each week as well as payday and bonus day as "no overtime days" and is implementing a number of initiatives to encourage employees to finish work at the fixed time without doing any overtime

work as a general rule. Even though the number of overtime hours per employee is already at a low level compared with the manufacturing industry overall, the trend of fewer overtime hours has been continuing in recent years and that number decreased by around 10% year on year again in fiscal 2014.

● Acquisition of Kurumin Mark certification

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

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



● Parental child-rearing leave for men

Yakult has established a saved leave system in which employees can make use of the portion of paid vacation that exceeds the limit allowed to carry forward for other purposes. Such saved leave can be used for child-rearing leave or nursing care leave, which has led to an increase in the number of men taking child-rearing leave.

Number of men taking child-rearing leave

Fiscal year	2011	2012	2013	2014
Number of men taking child-rearing leave	2	4	2	3
Rate of men taking child-rearing leave* (%)	2.4	5.3	2.6	2.7

* Rate of men taking child-rearing leave: Number of male employees taking child-rearing leave divided by the number of male employees whose spouse has given birth



Kazuki Okano,
Senior Staff, Human Resources Section,
Human Resources Department on taking child-rearing leave

Since my wife went back to her hometown to give birth I decided to take child-rearing leave so that I could spend some time helping to raise our child after they got back and helping out as much as I could with the housework. The experience made me realize just how physically and mentally tiring it is since every day is filled with diaper changing, milk feeding, bathing and giving the baby solid food. The best thing about taking the leave was getting a first-hand insight into how tough raising a child is. I really appreciate my wife spending all day doing the housework while looking after our child and I am committed to being more involved in child-rearing going forward.

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

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

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

In addition, Yakult has introduced a shortened working hour system for when child-rearing leave takers return to work, and allows the system to be used up until the child reaches elementary school, which is above and beyond the legal requirement of cutoff when the child turns three. This has helped facilitate an environment that enables employees to balance work and child-rearing with peace of mind over the long term.



Participants in a round-table meeting

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

The Yakult Group supports women's advancement in society and supports the creation of a pleasant working environment for Yakult Ladies from diverse perspectives. One of these is the running of daycare centers that have been set up inside marketing companies nationwide, a program that began in the 1970s.

Approximately 10,000 children were using the 1,213 daycare centers as of the end of March 2015.

In addition, 49 of the daycare centers in certain regions are open to the public so that children from surrounding areas can also attend.

- **Initiatives at overseas Group companies**

- **Sports day for employees (Guangzhou Yakult Co., Ltd.)**

Guangzhou Yakult Co., Ltd. held its first big sports day for employees in November 2014. The event, which was designed to promote both

interchange between employees and health, was attended by a total of around 1,500 people, including families in addition to employees. Teams from 12 sales offices competed against each other and each team put forward their best effort to win. At the end of the day, many employees said that they hoped the event would be put on again the following year and that their team would definitely come out on top next time.



Giant ball rolling at the employee sports day

- **Mother's Day picture contest for children of Yakult Ladies (Yakult S.A. de C.V. (Mexico))**

As a way of expressing appreciation and respect to mothers working as Yakult Ladies, Yakult S.A. de C.V. (Mexico) holds a contest that coincides with Mother's Day on May 10 every year in which the children of Yakult Ladies are asked to draw pictures depicting their mother at work.

In 2014, six special awards, 130 top awards and 400 excellence awards were selected from the 7,180 entries collected nationwide in the three categories of 2-4 year olds, 5-7 year olds and 8-12 year olds. Some 130 Yakult Ladies and their children living in Mexico City were invited to the head office on May 24 (Saturday) for the awards ceremony. Following the ceremony, everyone was treated to a clown show, which helped increase motivation.



Mother's Day picture contest

Promoting Education and Training regarding CSR and the Environment

Yakult is working to promote CSR/environment-related education, training and activities.

■ Promotion of CSR/environment-related training

We have implemented CSR/environmental management seminars for managers since fiscal 2002. In fiscal 2014, Takehiko Mizukami, a Consultant from Cre-en Inc., was invited to lead a seminar on the theme of "The Basics of CSR and ISO 26000" that was attended by 55 people, including directors and organizational unit managers.

Yakult also worked to increase awareness of CSR and environmental issues again in fiscal 2014 by implementing new employee training and level-specific training. A variety of opinions were gathered from a survey to course participants, including those that stated a greater understanding of the importance of CSR and a deeper insight into the initiatives of the company.

The e-learning system using the Company's internal LAN provides education divided into the two themes of "general CSR" and "environment" for eligible persons, with the program being distinct from the level-specific training. The system offers plenty of opportunities for employees to learn and think about CSR, including the environment.

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

CSR/environmental education programs

Training program	Number of participants
Newly hired employee training	50
Employee training courses by management level	271
Environmental education (e-learning courses) (total number of persons)	439
Total	760

Environmental education programs at Yakult Honsha plants

Training program	Number of sessions	Number of participants
ISO standards-related education	13	186
Energy conservation and waste product processing	10	253
Total	23	439

■ Groupwide unified CSR/environmental protection campaigns

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

In fiscal 2014, the Group implemented a campaign with the theme "Let's make a slogan to promote CSR and spread CSR further through the Yakult Group" and asked Group employees to send in their own slogans aimed at promoting Yakult's CSR in order to bolster activities for CSR and environmental preservation. A total of 10,662 slogans were received, with one selected for the top prize and three others for awards in different categories. Funding in the amount of ¥270,000 was collected for the Children's Forest Program sponsored by OISCA*

based on the number of entries.

Yakult continued to participate in *Green Wave 2014*, which is advocated by the Ministry of the Environment, and planted trees in 15 locations, including Shiroyama Park in Kunitachi City, Tokyo, where the Yakult Central Institute is located, and plants throughout the country.

The cumulative total number of employees participating in the annual Yakult environmental protection campaigns reached 150,000 in fiscal 2014, and it is

believed that the campaigns have had a considerable effect in steadily increasing environment consciousness among Yakult Group employees.

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



CSR/environmental protection campaigns' poster



Tree-planting activity as part of *Green Wave 2014* (Yakult Health Foods Co., Ltd.)

■ Initiatives for CSR/environment-related education and training overseas

● Setting target for employee participation in CSR activities at 20% (Guangzhou Yakult Co., Ltd.)

Guangzhou Yakult Co., Ltd. has positioned contribution to the local community as a corporate citizen as the basic policy underpinning its business and implements a variety of activities in this regard every year. The active participation of employees is encouraged on each occasion and the company aims to have 20% of employees engage in some kind of CSR activity throughout the course of the year.

In fiscal 2014 once again, more than 170 employees took part in CSR activities, which equates to around 20% of the total number of employees from all departments (administration, marketing, production).

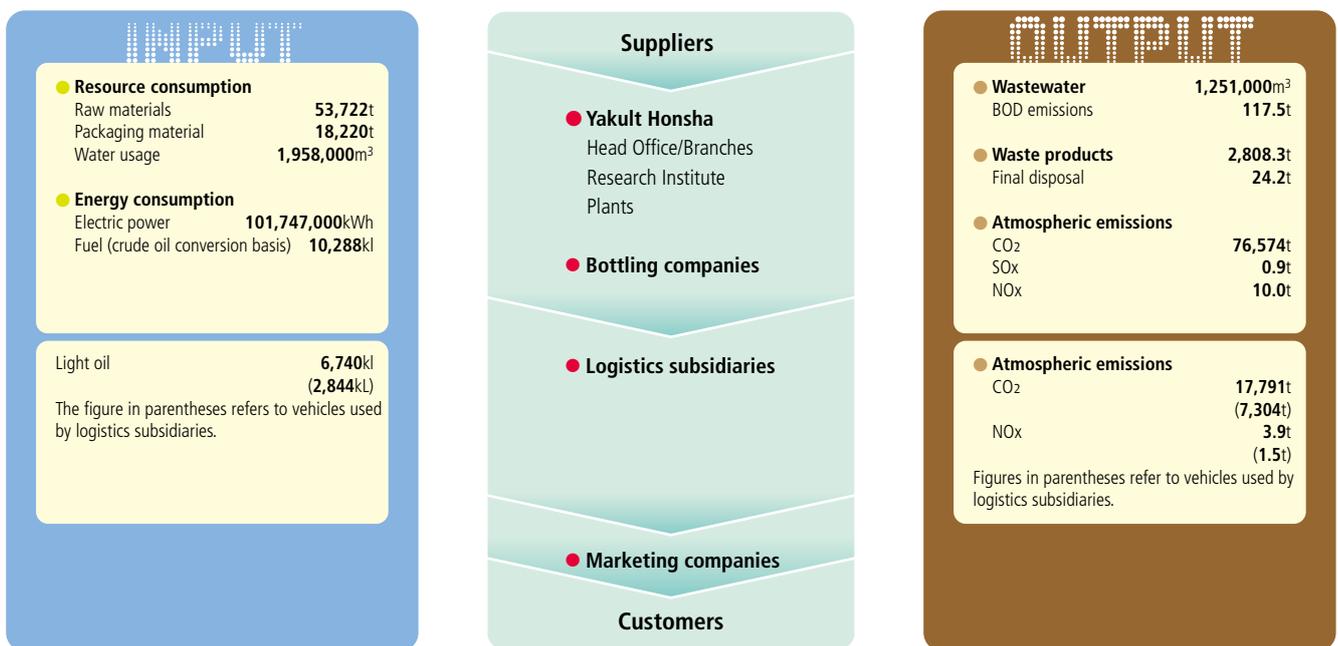
Environment

Based on a keen awareness that protecting the natural environment is a critical issue facing all of humankind, we conduct corporate activities in consideration of the environment from all perspectives in research and development, procurement, production, logistics and sales.

Environmental Impact of Business Activities

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

From production through delivery



Specify and reduce critical areas of environmental burden

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

● Production

The fermented milk drink *Yakult* and other dairy products are produced at five Yakult Honsha plants and seven bottling companies. We are pushing ahead with effective utilization of raw materials (skim milk powder, etc.), electric power, fuel, water resources and packaging materials (paper, plastic) used in production at respective plants and bottling companies in line with ISO 14001 objectives and targets.

* In February 2015, Yakult Osaka Plant Co., Ltd. and Yakult Kobe Plant Co., Ltd. merged to form Yakult Okayama Wake Plant Co., Ltd., creating a five-plant structure.

● Logistics

The transport of products manufactured in plants and bottling companies is primarily handled by logistics subsidiaries. As Yakult has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), we are

required to annually reduce energy consumption per unit of freight by an average of 1% or more during a five-year period. This requirement has been incorporated within the Yakult Environmental Action Plan, and we are seeking to ensure the requirement is met. In addition, each logistics subsidiary has created and renewed its environmental management and promotes eco-driving methods as a means of reducing CO₂ emissions.

● Marketing

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

● Recycling

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

Environmental Action Plan

We have formulated and are implementing an Environmental Action Plan aimed at strengthening our environmental management foundation.

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

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

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

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

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

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

Action item	Action target
1. Reduction of greenhouse gas (CO ₂) emissions	(1) Reduce annual CO ₂ emissions of Yakult Honsha plants (including pharmaceutical and cosmetics plants) and bottling companies to 1% below the average annual level in the three years through fiscal 2011 by fiscal 2015
	(2) Reduce annual CO ₂ emissions of Yakult Central Institute facilities covered by the Tokyo Metropolitan Ordinance on Environmental Preservation by 8% each year compared with the base year targets for the two-year period through fiscal 2014 and reduce by 17% in fiscal 2015 compared with the base year targets
	(3) Meet requirements as a designated shipper based on Japan's revised Act on the Rational Use of Energy (Energy Conservation Act) by reducing annual energy consumption per unit of freight (including outsourced transport operations) by an average of 1% or more each year compared with the level in fiscal 2012
2. Reduction of waste emissions	(1) Reduce waste emissions from the Head Office building (including food product waste) to 6% below the level in fiscal 2012 by fiscal 2015
	(2) Reduce waste emissions from the Yakult Central Institute (including food product waste) by 5% each year compared with the base year (fiscal 2012) and maintain a 95% recycling rate
	(3) Promote the material recycling of waste emissions of Yakult Honsha plants (including pharmaceutical and cosmetics plants) and bottling companies
3. Resource conservation	(1) Reduce the volume of office automation paper used at the Head Office* to 6% below the level in fiscal 2012 by fiscal 2015
	(2) Reduce electric power consumption at the Head Office building to 3% below the level in fiscal 2012 by fiscal 2015
4. Continuation of green purchasing promotion	Keep the green purchasing ratio at the Head Office* to 95% or higher each year (including office automation paper, office supplies and sanitary supplies)
5. Vending machine policies	(1) Install a number of overhauled units representing approximately 33% of all newly installed vending machines in fiscal 2015
	(2) Increase the share of newly installed vending machines that incorporate heat pumps to 90% in fiscal 2015
6. Support for biodiversity	(1) Consider countermeasures regarding the relationship between business activities and biodiversity
	(2) Implement environmental education programs, etc., related to biodiversity

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

Environmental Accounting

We execute environmental measures based on an understanding of costs and economic benefits.

■ Environmental accounting

● Yakult's environmental accounting system

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

● Purpose of the system

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

● Main features of the system

Scope of data

Yakult Honsha, on a non-consolidated basis

Time period

From April 1, 2014 through March 31, 2015

Noteworthy features

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

Fiscal 2014 economic accounting performance

(millions of yen)

Item	Main activities	FY2013			FY2014		
		Investment value	Expense value	Total	Investment value	Expense value	Total
(1) Costs within business areas	① Pollution prevention costs	51.7	228.1	279.8	50.5	240.3	290.9
	② Global environment preservation costs	450.8	25.2	476.0	301.5	9.3	310.8
	③ Resource recycling costs	75.8	126.0	201.7	56.2	79.0	135.2
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0.0	297.1	297.1	0.0	270.2	270.2
(3) Management activity costs	Plant grounds green area management, environmental management system renovation and maintenance, Social & Environmental Report, environmental impact monitoring expense, employee environmental education program expense	6.8	117.2	124.0	0.0	125.7	125.7
(4) R&D costs	Consideration of improvements to containers and secondary materials	0.0	32.0	32.0	0.0	17.0	17.0
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0.0	5.0	5.0	0.0	6.0	6.0
(6) Environmental damage costs*	Pollution load levy	0.0	0.0	0.0	0.0	0.0	0.0
Total		585.0	830.7	1,415.7	408.3	747.5	1,155.7

* Environmental damage costs = pollution load levy

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

Economic benefits associated with environmental protection measures

(millions of yen)

Type of benefit	FY2013	FY2014
Reduction of waste disposal costs associated with recycling	0.0	0.1
Income from recycling	4.7	15.3
Cost reductions resulting from resource conservation	0.1	0.4
Cost reductions resulting from energy conservation	11.2	12.7
Cost reductions resulting from packaging weight reductions	39.5	12.5
Cost reductions resulting from the overhaul and reuse of vending machines	316.9	252.4
Gains resulting from green purchasing	0.0	0.0
Other	0.0	0.0
Total	372.4	293.4

Looking at environmental accounting results, Yakult's total environmental investments and costs were approximately ¥260 million lower than in the previous fiscal year. The decrease in investments was approximately ¥180 million, and the decrease in expenses was approximately ¥83 million. The major factor causing these results was an increase in expenses following efforts in waste disposal in line with the upgrade of ice bank refrigerating machines and facility extension work at plants last fiscal year.

The level of economic benefits was down approximately ¥79 million compared with the previous fiscal year. Factors causing this decrease included a decrease in the number of vending machines overhauled.

Responding to Environmental Laws and Regulations

We respond to environmental laws and regulations as a manufacturer of food products, pharmaceuticals and cosmetics.

■ Energy Conservation Act

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

In response to this change, for all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2014 and a medium- to long-term plan for the period beginning from fiscal 2015.

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

Yakult Honsha's total energy use during fiscal 2014 amounted to 26,123kl on a crude oil conversion basis, up 882kl from the previous fiscal year (98.5% compared with the base unit of the previous fiscal year). The main factor behind this result was an increase in energy use in line with extension work done at the Yakult Central Institute.

The amount of CO₂ equivalent greenhouse gas emitted in line with energy usage amounted to 54,924t (up 2,058t from the previous fiscal year). The CO₂ emission coefficient uses the actual emission factor for each electric power supplier.

■ Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food waste products and promote the recycling of such waste products. In fiscal 2014, the volume of food waste products was 744.4t, and recycling and other measures were undertaken for 94.5% of this waste.

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

Food waste product reuse performance (fiscal 2014)

Volume generated (t)	Volume reused (t)	Reuse, etc. ratio (%)	Reuse applications
744.4	698.4	94.5	Fertilizer, animal feeds, etc.

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

Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation (fiscal 2014)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTA Act	Tokyo Ordinance
Chloroform	1,477	(air) 11	(waste product) 1,466	○	○
Methanol	1,035	(air) 7	(waste product) 1,028	○	○
Hexane	733	(air) 11	(waste product) 722	○	○
Ethyl acetate	720	(air) 7	(waste product) 713	○	○
Acetone	107	(air) 0.1	(waste product) 107	○	○
Sulfuric acid	259	0	0	○	○
Xylene	140	0	(waste product) 140	○	○

■ Containers and Packaging Recycling Act

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

The amount of commissioned recycling fees paid by Yakult in fiscal 2014 is shown in the table. These fees and the payments to municipal governments amounted to approximately ¥230 million.

Container and packaging obligatory recycling volume and commissioned recycling fees (fiscal 2014)

Container and packaging type	Obligatory recycling volume (t)	Commissioned recycling fees (thousands of yen)
Glass bottles	321	1,479
PET bottles	113	(62)
Plastic containers and packaging	5,091	222,013
Paper containers and packaging	103	1,038
Total	5,628	224,467

■ PRTR Act*

Japan's Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management (PRTR Act) took full effect in April 2003. It requires that companies measure the volume of their emissions of specified substances, transfers of such substances from their business sites and other data. It also requires the submission of reports on the volume of substances handled in the case of specified substances that are handled in volumes of one ton or more in the course of a year. The scope of Yakult's reporting obligation in fiscal 2014 includes only chloroform. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in October 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100kg or more. In fiscal 2014, the scope of Yakult's mandatory reporting based on that ordinance included methanol and six other substances.

* PRTR Act: Pollutant Release and Transfer Registration Act

Curbing Greenhouse Gas Emissions

We are promoting a reduction in CO₂ emissions through the implementation of energy conservation measures.

Measures at Yakult Honsha plants and bottling companies

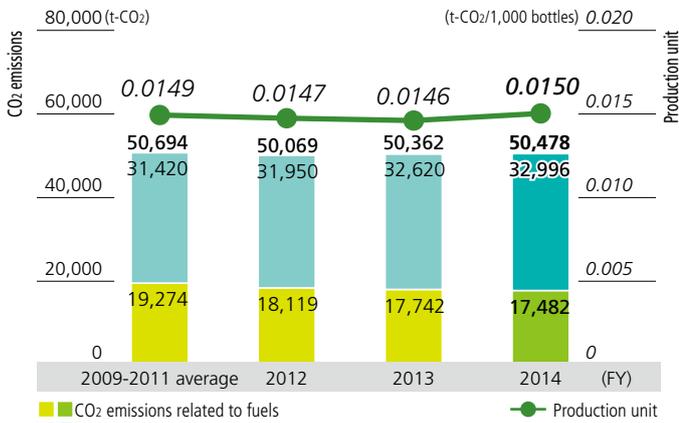
At Yakult Honsha's seven plants and seven bottling companies, energy and resource conservation activities have been stepped up with the goal of attaining objectives and targets based on the ISO 14001 system.

Measures aimed at curbing CO₂ emissions and conserving energy implemented during fiscal 2014 included the expansion of a solar power facilities project at the Fuji Susono, Fuji Susono Pharmaceutical and Hyogo Miki plants, and Yakult Iwate Plant Co., Ltd., Yakult Aichi Plant Co., Ltd. and Yakult Okayama Wake Plant Co., Ltd. In addition, we implemented initiatives, primarily those focused on electric power, fuel and water usage such as the replacement of mercury and fluorescent lamps with LEDs.

Looking at CO₂ emissions during fiscal 2014, the volume of emissions was 0.4% lower than the annual average level during the three-year period from fiscal 2009 through fiscal 2011 (emissions associated with fuels were down 9.3%, and emissions associated with electric power were up 5.0%), reflecting the steady progress of Yakult's emissions-restraint measures. (For emissions associated with electric power, the average CO₂ emission coefficient for the period from fiscal 2009 to fiscal 2011 is used.)

* In February 2015, Yakult Osaka Plant Co., Ltd. and Yakult Kobe Plant Co., Ltd. merged to form Yakult Okayama Wake Plant Co., Ltd., creating a five-plant structure.

Yakult Honsha plants and bottling companies CO₂ emissions and CO₂ emissions per production unit



*1 The average CO₂ emission coefficient for the three-year period from fiscal 2009 to fiscal 2011 is used.
*2 Production unit is calculated solely using figures from dairy product plants.



Solar power equipment at the Fuji Susono Plant

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

Measures at the Yakult Central Institute

In fiscal 2014, the Yakult Central Institute worked to reduce environmental burden by setting up solar power generation facilities (approximately 29kW) on the roof and beside a newly built warehouse in line with its construction. In addition, in fiscal 2014 we started measuring the amount of power generated from solar power generation facilities (approximately 67kW) that were previously introduced in 2013, which has resulted in a reduction of approximately 67MW of power per year.



Solar power generation facilities at the Yakult Central Institute

Initiatives at overseas plants

As with Japan, new plant construction overseas factors in environmental consideration from the design stage in order to ensure eco-friendly plants.

The plants predominantly use gas as fuel for the boilers to reduce CO₂ emissions. In addition to inverter-type production equipment enabling optimal operation depending on energy load, the facilities introduce a system regulating the number of units in operation and high-efficiency lighting, thereby enhancing the ability to conserve



Compressors at the Tianjin Plant (Tianjin Yakult Co., Ltd.)

energy throughout the entire production facility. Rainwater storage tanks are set up to conserve water, which is then used to water the plants among other measures.



Boilers at the Zhongli Plant (Yakult Taiwan Co., Ltd.)

Logistics-related measures

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

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

Japan’s revised Energy Conservation Act has required Yakult to annually reduce its energy consumption per unit of freight by an average of 1% or more, and Yakult achieved a 1.0% average annual reduction during the five-year period through fiscal 2014 with a base year of fiscal 2010.

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

CO2 emissions from logistics



Acquisition of Eco Rail Mark certification

In recognition of our efforts to promote a modal shift from trucks to railway freight, we acquired company certification and product certification* under the Railway Freight Association’s Eco Rail Mark system on February 26, 2015. Compared with transportation by truck, railway freight emits only one-eighth the amount of CO2, making it extremely effective in curbing emissions. Promoting environmental conservation activities such as reducing the number of vehicles by undertaking joint delivery and pursuing a modal shift in addition to safe and secure transportation services on the part of logistics departments enables us to deliver products to customers while pouring our efforts into consideration of the earth’s environment.

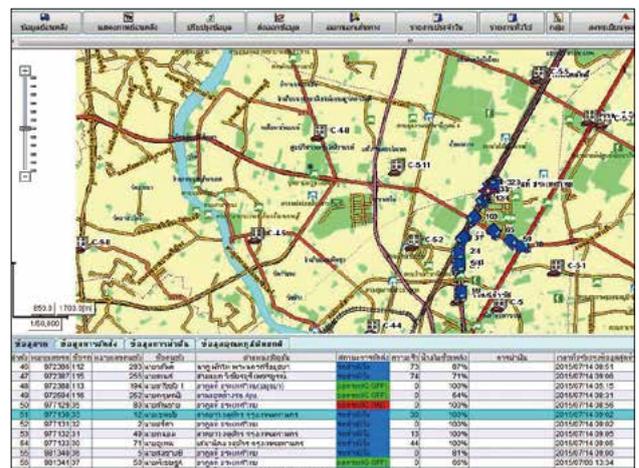
*Products certified: Toughman, Bansoreicha, Coffee Time, Kininaru Yasai and Menkyokaiden



Initiatives in logistics overseas

Transportation of products manufactured at overseas plants is predominantly carried out by each company in consideration of safety and the environment.

Yakult (Thailand) Co., Ltd. has introduced a GPS driving management system to the trucks it uses for transportation to monitor speed, engine rotation and current location among other variables as well as to observe excessive speeding and idling for long periods as part of efforts to reduce fuel and CO2 emissions.



GPS monitoring system

Reducing Waste Product Volume

We do our best to reduce, reuse and recycle waste.

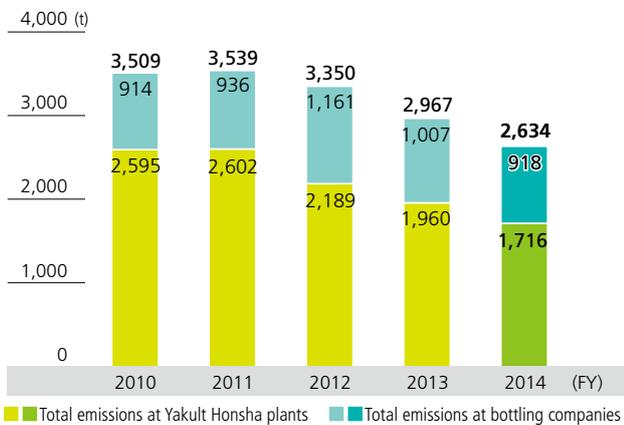
■ Yakult Honsha plants and bottling companies' waste product countermeasures and sustained zero emissions performance

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

The total volume of waste emissions at Yakult Honsha plants and bottling companies during fiscal 2014 was approximately 2,634t, a year-on-year decrease of approximately 333t, or 11.2% (Yakult Honsha plants: approximately 1,716t, bottling companies: approximately 918t).

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

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

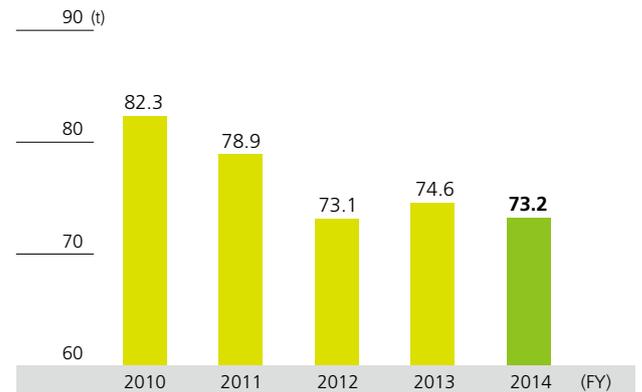


Eco station at Yakult Okayama Wake Plant Co., Ltd.

■ Curbing and sorting waste products at the Head Office building

At the Head Office building, efforts are being made to reduce waste generated in the office and promote separation and collection of waste so that it can be recycled. Waste-paper-sorting boxes have been placed on each floor while a special garbage bin is used for other kinds of waste to ensure proper separation and collection. On top of this, we are working to promote resource recycling by actively utilizing toilet paper and paper towels recycled from different types of paper that have been separated and collected. In order to increase consciousness of waste-sorting and collection, we constantly provide education and other awareness-raising activities for employees primarily via the company intranet and an e-learning system.

Total emission volume of waste products from the Head Office building



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

The institute generates a wide variety of waste products in its research. Outside specialist companies are commissioned and recycled 88.5% of this waste (2014 result) with the aim of achieving zero emissions, although recycling waste of reagents used in testing remains a challenge. Currently, the institute has contracts with 20 commissioned waste-processing companies, and on-site inspections of the facilities of eight of those companies were conducted during 2014, aiming to confirm that waste processing was being carried out appropriately. When necessary, we revise the contract provisions of our contracts with these waste-processing companies.



Waste inspection by an outside contractor

Environment-Friendly Design and Logistics

We are developing containers/packaging with low levels of environmental impact and recycling containers.

■ Eco-friendly packaging and other measures

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

During fiscal 2014, we considered the means of promoting the 3Rs (reduce, reuse and recycle) regarding containers and packaging items, including the crating methods used for products and secondary materials.

■ Development of environment-friendly containers/packaging

● Biomass shrink labels for PET containers

In fiscal 2014, Yakult pushed ahead with testing of a technology in conjunction with a manufacturer aimed at using biomass shrink labels for PET containers and introduced the labeling for *Bansoreicha* (500ml and 2L PET bottle), *Bansoreicha Kobashifumi* (500ml PET bottle), *Sawayaka Ume* (280ml PET bottle), *Mineral Charge* (500ml PET bottle) and *Sappari Shirobudo Sparkling* (265ml PET bottle).

● Developed eco-friendly containers and packaging for cosmetics

In fiscal 2014, Yakult employed biomass PET* in a portion of containers and packaging for *BELLEFIN Moisture Essence*.

* Biomass plastic makes up 9% of the PET material in the inner layer of the PET container. It uses plant-derived recyclable resources as raw material and boasts exceptional environmental suitability particularly in terms of curbing CO₂ emissions and reducing consumption of petroleum and other items.

■ Streamlined containers and packaging and reduced consumption

● Containers/packaging for food products

In fiscal 2014, Yakult introduced thinner shrink labels for *Yakult Gold* and reduced the use of PET plastic in *Bansoreicha* (see page 13 for details). In addition, we reduced the basis weight of *Sofuhl* paper containers (300g/m²→280g/m²), thereby reducing base paper usage by 2.9t annually. We also cut cardboard use by 0.6t per year by condensing the flap (105mm→80mm) used in bulk packaging material for such products as *Bansoreicha Kobashifumi* (500ml).

● Cosmetics container packaging

In fiscal 2014, Yakult eliminated the use of the inner packaging for *BELLEFIN Moisture Essence*, resulting in a reduction of 494kg of paperboard used per year. Additionally, we reduced cardboard use by 255kg a year by strengthening the outer box for *Yakult Treatment Repair Mask* (intermediate product), which eliminated the need for a separate outer box for transportation.

BELLEFIN Moisture Essence



■ Various initiatives at marketing stages

During fiscal 2014, we worked to promote the recycling of used containers collected in connection with direct sales routes and vending machines by continuing to introduce route delivery trucks with special container collection spaces designed based on consideration of hygienic and efficiency factors as well as by continuing to retrofit route delivery trucks with container collection spaces attached to their roofs.

Since fiscal 2007 we have been introducing non-fluorocarbon vending machines that employ natural refrigerant (CO₂) that has a very low global warming potential and hybrid heat-pump-type vending machines that have the potential for generating significant energy-conservation benefits. We have continued to further promote energy conservation in fiscal 2014 by installing vending machines incorporating greater power-saving functions. In addition, we overhaul and reuse vending machines that have been removed in an effort to effectively utilize equipment and reduce waste.

Also, we introduced electric vehicles (COMS) in our home delivery service by Yakult Ladies to reduce CO₂ emissions. (Cumulative number of vehicles introduced as of March 2015: 750)



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



New vending machine

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

Introduction of environment-friendly equipment (fiscal 2014)

Item	Number introduced
Route delivery trucks with internal container collection spaces	83
Route delivery trucks with roof-mounted container collection spaces	11
Empty container collection boxes for vending machines	166
Hybrid heat-pump-type vending machines	1,369
Overhauled vending machines	495
Electric vehicles (COMS)	8

■ Recycling of product containers/packaging

Because Yakult manufactures and markets containers for such products as *Yakult* and *Joie* and uses a diverse range of containers and packaging for its dairy products and other products, the Company is considered a specified container and packaging producer and user in accordance with Japan's Containers and Packaging Recycling Act, and therefore, has a responsibility to handle the recycling of its containers and packaging (see page 39).

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

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

Recycled plastic products (fiscal 2014)

Item	Production volume (items)
15cm rulers	241,000
Bottle openers	110,500

Recycled plastic products



15cm ruler

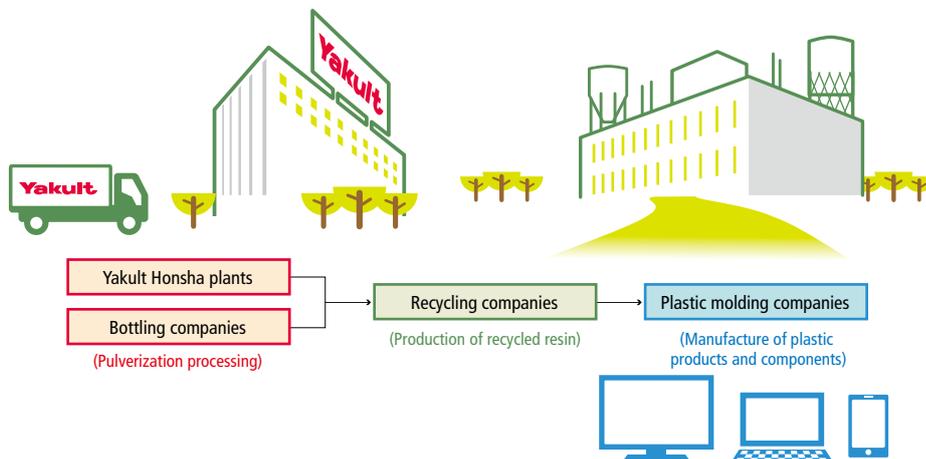
We started introducing 15cm rulers in fiscal 2014. These rulers are made to fit inside a pencil case with an affable design using illustrations of Yakkun and Biffi, which appear in an animated video about Yakult science. Also, the design of the opposite side to the scale prevents ink bleeds while the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



Bottle opener

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

Recycling of waste plastic from plants



Conservation of Water Resources

We make effective utilization of water resources and aim to ensure efficient management of wastewater.

■ Preserving water resources

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

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

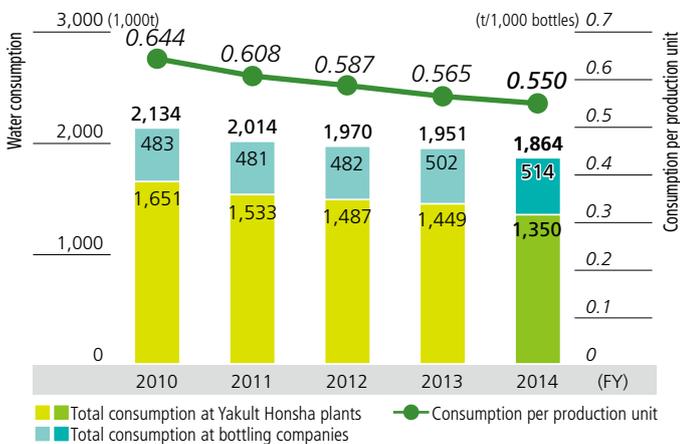
■ Effective utilization of water resources

Water is applied in a variety of situations at Yakult Group plants, not only as a raw material in products but also to clean production equipment and cool products and machinery. In fiscal 2014, Yakult Honsha's plants and bottling companies used approximately 1,860,000t in total (Yakult Honsha plants: approximately 1,350,000t, bottling companies: approximately 510,000t), with the amount decreasing annually owing to the effects of reorganizing and consolidating dairy product plants from fiscal 2005 to fiscal 2013 and the plants' efforts to conserve water.

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

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

Water consumption and consumption per production unit



* Consumption per production unit is calculated solely using figures from dairy product plants.

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

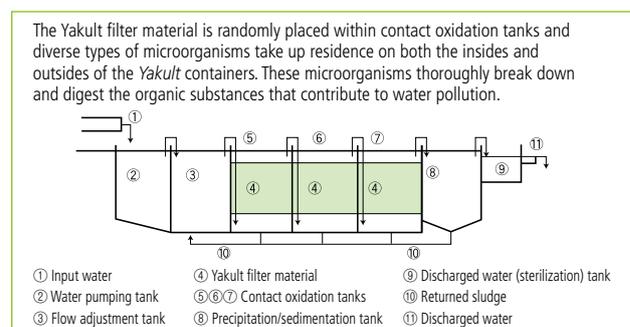
For the purpose of purifying wastewater, the dairy product plants of Yakult Honsha and other Group companies are introducing the Yakult A&G Water Purification System. This system has been installed at three of Yakult Honsha's plants, namely the Fukushima, Fuji Susono and Hyogo Miki plants, as well as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

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

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

Plants	Date of introduction
Fukushima Plant (facilities upgraded in 2014)	September 1997
Yakult Aichi Plant Co., Ltd.	December 2002
Fuji Susono Plant	March 2005
Yakult Iwate Plant Co., Ltd.	March 2007
Yakult Aichi Plant Co., Ltd. (expansion)	January 2008
Sukabumi Plant (P.T. Yakult Indonesia Persada)	December 2010
Hyogo Miki Plant	March 2012
Yakult Okayama Wake Plant Co., Ltd.	March 2015

Structure of the Yakult A&G Water Purification System



Efforts to Promote Biodiversity

Participation by employees and their families contributes to the preservation of biodiversity.

■ Biodiversity-related initiatives

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

In fiscal 2014, we held environmental enlightenment activities at the Afan Woodland, supported the Children's Forest Program being undertaken by the Organization for Industrial, Spiritual and Cultural Advancement (OISCA) and conducted forest preservation activities, among others. Yakult intends to sustain its biodiversity promotion efforts going forward by taking such measures as those to promote the groupwide sharing of related information, educate employees regarding biodiversity and conduct biodiversity-related social contribution activities.

■ Report on the effect of a program to raise awareness and experience activities aimed at preserving the natural environment using the Afan Woodland

Yakult signed a contract to become an official sponsor of the C.W. Nicol Afan Woodland Trust chaired by C.W. Nicol and has been supporting the forest preservation activities of the trust since fiscal 2012. In addition, Yakult signed an agreement to become a supporting partner in the Forest Foster Parent Program together with the C.W. Nicol Afan Woodland Trust, Nagano Prefecture and Shinano Town.

In fiscal 2014, a program was implemented to raise awareness and provide the opportunity to experience activities aimed at preserving the natural environment in the Afan Woodland and *Iyashi no Mori* (Healing Forest), a national forest in Nagano Prefecture's Shinano Town, over the weekend of October 4-5. Yakult Honsha employees and their families took part in the program, with the 19 participants (including a family of three) and two representatives visiting the area by bus.

The employees who took part had the following to say about the program: "I got to experience the effort and expense required to make a forest healthy again and hope to cooperate with activities such as these," "I came to understand that forest conservation activities and coexistence with nature have benefits for us as well," and "I'd like many other employees and their families to have the same experience."

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

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



A lecture being given by a member of C.W. Nicol Afan Woodland Trust

■ Forest preservation activities in Japan and abroad

In fiscal 2014, Yakult donated to the Children's Forest Program run by OISCA through a CSR/environmental protection campaign implemented by all Group personnel and a recycle fair at the Head Office. The donated funds are primarily being used to support tree-planting activities involving children and to conduct an environmental education program aimed at increasing understanding and interest in the environment.

P.T. Yakult Indonesia Persada donates saplings for planting. Also, Yakult (China) Corporation is participating in a campaign to plant one million trees in conjunction with a non-governmental organization (NGO) and has planted 2,000 trees in the Inner Mongolia Autonomous Region among other efforts toward forest preservation.



Ceremony for the donation of saplings for planting (P.T. Yakult Indonesia Persada)

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

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

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



Biotope at Wakayama Municipal Nishiwasa Primary School

Domestic Business Site Reports

Fukushima Plant

The Fukushima Plant started operating a new effluent treatment facility and introduced a water purification system there that uses *Yakult* containers from December 2014, which has made it possible to enhance the quality of processed water and significantly reduce excess sludge. General tours of the facility are conducted and it plays a part in introducing the plant's environmental preservation activities.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
173	7,569	1,332	334	24.79	7,049	0.00	2.280

Ibaraki Plant

In terms of environmental activities, the Ibaraki Plant started collection activities for paper containers in addition to introducing morning glory green curtains and collecting PET bottle caps for recycling. In terms of regional contribution activities, the plant participates in a local waterfront revitalization event and a community festival in Goka as well as explaining about a water purification system that uses *Yakult* containers.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
179	4,760	984	234	0.46	4,467	0.00	1.393

Fuji Susono Plant/Fuji Susono Pharmaceutical Plant

The Fuji Susono Plant and Fuji Susono Pharmaceutical Plant announced the reduction of power consumption as an environmental target and toward this goal worked to increase solar power generation facilities, shift to LED for lighting in production rooms and link operations for steam, ventilating and compressed air equipment. Despite these efforts, the plants fell short of the target due mainly to the upgrade of production lines. With 30 years having passed since the plants were completed, plans call for introducing high-efficiency equipment when the aging facilities are upgraded along with implementing activities to conserve energy.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
529	17,639	2,321	747	0.47	13,992	0.02	2.127

Hyogo Miki Plant

The Hyogo Miki Plant attained ISO 14001 certification in fiscal 2014. As a result of efforts to reduce waste and loss since its launch, the plant achieved a 5.4% reduction in the base unit for energy versus the previous year by curbing the emission of greenhouse gases and conserving energy. In addition, efforts were made to expand and enhance public relations activities by holding workshops and producing a display related to environmental facilities. Moving ahead, the plant aims to be trusted by the local community through its business activities.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
249	12,007	1,881	228	1.95	9,898	0.00	1.108

Saga Plant

In fiscal 2014, the Saga Plant conducted environmental protection activities with the goal of attaining objectives and targets related to reducing CO₂, conserving water and enhancing operations. In terms of activity results, the plant reduced CO₂ by 56,465kg and actively conducted campaigns to conserve water and enhance operations, thereby enabling targets to be met. Going forward, the plant will actively promote eco-friendly production activities and strive to implement further environmental protection activities as a community-based plant.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
206	6,426	1,015	153	44.88	6,142	0.00	1.270

Shonan Cosmetics Plant

The Shonan Cosmetics Plant introduced LED lighting (stage 3 construction) in continuation of its efforts from the previous year and completed the switch to LED lighting in the entire plant. Some 10 years have passed since the plant attained ISO 14001 certification and this low-energy-consuming plant has reached its limit in making further reductions. As such, the plant conducted a thorough review of activities this fiscal year. Next fiscal year, it will look for fresh environmental activities based on plant policy and departmental policy and implement environmental protection campaigns while improving operations using ISO tools.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
14	571	30	20	0.93	361	0.00	0.058

Yakult Central Institute

The Yakult Central Institute sponsors events run by Kunitachi City (Tokyo) where it is located as well as provides drinking water during disasters in addition to employees engaging in volunteer activities on the third Thursday of every month (cleanup campaigns). These efforts help create a strong network and deepen ties with the local community. In order to comply with environmental laws and regulations such as curbing emissions of greenhouse gases, the institute promotes resource and energy conservation and actively introduces state-of-the-art equipment to be an environmentally friendly institute.

Water usage (1,000t)	Electric power usage (1,000kWh)	Fuel* usage (kl on a crude oil conversion basis)	Waste product emissions (t)	BOD (t)	CO ₂ (t)	SO _x (t)	NO _x (t)
67	14,486	1,447	102	0.31	10,475	0.00	0.318

* City gas and LPG are the predominantly used fuels.

History of Yakult CSR Activities

The following takes a look back at the 80 years since Yakult was founded with a history of the Yakult Group's CSR activities.

1970s	<ul style="list-style-type: none"> Established daycare centers for Yakult Ladies
1972	<ul style="list-style-type: none"> Began "Courtesy Visit Activities" by Yakult Ladies
1976	<ul style="list-style-type: none"> Released the first issue of <i>Healthist</i> magazine providing health-related information Held the first Yakult Swallows baseball clinic
1990	<ul style="list-style-type: none"> Opened a Customer Support Center at each branch (with free dial access)
1991	<ul style="list-style-type: none"> Began using the Yakult A&G Water Purification System incorporating Yakult filter material to purify wastewater from Yakult Group plants, etc. Established the Environmental Countermeasures Committee and other environmental countermeasure units in Yakult Honsha to promote environmental management Awarded a special prize for outstanding corporate communication from Keizai Koho Center (Japan Institute for Social and Economic Affairs) for "Courtesy Visit Activities"
1992	<ul style="list-style-type: none"> Established Yakult Bio-Science Foundation Held the Symposium on Intestinal Flora
1994	<ul style="list-style-type: none"> Started Yakult Environmental Protection Campaign (currently Yakult CSR Campaign) Received the Minister of Health and Welfare Award for volunteer contributions as part of "Courtesy Visit Activities"
1996	<ul style="list-style-type: none"> Introduced Hazard Analysis and Critical Control Point (HACCP) systems at 10 Yakult Honsha plants
1997	<ul style="list-style-type: none"> Fuji Susono Plant became the first Yakult plant to attain ISO 9002 certification; all Honsha plants have since attained the certification Drafted the Yakult Basic Policy on the Environment
1998	<ul style="list-style-type: none"> Attained HACCP certification at 10 Yakult Honsha plants
1999	<ul style="list-style-type: none"> Kyoto Plant attained ISO 14001 certification; all Honsha plants have since attained the certification
2000	<ul style="list-style-type: none"> Began annually publishing and distributing the <i>Yakult Environmental Report</i>
2005	<ul style="list-style-type: none"> Began presenting flowers to elderly people on Respect for the Aged Day to commemorate the 70th anniversary of Yakult's founding Began sponsoring the FINA World Swimming Championships as an official partner Established the NPO Tsubame Sports Promotion Association Started producing the <i>Yakult Social & Environmental Report</i> (predecessor to this report)
2006	<ul style="list-style-type: none"> Yakult corporate slogan decided: "In order for people to be healthy, everything around them must also be healthy" Opened Yakult Science Lab Pavilion at KidZania Tokyo
2010	<ul style="list-style-type: none"> Fermented milk drinks recognized by Codex (international food standard) <i>Joie</i> containers won the AsiaStar Award and WorldStar Award
2011	<ul style="list-style-type: none"> Renamed the Environmental Measures Section as the CSR and Environmental Promotion Department Donated combined-treatment septic tanks incorporating Yakult filter material to temporary medical care facilities built in earthquake-impacted regions of Iwate Prefecture
2012	<ul style="list-style-type: none"> Instituted Basic Policy on CSR Concluded official sponsor agreement with C.W. Nicol Afan Woodland Trust Participated in <i>Green Wave</i> 2012 advocated by the Ministry of the Environment Certified by the Ministry of Health, Labour and Welfare as an "enterprise that supports child rearing"
2013	<ul style="list-style-type: none"> Started Yakult Environmental Action Plan Phase 5 Plan action targets
2014	<ul style="list-style-type: none"> Became official sponsor of Japan's national swimming team <i>Nyusankin Soy α</i> containers won the AsiaStar Award, WorldStar Award and Minister of the Environment Award for Contributions to the Promotion of a Recycling-Oriented Society in fiscal 2014 Yakult Group's program of dispatching guest lecturers for intestinal health and bowel movement classes received an Honorable Mention from the Judging Committee of the FY2014 "Awards for Companies Promoting Experience-based Learning Activities for Youth" sponsored by the Ministry of Education, Culture, Sports, Science and Technology (MEXT)
2015	<ul style="list-style-type: none"> Renamed the CSR and Environmental Promotion Department as the CSR Promotion Department

Third-Party Comments



Makiko Akabane
Director of CSR Asia Japan
office

This is the third consecutive year I have been given the opportunity to provide a third-party opinion.

In 2015, Yakult marked the 80th anniversary of its founding. On the occasion of this noteworthy year, Yakult is also taking a major stride forward in its CSR. First of all, this report has moved one step beyond the previous *Yakult Social & Environmental Report* and is being published this year for the first time as the *Yakult CSR Report*. Concurrently, Yakult is promoting the systematization of its CSR activities in accordance with ISO 26000 and started up the CSR Promotion Committee in April 2015 to enhance its CSR structure. Moreover, top management has clearly expressed its commitment to fulfilling social responsibilities as a life science-based global company. This also firmly conveys management's determination to further emphasize CSR.

Even with the name change to the *Yakult CSR Report*, this report is creatively designed to be easy to read. The report also incorporates three special features. These include "Local Communities," which describes the activities of Yakult Ladies in local communities and initiatives for opening in-house childcare facilities to these communities; "Health," which talks about the dispatch of guest lecturers on intestinal health; and the "Environment," which discusses the development of containers that reduce environmental impact. As each of these three themes is a familiar issue, the special features incorporate specific descriptions that include numerous interviews with involved persons from inside and outside the company discussing how Yakult is addressing these issues in a friendly format.

Raising global recognition that Yakult is a pioneering company in promoting active roles for women

For over 50 years in Japan and overseas, Yakult has been implementing a business model that enables women to play active roles. In the Nikkei BP Eco Management Forum's 16th Eco-brand Survey targeting ordinary consumers and business persons, Yakult placed first in the category of "Work environment for women." This clearly indicates that Yakult's business model that allows women to play active roles is widely and generally recognized throughout Japan. I recommend efforts to convey information that will make these good aspects of Yakult more widely known overseas as well.

Recently, overseas companies have been incorporating the powers of women into value chains and there has also been an increase in the number of companies actively emphasizing the social value of using these powers of women to help reduce poverty particularly in developing countries. However, Yakult is a pioneering company that has implemented this type of approach for more than 50 years. I think it is desirable to better communicate to the world the active roles of women at Yakult in a manner linked to "creating employment" under "Community Involvement and Development" within ISO 26000. For developing countries, in particular, I urge Yakult to consider including specific figures and quantitative changes to convey how much women have been economically enriched and the ways the quality of their lives have changed by becoming Yakult Ladies. I believe this will enable Yakult to become known throughout the world as a company that implements CSV (creating shared value).

CSR as a global company (human rights initiatives and establishment of long-term CSR targets)

I have two suggestions for further advancing Yakult's CSR as a global company. First, I would like to see Yakult include any policies and initiatives it may have on human rights. Under ISO 26000, which provides guidance on social responsibility, human rights is included in both the "Key Principles" and "Core Subjects." This indicates that for companies the issue of human rights is regarded as a top-priority issue in fulfilling social responsibilities. I urge Yakult to consider including human rights issues.

Next, I would like to see the inclusion of specific CSR targets. This is not for the sake of setting targets in detailed categories and operating mechanisms for their implementation. Rather, this means it would be ideal to have major long-term targets that are in accordance with Yakult Vision 2020. Yakult already has "quantitative targets" up to 2020. In this same manner, I hope to see the establishment of CSR targets as well.

Response to third-party opinion



Hiroshi Wakabayashi
Director and Managing
Executive Officer
Divisional General Manager of
Management Support Division
Yakult Honsha Co., Ltd.

We asked Ms. Makiko Akabane, Director of CSR Asia Japan office, for her third-party appraisal of the *Yakult CSR Report 2015*. This marks the third consecutive year since the *Yakult Social & Environmental Report 2013* that she has given us her appraisal. We thank and are deeply grateful to Ms. Akabane for her assessment.

From the current fiscal year, we have changed the name of the previous *Yakult Social & Environmental Report* to the *Yakult CSR Report*. Yakult's corporate philosophy is "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." Under this philosophy, the Group works as one in promoting CSR activities in accordance with ISO 26000 to fulfil its social responsibilities as a global company. In conjunction, Yakult also changed the organizational names of committees that are composed of internal executives.

I would like to express my appreciation to Ms. Akabane for her understanding of Yakult's policies for promoting and strengthening CSR activities in the future.

Regarding Ms. Akabane's comments about encouraging active roles for women, I recognize there are particularly important CSR issues within our unique business model of home delivery by Yakult Ladies. Going forward, we will continue to make efforts to enhance work environments for women both inside and outside of Japan and promote active roles for women.

Finally, I recognize that human rights initiatives and the establishment of long-term CSR targets proposed by Ms. Akabane are essential themes as a global company. We will responsibly accept these as future issues and work to ensure we can make concrete responses.

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

Yakult

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