



**Yakult CSR Report**  
**2020**



**Yakult**

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### Yakult's corporate communications tools

- CSR information site  
<https://www.yakult.co.jp/english/csr/>
- CSR Report (this report)  
<https://www.yakult.co.jp/english/csr/eco/report/>
- CSR Communication Book  
<https://www.yakult.co.jp/english/csr/communication/>
- IR information site  
(management policy, financial and stock information)  
<https://www.yakult.co.jp/english/ir/>
- Annual Report (English)  
<https://www.yakult.co.jp/english/ir/management/library.html>

### How to use this PDF

This PDF contains link buttons that direct to related pages and external sites.  
Clicking on the left or right arrows ◀ ▶ at the bottom of each page navigates to the previous or next page.  
Clicking on the return arrow ↶ at the bottom of each page returns you to the page viewed directly beforehand.

"Workers" referred to in this report are persons working for the Yakult Group, including independent contractors such as Yakult Ladies and Yakult Beauty Advisors.

Where "employees" are mentioned in this report, the term includes regular employees, full-time contract employees, contract employees, and temporary staff, and excludes the independent contractors.

## Editorial policy

The *Yakult CSR Report 2020* was prepared based on the following key concepts, on the Yakult Group's CSR activities in fiscal 2019.

### ■ Comprehensively disclosing CSR activities

Through dialogue and sincere communications with stakeholders, the Yakult Group aims to further develop its CSR activities and respond to the expectations of society.

We have prepared this report as a communications tool aimed at investors and those working at ESG research organizations, using a structured presentation of our CSR activities that allows us to both verify the results of our own activities and be evaluated by society.

We also publish the CSR Communication Book as a communications tool aimed at general consumers.

### ■ Presenting the Yakult CSR Action Plan in an easy-to-understand manner

Organizing our CSR activities in line with the seven core subjects of ISO 26000, the Yakult Group formulated the Yakult CSR Action Plan in fiscal 2016 and has been working on achieving specific annual action targets starting in fiscal 2017. This report describes in detail the main achievements based on action targets for fiscal 2019, and targets for fiscal 2020, using as much quantitative information as possible.

### ■ Clearly describing SDGs and ESG initiatives

The Sustainable Development Goals (SDGs) are shared global goals to create a sustainable society, while environmental, social and governance (ESG) topics are core aspects of CSR. Both are key global trends in the area of CSR. We have integrated both into our CSR activities, and this report shows the relationship between them and the Yakult CSR Action Plan.

### Publishing date

Japanese edition: October 2020

(Previous edition: September 2019, next edition: September 2021)

English edition: November 2020

(Previous edition: October 2019, next edition: October 2021)

### Publishing format

Published online only (in both Japanese and English)

### Period covered

Fiscal 2019 (April 1, 2019 through March 31, 2020)

Note that some information in this report covers periods before or after fiscal year 2019.

### Scope of data

The report covers all business sites of Yakult Honsha Co., Ltd. and the Yakult Group.

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

### Guidelines referenced

- GRI Sustainability Reporting Standards 2016  
Note: GRI Guidelines Cross-Reference Table published on our website
- ISO 26000
- Environmental Reporting Guidelines
- Environmental Accounting Guidelines

### Third-party assurance and opinions

We have yet to receive third-party assurance. This report publishes expert third-party opinions on CSR and ESG, and uses the PDCA cycle in reporting.

### Disclaimer

Except for statements of historical fact, information contained herein may constitute forward-looking statements that involve future uncertainty.

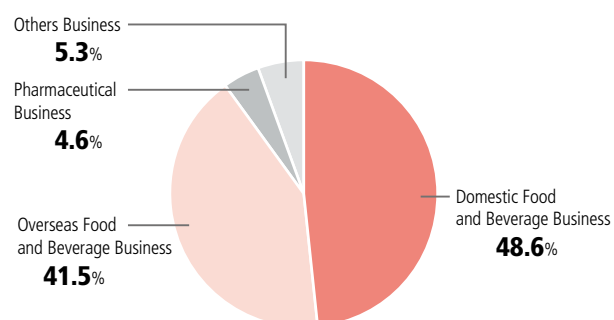
# Overview of Yakult's Operations

## Profile of Yakult Honsha (as of March 31, 2020)

Name:	Yakult Honsha Co., Ltd.
Address:	1-10-30, Kaigan, Minato-ku, Tokyo, Japan
Founded:	April 9, 1955
Businesses:	Manufacturing and marketing of foods and beverages, pharmaceuticals, and cosmetics and other operations
Paid-in capital:	¥31.118 billion
Net sales:	(April 1, 2019 to March 31, 2020) ¥171.30 billion (non-consolidated) ¥406.00 billion (consolidated)
Total assets (consolidated):	¥627.87 billion
Net assets (consolidated):	¥412.08 billion
Business sites:	1 research institute, 5 branches, 7 plants, 8 pharmaceutical branches*, 13 logistics centers
Number of employees:	2,882 (including 314 seconded employees and 152 contract employees)

\*As of April 2020

## Sales by segment (consolidated)



## Profile of Yakult Group (as of March 31, 2020)

### Japan

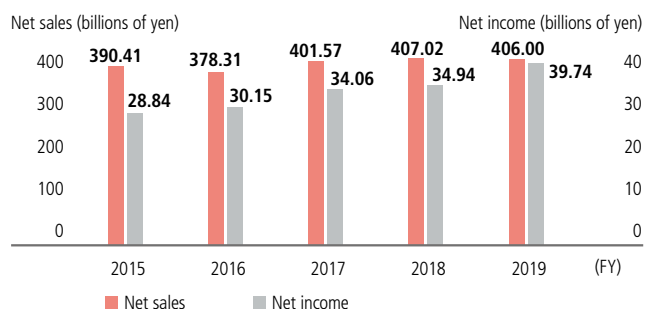
Marketing companies: 102 companies  
 Number of employees: 13,763  
 Number of Yakult Ladies: 32,665  
 Number of Yakult Beauty Advisors: 4,190  
 Bottling companies: 5 companies  
 Affiliated companies, etc.: 13 companies and 4 associations

### Overseas

Companies: 29  
 Number of employees: 24,425\*  
 Number of Yakult Ladies: 47,471\*  
 Marketing regions: 39 countries and regions

\* As of December 2019

## Five-year overview of net sales and net income (consolidated)



## Overseas operations (as of March 31, 2020)

### 29 Companies

- |                                 |                                  |                                    |                             |
|---------------------------------|----------------------------------|------------------------------------|-----------------------------|
| 1 Yakult Taiwan Co., Ltd.       | 8 Yakult Australia Pty. Ltd.     | 16 Shanghai Yakult Co., Ltd.       | 24 Yakult Nederland B.V.    |
| 2 Hong Kong Yakult Co., Ltd.    | 9 Yakult (Malaysia) Sdn. Bhd.    | 17 Beijing Yakult Co., Ltd.        | 25 Yakult Belgium N.V./S.A. |
| 3 Yakult (Thailand) Co., Ltd.   | 10 Yakult Vietnam Co., Ltd.      | 18 Tianjin Yakult Co., Ltd.        | 26 Yakult UK Ltd.           |
| 4 Korea Yakult Co., Ltd.        | 11 Yakult Danone India Pvt. Ltd. | 19 Wuxi Yakult Co., Ltd.           | 27 Yakult Deutschland GmbH  |
| 5 Yakult Philippines, Inc.      | 12 Yakult Middle East FZCO       | 20 Yakult S/A Ind. E Com. (Brazil) | 28 Yakult Osterreich GmbH   |
| 6 Yakult (Singapore) Pte., Ltd. | 13 Yakult Myanmar Co., Ltd.      | 21 Yakult S.A. de C.V. (Mexico)    | 29 Yakult Italia S.R.L.     |
| 7 P.T. Yakult Indonesia Persada | 14 Yakult (China) Corporation    | 22 Yakult U.S.A. Inc.              |                             |
|                                 | 15 Guangzhou Yakult Co., Ltd.    | 23 Yakult Europe B.V.              |                             |

### 39 countries and regions

#### Asia and Oceania

Taiwan, Hong Kong, Thailand, South Korea, Philippines, Singapore, Brunei, Indonesia, Australia, China, Malaysia, New Zealand, Vietnam, India, United Arab Emirates, Oman, Bahrain, Qatar, Kuwait, Myanmar

#### Americas

Brazil, Mexico, Uruguay, United States of America, Canada, Belize

#### Europe

The Netherlands, Belgium, France, United Kingdom, Germany, Luxembourg, Spain, Ireland, Austria, Italy, Malta, Switzerland, Denmark

\* Basically each group company produces and sells products locally, but some group companies sell products that are supplied from others in their neighboring countries.

# Yakult's Business Operations

Our operations have expanded to include food and beverages such as fermented milk drinks, as well as cosmetics, pharmaceutical products and an international business, with life science as our foundation.

## Food and Beverage Business

In 1930, Dr. Minoru Shirota, the founder of Yakult, successfully strengthened and cultured a strain of lactic acid bacteria, and in 1935, *Yakult*, a beverage containing *Lactobacillus casei* strain Shirota, was born. In 1963, the Yakult Lady home delivery system was launched throughout Japan 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 other beverages.



- Fermented milk drinks
- Fermented milk products
- Other beverages

## International Business

The expansion of Yakult's business to 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. *Yakult* is presently sold in 40 countries and regions (including Japan) spanning Asia and Oceania, the Americas, and Europe. *Yakult* and our other popular dairy products are now consumed at a rate of 40 million bottles per day throughout the world (as of fiscal 2019).



## Life Science

Life science serves as the foundation of Yakult's business. The passionate desire of our founder Dr. Minoru Shirota in pursuing the potentials of lactic acid bacteria is being carried on today in the form of Shirota-ism

➔ P.6



- Pharmaceutical products
  - For medical use (e.g., anticancer agents)
  - For over-the-counter use (laxatives)
- Quasi-drug products
- Biochemical products
- *Lactobacilli*-based products (reagents, food products, industrial products)



- Basic skin-care products
- Makeup products
- Hair-care products
- Toiletries

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

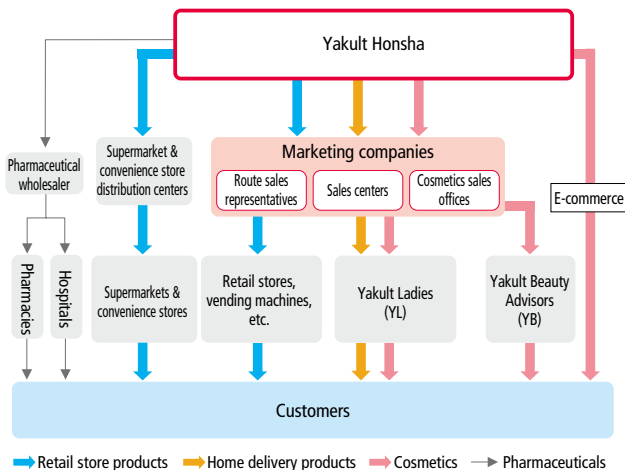
## Pharmaceutical Business

Yakult's Cosmetics Business began with the discovery of the cosmetic efficacy of a fermented lactic acid bacteria extract by Dr. 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 the skin through life science, Yakult provides a variety of cosmetic products under the *Yakult Beautiens* brand centering on basic skin-care products.

## Cosmetics Business

## Yakult's Business Structure

Headed by Yakult Honsha, the Yakult Group is made up of 102 marketing companies that sell Yakult products, five subsidiary bottling companies that turn the concentrated *Yakult* into bottled products, and other related companies, for a total of approximately 140 companies in Japan (approx. 170 when including overseas companies).



### Route sales representatives

These representatives deliver products to diverse sales routes including retail stores, vending machines, and for school meals.

They carefully deliver our products, ensuring the delivery at an appropriate temperature and date so that customers fully enjoy our products. They also work on making sales floors more attractive so that customers continuously support our products and services.

### Yakult Ladies (YL)

Since 1963, we have operated our unique home delivery system with Yakult Ladies, who deliver *Yakult 400* series products and other foods and beverages, as well as cosmetic products to customers. Many Yakult Ladies are independent entrepreneurs, and they receive thorough training on food product hygiene and basic product knowledge to deliver and sell products. **Sales centers** are local facilities established by marketing companies as places to stock and store products, and where Yakult Ladies can share information. They serve as the "face of Yakult" in the community and are a valuable point of contact with customers.

### Yakult Beauty Advisors (YB)

Yakult Beauty Advisors are women with specialized knowledge in beauty and cosmetics, who sell cosmetic products to customers at their homes and perform home beauty treatments. They are based at **cosmetics sales offices** established by marketing companies as places to stock and store products, and where Beauty Advisors can share information. Some are set up with beauty salons.

# Top Commitment

## Overcoming challenges of unprecedented scale Reexamining Yakult's vision

*Takashige Negishi*

### Takashige Negishi

President and Representative Director

Yakult is engaged in corporate activities around the world under the corporate philosophy of "we contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular." In 2020, our lives have drastically changed because of a novel coronavirus (COVID-19) pandemic. But even in this pressing situation, we will not lose sight of our vision of creating a sustainable society. We remain committed to working on our CSR activities in partnership with our stakeholders.

### Business performance is steady, and sales in China and Asia remain strong

Fiscal 2019 marks the third year of Phase III of our long-term vision, Yakult Vision 2020. The Yakult Group's sales and operating profits were 406.0 billion yen and 45.6 billion yen, which are almost at the same level as in fiscal 2018, when we achieved record highs. Profits increased in Japan with new product launches, while overseas sales in Asia remained strong. In China, home deliveries were suspended from the second half of January due to rising COVID-19 infections, and plants stopped production under instructions from Chinese officials. As of October 2020, normal operations have resumed.

## Yakult Vision 2020

### Formulating and promoting a long-term management strategy

In January 2011, we instituted Yakult Vision 2020, a long-term business management vision covering the 10-year period from fiscal 2011 through fiscal 2020. Serving as a road map to maintain the growth of the Yakult Group and respond to the changing environment, 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.

### Long-term vision (Fiscal 2011 – 2020)

#### 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!

### Mid-term management plan (Phase III)

In May 2017, we instituted Phase III of the plan, which covers the four years from fiscal 2017 to 2020. The details are as follows.

#### Strategy to achieve goals

We are aiming to achieve continuous growth for the Yakult Group by developing optimal strategies for each of our global markets, which we define in terms of Introductory, Growth, Mature, and Rebuilding stages. In the Japanese market, which is at the Mature stage, we are building the platform to drive the next generation of our global business and will link it to sustained growth.

#### Phase III plan

- Number of bottles of dairy products sold worldwide: 43.50 million bottles per day
- Consolidated net sales: 454.0 billion yen
- Consolidated operating income: 57.0 billion yen



We are working to achieve our goals in three phases over a 10-year period.

- Overview of Yakult's Operations
- I Consumer Issues
- II Community Involvement and Development
- Top Commitment**
- Shiota-ism
- Research and Development
- IV Labour Practices
- V Human Rights
- Corporate Social Responsibility
- VI Fair Operating Practices
- Third-Party Opinion
- VIII Organizational Governance
- ESG Data

## Finding ways to support our drastically changed lives due to COVID-19

We would first like to extend our deepest condolences to those who have lost loved ones and friends due to COVID-19. Our heartfelt thoughts are also with the people who have been infected and all those whose lives have been affected by the pandemic. At the same time, we would like to express our sincere gratitude and respect to the people working to stop the spread of infection, especially healthcare providers.

In February 2020, the Yakult Group established the COVID-19 General Response Headquarters in line with our Risk Management Rules, in order to create a framework to prevent infection throughout the Group and to consider and carry out measures for continuing safe and stable corporate activities. Our top priority is to ensure the safety of our customers and Yakult Group workers and their families in Japan and overseas. In response to requests from governments and communities, we have worked to continue doing business to the extent possible in cooperation with local communities.

People's attitudes and behavior are changing immeasurably because of COVID-19. With the heightened interest in health and immunity, we will focus our efforts on initiatives that only we can do, such as making more consumers appreciate the benefits of probiotics and helping more healthcare professionals understand the scientific evidence.

## Linking corporate activities to addressing social issues

Our corporate slogan is "In order for people to be healthy, everything around them must also be healthy," and our 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." With the belief that carrying out our corporate activities itself is a form of CSR, we are working on various issues to achieve our goal of realizing a sustainable society.

Global stock prices continue to fall as a result of the pandemic, and we believe that investors will continue to pay more attention to environmental, social and governance (ESG) factors in the future. Since Yakult is included in some ESG indexes, we will keep on meeting the expectations of investors and society as a whole by conducting and actively disclosing our CSR activities.

We promote our corporate activities according to the Yakult CSR Action Plan, which was formulated in line with the seven core subjects of the global CSR standard ISO 26000 to clarify our responses to ESG factors and SDGs. Here I will introduce some of our wide-ranging initiatives that address these seven core subjects.

## Building safer communities and establishing healthy living habits

### I Consumer Issues Contributing to the health and happiness of customers

### II Community Involvement and Development Towards development together with local communities

Based on the Shirota-ism principles of "preventive medicine," "a healthy intestinal tract leads to a long life," and at "a price anyone can afford" advocated by Yakult's founder and doctor of medicine, Minoru Shirota, we continued to actively develop products that contribute to the health and happiness of people around the world in fiscal 2019. We launched two Food with Function Claims products in some regions that were met with favorable reception: *Yakult 1000* in October 2019, which was developed based on stress and sleep research, and *Yakult 400W*, in October 2020, which was developed to improve the intestinal environment and bowel movements with *Lactobacillus casei* strain Shirota and galacto-oligosaccharides.

One of our great strengths is, of course, our unique distribution system through home deliveries by Yakult Ladies. Yakult Ladies play an active role in Japan and the rest of the world, with over 80,000 globally. In 2020, home deliveries had to stop for a period of time in Tokyo and other areas due to COVID-19. We worked to provide safe and secure deliveries through various measures, including distributing face masks and alcohol-based disinfectant sprays to Yakult Ladies, and having customers select delivery using cool boxes.

Aside from home deliveries and sales at retail stores, we continue to conduct activities that support local communities and raise awareness on how to maintain healthy lifestyles. In fiscal 2019, approximately 4.16 million people worldwide participated in our guest lectures on digestive health at elementary schools and other locations. We also welcomed approximately 7.92 million people worldwide at our health-related lectures for local communities held at Yakult centers (Yakult Lady sales hubs), community facilities and long-term care facilities.

For Courtesy Visit Activities, an initiative in partnership with local governments where Yakult Ladies make courtesy calls to the elderly living alone, around 37,000 seniors were visited. We have also teamed up with 870 local governments, police and fire departments nationwide to run community safety watch and crime prevention activities, and help build safer and more livable communities.

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

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Yakult's Roots: Shirota-ism

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Product development in response to increased health consciousness

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Access to better nutrition

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Dispatch guest lecturers / Health-related lectures

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Courtesy Visit Activities

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Community safety watch and crime prevention activities

## Backcasting to boost climate change initiatives

### Creating a circular economy with environment-friendly containers and packaging

#### III The Environment For environmental conservation

In 2020, global carbon emissions fell due to the decline in economic activities and other changes caused by the COVID-19 pandemic. However, climate change is still an urgent issue.

We have identified our climate change-related business risks to include the interruption to raw material procurement or operations due to natural disasters triggered by climate change. We have responded to these risks by decentralizing our production bases and implementing a risk management manual. From another perspective, we also believe that our response to climate change is an opportunity to meet the expectations of our stakeholders. The Yakult Group will continue to meet their expectations by building energy- and resource-saving production and distribution systems, and by adopting environmentally conscious packaging.

In order to have our climate change initiatives evaluated from a third-party perspective and to further improve our efforts, we responded to the CDP\*1 climate change questionnaire and obtained a B score in fiscal 2019. We also began an internal review in fiscal 2019, in preparation for drawing up a long-term environmental vision that will succeed Yakult Sustainable Ecology 2020. We will promote our environmental activities from fiscal 2021 by defining our ideal vision for fiscal 2030 and beyond, and then backcasting.

As a new initiative in fiscal 2019, we performed water risk evaluations of all our production bases using the WRI Aqueduct\*2 tool. Water is an issue that is deeply relevant to the Yakult Group and which entails complex challenges, including a growing global population, rising water use from economic development, and changes in precipitation due to climate change. We will use the water risk evaluations to accurately assess the situation at our production bases and to formulate future policy.

In the Declaration of Action on Plastic Recycling we announced in January 2019, we set the goal of maximum conversion to easily-recyclable materials for containers and packaging by 2030. For some products, we will switch to multi-shrink films and straws using bioplastic. Following the worldwide movement towards regulating the use of plastic, we will continue planning specific actions as we monitor regulations in each country and region.

## Worker's health is at the foundation of our business

#### IV Labour Practices Improving the health and motivation of our employees

We are revising our employment system in order to create a better working environment and to adapt to the new lifestyles brought about by the COVID-19 pandemic. Specifically, we are adopting systems for working at home and working flexible hours. We will keep a close watch on social changes and plan for future revisions in dialogues with our employees.

As a company advocating for health, our worker's health is at the foundation of our business. Yakult has been certified as a White 500 company (large corporation category), a system to award corporations with outstanding health and productivity management, for the third consecutive year in recognition of our thorough health exams and programs, health-related events, and effective use of PDCA cycles. In April 2020, we set up the Health-focused Management Promotion Section to further develop our efforts and raise health awareness in our workers.

## Promoting sustainable procurement and enhancing social sustainability throughout the supply chain

#### V Human Rights Respect for human rights

#### VI Fair Operating Practices Ensuring fairness in our business

#### VII Organizational Governance Promoting transparent management

Yakult considers its partnership with suppliers as essential to its sustainable growth. We established the Supplier CSR Guidelines in July 2020 in order to clearly define our approach of working together with suppliers in resolving social issues. The guidelines are a collection of concrete requirements for suppliers based on the CSR Procurement Policy formulated in fiscal 2018, with the aim of encouraging human rights, labor, environmental and anti-corruption considerations, as well as enhancing social sustainability throughout the supply chain. Going forward, we will work on further developing our sustainable procurement using these guidelines, CSR procurement surveys and other initiatives.

Yakult is a company widely trusted by stakeholders. We will continue to ensure thorough compliance, practice governance based on the objectives of the Corporate Governance Code, and promote transparency in management by actively disclosing information.

As a company operating worldwide, we will continue responding to various challenges while maintaining a keen awareness of our social responsibility, and work towards increased corporate value. We ask for your continued support going forward.

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Risk management

\*1 CDP:  
A London-based non-profit organization. Engaged in activities calling for companies to disclose various information such as climate change, water and forests

\*2 WRI Aqueduct  
A tool for evaluating water risks developed by the World Resources Institute (WRI), a global environmental NGO

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Yakult Sustainable Ecology 2020

Special Feature 1, CSR Communication Book 2020

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Promoting sustainable procurement

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

In his research, Dr. Shirota discovered that lactic acid bacteria were effective in suppressing harmful bacteria

within the intestines, and he later succeeded in strengthening and culturing strain so that it reached the intestines alive. This is now known as *Lactobacillus casei* strain Shirota.

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

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

### The root of our business

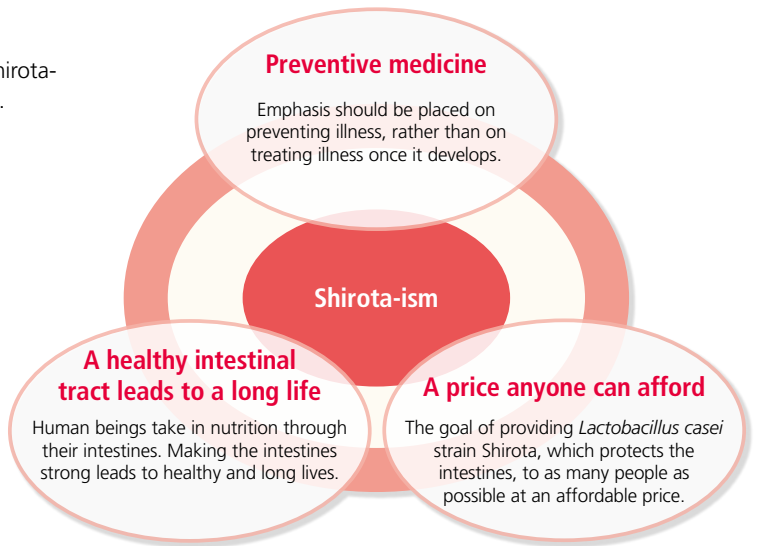
### Shirota-ism

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



Yakult's founder

**Minoru Shirota,**  
M.D., Ph.D.  
(1899-1982)



## 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.**

## Legacies

As well as selling our products in stores, we deliver them 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 dissemination 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, to continue to be trusted by customers across borders and generations, we at Yakult will continue to honor Shirota-ism and the ideas it encompasses.

### Carrying on Shirota-ism

To pass on and disseminate Shirota-ism, the root of our business, we use a unified curriculum when holding occasional Shirota-ism Workshops for all of the approximately 100,000 workers in the Yakult Group.

In particular, using programs developed in-house for milestone level-specific training helps both deepen understanding of Shirota-ism and foster shared values.



Training on Shirota-ism at Yakult (Malaysia) Sdn. Bhd.

### Shirota Memorial Museum

Located on the grounds of the Yakult Central Institute, the Shirota Memorial Museum is open to the public. The museum welcomes visitors to follow the path of our founder Minoru Shirota, from his first ideas about preventive medicine to his success in strengthening and culturing a strain of lactic acid bacteria beneficial to health (now called *Lactobacillus casei* strain Shirota), and from the birth of the *Yakult* fermented milk drink to the research, product development and dissemination activities that have made the Group what it is today.

This is also a place for visitors to deepen their interest in science, learning directly from Institute researchers and observing *Lactobacillus casei* strain Shirota under a microscope.



## The History of Yakult

- 1930s**
  - 1930** Dr. Minoru Shirota succeeds in strengthening and culturing a strain of lactic acid bacteria beneficial to health (*Lactobacillus casei* strain Shirota)
  - 1935** Start of production and sale of *Yakult*
- 1940s**
  - 1940** **Shirota Association for Promotion of Protective Bacteria offices** established in each region, specializing in sales, later becoming marketing companies
- 1950s**
  - 1955** **Yakult Honsha Co., Ltd.** and **Shirota Institute** established
- 1960s**
  - 1963** Yakult's unique **Yakult Lady home delivery system** introduced
  - 1964** **Yakult Taiwan starts** operations as the first overseas office
  - 1968** Plastic bottle introduced
- 1970s**
  - 1970** Launch of *Joie* fermented milk
  - 1971** Start of **full-scale sales of cosmetics products**
  - 1972** Start of **Courtesy Visit Activities** by Yakult Ladies
  - 1975** Launch of Biolactis Capsules medical drug, **marking Yakult's entry into the pharmaceutical business**
- 1980s**
  - 1980** Launch of *Toughman*
  - 1981** **Company stocks listed on the First Section of the Tokyo Stock Exchange**
  - 1989** Launch of *REVECY S.E.* Series
- 1990s**
  - 1994** Anticancer chemotherapy drug Irinotecan approved for pharmaceutical production and launched under the **brand name Campto**
  - 1998** *Yakult* is **approved for labeling as a Food for Specified Health Uses**
- 2000s**
  - 2005** **Yakult Honsha European Research Center for Microbiology VOF (YHER)** starts operations
- 2010s**
  - 2012** Start of **Yakult Space Discovery Project** *Lactobacillus casei* strain Shirota obtains **GRAS Certification** from the US Food and Drug Administration (FDA)
  - 2016** Completion of the **new Yakult Central Institute**
- 2020s**
  - 2020** Relocation of Yakult Honsha's office to a new location

# Research and Development Led by Shirota-ism

In order to carry on and put into practice Shirota-ism, we conduct research and development that contributes to the realization of the concepts of “preventive medicine” and “a healthy intestinal tract leads to a long life.”

## The Yakult Central Institute

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



### The Yakult Central Institute

Established: April 1955 (as the Shirota Institute)  
Location: 5-11 Izumi, Kunitachi-shi, Tokyo  
Employees: Around 300

### Key research subjects and fields

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

### Preventive medicine

## Researching intestinal microbiota

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

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

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

\* YIF-SCAN is a registered trademark of Yakult



Intestinal flora analysis system YIF-SCAN®

### A healthy intestinal tract leads to a long life

## Probiotics research

Probiotics refer to “live microorganisms which when administered in adequate amounts confer a health benefit on the host” (definition by FAO/WHO). The Yakult Central Institute has produced a great number of research achievements using strains such as *Lactobacillus casei* strain Shirota, discovered by Dr. Minoru Shirota, and *Bifidobacterium breve* strain Yakult.



Collection of microorganisms such as lactic acid bacteria and bifidobacteria

## Product development in response to increased health consciousness

As people have become more health conscious in recent years, more consumers around the world are concerned about their sugar intake, and there is a growing demand for less sweet-tasting and low-sugar products. In particular outside Japan, with the rise of lifestyle-related diseases and obesity, many countries are placing “sugar taxes” on foods containing more than a certain amount of sugar, to control the consumption of sugary foods and drinks. In Malaysia and Singapore, the Healthier

Choice Symbol (HCS) appears on foods that contain less than the specified level of sugar. In India, foods that contain more than the specified amount of sugar must be labeled, and companies are required to take action in product development and packaging, such as restricting the sale of these products in schools. The Yakult Group is developing and introducing low-sugar products in response to the consumer demand and food regulations in different countries and regions.

In Japan, a growing number of consumers are limiting their carbohydrate and fat intake, and there is a growing demand for products fortified with iron, calcium, and vitamins, which people tend to be deficient in. We are developing and introducing products fortified with vitamins and minerals considering the needs of our target consumers, following the Dietary Reference Intakes for Japanese published by Japan's Ministry of Health, Labour and Welfare.

Mental healthcare is also becoming increasingly important, as many people in today's modern age are afflicted with mental and physical ailments rooted in stress. In the face of this social problem, in October 2019 we launched *Yakult 1000\**, our first Food with Function Claims developed through broader research into the intestinal microbiota and probiotics to provide new health value based on its effects on stress and sleep.

\* Product only sold in certain regions as of August 2020

## Research and development activities outside Japan

Yakult Honsha established the non-profit Yakult Honsha European Research Center for Microbiology VOF (YHER), the Group's first overseas research base, in Ghent, Belgium, in 2005. A human study by the Center involving Europeans who had consumed locally-produced commercial products (*Yakult*) confirmed that *Lactobacillus casei* strain Shirota reaches the intestines alive and improves fecal properties. In terms of basic research outcomes, the Center has proved that intestinal bifidobacteria is passed on from mothers to newborns, and that certain bifidobacteria stay for long periods in the intestines from infancy to early childhood.

## Expansion of joint research

### Joint research with JAXA

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



International Space Station (ISS)

### Joint research with Tohoku Medical Megabank Organization

In joint research with Tohoku University's Tohoku Medical Megabank Organization (ToMMo) involving a cohort study\* of residents in Miyagi Prefecture, we took part in an examination of the intake situation of fermented milk drinks and fermented milk products and an analysis of their intestinal microbiota, and verified correlations with various health indicators.

\* Studies that track a specific group of people for a certain period to elucidate the relationships between environmental (e.g., lifestyle habits), genetic, and other factors and the onset of disease

### Joint research with the Tokyo Metropolitan Institute of Gerontology

In a joint epidemiology study of seniors living in Nakanojo, Agatsuma District, Gunma Prefecture with the Tokyo Metropolitan Institute of Gerontology, we confirmed that regular consumption of dairy products containing *Lactobacillus casei* strain Shirota reduced the risk of high blood pressure in older people. The study also found that a combination of frequent consumption of such dairy products and moderate exercise was effective in lowering their risk of constipation.

### Funded course at Nagoya University

We established the "surgical perioperative management (Yakult) funded course" at Nagoya University Graduate School of Medicine to investigate the importance of improving the intestinal environment and maintaining motor function during the perioperative period\*<sup>1</sup> of highly invasive\*<sup>2</sup> surgery.

\*1 Perioperative period: The whole time period of a surgical procedure, including the pre-operative, per-operative and post-operative periods, from admission, anesthesia and surgery to recovery.

\*2 Invasive: Surgery (incision or cutting out part of the body) or medication that causes physical or mental damage or strain on the body.

### Research grant program with Nature Research

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

## Ethical compliance

The Yakult Central Institute has departments that specialize in research and assurance related to product safety and reliability. The department collects highly reliable research data following Yakult's strict proprietary standards and criteria.

The Safety Research Department evaluates the safety of materials and products according to government standards. Independent from other organizations, the Quality Assurance Unit audits research data and activities from a third-party perspective.

We also actively run research ethics training (information security, legal compliance, etc.) for our researchers.

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

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

# Corporate Social Responsibility

We will implement our initiatives under our corporate slogan “In order for people to be healthy, everything around them must also be healthy,” and fulfill our social responsibility as a company based on the Yakult CSR Action Plan, guided by our Basic Policy on CSR and our three key areas of CSR.

## Basic Policy on CSR

We at the Yakult Group 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.

By supporting efforts for all the Yakult Group units to undertake increasingly systematic social and environmental activities, we

increase the clarity of Yakult’s CSR management policies and appropriately disclose related information to stakeholders.

### 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.

## Three key areas of CSR

The Yakult Group conducts business activities based on its corporate philosophy of “contributing to the health and happiness of people around the world.” Furthermore, believing that everything on the Earth must be healthy, from water, soil and air to plants and animals including people, we established our corporate slogan—“In order for people to be healthy, everything around them must also be healthy.” We have also operated our business based on our convictions to support solving local issues and establish trust with local communities. Against this backdrop, we have defined our three key areas of CSR: health, local communities, and the environment. The specific themes and targets for each area are set forth in the Yakult CSR Action Plan [▶ P.16-18](#) and Yakult Environmental Action Plan [▶ P.31](#).

We are currently reviewing and drawing up the Yakult Group’s materiality based on our three key areas of CSR.

### 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 Slogan

In order for people to be healthy, everything around them must also be healthy.



## CSR management structure

### CSR promotion system

We have established a CSR Promotion Committee that is chaired by the Divisional General Manager of the Management Support Division (Senior Managing Executive Officer and Director) and made up of executive officers from each division. We have additionally established five subcommittees aiming to further promote our CSR activities throughout the Group.

### CSR Promotion Committee

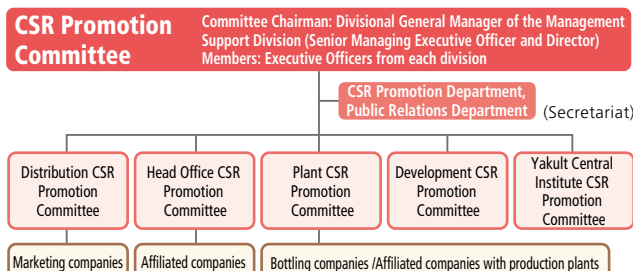
Meeting twice per year (every half term), the CSR Promotion Committee discusses policies and measures for promoting CSR and monitors the progress of each activity. Decisions of the CSR Promotion Committee are reported to the President for guidance. Of the matters discussed by the committee, there is a procedure to consult with the Board of Directors about important matters relating to management policy. Matters considered by the committee are also brought up for discussion at the Executive Officers Committee when necessary.

### Verifying CSR activities / Issuing CSR Report

When setting targets for our CSR activities, we consult experts in addition to consideration by the CSR Promotion Committee.

Our CSR Report is prepared with the approval of the CSR Promotion Committee and includes a commitment from the President. We conduct an internal survey, and verify our CSR activities based on the opinions received through this survey.

### CSR Promotion Organization



Revised: April 2015

## Group-wide CSR awareness

The Yakult Group sees its business itself as CSR. To encourage all workers to be a promoter of our CSR activities, we pursue CSR-conscious conduct in all daily business and promote understanding of CSR through various approaches.

### Promoting CSR-related training

We provide opportunities to learn and think about CSR by way of new employee training and level-specific training. These training courses introduce the Yakult Group's CSR activities, the significance of CSR, and recent trends in CSR.

We also provide a CSR training session as an e-learning program to all employees. In fiscal 2019, 93% of employees undertook the training.

### Yakult CSR campaigns

We have implemented Yakult CSR campaigns for all workers since fiscal 1994 in line with Japan's Environment Month set forth by the Ministry of the Environment.

The theme for fiscal 2019 was called Plastics Smart, which involved declaring one's personal commitment to action and working on smart ways to deal with plastic. A total of 22,985 individuals and 128 organizations participated. In addition, we made donations to OISCA's Children's Forest Program and joined the Green Wave 2019 in Japan biodiversity project. We reported the details of our efforts to the Plastics Smart Campaign organized by Japan's Ministry of the Environment, which were posted on their website.



Poster for applicants



Poster for outcome reporting

### Details of Yakult CSR campaigns

Fiscal year	Description	Number of participants
2015	Used book donations	6,724
2016	COOL CHOICE	13,757
2017	Conservation of biodiversity	15,706
2018	Enhancing awareness of the SDGs	17,855
2019	Plastics Smart	22,985

### Raising awareness of CSR trends

Every year we implement the campaign to further raise awareness of CSR trends within the Group.

In fiscal 2019 we created a Plastics Smart poster with visualizations of the Group's initiatives on the issue of plastics and distributed it to all our business sites.

### CSR management seminars

We have implemented CSR management seminars for managers since fiscal 2002.

In fiscal 2019 we invited Toshikazu Otsuka of NTT Data Institute of Management Consulting, Inc. to give a lecture on "ESG and Corporate Management Strategies." The seminar was attended by 56 people including executives and department heads. Mr. Otsuka talked about the recent trend towards larger ESG investments and the background behind it, particularly the greater interest in companies addressing climate change risks. It was a good opportunity to give thought to the need to cut carbon emissions and address climate change issues from the perspective of "preventive healthcare" for the Earth, similar to Shirota-ism's preventive medicine.



CSR management seminars

## Yakult Ethical Principles and Code of Conduct

We have instituted the Yakult Ethical Principles and Code of Conduct to serve as guidelines for proper corporate activities.

We have appended more specific conduct standards and concrete examples of such standards while making revisions as needed over time. In April 2020, we published the sixth edition in order to extensively update items and contents, and discuss how each item of the Yakult Ethical Principles and Code of Conduct are connected to the SDGs.

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 when they need to confirm a particular decision-making process.

**WEB** For details, see the Yakult Ethical Principles and Code of Conduct: <https://www.yakult.co.jp/english/csr/company/ethics.html>



## To achieve the SDGs

### Yakult CSR Action Plan and the SDGs

In order for the Yakult Group to take effective actions in the three key areas of CSR, from fiscal 2015 we have been systemizing our CSR activities in accordance with ISO 26000, the international standard for social responsibility. Specifically, in fiscal 2016 we formulated the Yakult CSR Action Plan, which clarifies the focus of our three key CSR areas in accordance with the seven core subjects of ISO 26000. In fiscal 2019 too, relevant departments set concrete action targets and implemented activities accordingly. We believe the Sustainable Development Goals (SDGs) should be addressed as shared global challenges to achieve a sustainable society, and have included our approach to contributing to the achievement of SDGs in the CSR Action Plan. Of the 17 goals, we have identified those that are highly relevant to the Group, and after clarifying their relationship with the seven core subjects and key themes in the Yakult CSR Action Plan, we are implementing initiatives at each stage of operations.

## SUSTAINABLE DEVELOPMENT GOALS



Related information p. 16-18 Yakult CSR Action Plan: Targets and Achievements

### Yakult Corporate Activities and SDGs

The Yakult Group's corporate activities are widely influenced by all 17 SDGs, but we place the strongest focus on the following five particularly relevant goals of **3**, **5**, **8**, **12** and **13**.

**3**  
GOOD HEALTH AND WELL-BEING

**Contributing to the health of as many people as possible through the sale and delivery of products that benefit people's health**

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

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

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

	Dispatch of guest lecturers	Health-related lectures
Japan	280,000 participants (4,100 lectures)	350,000 participants (14,200 lectures)
Outside Japan	3,880,000 participants (51,700 lectures)	7,570,000 participants (138,400 lectures)

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

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



**5**  
GENDER EQUALITY

**Aiming to improve Yakult Ladies' working environments and realize a society where women are empowered**

**8**  
DECENT WORK AND ECONOMIC GROWTH

**Continue being a company where workers feel motivated while improving our business productivity**

### Yakult Ladies worldwide

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

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

Moreover, the community activities of our Yakult Ladies contribute to the safety and security of local communities, and lead to greater job satisfaction as well.



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

Number of Yakult Ladies worldwide: **80,000**



**Implementing initiatives that consider human rights, labor, the environment, and anti-corruption throughout our supply chain, from raw material procurement to production, logistics and sales**

**Promoting plastic recycling of containers and packaging**

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

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



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

**Products no longer packaged with straws**

- Japan: *New Yakult* 10-pack
- Malaysia: *Yakult Ace*
- Singapore: *Yakult*
- Australia: *Ten-pack Yakult* [▶ P.23](#)

**Cutting CO<sub>2</sub> and water usage in production; adopting solar power**

At Yakult Honsha plants and bottling companies, we have introduced environmentally conscious equipment and LED lighting, and promoted efficient production to reduce CO<sub>2</sub>.

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



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

Item	Fiscal 2019 results
CO <sub>2</sub> emissions*	<p>Scope 1 <b>20,198</b> t-CO<sub>2</sub></p> <p>Scope 2 <b>32,154</b> t-CO<sub>2</sub></p> <p>Total <b>52,352</b> t-CO<sub>2</sub></p> <p>(Reduced by 1.3% compared to fiscal 2010)</p>
Waste emissions	<p><b>2,557</b> tons</p> <p>(Reduced by 14.3% compared to fiscal 2010)</p>
Water consumption	<p><b>1.663</b> million m<sup>3</sup></p> <p>(Reduced by 22.1% compared to fiscal 2010)</p>

\* 2010 location baseline emission level (0.413) is used as emission coefficient

**T O P I C**

**Enhancing awareness and Yakult's initiatives for the SDGs**

**Initiatives inside the Group**

We conduct ongoing awareness programs for workers so that they can see the essence of the SDGs and take personal responsibilities themselves.

In 2018, we created posters showing the connection between the activities at each stage of the Yakult Group's business operations and the SDGs in nine languages (Japanese, English, traditional Chinese, simplified Chinese, Korean, Thai, Indonesian, Spanish and Portuguese).

In addition, the Yakult Ethical Principles and Code of Conduct were revised in April 2020 to include the SDGs related to each item of the Code of Conduct, in order to show that their thoughts and actions when properly carrying out corporate activities directly lead to the Group's CSR as well as contribute to achieving the SDGs.



SDGs posters




**Initiatives outside the Group**

On occasion, we also introduce Yakult's initiatives for the SDGs outside the Group. In February 2019, out of the 17 SDGs we presented our initiatives related to Goal 3 on health and exchanged views with about 30 students from 11 countries who were delegates of the Japan-ASEAN Students Conference (JENESYS 2018), an exchange program aiming to promote understanding of Japan run by Japan's Ministry of Foreign Affairs.



Exchange of ideas with Japan-ASEAN Students Conference delegates

## The SDGs to which Yakult is contributing to through its business activities

Business activity	SDGs which this contributes to	Specific initiatives	Main risks and opportunities
<p><b>R&amp;D</b>                      We undertake research to realize the concepts of preventive medicine and the idea that a healthy intestinal tract leads to a long life, and are applying research results in the development of food and beverages, pharmaceuticals, and cosmetics.</p> 	 	<ul style="list-style-type: none"> <li>• Disclosure of research results</li> <li>• Communication with consumers by opening the Shirota Memorial Museum to the public</li> <li>• Product safety evaluation at the product development and post-marketing stages</li> <li>• Product safety assurance by analysis and testing</li> <li>• Reliability assurance by auditing of research data</li> <li>• Joint research with universities, hospitals, and research institutes</li> <li>• Promotion of research grant programs</li> <li>• Sponsorship of academic conferences and symposiums</li> <li>• Thorough management of chemical substances by research institute internal committee activities, etc.</li> <li>• Strengthening of measures to prevent leakage of information by building a robust system and collaborating with external service providers</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Inadequate safety evaluation could cause an interruption in business</li> <li>• Insufficient response to diversifying consumer needs could affect business performance</li> <li>• Infringement of intellectual property, leakage of research data, new infectious diseases or natural disasters could delay development</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Development of highly safe products could lead to greater competitiveness</li> <li>• Development of products responding to growing health consciousness could lead to greater competitiveness</li> <li>• Promotion of joint research could lead to innovations</li> </ul>
<p><b>Procurement</b>                      We procure raw materials such as skimmed milk, sugar, and packaging materials through fair trade.</p> 	   	<p><b>Selection of sound business partners</b></p> <ul style="list-style-type: none"> <li>• Prior consultation and credit checks for new business partners</li> <li>• Conclusion of contracts (including clauses regarding excluding antisocial forces)</li> <li>• Verification of financial status of business partners</li> </ul> <p><b>Promotion of fair trade</b></p> <ul style="list-style-type: none"> <li>• Implementation of an evaluation system for business partners</li> </ul> <p><b>Stable procurement of raw materials</b></p> <ul style="list-style-type: none"> <li>• Purchasing from multiple business partners (suppliers) and appropriate stock management</li> <li>• Promotion of business continuity planning (BCP) measures</li> </ul> <p><b>Promotion of sustainable procurement</b></p> <ul style="list-style-type: none"> <li>• Risk assessment using CSR procurement survey</li> <li>• Formulation of Supplier CSR Guidelines</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Human rights violations (i.e. forced labor, child labor) at business partners (suppliers) could lead to less trust in the Group</li> <li>• Unfair discrimination against business partners or corruption with business partners could lead to less trust in the Group</li> <li>• Inadequate BCP could cause an interruption in business during emergencies</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Promotion of sustainable procurement could lead to improved trust in the Group</li> <li>• Cooperation with business partners (suppliers) could lead to stable supply and improved productivity</li> </ul>
<p><b>Production</b>                      We use finite resources efficiently and employ environmentally conscious methods to manufacture high-quality products that are safe and offer peace of mind to customers.</p> 	    	<p><b>Reduction in occupational accidents</b></p> <ul style="list-style-type: none"> <li>• Safety and health education and safety and health inspection tours</li> <li>• Continuous capital investment to create a working environment where everyone can work in a healthy and safe manner</li> </ul> <p><b>Promotion of energy saving, waste reduction and recycling</b></p> <ul style="list-style-type: none"> <li>• Reduction in CO<sub>2</sub> emissions and energy consumption by introducing highly efficient facilities and equipment, improved workflows, LEDs and solar power</li> <li>• Waste reduction and appropriate disposal</li> <li>• Proper management of waste water and reduced water usage</li> </ul> <p><b>Establishment of a risk management system</b></p> <ul style="list-style-type: none"> <li>• Establishment of a system to enable production to continue and a fast recovery in the event of a disaster</li> <li>• Establishment and occasional review of BCP and disaster preparedness manual</li> <li>• Installation of earthquake early warning systems to achieve fast initial response</li> </ul> <p><b>Understanding of environmental impacts and risks</b></p> <ul style="list-style-type: none"> <li>• Implementation of water risk surveys</li> <li>• Implementation of biodiversity risk surveys</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• A disaster or incident that interferes with production could cause an interruption in business</li> <li>• Stricter environmental regulations, depletion of water resources, and destruction of biodiversity could cause an interruption in business</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Safe and pleasant working environments could lead to increased productivity</li> <li>• Saving energy, using water more efficiently and reducing waste could lead to improved cost competitiveness</li> </ul>
<p><b>Logistics</b>                      By ensuring eco-driving (fuel-efficient driving) and choosing delivery methods that have reduced environmental impacts, we are reducing the amount of CO<sub>2</sub> emissions deriving from product shipments.</p> 	 	<p><b>Promotion of collaboration with other companies in the same industry</b></p> <ul style="list-style-type: none"> <li>• Promotion of collaboration with other companies at distribution centers and in transportation to mass retailers, to reduce energy consumption and costs</li> </ul> <p><b>Promotion of day-to-day efficiency</b></p> <ul style="list-style-type: none"> <li>• Introduction of a system to visualize vehicle load factor and achieve a higher load factor by allocating vehicles appropriately, using two-temperature-zone transportation</li> <li>• Promotion of eco-driving by using terminals in logistics company trucks</li> <li>• Switch to eco-friendly vehicles and reduction in empty transportation zones</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Labor shortages or working environments with insufficient safety levels could cause an interruption in business</li> <li>• Stricter environmental regulations, air pollution, destruction of biodiversity could cause an interruption in business</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Safe and rewarding working environments could lead to increased productivity and a stable workforce</li> <li>• Introducing eco-friendly vehicles could lead to increased environmental friendliness</li> </ul>
<p><b>Sales</b>                      Besides the products themselves, we also provide customers with accurate product information as well as information useful for maintaining health.</p> 	    	<ul style="list-style-type: none"> <li>• Dispatch of guest lecturers for children</li> <li>• Health-related lectures for customers and businesses</li> <li>• Disclosure of information on our website</li> <li>• Health-related campaigns</li> <li>• Value dissemination activities at stores</li> <li>• Assisting support facilities for persons with disabilities</li> <li>• Diversification of ordering methods using Yakult Delivery Net</li> <li>• Increased efficiency by introducing an online payment system and mobile information terminals</li> <li>• Increased productivity by introducing cashless payment</li> <li>• Creation of a pleasant working environment by setting up Yakult Lady Health Hotline service, nursing care consultation system and FP consultation desk</li> <li>• Eco-friendly center operations and home delivery activities</li> <li>• Introduction of heat pump vending machines</li> </ul>	<p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• Product safety/health damage could cause an interruption in business</li> <li>• Insufficient disclosure of product information could lead to less trust in the Group</li> <li>• Labor shortages or working environments with insufficient safety levels could cause an interruption in business</li> <li>• Stricter environmental regulations, air pollution, and destruction of biodiversity could cause an interruption in business</li> </ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Providing safe, healthy products could lead to greater competitiveness</li> <li>• Providing full product information could lead to improved trust in the Group</li> <li>• Promoting diversity and creating a rewarding working environment could lead to a stable workforce</li> <li>• Introducing eco-friendly vehicles and vending machines could lead to increased environmental friendliness</li> </ul>

## Dialogue with Stakeholders

To continually grow as a corporation and fulfill our social responsibility, we believe it is essential to actively disclose our corporate activities and engage in two-way communication with stakeholders. The Yakult Group therefore promotes regular dialogue with various stakeholders, such as customers, local communities, shareholders and investors, workers, business partners, and civil society organizations.

### Customers

**We provide high-quality products and services upon accurately understanding customer needs and considering the customer's perspective.**

- Number of inquiries to Customer Support Center: 37,485 (fiscal 2019)
  - Issues of *Healthist* journal: 6 in Japanese and 1 in English per year
  - Participants in plant tours:  
Around 260,000 in Japan (fiscal 2019)\*  
Around 590,000 overseas (January-December 2019)
  - Participants in tours of the Shirota Memorial Museum at the Yakult Central Institute: Around 2,100 (fiscal 2019)
- \* 6 Yakult Honsha plants including the Shonan Cosmetics Plant, 5 bottling company plants and 2 affiliated company plants

→ p.19-25

### Local Communities

**As a member of the local community, we respect regional cultures and customs and promote corporate activities in cooperation with local communities.**

- Dispatch of guest lecturers:  
In Japan: 4,071 lectures, 276,562 participants (fiscal 2019)  
Overseas: 51,650 lectures, 3,875,299 participants
- Health-related lectures:  
In Japan: 14,200 lectures, 354,364 participants (fiscal 2019)  
Overseas: 138,372 lectures, 7,568,049 participants
- Courtesy Visit Activities: Around 37,000 elderly people visited (fiscal 2019)
- Community safety watch and crime prevention activities: 870 local governments, etc. (fiscal 2019)
- Cleanup campaigns: 100 venues (fiscal 2019, plants and Yakult Central Institute)
- Social activities with vending machines

→ p.26-30

### Shareholders and Investors

**We promote fair and transparent corporate activities by disclosing accurate information to shareholders and investors in a timely and appropriate manner.**

- General shareholder's meeting
- Business results briefings: twice a year (year-end settlement, second quarter settlement)
- Conference calls: twice a year (first quarter settlement, third quarter settlement)
- Individual interviews, telephone interviews, etc.: as needed
- Business site tours: as needed
- Communication tools: shareholder newsletters, annual report, company profile, CSR report, Yakult overviews, etc.

→ IR information <https://www.yakult.co.jp/english/ir/index.html>

### Workers

**Along with striving to create a comfortable working environment for our workers, we respect personal individuality through various types of interaction.**

- Individual interviews
- Worker questionnaires
- Sharing information via the company intranet
- Internal newsletter
- Training programs
- Employee consultation desk
- Staff social events

→ p.45-52

### Business Partners

**We are committed to fair, transparent and free competition, and conducting appropriate transactions, while aiming to grow together with our business partners.**

- Study session on logistics quality (training for business partners)\*
- Communication through purchasing activities
- CSR procurement survey (104 companies responded)
- Maintenance of a fair and impartial trading environment via online purchasing system: 97 participating business partners (Yakult Central Institute)

\* Implemented through Yakult Logistics Co., Ltd. → p.20, 58

### Civil Society Organizations

**We are working to further advance our business and CSR activities based on our policy of cooperating with civil society organizations that specialize in resolving various issues.**

- Social contribution activities
- Internal and external seminars
- Support projects (Japan: OISCA's Children's Forest Program; Overseas: China's Million Tree Project, etc.)

→ p.26-30, 44

### Industry groups and academic societies

The Yakult Group is involved with the industry groups and academic societies listed on the right. We cooperate with each group to advance the entire industry through information sharing, while striving to improve our corporate activities.

- Japan Dairy Industry Association
- Japanese Association of Fermented Milks and Fermented Milk Drinks
- Japan Soft Drink Association
- Japan Society for Dietary Education
- Japan Food Safety Management Association
- The Beverage Industry Environment Beautification Association
- Japanese Society for Bacteriology
- Japan Society for Lactic Acid Bacteria
- The Japan Dietetic Association
- Japan Climate Initiative

# Yakult CSR Action Plan: Targets and Achievements


We organized the seven core subjects of ISO 26000 in order of relevance to our business activities. Then we decide the key themes for each subject, and set action targets for each fiscal year.


\*: Achievement level

✓: Target achieved (100 points (%) or more)    √: Target almost achieved (80 points (%) or more)    x: Target not adequately achieved (Less than 80 points (%))

ISO 26000 Core Subjects	I. Consumer Issues		S: Social	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>Contributing to the health and happiness of our customers</b> → P.19 • Provide safe and reliable products • Customer-first principle • Protect customer personal information SDGs 	1. Improve customer satisfaction → P.20-25	<ul style="list-style-type: none"> <li>Created the Safety and Security Clinic, a website for Yakult Ladies to raise awareness about product management and traffic safety</li> <li>Implemented recurrence prevention measures for product-related claims against plants: <b>100%</b> implementation (64 issues)</li> <li>Launched products with more nutrients (such as vitamins and minerals) that conform with customer needs (<i>Yakult Five, Joie, Kininaruyasai Isshokubunno Multivitamin Tomato &amp; Red Grape</i>)</li> </ul>	✓	1. Improve customer satisfaction
	2. Promote certification of various international standards → P.21	<ul style="list-style-type: none"> <li>Acquired HACCP, GMP, ISO 9001, ISO 14001, ISO 22000, FSSC 22000, OHSAS 18001, SQF and halal certification for plants in and outside Japan</li> </ul>	✓	2. Promote certification of various international standards
	3. Promote universal design → P.22	<ul style="list-style-type: none"> <li>Utilized universal design fonts for packages of newly introduced products, or existing products when updating their package design</li> </ul>	✓	3. Promote universal design
	4. Accept more visitors to plants and research institute → P.24	<ul style="list-style-type: none"> <li>Participants in plant tours* In Japan: <b>258,372</b> (13 plants in Japan) Overseas: <b>586,836</b> (18 countries &amp; regions)</li> <li>Participants in tours of the Shirota Memorial Museum at Yakult Central Institute: <b>2,138</b></li> <li>* To prevent the spread of COVID-19, tours of plants in Japan and the Yakult Central Institute were suspended from March 2020. Number of overseas participants is the total up to December 2019.</li> </ul>	✓	4. Accept more visitors to plants and research institute

ISO 26000 Core Subjects	II. Community Involvement and Development		S: Social	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>Towards development together with local communities</b> → P.26 • Promote social contribution activities • Respect for local cultures and customs • Activities for solving local issues • Strengthen relations with local communities SDGs 	1. Promote dispatch of guest lecturers and health-related lectures → P.27	<ul style="list-style-type: none"> <li>In Japan: Dispatch of guest lecturers: <b>4,071</b> lectures, <b>276,562</b> participants</li> <li>Health-related lectures: <b>14,200</b> lectures, <b>354,364</b> participants</li> <li>Beauty workshops: <b>1,775</b> workshops, <b>21,570</b> participants</li> <li>Outside Japan: Dispatch of guest lecturers: <b>51,650</b> lectures, <b>3,875,299</b> participants</li> <li>Health-related lectures: <b>138,372</b> lectures, <b>7,568,049</b> participants</li> <li>* To prevent the spread of COVID-19, in Japan we chose to suspend the dispatch of guest lecturers and health-related lectures from March 2020. Number of overseas participants is the total up to December 2019</li> </ul>	✓	1. Promote dispatch of guest lecturers and health-related lectures
	2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities → P.28	<ul style="list-style-type: none"> <li>Courtesy Visit Activities: <b>36,817</b> older people visited by <b>2,730</b> Yakult Ladies from <b>53</b> marketing companies in response to requests from <b>125</b> local governments in Japan</li> <li>Community safety watch and crime prevention activities: Conducted by <b>25,736</b> Yakult Ladies from <b>2,017</b> centers of <b>103*</b> marketing companies in cooperation with <b>870</b> local governments and other groups</li> <li>* Including marketing companies under holding companies</li> </ul>	✓	2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities
	3. Further sports promotion → P.29-30	<ul style="list-style-type: none"> <li>Baseball clinics by current players: <b>10</b> times, <b>1,078</b> participants</li> <li>Tsubame baseball clinics by retired players: <b>23</b> venues, <b>3,517</b> participants</li> <li>Other community activities by the track and field club, rugby club and the Japan Bound Tennis Association</li> </ul>	✓	3. Further sports promotion
	4. Implement cooperative activities with local municipalities and other organizations → P.26-30	<ul style="list-style-type: none"> <li>Promoted cleanup activities in cooperation with local governments: <b>91</b> times at plants, <b>9</b> times at the Yakult Central Institute</li> <li>Backing support facilities for persons with disabilities in cooperation with pachinko and pachislot cooperative associations: asked <b>62</b> facilities in <b>19</b> prefectures to attach stickers that include New Year greetings to our products, totaling around <b>820,000</b> bottles</li> <li>Operated Bowel Cancer Information website: Updated some existing articles in response to the revised guidelines for the treatment of colorectal cancer</li> <li>Funded pharmaceutical research by donating to universities, research institutions, societies, cancer support groups and other organizations. <b>421</b> donations totaling <b>222</b> million yen</li> <li>The Yakult Central Institute has made an agreement with Kunitachi City and the fire department to supply water in the event of a disaster</li> <li>Supported the Pink Ribbon campaign by covering the cost of <b>10,000</b> breast cancer screenings and donating wigs to <b>50</b> patients who lost their hair due to cancer treatment (Vietnam)</li> <li>Contributed a portion of sales proceeds per bottle to support local communities (Guadalajara Plant, Yakult S.A. de C.V. (Mexico))</li> <li>Worked with Shenzhen University College of Management to improve educational environments in areas lacking government support (assisting <b>10,711</b> people) (Guangzhou)</li> </ul>	✓	4. Implement cooperative activities with local municipalities and other organizations
	5. Deepen exchanges with local communities through plant festivals → P.24	<ul style="list-style-type: none"> <li>Held festivals at plants: <b>27,154</b> people attended (11 plants in Japan)</li> </ul>	✓	5. Deepen exchanges with local communities through plant festivals

ISO 26000 Core Subjects	III. The Environment		E: Environment	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>For environmental conservation</b> → P.31 <ul style="list-style-type: none"> <li>Realize a low-carbon society</li> <li>Effectively use resources</li> <li>Conservation of biodiversity</li> </ul> <b>SDGs</b> 	1. Reduce CO <sub>2</sub> emissions to at least 5% below the level in fiscal 2010 by the end of fiscal 2020 → P.36-37	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions reduced by <b>8.1%</b> (compared to fiscal 2010)</li> <li>* Yakult Central Institute: reduced by <b>15.1%</b> per production unit (compared to fiscal 2010)</li> <li>Reduction achieved by taking measures such as introducing electric molding machines and reducing energy use required for logistics</li> </ul>	✓	1. Reduce CO <sub>2</sub> emissions to at least 5% below the level in fiscal 2010 by the end of fiscal 2020
	2. Reduce waste emissions to at least 10% below the level in fiscal 2020 as well as promote a recycling rate for food waste of at least 95% → P.33, 38	<ul style="list-style-type: none"> <li>Waste emissions reduced by <b>14.3%</b> (compared to fiscal 2010)</li> <li>Reduced waste by changing working methods and how equipment is used at production plants</li> <li>Food waste recycling rate: <b>75.3%</b></li> <li>Promoted reduction of food waste and recycling of such waste at each business site</li> </ul>	✗	2. Reduce waste emissions to at least 10% below the level in fiscal 2010 by the end of fiscal 2020 as well as promote a recycling rate for food waste of at least 95%
	3. Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2020 → P.39-41	<ul style="list-style-type: none"> <li>Water consumption reduced by <b>20.8%</b> (compared to fiscal 2010)</li> <li>Reduction achieved by updating equipment and changing working methods</li> </ul>	✓	3. Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2020
	4. Reduce material consumption in containers and packaging / Minimize environmental impact by substituting materials used for containers and packaging / Utilize eco-friendly plant-derived materials used for containers and packaging → P.42	<ul style="list-style-type: none"> <li>Developing thinner shrink labels for <i>Yakult 400</i> and <i>Joie</i></li> <li>Developing multi-pack thinner shrink-wrap film for <i>New Yakult</i> and thinner shipping packaging film for the <i>Yakult</i></li> <li>Evaluated the usability of multi-pack shrink-wrap film and straws with a portion made of biomass plastic for <i>Yakult Hakko Tonyu</i></li> <li>Switched to using environmentally-friendly paper in the boxes for <i>Lactdew</i> (two items), <i>Grantia</i> pouches, and <i>Crystance</i>.</li> <li>Refined initiatives based on the Yakult Group Declaration of Action on Plastic Recycling</li> </ul>	✓	4. Reduce material consumption in containers and packaging / Minimize environmental impact by substituting materials used for containers and packaging / Utilize eco-friendly plant-derived materials used for containers and packaging
	5. Promote education related to biodiversity, as well as support and involvement with nature conservation activities → P.43-44	<ul style="list-style-type: none"> <li>Participated in Green Wave 2019 (tree-planting in <b>13</b> locations in Japan)</li> <li>Supported OISCA Children's Forest Program, and the Coastal Forest Restoration Project for reconstruction after the 2011 Tohoku earthquake</li> <li>Featured biodiversity in our CSR report and covered it in level-specific training</li> </ul>	✓	5. Promote education related to biodiversity, as well as support and involvement with nature conservation activities

ISO 26000 Core Subjects	IV. Labour Practices		S: Social	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>Improving the health and motivation of our employees</b> → P.45 <ul style="list-style-type: none"> <li>Promote workplace safety and health</li> <li>Promote work-life balance</li> <li>Promote active roles for women</li> <li>Promote diversity</li> </ul> <b>SDGs</b> 	1. Promote Health-focused Management → P.46	<ul style="list-style-type: none"> <li>Held health-focused workshops for all employees. Increased awareness of independent and continuous engagement in improving health based on the results of employee health surveys (Health improvement target: state of progress)</li> <li>1. Number of workers who performed more than 540 hours of overtime in one year (an average of over 45 hours per month): <b>12</b></li> <li>2. Annual paid leave usage rate: <b>76.9%</b></li> <li>3. Percentage of staff who undertook the Yakult Health Insurance Comprehensive Check-up: <b>82.4%</b></li> <li>Analyzed company health challenges through an external consultant</li> <li>* "White 500" certification for three consecutive years for outstanding health and productivity management</li> <li>Worked towards fiscal 2020 certification:               <ol style="list-style-type: none"> <li>Furthered prevention of second-hand smoking by prohibiting smoking during working hours, closing indoor smoking areas, and providing financial aid for smoking cessation clinics</li> <li>Provided re-examinations by a medical specialist for those with issues discovered during regular health screenings</li> <li>Allowing staff to leave during working hours for voluntary physical examinations (Yakult Health Insurance Comprehensive Check-up, breast and gynecological cancer screenings)</li> </ol> </li> </ul>	✓	1. Further promote Health-focused Management
	2. Achieve a 30% ratio of women at the assistant manager level (who are candidates for managerial positions) by fiscal 2020 → P.49	<ul style="list-style-type: none"> <li>Ratio of women at the assistant manager level: <b>28.0%</b></li> <li>Ratio of female managers: <b>6.7%</b> in Japan, <b>24.7%</b> outside Japan</li> </ul>	✓	2. Achieve a 30% ratio of women at the assistant manager level (who are candidates for managerial positions) by fiscal 2020
	3. Maintain the legally mandated ratio of employees with disabilities → P.49	<ul style="list-style-type: none"> <li>Ratio of employees with disabilities: <b>2.22%</b></li> </ul>	✓	3. Maintain the legally mandated ratio of employees with disabilities
	4. Increase the number of paid leave days used (target acquisition rate: 75%) → P.50	<ul style="list-style-type: none"> <li>Annual paid leave usage rate: <b>76.9%</b> (average of <b>14.6</b> days used)</li> <li>Promoted use of paid leave at plants by multi-skilling employees to even out workloads</li> <li>Made annual paid leave available in hourly increments from April 2019</li> </ul>	✓	4. Increase the number of paid leave days used (target acquisition rate: 75%)
	5. Promote work-life balance → P.50	<ul style="list-style-type: none"> <li>Continued to improve working environments for Yakult Ladies to boost productivity: Invested <b>220</b> million yen</li> <li>Yakult daycare centers certified: <b>45</b> centers in Japan</li> <li>The Pharmaceutical Business Division devised necessary initiatives to achieve a better work-life balance and enacted a Personal Action Plan for all staff members, and a Manager Action Plan for management-level employees</li> </ul>	✓	5. Promote work-life balance
	6. Conduct health and safety inspection tours in plants → P.52	<ul style="list-style-type: none"> <li>Conducted safety and health inspection tours at each of our plants and responded to any findings for improvement: <b>363</b> inspection tours, <b>3,099</b> findings, <b>99.2%</b> improved (15 plants in total)</li> </ul>	✓	6. Conduct health and safety inspection tours in plants

ISO 26000 Core Subjects	V. Human Rights		S: Social	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>Respect for human rights</b> <p>➔ P.53</p> <ul style="list-style-type: none"> <li>Promote diversity</li> <li>Respect for personalities and human rights</li> </ul>	1. Periodically run human rights awareness training ➔ P.54	<ul style="list-style-type: none"> <li>Human rights awareness training: Part of training for new employees. <b>1</b> sessions, <b>117</b> participants (50-minute training session)</li> <li>Diversity training for newly appointed managers. <b>3</b> sessions, <b>70</b> participants (60-minute training session)</li> <li>Provided compliance information to offices in each country and region while supporting them in creating their own Ethical Principles</li> </ul>	✓	1. Periodically run human rights awareness training
	2. Run anti-harassment workshops ➔ P.54	<ul style="list-style-type: none"> <li>Discussed harassment during level-specific training (pre-promotion training for General Managers and training for newly appointed managers): <b>23</b> sessions</li> <li>Discussed harassment during compliance training</li> <li>Published compliance newsletters Vols. 14-15 on harassment</li> </ul>		✓

ISO 26000 Core Subjects	VI. Fair Operating Practices		S: Social	G: Governance
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets	
<b>Ensuring fairness in our business</b> <p>➔ P.56</p> <ul style="list-style-type: none"> <li>Ensuring fair and sound transactions</li> <li>Promote CSR procurement</li> </ul>	1. Ensure complete adherence to compliance ➔ P.56	<ul style="list-style-type: none"> <li>Maintained and improved sound business relationships in compliance with the basic transaction agreement between Yakult Honsha and marketing companies</li> <li>Improved compliance awareness in all workers through education such as group trainings utilizing the Compliance Guidebook</li> <li>Held periodic Code of Practice trainings for medical representatives</li> <li>Launched Understanding the Code Promotion Month (November) to raise awareness</li> <li>Introduced anti-bribery regulations at overseas business sites</li> </ul>	✓	1. Ensure complete adherence to compliance
	2. Implement CSR procurement ➔ P.59-61	<ul style="list-style-type: none"> <li>Carried out the first CSR procurement survey of <b>102</b> business partners (top 90% of total procurement amount in applicable departments)</li> <li>Formulation of Supplier CSR Guidelines</li> </ul>		✓

ISO 26000 Core Subjects	VII. Organizational Governance		S: Social	G: Governance	
Key Themes	Fiscal 2019 Action Targets	Fiscal 2019 Achievements / Level*	Fiscal 2020 Action Targets		
<b>Promoting transparent management</b> <p>➔ P.62</p> <ul style="list-style-type: none"> <li>Implement corporate governance</li> <li>Promote business in accordance with compliance</li> <li>Ensure confidentiality</li> <li>Disclosure of corporate information and communication with society</li> </ul>	1. Deepen understanding of our founder's philosophy (Shirota-ism) ➔ P.6-7	<ul style="list-style-type: none"> <li>Held Shirota-ism Workshops in and outside Japan during group training sessions and training for new employees</li> </ul>	✓	1. Deepen understanding of our founder's philosophy (Shirota-ism)	
	2. Strengthen support of the Corporate Governance Code ➔ P.63	<ul style="list-style-type: none"> <li>Held various management meetings regularly (Board of Directors: <b>7</b> times, Executive Officers Committee: <b>26</b> times, etc.)</li> <li>Held discussions prior to important meetings (<b>2</b> times)</li> </ul>		✓	2. Strengthen support of the Corporate Governance Code
	3. Promote disclosure of information to stakeholders (shareholders, etc.)	<ul style="list-style-type: none"> <li>Continued to appropriately disclose information using convocation notices with a revised format to be easily understood</li> <li>Disclosed further information on CSR activities and ESG through our CSR Report and CSR Communication Book</li> </ul>		✓	3. Promote disclosure of information to stakeholders
	4. Enhance understanding of the Yakult Ethical Principles and Code of Conduct ➔ P.11	<ul style="list-style-type: none"> <li>Explained the Yakult Ethical Principles and Code of Conduct at compliance training and level-specific training</li> <li>Revised Yakult Ethical Principles and Code of Conduct (revised on April 2020)</li> <li>Supported offices in creating their own Ethical Principles by sharing information on being considerate of the laws, customs and religions of each country and region, and preventing harassment</li> </ul>		✓	4. Enhance understanding of the Yakult Ethical Principles and Code of Conduct
	5. Ensure complete adherence to compliance ➔ P.56-58	<ul style="list-style-type: none"> <li>Distributed various educational materials including a Compliance Guidebook</li> <li>Held meetings for personnel in charge of compliance for each region (<b>8</b> meetings in total) to provide useful legal information and share information between personnel</li> <li>Designated February 2020 as Compliance Month to improve awareness among all Group workers about preventing power harassment</li> <li>Continued to operate the Compliance Hotline to quickly discover and correct any violations of law</li> <li>Continuous auditing (internal audits, audits by Audit &amp; Supervisory Board Members, etc.) to ensure sound compliance at offices outside Japan</li> </ul>		✓	5. Ensure complete adherence to compliance

# I Consumer Issues

## Contributing to the health and happiness of our customers

### Our approach

From selection of raw materials to delivery of the finished product, we guarantee a high level of quality and safety at each step. The opinions and feedback of our customers are highly important to us, and we reflect them in new product development and the revision of existing product labels. We have also established strict rules for the handling of customer personal information in our unique home delivery system.



#### Providing safe and reliable products → P.20

##### Policies / Guidelines / Targets

- Raw material management**
  - Quality standard specifications
- Production**
  - Quality management system
  - Inspections for radioactive substances
- Marketing**
  - Quality and Hygiene Management Standards
  - Food Quality and Hygiene Management Guidelines
  - Food quality audits (marketing companies)

##### Structures / Systems

- Quality Assurance Committee

#### Customer-first principle → P.22

##### Structures / Systems

- Customer Support Center

#### Protecting customer personal information → P.25

##### Policies / Guidelines / Targets

- Basic Policy for Protection and Management of Personal Information
- Personal Information Protection and Use Manual
- Privacy Policy

- Policies / Guidelines / Targets** • Yakult Ethical Principles and Code of Conduct (1. Placing Customers First, 4. Preservation of Information)

### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Improve customer satisfaction	<ul style="list-style-type: none"> <li>Created the <b>Safety and Security Clinic</b>, a website dedicated to safety and security for Yakult Ladies</li> <li>Recurrence prevention for product-related claims against plants: <b>100%</b></li> <li><b>Launched products with more nutrients (such as vitamins and minerals)</b> that conform with customer needs (<i>Yakult Five, Joie, Kininaruyasai Isshokubunno Multivitamin Tomato &amp; Red Grape</i>)</li> </ul>
2. Promote certification of various international standards	<ul style="list-style-type: none"> <li>Calamba Plant, Yakult Philippines, Inc. acquired <b>HACCP certification</b></li> </ul>
3. Promote universal design	<ul style="list-style-type: none"> <li>Utilized <b>universal design fonts</b> for packages of newly introduced products, or existing products when updating their package design</li> </ul>
4. Accept more visitors to plants and research institute	<ul style="list-style-type: none"> <li>Participants in plant tours: <b>845,208</b> (Total for Japan and overseas)</li> <li>Participants in tours of the Shirota Memorial Museum at Yakult Central Institute: <b>2,138</b></li> </ul> <p>Note: To prevent the spread of COVID-19, tours of plants in Japan and the Yakult Central Institute were suspended from March 2020. Number of overseas participants is the total up to December 2019.</p>

### Fiscal 2019 legal compliance

In fiscal 2019 there were no incidents leading to voluntary product recall, or major violations of laws relating to quality or safety.

# Providing safe and reliable products

## Quality management systems

We strive to ensure high quality and safety by complying with laws and maintaining our own strict standards in every stage of our operations, from research, development and production, to transport, shipment and delivery. The Quality Assurance Committee ensures that everyone in the Yakult Group works together to provide products and services that are trusted by and satisfy customers.

### Raw material management

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

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

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

### Production

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

We have also established an internal quality control system that integrates ISO 9001-certified quality management systems with Hazard Analysis and Critical Control Point (HACCP) systems and food defense programs, and maintain a high standard of quality management. As each employee's awareness, knowledge and technical skills with regards to product quality are essential in achieving this, we have defined the abilities required in production and quality control at Yakult Honsha dairy product plants and bottling companies, education, training and assessment in a systematic manner, and routinely review this system. In Japan we have also developed and installed a variety of inspection equipment that has made a 100% inspection level possible with continuous quality monitoring.

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

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

Furthermore, we have developed systems that allow us to, if product-related incidents occur, establish a task force to handle

the incident based on our Risk Management Rules and carry out a prompt product recall.

**Related information** p. 65 Risk management - Business Continuity Plan (BCP)

### Distribution

Yakult Logistics Co., Ltd. makes logistics quality the foundation of their mission to deliver fresh products at their peak of quality. The company runs annual study sessions on logistics quality for contractors, as part of efforts to thoroughly train them about the special loading and handling of Yakult products. In fiscal 2019, we organized sessions at three locations in Japan with 132 participants from 91 companies. Two of these were held at our dairy product plants to show the importance of quality control for Yakult through plant tours.

### Marketing

We established quality control systems at marketing companies to conduct quality control according to our Quality and Hygiene Management Standards and Food Quality and Hygiene Management Guidelines. Moreover, marketing companies perform their own internal audits independently to precisely check process control up until products are delivered to customers. Furthermore, teams composed mainly of employees with experience working at production plants carry out food quality audits, as well as conduct on-the-job training and quality control workshops at marketing companies.

### Initiatives in cosmetic and pharmaceutical production

To maintain safe and standardized product quality during all processes at our pharmaceutical plant, from receipt of raw materials to product manufacturing, quality testing, and storage, we follow the pharmaceutical Good Manufacturing Practice (GMP - quality control and manufacturing standards for pharmaceuticals and quasi-drugs). Furthermore, because some raw ingredients for pharmaceuticals are exported overseas, we also conform to the GMP management standards in the recipient's country.

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

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

## Product quality certifications

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

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

In Japan, food hygiene control based on HACCP principles was instituted through the Act on the Partial Amendment of the Food Sanitation Act in 2018. In line with this, we plan to acquire ISO 22000 certification at all 10 of our dairy product plants and bottling companies and complete the certification by October 2021.

### Certifications acquired for product quality

(Number of certified locations)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	OHSAS 18001	SQF
Yakult Honsha plants, bottling companies (10 dairy product plants)	10	10						
Marketing companies in Japan (102 in total)		18*1	1					
Plants outside Japan (27 locations in total) *2	21	10*3	7	3	9	8	2*4	2

\*1 Includes branches that have acquired the certification \*2 As of March 2020 \*3 Includes one marketing company \*4 Acquisition rate at plants both in and outside Japan 5.4%

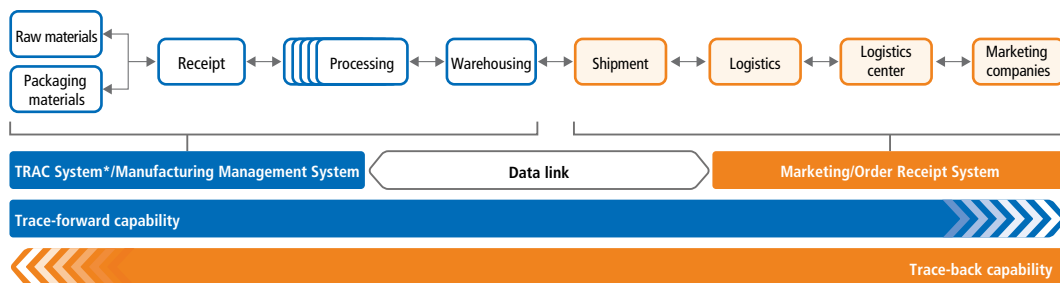
- HACCP: A system for assuring safety by implementing thorough hygiene management across the entire manufacturing process
- ISO 9001: An international standard for quality management systems
- ISO 22000: An international standard for food safety management systems based on the hygiene management methods of HACCP
- FSSC 22000: An international standard for food safety management systems based on ISO 22000 that incorporates food defense and other matters
- GMP (Good Manufacturing Practice): An international standard for pharmaceuticals and food manufacturing management and quality control
- Halal: A standard for food quality management systems based on Islamic Law
- OHSAS 18001: An international standard for occupational health and safety management systems
- SQF: An international standard for management systems that ensure the safety and quality of food products

**WEB** For details about certification acquired by each company, please visit: <https://www.yakult.co.jp/english/csr/governance/index.html>

## Traceability system

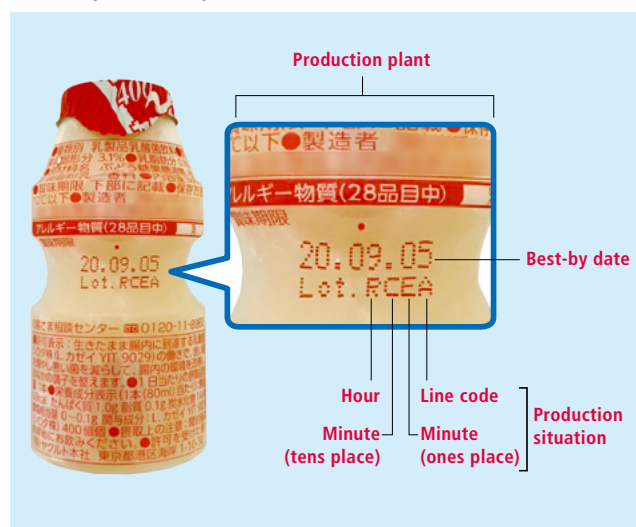
Each individual Yakult product package in Japan bears a recommended best-by date and a production lot code printed with an ink-jet printer. The Yakult Group's traceability system enables trace-back capability so that the manufacturing history (raw materials, packaging materials, production situations,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

### Traceability system



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

### Product print example: Yakult 400



### Quality assurance through mutual plant audits: Yakult China Group

In order to provide consumers with safe, secure and delicious products, we carry out mutual plant audits based on Yakult's manufacturing management standards. In fiscal 2019, the Shanghai Plant was audited by the International Business Department in February and September, the Tianjin Plant underwent a Group mutual inspection in May and was audited by the International Business Department in October, and the Wuxi Plant underwent Group mutual inspections in April and August.

### Ensuring traceability from procurement of raw materials to after-sales: Lorena Plant, Yakult S/A Ind. E Com. (Brazil)

We are engaged in monitoring everything from raw materials up to the final products in accordance with HACCP, GMP and ISO 22000. We also ensure after-sales traceability and utilize it in production activities.

## Active disclosure of product information

### Universal design fonts for product labeling

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

### Easy-to-understand allergen information

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

Our website also lists the allergens (out of 28 different allergens) contained in our food and beverage products.



An example list of allergens

**WEB** Product Information > Food Ingredients and Allergens  
<https://www.yakult.co.jp/products/component.html> (Japanese)

## Access to better nutrition

Lifestyles changes have made obesity, diabetes, and metabolic syndrome more serious in industrialized and newly industrialized countries, prompting calls for measures to prevent lifestyle diseases from a young age. Also, the shift to aging societies in developed countries is increasing the need for highly nutritious foods in order to cope with smaller diets associated with aging, as well as to protect against frailty\* in older people and extend their healthy life expectancy. On the other hand, developing countries are facing hunger and malnutrition issues due to poverty.

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

In recent years, the close relationship between intestinal

microbiota and human health, and its association with various illnesses including lifestyle diseases, has become more evident. By delivering probiotic products that use *Lactobacillus casei* strain Shirota to people around the world since Yakult's founding, we are contributing to the health of people globally.

Furthermore, in response to the inadequate intake of vitamins and minerals that have become more apparent from guidelines such as the Dietary Reference Intakes for Japanese, we are also developing highly nutritious food and beverages that are fortified with the necessary vitamins and minerals for target gender and age groups. In Japan, we launched *Yakult Five*, which is fortified with five different ingredients, and *Joie*, which supplements daily nutritional requirements for vitamins and minerals, and are actively working on providing nutrient-enriched products that also meet global health needs.

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

# Customer-first principle

## Role and systems of the Customer Support Center

Day-to-day consultations with customers are an important resource that facilitates our efforts to ensure we can provide products and services that benefit our customers. We accept inquiries from customers by phone or email, and do our best to respond promptly, accurately and sincerely.

One of the important roles of the Customer Support Center is to determine the real significance of customer consultations, relay them to related organizational units and top management,

and promote concrete measures to improve products and services. The Center strives to answer inquiries in a respectful, easy-to-understand manner in order to provide customer satisfaction.

For consultations that require direct customer visits, the Center works in coordination with marketing companies throughout Japan.

### Customer feedback

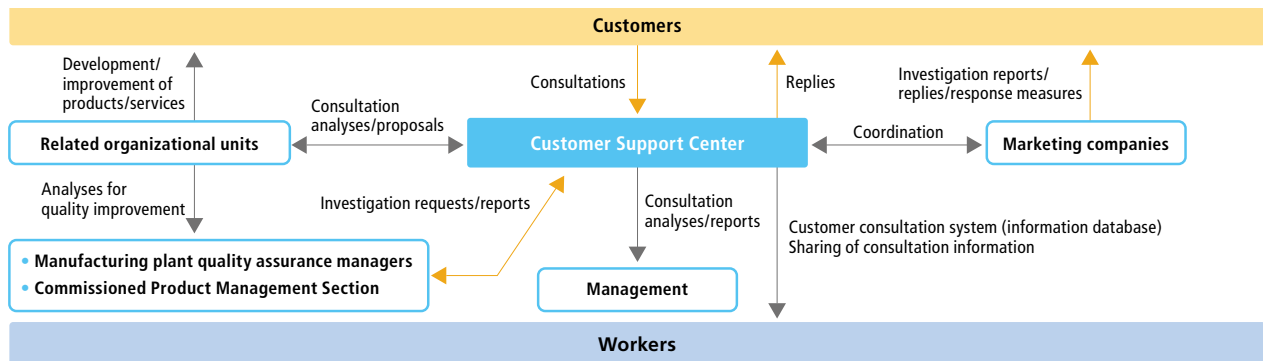
We organize our customer consultations into the categories of inquiries, applications, complaints, discontinuations / suspensions, changes and others.

In fiscal 2019, the Center received 37,485 consultations (FY2018: 39,510).

### Customer consultations in fiscal 2019

Type	Number
Inquiries	27,886
Applications	2,215
Complaints	4,107
Discontinuations / suspensions	1,112
Changes	294
Others	1,871
<b>Total</b>	<b>37,485</b>

### Customer response flow

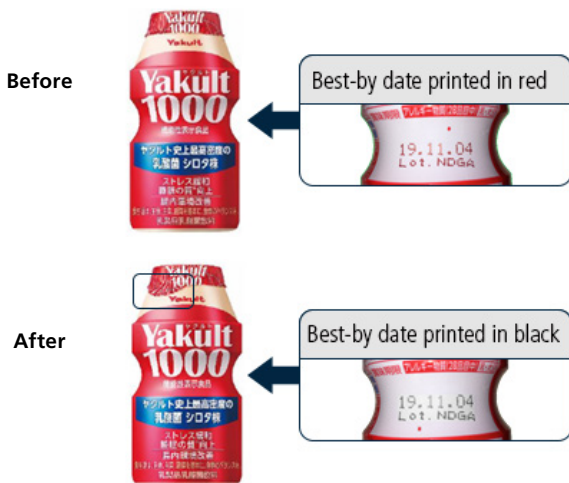


**Customer Support Center** Toll-Free: **0120-11-8960** (In Japan only) (9:00 to 17:00, except Saturdays, Sundays, holidays, summer holidays, year-end and New Year holidays, and so on.)  
 Helpline: **0570-00-8960** (In Japan only) Note: Times may change depending on circumstances

## Using customer feedback in products

### Changing of cap and best-by date stamp for Yakult 1000: Japan

We received feedback from customers saying the aluminum cap on Yakult 1000 was hard to open and the best-by date was difficult to see, so we added a tab to the aluminum cap and changed the best-by date stamp on the back of the bottle from red to black.



### Clear labeling for products without straws: Japan

We received many inquiries from customers asking if the lack of straws in the New Yakult 10-pack was a manufacturing error, so when redesigning the package in 2019, we added "Straws not included" to the 10-pack packaging.

### Completely discontinued attached straws: Yakult Australia Pty. Ltd.

The use of single-use plastic straws is banned in some states in Australia. Also, with the growing interest in protecting the environment, there have been many requests from customers to discontinue plastic straws. In response, Yakult Australia completely discontinued straws attached to the Ten-pack Yakult in December 2019. Prior to discontinuing straws, cap tabs were made 1 mm longer in August 2019 to improve openability. To further improve openability, the sealing material for caps was changed from June 2020.



### Changing the best-by date and lot number display: Yakult Australia Pty. Ltd.

After customers reported that they mistook the fill time for the year, Yakult Australia changed the way they are displayed.

#### Example

Before	After
USE BY 27DEC 015	O15 USE BY 27DEC 2019

\* "O15" is the fill time (14:15). Hours in the 24-hour clock are assigned consecutive letters in the alphabet (A=00:00, B=01:00, etc.), so O=14:00.

### Launching the low-sugar Yakult Light: Yakult (Thailand) Co., Ltd.

In Thailand modern diets tend to include large amounts of sugar, and it has become a cause of obesity and other lifestyle diseases. There have been initiatives in recent years to reduce sugar consumption, such as the sugar tax introduced by the government, and an increasing number of customers say they pay attention to the amount of sugar in products. In light of this, in June 2018 Yakult Thailand

launched the low-sugar *Yakult Light*.



Yakult Light

## Expanding Yakult Delivery Net online ordering service

As the e-commerce market grows, Yakult launched the Yakult Delivery Net online ordering service in fiscal 2017 and expanded the service nationwide in September 2018 to improve customer satisfaction. This service offers options for credit card payment and product delivery in a cool box, making it possible to deliver products that meet diverse consumer lifestyles.

As of March 2020, the number of members had increased to about 88,000 (2.4 times increase from 2019), and we are aiming for 142,000 members (63,000 of which are new members) by the end of fiscal 2020.

## Communication with customers and providing health information

### Plant and institute tours

For a deeper understanding of our products and the Group's commitment to the environment and producing safe products that offer peace of mind, we proactively offer tours of our plants to the general public ranging from children to the elderly. The tours are used for educational visits and environmental programs mainly for elementary school students, and held for opinion leaders and people with a particularly strong interest in health issues as an opportunity to obtain information.

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

During fiscal 2019, five Yakult Honsha dairy product plants, the Shonan Cosmetics Plant, five bottling companies, Yakult Foods Industry Co., Ltd. and Yakult Health Foods Co., Ltd. (13 in total) welcomed about



Plant tour

260,000 people in Japan.

Aiming to deepen friendly relations with local communities, we annually organize festivals at our plants and invite the members of local communities to participate. During fiscal 2019, five Yakult Honsha dairy product plants, five bottling companies, and Yakult Foods Industry Co., Ltd. (11 in total) held festivals, which a total of about 27,000 people attended.

The Shirota Memorial Museum [▶ P.7](#) at the Yakult Central Institute is open to the general public, with over 10,000 visitors in total by July 2019. In fiscal 2019, we held the first science-oriented event [▶ P.12](#) that combines a museum tour and experiment for elementary school students and their parents. We set up an online tour reservation system in January 2020, resulting in about 2,100 visitors in fiscal 2019.

### Healthist journal

*Healthist* is a journal published in Japanese six times per year with the objective of providing easy-to-understand information to the general public, from the newest discoveries in life science and cutting-edge research, to health-related topics and useful information for daily life. From fiscal 2020, we launched an online version to make the magazine more widely available to many different people.

## Understanding and compliance with marketing rules

### Training for Yakult Ladies and Yakult Beauty Advisors

Aiming to unify the service quality our customers receive, we provide training for Yakult Ladies on topics such as product temperature control, personal appearance, and basic manners. To facilitate continuous training and information sharing, we also publish a magazine for Yakult Ladies four times per year and create educational posters and training DVDs on traffic safety and product management.

In fiscal 2019 we set two manner enhancement periods, and held study sessions at each center using a handbook to confirm the actions to help keep our important promises with customers

and points that deepen trusting relationships with customers and colleagues.

In addition, we opened the Safety and Security Clinic, a website where Yakult Ladies can independently learn information on safety and security and conduct delivery self-checks.



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

**Honest and responsible advertising**

We believe that advertising activities for our products, services and business aimed widely at customers are an important part of our social responsibilities. For this reason, we put in place internal regulations to carry out advertising activities properly and effectively.

In accordance with the Yakult Ethical Principles and Code of Conduct, we comply with relevant laws and regulations such as the Act against Unjustifiable Premiums and Misleading Representations and the Pharmaceutical and Medical Device Act when creating advertisements. We avoid using slanderous or discriminatory expressions, and make sure that our advertisements do not cause confusion or mislead customers. We also obtain the specified approval for our advertising based on internal regulations, as well as comply with inspection guidelines defined by various media, so that we do not infringe on copyrights, portrait rights and other rights of third parties or damage the credibility or image of the company.

In addition, we hold regular study sessions for in-house advertising staff to share the latest information and raise awareness on responsible advertising.

● **Internal review for responsible marketing**

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

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

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

In fiscal 2019, we carried out 1,140 screenings and reviews, making sure to prevent such issues on a daily basis.

\* Industry-led standards  
 Code of fair advertising practices: Food for specified health uses (Japan Health and Nutrition Food Association)  
<http://www.jhnfa.org/topic80a.pdf> (Japanese)  
 Code of fair advertising practices: Foods with Function Claims  
[https://www.jadma.or.jp/pdf/criteria\\_for\\_advertise.pdf](https://www.jadma.or.jp/pdf/criteria_for_advertise.pdf) (Japanese)

# Protecting customer personal information

## Protecting customer personal information

Following the Act on the Protection of Personal Information fully enacted in April 2005, we have established our Basic Policy for Protection and Management of Personal Information. Following the revision of the act in May 2017, we revised the basic policy, setting guidelines that employees should adhere to in order to protect personal information.

Further promoting our efforts to protect personal information, we also created a Personal Information Protection and Use Manual to establish practical procedures for the acquisition, use and storage of personal information, and post our Privacy Policy on our website.

Yakult Ladies often have the opportunity to handle customer personal information in their line of work, and we enforce rules for the handling of this information through training and handbooks. As other companies have faced scandals stemming from social media posts in recent years, our handbook clearly stipulates that any information received during duty is not to be posted on social media, and we further promote awareness using specific examples.

For Yakult Delivery Net, all communications are fully SSL encrypted to protect customer information. We also do not retain credit card information and use payment tokenization, which encrypts credit card information.

Yakult Europe B.V. manages customer feedback in a database. With the adoption of General Data Protection Regulation (GDPR), Yakult Europe redesigned the database to be fully GDPR-compliant and conduct an annual GDPR internal audit.

**Yakult Group's Privacy Policy**

The Yakult Group recognizes that properly handling and protecting information that can identify specific individuals, such as our customer's name, date of birth, address and email address, as well as information that includes personal identification codes, such as facial recognition data, fingerprint recognition data, passport number and driver's license number, (collectively referred to here as "personal information") are our corporate responsibility. We are therefore carrying out the following practices.

**Handling personal information**

**1. Use of personal information**

We will use personal information only for the purpose of delivering products and useful information, providing services, and other legitimate purposes.

**2. Collection of personal information**

We will collect personal information in an appropriate manner, and will provide notification and announce their use and purpose.

**3. Proper management of personal information**

We are committed to preventing loss, destruction, falsification and leakage of personal information, as well as unauthorized access to personal information.

**4. Restrictions on giving personal information to third parties**

We will not disclose or give personal information to third parties without the consent of the individual, except as required by law.

**5. Outsourcing contractor management**

If the processing of personal information is outsourced to a contractor outside the company, we will conduct proper management and enter into a contract on personal information protection with the outsourcing contractor.

**6. Disclosure, correction, addition, deletion and suspension of use of personal information**

If the individual submits a request for disclosure, correction, addition, deletion or suspension of use of personal information, we will respond promptly and take the necessary measures.

**7. Training and awareness programs**

We will assign personnel at each company to supervise personal information protection, and provide continuous training and awareness programs to workers.

**8. Compliance**

For handling personal information, we will comply with the relevant laws and regulations on the protection of personal information, and revise and improve this policy as necessary.

Established April 2005

## II Community Involvement and Development

# Towards development together with local communities

### Our approach

As a company that supports the health of people around the world, we support community development in line with our business activities. We also aim to build safer communities and establish healthy living habits using our unique regional network of Yakult Ladies who deliver products to customers.

#### Policies / Guidelines / Targets

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



### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Promote dispatch of guest lecturers and health-related lectures	<ul style="list-style-type: none"><li>• Guest lecturers dispatched for 55,721 lectures to 4,151,861 participants (total for Japan and overseas)</li><li>• Health-related lectures given 152,572 times to 7,922,413 participants (total for Japan and overseas)</li></ul>
2. Promote Courtesy Visit Activities, community safety watch and crime prevention activities	<ul style="list-style-type: none"><li>• Courtesy Visit Activities conducted by 53 marketing companies visiting 36,817 older people</li><li>• Community safety watch and crime prevention activities carried out by 103 marketing companies in cooperation with 870 local governments and other groups</li></ul>
3. Further sports promotion	<ul style="list-style-type: none"><li>• Baseball clinics with active players given 10 times to 1,078 participants</li></ul>
4. Implement cooperative activities with local municipalities and other organizations	<ul style="list-style-type: none"><li>• The Yakult Central Institute has made an agreement with Kunitachi City and the fire department to supply water in the event of a disaster</li><li>• Worked with Shenzhen University College of Management to improve educational environments in areas lacking government support (Guangzhou)</li></ul>
5. Deepen exchanges with local communities through plant festivals	<ul style="list-style-type: none"><li>• Plant festivals held at 11 plants in Japan for 27,154 visitors</li></ul>

### Fiscal 2019 legal compliance

In fiscal 2019, there were no violations of laws or internal regulations, or business activities adversely affecting local environments or everyday life.

## Promoting social contribution activities

### Fundamental philosophy

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

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

#### The Yakult Group's Policy on Community Development Activities

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

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

Established March 20, 2018

## Preventive medicine and a healthy intestinal tract leads to a long life

### Providing information on health

The Yakult Group not only delivers products to customers, but also contributes to local communities through the active provision of health-related information to people living in the area via guest lectures and health-related lectures. In April 2020, these activities were recognized as a form of food and nutrition education and we were certified for the second consecutive year as a Company or Organization Promoting Food and Nutrition Education by the Japanese Society of Shokuiku.

#### ● Dispatching guest lecturers

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

In fiscal 2019, we conducted about 4,100 guest lectures for more than 280,000 participants nationwide. Guest lectures are also being held outside Japan, particularly in countries such as Indonesia, the Philippines, Mexico, and China. In fiscal 2019, there were a total of about 51,700 lectures given to around 3.88 million participants.



Guest lecture held in Japan



Guest lecture held in Indonesia

#### ● Health-related lectures

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

In fiscal 2019, there were about 14,200 health-related lectures conducted for about 350,000 participants nationwide and about 138,400 lectures for about 7,570,000 participants outside Japan.



Health-related lecture  
(Yakult S/A Ind. E Com. (Brazil))



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

Note: To prevent the spread of COVID-19, in Japan we chose to suspend the dispatch of guest lecturers and health-related lectures from March 2020. Number of overseas participants is the total up to December 2019.

### Providing information about bowel cancer

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

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

In fiscal 2019 the site featured interviews with surgeons, Q&As and articles on the theme of life after bowel cancer surgery. It also provided information to the general public from a preventive medicine standpoint, aiming to increase the rate of bowel cancer screenings. Since going live in March 2012, the website has been viewed by a total of over 11 million people.

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

### Beauty workshops

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

We thus run regular beauty workshops where customers, local community residents, and companies can receive beauty-related information from marketing company employees and Yakult Beauty Advisors, as well as consultations about skin problems, and hand massages.



Beauty workshops

### Customer Delight Meetings: Yakult Danone India Pvt. Ltd.

Yakult India held Customer Delight Meetings for loyal customers of the home delivery service, encouraging them to find out more about Yakult and become Yakult fans. This included an explanation of probiotics by the science department, information about the home delivery service from the home delivery department, games by the factory team, a quiz by the home delivery training team, and letters from Yakult Ladies.



Customer Delight Meeting

**Tasting sessions at hospitals:  
 Yakult Myanmar Co., Ltd.**

Infections often spread during the rainy season in Myanmar, when hygiene tends to worsen. There is also very little knowledge of preventive medicine. Yakult Myanmar carried out tasting sessions of Yakult products in hospitals to inform people about the effects of lactic acid bacteria, the importance of preventive medicine and intestinal health for a long life. In fiscal 2019, 57 tasting sessions were held (43 at hospitals and 14 at universities) with a total of 31,094 participants.



Tasting session in a hospital

**Supporting the Pink Ribbon campaign**

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

Breast cancer awareness is still low in Vietnam, so it is extremely important to promote awareness and



Event with a Pink Ribbon campaign group

screening for breast cancer prevention. In 2019, we donated around 3.65 million yen in total to several organizations, to provide aid to 10,000 people for breast cancer screening as well as to cooperate with an initiative donating wigs to 50 people who have lost their hair from chemotherapy.

**Supporting the International Symposium on Probiotics and Health: Yakult (China) Corporation**

Yakult China has supported the International Symposium on Probiotics and Health, organized by the Chinese Institute of Food Science and Technology (CIFST), for 14 years. Since 2009, Yakult has held online workshops for consumers as part of this symposium. 2019's symposium in Hangzhou was the largest to date, attended by around 550 researchers, nutritionists, college students, media and consumers.



International Symposium on Probiotics and Health

**Supporting the safety and peace of mind of communities**

**Courtesy Visit Activities**

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

As of March 2020, about 2,700 Yakult Ladies are paying regular visits to about 37,000 elderly people in response to requests from 125 local governments and other institutions in Japan.

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

**Community safety watch and crime prevention activities**

Being well positioned to observe every corner of their sales areas during their daily deliveries, Yakult Ladies contribute to communities' safety and peace of mind by participating in crime watch and other activities undertaken in cooperation with 870 local governments and police units as well as other local organizations around Japan. As a result of these activities, there have been cases where Yakult Ladies have felt something was not normal at a customer's residence and reported it to the police, who have found and rescued the person.

As of March 2020, 103 marketing companies\* throughout Japan have created organizations to contribute to communities' safety and peace of mind.

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

\* Including marketing companies under holding companies

**Examples of cases of lifesaving and crime-prevention in fiscal 2019**

Marketing company/center	Case
Magome Center, Yakult Tokyo Sales Co., Ltd. (Ota-ku, Tokyo)	Letter of commendation from the police for preventing customers from falling victim to refund fraud
Wakabayashi Center, Yakult Miyagi Chuo Sales Co., Ltd. (Sendai City, Miyagi Prefecture)	Letter of commendation from Wakabayashi Police Station for helping a customer living alone suffering from heatstroke
Mutsuai Center, Yakult Shonan Sales Co., Ltd. (Fujisawa City, Kanagawa Prefecture)	A Yakult Lady noticed newspapers piling up at a customer's home and alerted the local support center. The customer had collapsed and was unable to move. The customer was rescued, and the Yakult Lady received a letter of commendation from Kanagawa Prefecture for helping to save the customer's life

**Installing AEDs: Yakult S.A. de C.V. (Mexico)**

Automated external defibrillators (AEDs) have been installed at Yakult Mexico's head office, factories and sales offices, in case they are needed by workers, visitors, or people living nearby. It has been posted on the company's website that these are available for use by anyone, not just workers. In fiscal 2019, AEDs were installed in seven sales offices, making a total of 12 (one was already installed at the head office, two at the Ixtapaluca Plant, and two at the Guadalajara Plant). Two hundred workers also received training in first aid and how to use the defibrillators.

**Backing support facilities for persons with disabilities**

In cooperation with pachinko and pachislot cooperative associations in respective prefectures, we provide work opportunities to persons with disabilities staying at or visiting welfare facilities to support their participation in society. We ask them to attach stickers that include New Year and summer greetings to our products distributed to customers at pachinko and pachislot parlors. In fiscal 2019, we had the stickers attached to a total of around 820,000 bottles at 62 facilities in 19 prefectures.

**Implementing social activities with vending machines**

As of the end of March 2020, the Yakult Group has installed about 44,000 vending machines throughout Japan.

Some of these vending machines have special social contribution functions that can offer important assistance to people in local communities. In addition, we are installing universal design models that are easy to use for everyone, disaster-relief models that will distribute their merchandise free of charge following major earthquakes and other disasters, and crime-prevention models that incorporate security cameras that can play useful roles in crime prevention. In cooperation with Kirin Beverage Company, Limited, we are moving ahead with the installation of “Pink Ribbon” vending machines that contribute a portion of their proceeds to the Japan Cancer Society. In fiscal 2019, we installed another 25 “Pink Ribbon” vending machines throughout Japan (total: 324 in operation).



“Pink Ribbon” vending machine

**Support during disasters**

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

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

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

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

**Thank-you cards: Yakult S.A. de C.V. (Mexico)**

Since 2016, Yakult Ladies in Mexico have been sending cards with messages of thanks to their customers on Mother’s Day and at Christmas. They always thank their customers when they make their weekly deliveries, but these occasions are an opportunity to convey seasonal greetings as well as expressing their gratitude. In fiscal 2019, Yakult Ladies visited more than one million homes on both Mother’s Day and at Christmas. Customers were happy to receive the cards, commenting: “No other company would do this” and “I can tell that they are thinking of every customer.”



Delivering cards for Mother’s Day

**Providing free water when public water services are down: Yakult Philippines, Inc.**

Water facilities in areas around the plant of Yakult Philippines, Inc. still have many problems, and outages and contamination occur frequently. When this happens, the plant supports local communities by providing its own water free of charge.

**Promoting health through sports**

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

**Baseball clinics**

Yakult holds baseball clinics throughout Japan that are run by current players from the Tokyo Yakult Swallows in the professional baseball off-season. In fiscal 2019, more than 1,000 children took part in the clinics at 10 different venues. The NPO Tsubame Sports Promotion Association was established in 2005, and holds baseball clinics by retired players from the Tokyo Yakult Swallows. In fiscal 2019, clinics and training were conducted at 23 venues and a total of more than 3,500 people participated.



Baseball clinic

**● Ball-throwing clinics**

In recent years the physical capacity of elementary school students has diminished, and the decline in throwing ability is of particular concern. At the request of kindergartens and elementary schools, the Tokyo Yakult Swallows baseball team runs ball-throwing and other clinics. In fiscal 2019, clinics were held at 45 elementary schools, 10 kindergartens and 6 sports events in the Tokyo area, with 6,701 participants.



Ball-throwing clinic

### Track and field club and rugby club

The track and field club, founded in 1972, participates in different sporting events such as various ekiden (road relay races) and marathon races.

Yakult running clinics have been staged annually since 1988 as a place for athletes and local citizens to come together. In fiscal 2019 a total of 110 people participated in three events.

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 spread the game of rugby and improve children's health



Yakult running clinic



Tag rugby clinic

through rugby events and programs, taking part in the Toda Rugby Festival\* and a tag rugby clinic at elementary schools in Tokyo and Chiba Prefecture.

\* The Toda Rugby Festival in fiscal 2019 was cancelled to prevent the spread of COVID-19

### ● Sponsoring the Melbourne Rebels : Yakult Australia Pty. Ltd.

Rugby is one of Australia's national sports. Yakult Australia is helping to grow rugby in the state of Victoria by sponsoring the local team, the Melbourne Rebels. In 2019, bibs with the Yakult logo were provided for kids' mini games during half time at home games.



Melbourne Rebels  
 © Karen Watson

## Environmental conservation

### Cleanup activities

The Yakult Central Institute conducts staff-run cleanup activities on the second Thursday of every month. In fiscal 2019 activities were held nine times with 258 participants. We also actively participate in initiatives that foster the next generation, like the Tama River Expedition for children where they can experience the joy of being in nature.

### Recycling fair

A recycling fair is held annually at the head office building as part of our social contribution activities. All donations and profits from the sale of books are given to OISCA's Children's Forest Program. In 2019, we donated 100,150 yen. The same amount was also donated to OISCA's Coastal Forest Restoration Project in the region hit by the 2011 Tohoku earthquake and tsunami, as a matching gift (the Company matched the amount raised by the recycling fair).

## Addressing poverty issues

### Helping to tackle poverty and malnutrition: Yakult Italia S.R.L.

Yakult Italy regularly donates to Opera San Francesco, a group providing free medical assistance and hot meals to disadvantaged and homeless people. The group thanked Yakult, saying "thanks to these kinds of donations and support in recent years, we have been able to help thousands of people, without turning anyone away."

### Providing Yakult to food banks: Yakult Europe B.V.

Yakult Europe provides products that are reaching their best-by date to VLA, an organization that operates food banks in Almere, the Netherlands. In 2019 the company donated a total of 22,000 bottles.

### Supporting schools in regions in poverty: Guangzhou Yakult Co., Ltd.

In mountainous areas and rural agricultural communities in Guangdong, China, children are often left alone at home due to poverty or while their parents work away from home. Guangzhou Yakult has been working with the Guangzhou City Youth Volunteer Association since 2013, and with Shenzhen University since 2008, supporting elementary and junior high schools in underprivileged regions. By 2019, 414 employees have participated in activities, and 1,339,159 Chinese yuan has been donated.



Supporting over 10,000 children

## Our commitment to local employment and sourcing

To contribute to the sustainable development of the countries and regions where we operate, Yakult agrees with the importance of local employment and local sourcing, as endorsed by ISO 26000, and is developing its global business with a local focus, based on local production and local sales.

Yakult currently operates in 40 countries and regions including Japan, with 29 overseas companies. We have established sales offices and production plants with deep ties to

local communities, and actively hire local employees. Going forward, we will continue to undertake business with a local focus, working to benefit the local economy and local communities, with the aim of contributing to the healthy lives of local people and communities.

**Related information** p. 47 Local hiring for upper management positions (Yakult Europe B.V.)

# For environmental conservation

## Our approach

Recognizing that environmental conservation and harmony with society are among the most important corporate management objectives, we give due consideration to environmental conservation with regard to all types and aspects of our corporate activities.



### Promoting environmental management → P.32

#### Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (8. Consideration for the Global Environment)
- Yakult Basic Policy on the Environment / Sustainable Ecology 2020
- Phase 7 of the Yakult Environmental Action Plan

### Efficient use of resources → P.38

#### Policies / Guidelines / Targets

- Declaration of Action on Plastic Recycling

### Realization of a low-carbon society → P.36

### Conservation of biodiversity → P.43

## Fiscal 2019 Targets and Achievements (Phase 7 of the Yakult Environmental Action Plan)

In the Phase 7 Plan, in continuation of the previous Phase we implemented activities with the key goals of reducing CO<sub>2</sub> and waste, conserving water resources, developing environmentally-conscious containers and packaging, and conserving biodiversity. We met our targets in all items in fiscal 2019 except for food waste recycling rate.

Goal	Target	Achievement
<b>1. Reduction of greenhouse gas (CO<sub>2</sub>) emissions</b>	Reduce CO <sub>2</sub> emissions to at least 5% below the level in fiscal 2010 by the end of fiscal 2020*	<ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions reduced by <b>8.1%</b> (compared to fiscal 2010)</li> <li>* Yakult Central Institute: reduced by 15.1% per production unit (compared to fiscal 2010)</li> </ul>
<b>2. Reduction of waste emissions and promotion of recycling</b>	<ol style="list-style-type: none"> <li>(1) Reduce waste emissions to at least 10% below the level in fiscal 2010 by the end of fiscal 2020</li> <li>(2) Promote a recycling rate for food waste of at least 95%</li> </ol>	<ul style="list-style-type: none"> <li>• Waste emissions reduced by <b>14.3%</b> (compared to fiscal 2010)</li> <li>• Food waste recycling rate <b>75.3%</b></li> </ul>
<b>3. Conservation of water resources</b>	Reduce water consumption to at least 10% below the level in fiscal 2010 by the end of fiscal 2020	<ul style="list-style-type: none"> <li>• Water consumption reduced by <b>20.8%</b> (compared to fiscal 2010)</li> </ul>
<b>4. Environmental consideration for containers and packaging</b>	<ol style="list-style-type: none"> <li>(1) Reduce material consumption in containers and packaging</li> <li>(2) Minimize environmental impact by substituting materials used for containers and packaging</li> <li>(3) Utilize eco-friendly plant-derived materials used for containers and packaging</li> </ol>	<ul style="list-style-type: none"> <li>• Developing <b>thinner shrink labels</b> for <i>Yakult 400</i> and <i>Joie</i></li> <li>• Developing multi-pack thinner shrink-wrap film for <i>New Yakult</i> and <b>thinner shipping packaging film</b> for <i>Yakult</i></li> <li>• Evaluated the <b>usability of multi-pack shrink-wrap film</b> and straws <b>with a portion made of biomass plastic</b> for <i>Yakult Hakko Tonyu</i></li> <li>• Switched to using <b>environmentally-friendly paper</b> in the boxes for <i>Lactdew</i> (two items), <i>Grantia</i> pouches, and <i>Crystance</i>.</li> <li>• Refined initiatives based on the <b>Yakult Group Declaration of Action on Plastic Recycling</b></li> </ul>
<b>5. Conservation of biodiversity</b>	<ol style="list-style-type: none"> <li>(1) Support and involvement with nature conservation activities</li> <li>(2) Promote education related to biodiversity</li> </ol>	<ul style="list-style-type: none"> <li>• Participated in Green Wave 2019 (<b>tree-planting in 13 locations in Japan</b>)</li> <li>• Supported OISCA Children's Forest Program, and the Coastal Forest Restoration Project for reconstruction after the 2011 Tohoku earthquake and tsunami</li> <li>• Featured biodiversity in our CSR report and covered it in level-specific training</li> </ul>

Scope: Yakult Honsha, bottling companies and a logistics company (designated shipper)

\* The Yakult Central Institute will aim to reduce CO<sub>2</sub> emissions per floor area to at least 5% below the level in fiscal 2010 due to facility expansion.

## Fiscal 2019 legal compliance

In fiscal 2019 there were no major violations of laws or internal regulations, nor any environment-related penalty or fine incurred.

# Promoting environmental management

## Yakult Basic Policy on the Environment

We established organizational units focused on environmental conservation measures in November 1991, and instituted the group-wide Yakult Basic Policy on the Environment in June 1997. In accordance with our Environmental Philosophy and Guidelines for Activities, we are promoting environmental conservation activities throughout all our business fields. In addition, we have established the Yakult Environmental Action Plan at three-year

intervals since fiscal 2001. 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 impacts.

We also explain our policies and Action Plan to business partners using opportunities such as meetings and surveys to help them understand our intent.

### Yakult Basic Policy on the Environment

#### 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.

#### Action Guidelines

1. To realize the measures determined by the CSR Promotion Committee within Yakult Honsha, all Yakult Group business units will work concertedly, proactively, and in a sustained manner to address environmental issues associated with business activities.
2. Each business unit will build environmental management systems and systematically work with the participation of all employees to realize the objective of reducing environmental impacts and will also seek to realize sustained improvement in environmental performance by periodically checking the implementation of associated measures, auditing such measures, and reevaluating environmental activities.
3. Besides maintaining rigorous compliance with environment-related laws, regulations, and agreements, each business unit will autonomously set its own environmental standards, and strive to further improve the level of its environmental management and eliminate environmental pollution risk factors before they occur.
4. In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts.

- (1) We strive to design containers and packaging based on due consideration of such objectives as reducing the volume of resource usage and waste associated with containers and packaging, optimizing disposal, and promoting resource recycling.
- (2) Regarding product manufacturing, we make efforts to thoroughly prevent environmental pollution as well as to reduce waste, greenhouse gases, and other harmful substances through resource and energy conservation measures. In addition, to promote the creation of a recycling-oriented society, we strive to recycle waste and utilize green purchasing methods.
- (3) Regarding product distribution and marketing, we endeavor to reduce environmental impacts stemming from motor vehicles and other transportation equipment, recycle resources associated with product containers and packaging, and reuse marketing-related equipment and materials.
- (4) All Yakult Group offices will strive to conserve resources and energy and thereby reduce their generation and emission of waste, greenhouse gases, and other harmful substances. In addition, we will make efforts to recycle waste and utilize green purchasing methods.
- (5) Regarding research activities, we endeavor to reduce environmental impacts and to thoroughly manage substances with the potential for causing environmental pollution or safety hazards.
5. All employees will be thoroughly provided with environmental education, and we make efforts to increase environmental awareness.
6. Information related to environmental activities will be appropriately disclosed, and we strive to communicate effectively with society at large.
7. The Group will act as an exemplary corporate citizen by proactively supporting and cooperating with activities aimed at protecting the global environment.

Established: June 24, 1997. Revised: March 8, 2004 / January 25, 2010

## Yakult Sustainable Ecology 2020

To promote environmental initiatives, in fiscal 2012 we instituted Yakult Sustainable Ecology 2020. Now we are taking the necessary steps to devise and institute the next phase, our Long-term Environmental Vision. This policy will lay out the future image of our Group that we will strive to achieve by fiscal 2050, and we will carry out our initiatives from fiscal 2021 onwards based upon it.

#### Realization of a low-carbon society

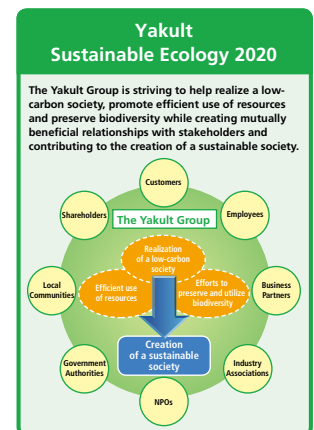
Proactively reduce greenhouse gas emissions to realize a low-carbon society

#### Efficient use of resources

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

#### Conservation of biodiversity

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



## Environmental management structure

The CSR Promotion Committee is responsible for formulating the Yakult Environmental Action Plan and for monitoring and evaluating the progress of environmental activities. Every half year, the secretariat of the CSR Promotion Committee conducts a review of the results and performance of the corporate environmental activities, and uses the findings in developing plans for the following fiscal year.

A committee has been established at each of Yakult Honsha's plants and bottling companies, chaired by either the

plant manager or bottling company president. The committees oversee environmental activities, including formulating annual plans, promoting environmental management programs based on ISO 14001 standards and other guidelines.

Instead of each of our facilities working on their own, each year a general meeting brings together representatives of all production facilities to share good practices within the Group and to promote such good measures at all the facilities.

## Status of environmental certifications

As part of our efforts to reduce environmental impacts associated with our production and distribution activities, the Yakult Group is promoting initiatives to acquire ISO 14001 certification at Yakult Honsha plants, the Yakult Central Institute, bottling companies, marketing companies, and group companies outside Japan. All Yakult Honsha plants and bottling companies have already acquired certification.

**WEB** Details about certification acquired by each company  
<https://www.yakult.co.jp/english/csr/governance/index.html>

### Status of ISO 14001 Environmental Certification

	Certified sites	Certification rate
Yakult Honsha plants, bottling companies, and Yakult Central Institute* <sup>1</sup> (13 sites in total)	13	100%
Marketing companies in Japan (102 in total)	16* <sup>2</sup>	15.7%
Plants outside Japan (27 sites in total)* <sup>3</sup>	5* <sup>4</sup>	18.5%

\*1 Analytical Science Laboratory III of the Analytical Science Department at Yakult Central Institute acquired the certification  
 \*2 Includes branches that have acquired the certification  
 \*3 As of April 2020  
 \*4 Includes one marketing company

## Compliance with environmental laws and regulations

### Energy Conservation Act

For all of Yakult Honsha's business sites, the Company submitted a periodic report for fiscal 2019 and a medium- to long-term plan for the period beginning from fiscal 2020.

The Company's total energy use during fiscal 2019 amounted to 25,708 kiloliters (crude oil equivalent), down 259 kiloliters from the previous fiscal year (99.0% compared to the previous fiscal year). The five-year average energy use value per production unit was 98.4%, which means we achieved the Energy Conservation Act's objective of reducing the five-year average energy use per production unit by 1% or more, making us an S-class business for superior energy conservation as determined by Japan's Agency for Natural Resources and Energy. Furthermore, the level of greenhouse gas emissions generated as a result of energy use was 47,642 tons, which was 2,179 tons lower than the previous year.

### Act for Rationalized Use and Proper Management of Fluorocarbons

The Act for Rationalized Use and Proper Management of Fluorocarbons went into effect in April 2015. The Company conducts the appropriate management of equipment subject to this requirement at all business sites and departments based on this law. The amount of fluorocarbon leakage in fiscal 2019 was 128.3 t-CO<sub>2</sub>.

### Food Recycling Act

All Yakult Honsha business sites are striving to reduce the volume of their food waste and promote recycling of such waste. In fiscal 2019, the volume of food waste generated was 823.3 tons, and recycling and other measures were undertaken for 75.3% of this waste. The Company also submitted a periodic report for fiscal 2019.

#### Food waste recycling results (Fiscal 2019)

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
823.3	620.3	75.3	Fertilizer, animal feeds, etc.

**Related information** p. 38 Initiatives to reduce food loss

### Containers and Packaging Recycling Act

According to the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers and Packaging Recycling Act), the Company has been obligated as a manufacturer to undertake product recycling processes, and to take additional measures regarding 3Rs (reduce, reuse and recycle) promotion and the system for making payments to the municipal governments

handling sorted waste processing. The Company complies with this law, and in fiscal 2019 established the following obligatory recycling volumes for containers and packaging.

The amount of commissioned recycling fees and payments by the Company in fiscal 2019 amounted to approximately 190 million yen.

#### Container and packaging obligatory recycling volume (Fiscal 2019)

Container and packaging type	Obligatory recycling volume (t)
Glass bottles	266
PET plastic bottles	33
Plastic containers and packaging	5,894
Paper containers and packaging	91
<b>Total</b>	<b>6,284</b>

### PRTR Act

Japan's Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act) 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 specified substances that are handled in volumes of one ton or more in the course of a year. The Tokyo Metropolitan Ordinance on Environmental Preservation, which took effect in 2001, requires that reports be submitted with respect to chemical substances handled in annual volumes of 100 kilograms or more.

In fiscal 2019, the scope of the Company's mandatory reporting based on that ordinance included five substances.

#### Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) (Fiscal 2019)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	410	0	410	○	
Ethyl acetate	300	15	290		
Hexane	350	7.2	340	○	○
Methanol	540	19	520		
Sulfuric acid	210	0	0		

Note 1: Subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation.

Note 2: The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc.

The figures stated above were reported to the government and Tokyo officials.

## Environmental accounting

### Yakult's environmental accounting system

Yakult Honsha defined the Yakult Environmental Accounting Guidelines based on the Environmental Accounting Guidelines issued by Japan's Ministry of the Environment, and has disclosed relevant information annually since fiscal 2001.

### Purpose of the system

1. Clarify the cost-effectiveness of environmental conservation expenses and use this information to optimize environmental management programs.
2. Carry out our responsibilities 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, 2019 through March 31, 2020

Noteworthy features:

- (1) Data is compiled only for activities that are exclusively for the purpose of environmental protection.
- (2) Investment amounts are equal to depreciable assets recorded during the period under financial accounting standards.
- (3) Depreciation expenses on depreciable assets and environmental business-related costs are not recorded.
- (4) Only actual economic benefits calculated based on confirmed data are recorded.

### Economic accounting results

(millions of yen)

Item	Main activities	FY2018			FY2019		
		Investment	Expense	Total	Investment	Expense	Total
(1) Business area costs	1. Pollution prevention costs	264.0	293.0	557.0	84.4	211.2	295.7
	2. Global environment conservation costs	126.0	26.7	152.8	269.4	48.6	318.1
	3. Resource recycling costs	67.9	97.1	165.0	64.7	98.9	163.6
(2) Upstream/downstream costs	Containers and Packaging Recycling Act commissioned recycling fees, vending machine overhaul	0	253.5	253.5	0	200.8	200.8
(3) Administration costs	Plant grounds green area management, environmental management system renovation and maintenance, CSR Report, environmental impacts monitoring expenses, employee environmental education program expenses	0	115.6	115.6	70.6	139.9	210.5
(4) R&D costs	Consideration of improvements to containers and packaging	0	4.0	4.0	0	7.0	7.0
(5) Social activity costs	Plant vicinity cleanup campaign, donations to organizations engaged in environmental protection activities	0	4.6	4.6	0	4.7	4.7
(6) Environmental remediation costs*	Pollution load levy	0	0.2	0.2	0	0.2	0.2
<b>Total</b>		<b>457.9</b>	<b>794.8</b>	<b>1,252.6</b>	<b>489.2</b>	<b>711.4</b>	<b>1,200.6</b>

\* Environmental remediation 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.

Note: Because the figures are rounded off, the sum of the breakdown figures and the total may not match.

### Economic benefits associated

#### with environmental conservation measures

(millions of yen)

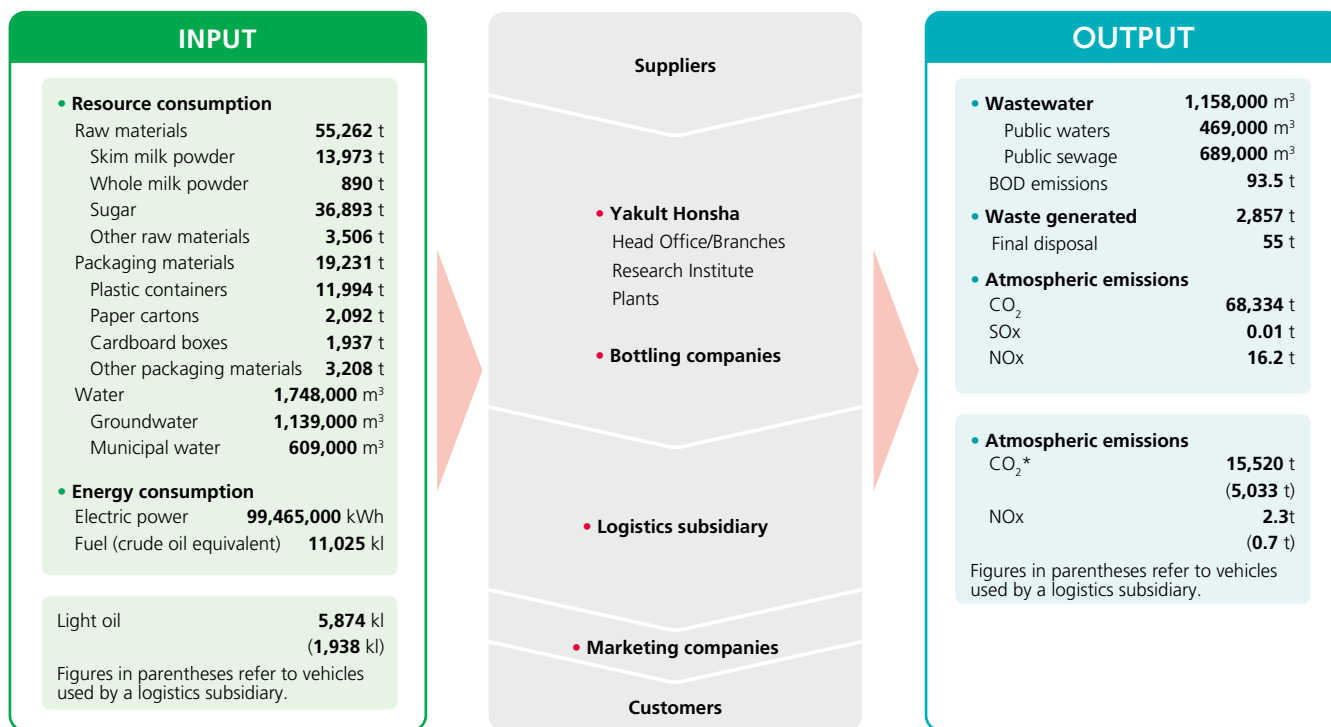
Type of benefit	FY2018	FY2019
Reduction of waste disposal costs associated with recycling	0	0
Income from recycling	4.3	7.3
Cost reductions resulting from resource conservation	2.2	3.1
Cost reductions resulting from energy conservation	38.6	26.0
Cost reductions resulting from packaging weight reductions	4.1	0
Cost reductions resulting from the overhaul and reuse of vending machines	49.9	46.2
Gains resulting from green purchasing	0	0
Others	2.3	0
<b>Total</b>	<b>101.6</b>	<b>82.7</b>

Looking at environmental accounting results, the Company's total environmental investments and costs were approximately 50 million yen lower than the previous fiscal year. This is primarily because, although costs for global environmental conservation and administration costs increased, pollution prevention and up- and downstream costs decreased.

The level of economic benefits was down by approximately 20 million yen compared with the previous fiscal year. This was because, although cost reductions were achieved as a result of energy-saving measures, there was a decrease in the number of vending machines overhauled, resulting from an increase in the number of shared vending machines operated by our business partner, Kirin Beverage Company, Limited.

## Environmental impacts of business activities

### From production through delivery (Fiscal 2019)



Scope of calculations: Yakult Honsha Co., Ltd. (including Fukushima Plant, Ibaraki Plant, Fuji Susono Plant, Fuji Susono Pharmaceutical Plant, Hyogo Miki Plant, Saga Plant, Shonan Cosmetics Plant and designated shippers), bottling companies (Yakult Iwate Plant Co., Ltd., Yakult Chiba Plant Co., Ltd., Yakult Aichi Plant Co., Ltd., Yakult Okayama Wake Plant Co., Ltd., Yakult Fukuoka Plant Co., Ltd.)

\* CO<sub>2</sub> emission levels use the actual emission coefficient stipulated by the Energy Conservation Act.

Note: See the ESG Data spreadsheet file for data from the previous three years

### Identifying and reducing environmental impacts

The Yakult Group has identified its environmental impacts in the lifecycle of its products, from production, logistics, marketing to recycling, and is working to effectively reduce the impacts based on the Yakult Environmental Action Plan and other means.

#### ● Production

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

#### ● Logistics

The transport of products manufactured in plants and bottling companies is primarily handled by a logistics subsidiary. As the Company has designated shipper status in accordance with Japan's revised Act on the Rational Use of Energy (Energy Conservation Act), we are encouraged to annually reduce energy use per unit of freight by an average of 1% or more during the last five-fiscal-year period. Our logistics subsidiary has obtained and renewed its Green Management Certification, and is promoting fuel-efficient driving and introducing fuel-efficient trucks to further reduce its CO<sub>2</sub> emissions.

#### ● Marketing

We strive to reduce energy use of vending machines and promote the use of overhauled vending machines. To reduce CO<sub>2</sub> emissions associated with home deliveries, we are replacing the current delivery vehicles used by Yakult Ladies with COMS super-compact electric vehicles. We are also taking various measures to promote recycling of used containers collected from our suppliers, including route delivery trucks that are equipped with a dedicated space to facilitate the separated collection of waste.

#### ● 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 are responsible for recycling them. The Company 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 education

We promote environmental education at each plant based on ISO 14001. Specifically, we are training internal auditors and having them share information on environmental initiatives within each department. An overview of ISO 14001 and its organizational structure are provided at new employee training sessions to foster awareness among all employees of working towards shared targets and goals. In fiscal 2019 four training sessions with a total of 119 participants were held at Yakult Honsha plants.

# Realization of a low-carbon society

Using the electricity, fuel and other energy sources necessary to carry out our business activities releases greenhouse gasses (GHG) that cause climate change and have a negative impact on the environment. To make our business activities sustainable, the Yakult Group engages in various initiatives aimed at achieving a low-carbon society.

## Initiatives at Yakult Honsha plants and bottling companies

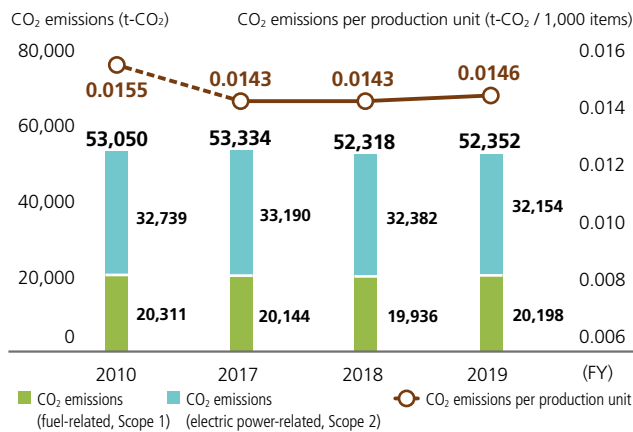
At Yakult Honsha plants and bottling companies, we have stepped up energy and resource conservation activities with the goal of attaining objectives and targets based on the ISO 14001 standard.

In fiscal 2019 we upgraded to high-efficiency boilers at the Fukushima Plant, and installed a total of four energy-saving electric molding machines to produce *Yakult* and other containers at the Yakult Iwate Plant, Yakult Chiba Plant, and Yakult Aichi Plant.

Furthermore, to reduce CO<sub>2</sub> emissions at plants throughout Japan, we ran various initiatives focused on ISO 14001 goals and targets, installing LED lighting and determining efficient ways to use production and building equipment to reduce operating times. As a result of these efforts, we achieved a 5.8% reduction in CO<sub>2</sub> emissions per production unit at Yakult Honsha plants and bottling companies compared to fiscal 2010.

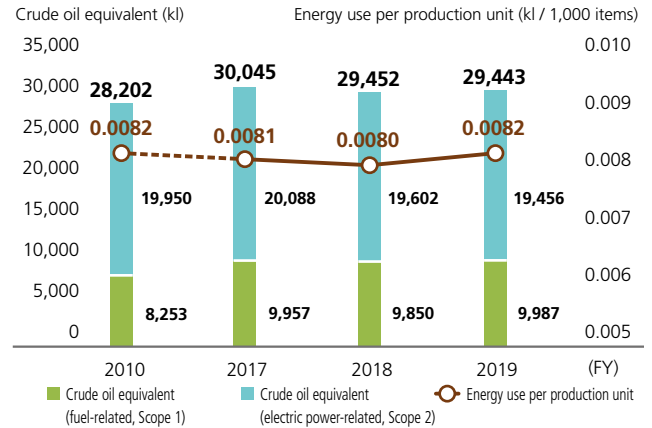
\* For emissions factors associated with electric power, data is calculated using end-user CO<sub>2</sub> emission intensity for the end of fiscal 2010 as reported by the Federation of Electric Power Companies of Japan.

### CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)



Note: CO<sub>2</sub> emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

### Trends in energy use per production unit by Yakult Honsha Plants and bottling companies (Scope 1 + Scope 2)



Note: When doing calculations per production unit, crude oil equivalents are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

## LCA of Yakult products

In considering the environmental impacts of our products, it is important to look at the entire product lifecycle to identify those impacts in all phases, from raw material procurement to product consumption and disposal, in addition to the impacts produced at our own plants. With this in mind, the Company made preliminary calculations based on a lifecycle assessment (LCA) for CO<sub>2</sub> emissions and water use. We are using the results for internal education and future product development to help promote understanding of the concept of LCA. We will also continue calculating GHG emissions through the supply chain based on these results.

## Understanding climate change and adequate disclosure

We participate in the Japan Climate Initiative, exchanging ideas and information with other companies, local governments, NGOs and NPOs to gain a better understanding of the rapidly changing situations surrounding climate change, and to support activities and industry organizations working to prevent it. We also participate in the Japan Dairy Industry Association and support their climate change targets.

As a part of our climate change-related disclosure, in fiscal 2019 we calculated Scope 3 emissions and arrived at a total of 325,569 tons. We also responded to the CDP climate change questionnaire and received a B ranking. We are also following TCFD recommendations\* and preparing to analyze multiple climate change scenarios for Yakult business activities.

\* TCFD recommendations

TCFD stands for Task Force on Climate-related Financial Disclosures, an international organization established by the Financial Stability Board in 2016. In their final report published in 2017, TCFD issued recommendations that companies disclose information on climate-related risks and opportunities through scenario analysis to examine risk strategies under various different conditions.

## Utilization of renewable solar energy

We have installed solar power generation equipment with an overall power generation capacity of approximately 1,014 kilowatts at a total of 10 business sites (six Yakult Honsha plants and four bottling companies). By using solar power as part of the electricity supply at our business sites, we were able to reduce CO<sub>2</sub> emissions by approximately 509 tons in fiscal 2019 compared to having made electricity purchases from power utilities.

At the Yakult Central Institute alone, installation of solar power generators with a capacity of approximately 110 kilowatts has reduced CO<sub>2</sub> emissions by approximately 47 tons.

## Initiatives outside Japan

We are working on environmentally responsible production not only at our plants in Japan, but also at our plants overseas. To reduce CO<sub>2</sub> emissions, we have been promoting energy conservation activities at each of our plants, and have taken measures to introduce energy-saving natural gas boilers that have superior energy efficiency and equipment that can have their operations fine-tuned to the volume of steam demand for our production lines.

CO<sub>2</sub> emissions in fiscal 2019 were approximately 186,000 tons, an increase of approximately 8% from the previous year, and emissions per production unit were 0.203 tons per kiloliter, an increase of approximately 6% from the previous year. (Values for some plants are estimated based on overall results for other plants.)

### Yakult (Thailand) Co., Ltd.

In order to reduce their environmental impact, the company installed one energy-saving inverter type air compressor. This has reduced yearly electricity consumption by 79,200 kilowatt hours (saving 297,000 Thai baht) and CO<sub>2</sub> emissions by 46 tons compared to conventional equipment.



Inverter type air compressor

### Yakult Danone India Pvt. Ltd.

The company launched a project in June 2019 to install a system of solar panels with a power generation capacity of 0.75MWp. As coal is the main source of power generation in India, when complete, this project will reduce yearly CO<sub>2</sub> emissions by 810 tons, equal to planting 184,000 trees in the country each year.



Solar panel installation

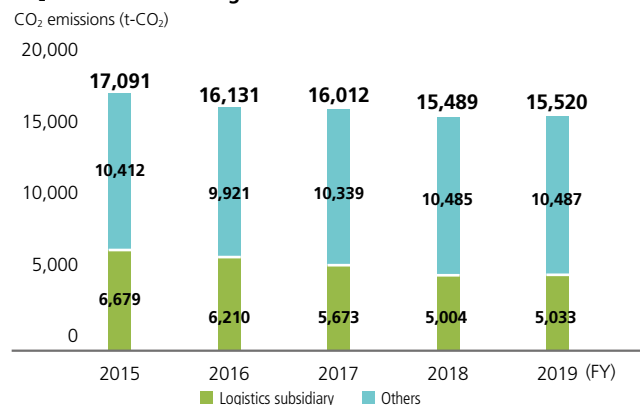
## Initiatives with our logistics

The Yakult Group's shipping of dairy and other food products, as well as cosmetics, in Japan is primarily handled by a logistics subsidiary. Our logistics subsidiary has obtained Green Management Certification\* for each of its marketing offices, and is striving to continuously reduce the environmental impacts of its operations. In fiscal 2019 we again achieved a 1.0% average annual energy reduction over the preceding five-year period, the target set forth in Japan's revised Energy Conservation Act.

\* Green Management Certification is obtained from the Foundation for Promoting Personal Mobility and Ecological Transportation, which evaluates business units' measures and certifies that they have achieved a specified level of performance.



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



### Logistics diesel fuel use and NOx emissions (Fiscal 2019)

	Diesel fuel use (kl)	NOx emissions (t)
Logistics subsidiary	1,937.7	0.70
Other	3,936.3	1.60
<b>Total</b>	<b>5,874.0</b>	<b>2.30</b>

### Eco-Rail Mark and Eco-Ship Mark Certification

We are promoting a modal shift to rail and ocean freight transport as one of our efforts to reduce environmental impacts. In 2015, we received company-wide and product-based certification under the Eco-Rail Mark system, and were certified under the Eco-Ship Mark system in 2016. CO<sub>2</sub> emissions from the use of rail freight transport are one-eleventh the levels of emissions from transportation by truck, and those from ocean freight are one-fifth those from trucks. We will continue to deliver products to our customers while utilizing these more energy-efficient modes.

\* Each certification is valid for two years, and is thus renewed every two years.



### Joint delivery with other manufacturers

We promote utilizing joint delivery with other manufacturers to reduce CO<sub>2</sub> emissions and make logistics more efficient.

# Efficient use of resources

## Reducing waste

Waste produced in our business activities has both direct and indirect negative impacts on the environment. The Yakult Group is committed to reducing our environmental impacts through reduction of waste and emissions, appropriate waste disposal, and resource recycling.

### Initiatives at Yakult Honsha plants and bottling companies

Yakult Honsha plants and bottling companies are implementing measures to curb waste generation as well as promote recycling, and are aiming to reach zero emissions.\*

Waste generated by Yakult Honsha plants and bottling companies in fiscal 2019 totaled approximately 2,557 tons (approx. 1,748 tons by Yakult Honsha plants and approx. 809 tons by bottling companies). As a result of the reorganization and consolidation of dairy product plants carried out between fiscal 2005 and fiscal 2013, as well as diverse efforts made to reduce waste, we successfully reduced waste per production unit by 32.7% at Yakult Honsha dairy product plants and 23.5% at bottling companies compared to that of fiscal 2010, the Phase 7 Plan action target of the Yakult Environmental Action Plan.

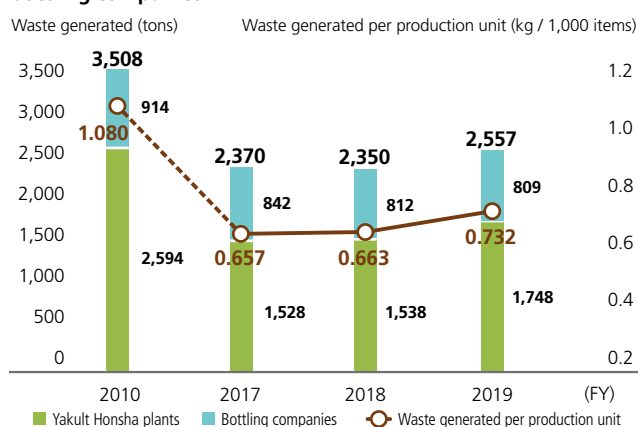
We also strive to further promote the reuse of packing materials and the introduction of returnable packing materials. In addition, we are changing our waste recycling programs from thermal recycling at waste disposal contractor facilities to material recycling. We will continue to make improvements in our recycling programs while reducing processing expenses.

\* Yakult's definition of zero emissions: A state achieved when the amount of final disposal (landfill) of waste from plants (excluding specially controlled industrial waste) is less than 1% of waste generated.



Eco station at Fukushima Plant

### Trend in waste generated at Yakult Honsha plants and bottling companies



\* The amount of waste generated per production unit is calculated using data of bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

### Waste generated and recycling rates by waste type at Yakult Honsha plants and bottling companies

Waste Type	Waste Amount (t)	Recycled Amount (t)	Recycling Rate (%)
Sludge	886	885	99.6%
Paper waste	429	429	100.0%
Waste plastic	859	858	99.9%
Scrap metal	266	265	99.6%
Vegetable residues	19	16	84.2%
Glass fragments	4	4	100.0%
Cinders	68	46	67.6%
Oil	20	19	95.0%
Wood chips	3	3	100.0%
Rubber waste	2	2	100.0%
Others	1	1	100.0%
<b>Total</b>	<b>2,557</b>	<b>2,528</b>	<b>98.9%</b>

### Initiatives at the head office building (Waters Takeshiba)

We have introduced wastepaper recycle boxes on each floor and waste sorting bins and are working to properly separate each kind of waste. In fiscal 2019, the recycling rate of waste generated at the head office building was 88%.

To raise employees' awareness of these efforts, we post the actual waste disposal amounts and recycling rates on our company intranet, and on an ongoing basis engage in awareness raising through e-learning and other means.

### Initiatives at the Yakult Central Institute

The Institute generates a wide variety of waste in its research. The waste is separated and collected properly at the Institute, and the final disposal of waste is conducted by licensed waste disposal contractors. The fiscal 2019 recycling rate for the Institute was 97.1%.

With the aim of further improving our recycling rates, we have also renewed contracts with the waste disposal contractors, and we are making efforts to verify that waste disposal and recycling are being done properly, including through visits to facilities of waste management companies (five companies).

### Initiatives to reduce food loss

Yakult Honsha has long promoted recycling and reduction of cafeteria food waste at each business site. At plants, products that do not meet standards during the manufacturing and production process are disposed of as a loss, but we strive foremost to prevent machinery malfunction and other problems that result in nonstandard products. When losses occur, the contents are properly disposed of during the wastewater treatment process, and packaging is recycled whenever possible.

We also strive to reduce food waste and loss by extending the best-by dates of our chilled beverages in paper and plastic packaging while giving due consideration to product quality and safety.

## Water resource conservation

Water is essential to our Group's business operations. The world's water resources are increasingly under pressure, with rising challenges related to population growth, increased water consumption resulting from economic development, and changes in regional rainfall distribution due to climate change. We are actively working on effective use of water, proper wastewater and water quality management, and water resource conservation. We are also focusing on the sustainability of our business activities by performing water-related risk surveys, and will adapt our activities moving forward to respond to the water risks identified.

### Effective use of water resources

We use water in our various operations at Yakult Group plants, not only as a raw material in products but also to clean production equipment and cool products and machinery.

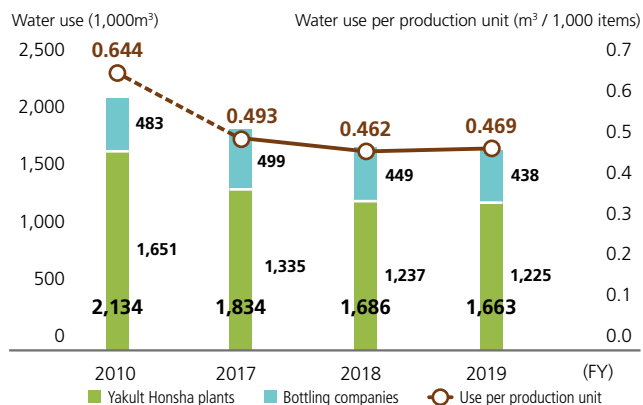
In fiscal 2019, Yakult Honsha plants and bottling companies used approximately 1.66 million of water in total (Yakult Honsha plants: approx. 1.22 million m<sup>3</sup>, bottling companies: approx. 0.44 million m<sup>3</sup>). As a result of the reorganization and consolidation of dairy product plants between fiscal 2005 and fiscal 2013, as well as ongoing efforts made to save water at each plant, we have reduced water use by 25.4% at the Yakult Honsha dairy product plants and 21.7% at bottling companies, thereby successfully achieving the Phase 7 Plan action target of the Yakult Environmental Action Plan: at least 10% below the level in fiscal 2010.

The primary initiative at plants in fiscal 2019 was conserving water by altering automated washing times and improving equipment operation, in line with ISO 14001 activities at each plant.

In addition, water use at the head office building (including restaurants) was 19,402 m<sup>3</sup>.

To make more effective use of limited water resources, the Yakult Group will continue to pursue water conservation by introducing technologies such as those for water reuse and recycling.

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



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

### Reusing water generated by the water purification process: Fukushima Plant

Products at the Fukushima Plant are manufactured using tap and purified water. For purified water, the purity is raised by removing impurities from tap water using special-purpose equipment. A large amount of water with concentrated impurities is generated in the process, and after the water was treated at the wastewater treatment facility within the plant it was being discharged to the sewers.

Although this concentrated impure water is not suitable for drinking or use in the production process, it meets quality standards for industrial water and is now reused for cooling products and machinery, which dramatically reduced tap water consumption and water discharged to the sewer.

### Active upgrading to equipment that recycles coolant water: Japan

Sealing machines equipped with high-frequency oscillators are used to close the aluminum caps on *Yakult* bottles and other products. In the past, a certain amount of water use was necessary to maintain a constant flow that cools the devices, preventing inherent heat buildup from causing accidents. We are now striving to reduce water usage by actively upgrading to equipment that recycles coolant water in our dairy product plants.

### Ice packs used for temperature control during home delivery: Japan

Home deliveries by Yakult Ladies once used ice to keep products cold, but at present we have introduced ice packs as a substitute for ice, which has improved hygiene, reduced water use, and reduced the workload of Yakult Ladies.

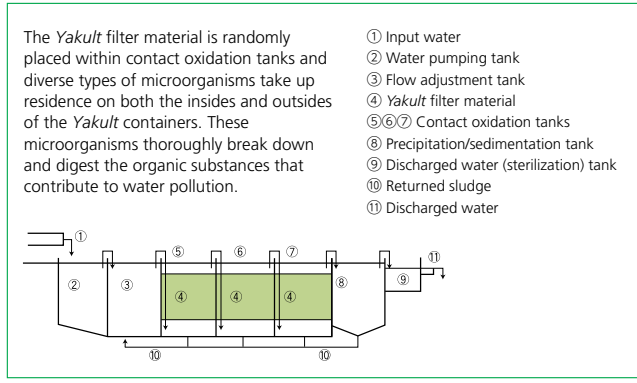
### Yakult A&G Water Purification System

At every plant in the Yakult Group, regardless of treatment method, we implement wastewater management based on our own voluntary standards that are more stringent than the wastewater standards stipulated by law and local government ordinances.

The dairy product plants of the Yakult Group have introduced the Yakult A&G Water Purification System. This system uses Yakult containers with the bottoms removed (*Yakult* filter material) where microorganisms take up residence and break down contaminants in the water. One of its most noteworthy characteristics is that the system reduces the amount of excess sludge generated compared with conventional activated sludge processing systems. Other merits of this system are superior ease of maintenance, and that running costs can be reduced to about half that of conventional activated sludge processing systems.

This system has been installed at four Yakult Honsha plants (Fukushima, Ibaraki, Fuji Susono and Hyogo Miki Plants) as well as at plants of bottling companies (Yakult Iwate Plant, Yakult Aichi Plant and Yakult Okayama Wake Plant). Outside Japan, the system was introduced at the Sukabumi Plant of P.T. Yakult Indonesia Persada in 2010.

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



**WEB** Water Purification using Yakult containers at plants  
<https://www.yakult.co.jp/english/csr/environment/water/>

**Initiatives outside Japan**

● **Wastewater monitoring: Tianjin Plant, Yakult (China) Corporation**

Plant wastewater is monitored to continuously improve environmental quality. In fiscal 2015 the company began monitoring wastewater amounts as well as COD\* and ammonia nitrogen content, and in fiscal 2019 they installed equipment enabling online analysis of total nitrogen and phosphorus, as well as pH measurement equipment. These are linked to the Tianjin Ecology and Environment Bureau's system.

\*COD: chemical oxygen demand

● **Environmental audits and reusing cleaning water: Yakult Myanmar Co., Ltd.**

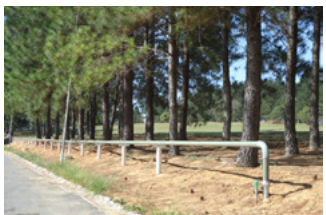
The company monitors water quality and wastewater concentration daily, submitting the results to the industrial park for environmental audits. Cleaning water resulting from production processes is reused in toilets and to irrigate outdoor areas.



Treated wastewater being used to irrigate

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

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



Pipes to carry treated wastewater

● **Reusing treated wastewater to irrigate greenspaces: Ixtapaluca Plant, Yakult S.A. de C.V. (Mexico)**

Treated wastewater is used to irrigate greenspaces around the plant. In fiscal 2019 irrigation used an average of 775 m<sup>3</sup> of water each month, for a yearly total of 9,300m<sup>3</sup>.

**Water risk surveys**

To use water sustainably, we believe that we are required to recognize our water risks, including water supply and demand outlook in the river basins where our plants are located, the potential risk of water-related disasters, and impacts on public health and ecosystems. Since fiscal 2017 we have thus been performing water risk evaluation through an external organization.

In 2020 we used the WRI Aqueduct\*<sup>1</sup> and other tools to evaluate water risk and identify which Yakult Group production bases are located in regions with high water stress levels.

Results showed that overall 28% of our production bases were located in areas of high water stress\*<sup>2</sup>, with water use in the respective areas totalling 1,970,661 m<sup>3</sup> in fiscal 2019, comprising 32% of our total water use that year.

\*1 Aqueduct: A tool for evaluating water risks developed by the World Resources Institute (WRI), a global environmental NGO

\*2 Production bases that the WRI Aqueduct tool ranks as having "extremely high" and "high" baseline water stress

**WRI Aqueduct water risk evaluation in areas with production bases**

Risks	No. of production bases	
	Japan	Overseas
Extremely High (4-5)	0	1
High (3-4)	0	10
Medium - High (2-3)	4	8
Low - Medium (1-2)	7	8
Low (0-1)	1	0
Total	12	27

\* Baseline Water Stress (Total, Overall water risk)

**Water risk survey cost**

Fiscal year	2017	2018	2019
Cost (10,000s of yen)	0	90	120

**Preventing water pollution and conserving biodiversity**

At Yakult Honsha dairy product plants and bottling companies, wastewater such as cleaning water generated during production processes is properly treated at plant wastewater treatment facilities, and then discharged into sewers or rivers. Knowing the impact our plants can have on the natural environment of surrounding waterways, at least once per year each plant runs educational training on dealing with emergencies—such as unforeseen situations in the wastewater treatment facility, or oil leaking from a transport vehicle on plant premises—to improve awareness among workers and strengthen our systems for preventing water pollution.

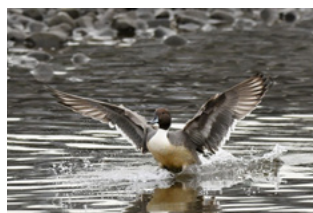
We also endeavor to conserve biodiversity around waterways. Utilizing IBAT\*, we perform ecological risk assessments, and have confirmed that the Abukuma River coast downstream from the Fukushima Plant is a designated Key Biodiversity Area (KBA) as a landing zone for northern pintail ducks.

\* IBAT (Integrated Biodiversity Assessment Tool): A tool developed by the IBAT Alliance biodiversity project in partnership with the United Nations Environment Programme.

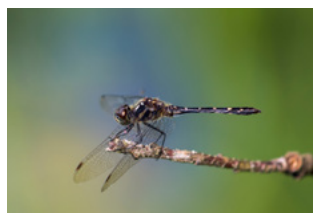
### Assessment of biodiversity around production bases

Plant	IBAT assessment		Remarks on biodiversity
	No. of aquatic species	No. of endangered species (IUCN-designated)	
Fukushima Plant (water use: 164,119m <sup>3</sup> /year)	62	0*	Plant wastewater flows into the Abukuma River, which has been designated a Key Biodiversity Area (KBA) and Important Bird Biodiversity Area (IBA) as a landing zone for <b>northern pintail ducks</b> (IUCN Red List).
Fuji Susono Plant (water use: 452,027m <sup>3</sup> /year)	63	0	An IUCN Category IV wildlife sanctuary is located within 10km downstream from the plant.
Yakult Iwate Plant (water use: 90,894m <sup>3</sup> /year)	58	0	Water sources are in designated protected areas, such as the IUCN Category Ib protected forest biodiversity area at the source of the Kakkonda and Tama rivers and the Wagadake protected forest, and the Category II Towada-Hachimantai National Park and Hayachine Quasi-National Park.
Yakult Chiba Plant (water use: 104,179m <sup>3</sup> /year)	63	1	Water sources are in areas with a number of IUCN-classified Category II or IV protected areas, such as Joshinetsu-Kogen. The area within 10km downstream from the plant also contains a Category IV protected area (wildlife sanctuary). It has also been identified as a habitat for the <b>Reeves' turtle</b> , classified Ib (endangered) by IUCN.
Yakult Aichi Plant (water use: 79,606m <sup>3</sup> /year)	66	1	The streams and rivers of the Nobi Plain are habitat for the Ib (endangered) <b>Sympetrum maculatum dragonfly</b> , and is a designated KBA.
Yakult Okayama Wake Plant (water use: 101,232m <sup>3</sup> /year)	65	2	The Yoshii River basin has a number of IUCN Category IV protected areas. The area within 10km downstream from the plant also contains Category IV and V protected areas. These have been identified as habitats for the Ib (endangered) <b>Reeves' turtle</b> , and the II (vulnerable) <b>Chinese softshell turtle</b> .

\* The northern pintail duck is not an aquatic species and thus not factored into the total



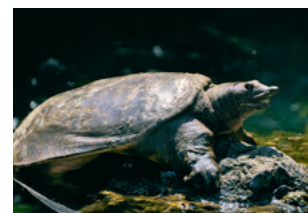
Northern pintail duck



Sympetrum maculatum dragonfly



Reeves' turtle



Chinese softshell turtle

## Green procurement

The Yakult Basic Policy on Green Procurement sets the Company's green procurement policy and covers raw materials, packaging materials and equipment, facilities and indirect materials related to its business. All business sites carry out procurement activities in a manner that promotes the protection of the global environment, the reduction of environmental impact, the creation of a circular economy and other

environmental objectives in cooperation with business partners based on this Basic Policy.

**Fiscal 2019: Green procurement ratio: 79.4%**  
 (head office, research institute, Honsha plants)

### Yakult Basic Policy on Green Procurement

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

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

#### Basic policies

1. Avoid procuring items with a potential for harming the environment or human health.

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

Established: March 5, 2001

### Using forest-conscious paper

Whenever possible, for the paper containers of our food products we utilize materials internationally certified to protect forests.

We also use environmentally-responsible, FSC-certified paper when printing PR materials such as our Company Profile, Yakult Overviews and CSR Communication Book, and the Supplier CSR Guidelines we present to our business partners.

## Environment-conscious packaging

### Policy on eco-friendly packaging

In efforts to design containers and packaging with low levels of environmental impact, in 1995 we instituted guidelines for more concrete initiatives with the fundamental goals of ensuring the safety of containers and packaging, reducing the amount of packaging used, optimizing processing/disposal processes and promoting resource recycling.

In light of the global issues receiving increased attention in recent years such as plastic pollution in oceans, climate change, and natural resource depletion—we also promote initiatives to recycle plastic containers and packaging. In January 2019 we announced our Declaration of Action on Plastic Recycling.

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

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

**2025 target**  
 We will establish the foundation for environmentally-conscious container and packaging technology, and begin conversion to easily-recyclable materials such as biomass, recycled, and biodegradable materials.

**2030 target**  
 We will work to convert to easily-recyclable materials as much as possible while keeping up with developments in recycling markets, environmental infrastructure, and other external environmental facilities.

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

### Biomass shrink labels

In fiscal 2014 we transitioned to using biomass-derived plastic for the shrink labels on some products bottled in PET containers. Recent rising environmental awareness around the globe has put strain on biomass plastic supply, however, and out of concern for sourcing instability we plan to return to conventional shrink labels during 2020 until biomass plastic supplies become stable.

On the other hand, in October 2020 we plan to transition to using biomass plastic in the straws and multi-pack shrink-wrap film for *Yakult Hakko Tonyu*. We have been utilizing paper cartons with no aluminum and minimal cardboard trays for this product, so with the transition to biomass plastic we will promote it as an even more eco-conscious product.

Moving forward, we will continue to investigate using thinner shrink-wrap, recycled PET labels, and printing partially with biomass inks.

Use of biomass plastic is indicated on the package



### Initiatives in each country and region

#### ● Changing public awareness about straws: Yakult (Thailand) Co., Ltd.

The movement to reduce plastic use is global, and in Thailand there are also initiatives working to cut down on plastic items such as shopping bags and straws. While it is custom in the country to drink beverages with a straw, in fiscal 2019 Yakult Thailand began promoting drinking *Yakult* without a straw. Yakult Ladies have spoken with their customers, and the company has posted about it on their Facebook page.



Awareness poster "Just lift the cap to drink, it's easy without a straw"

## Environmental initiatives at sales stages

During fiscal 2019, we worked to promote the recycling of used containers collected from suppliers. Our efforts include further promoting the introduction of route delivery trucks that are equipped with a dedicated space to facilitate the separated collection of waste and container collection kits attached to their roofs.

Since fiscal 2007 we have been introducing nonfluorocarbon vending machines that have a very low global warming potential and hybrid heat-pump-type vending machines that have significant energy conservation benefits. We have continued to promote energy conservation in fiscal 2019 by expanding the installation of vending machines incorporating greater power-saving functions. In addition, we overhaul and reuse old vending machines 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 CO<sub>2</sub> emissions. As of

March 2020, 1,616 vehicles have been introduced in total. In our pharmaceutical business, marketing representatives are using fuel-efficient hybrid vehicles (excluding certain areas). Gasoline fuel usage in fiscal 2019 totalled 194,000 liters.

#### Introduction of environment-friendly sales equipment (Fiscal 2019)

Item	Number introduced
Route delivery trucks with internal container collection spaces	79
Route delivery trucks with roof-mounted container collection kits	3
Empty container collection boxes for vending machines	303
Heat-pump-type vending machines (incl. hybrid heat-pump-type ones)	962
Overhauled vending machines	89
Electric vehicles (COMS)	47

# Conservation of biodiversity

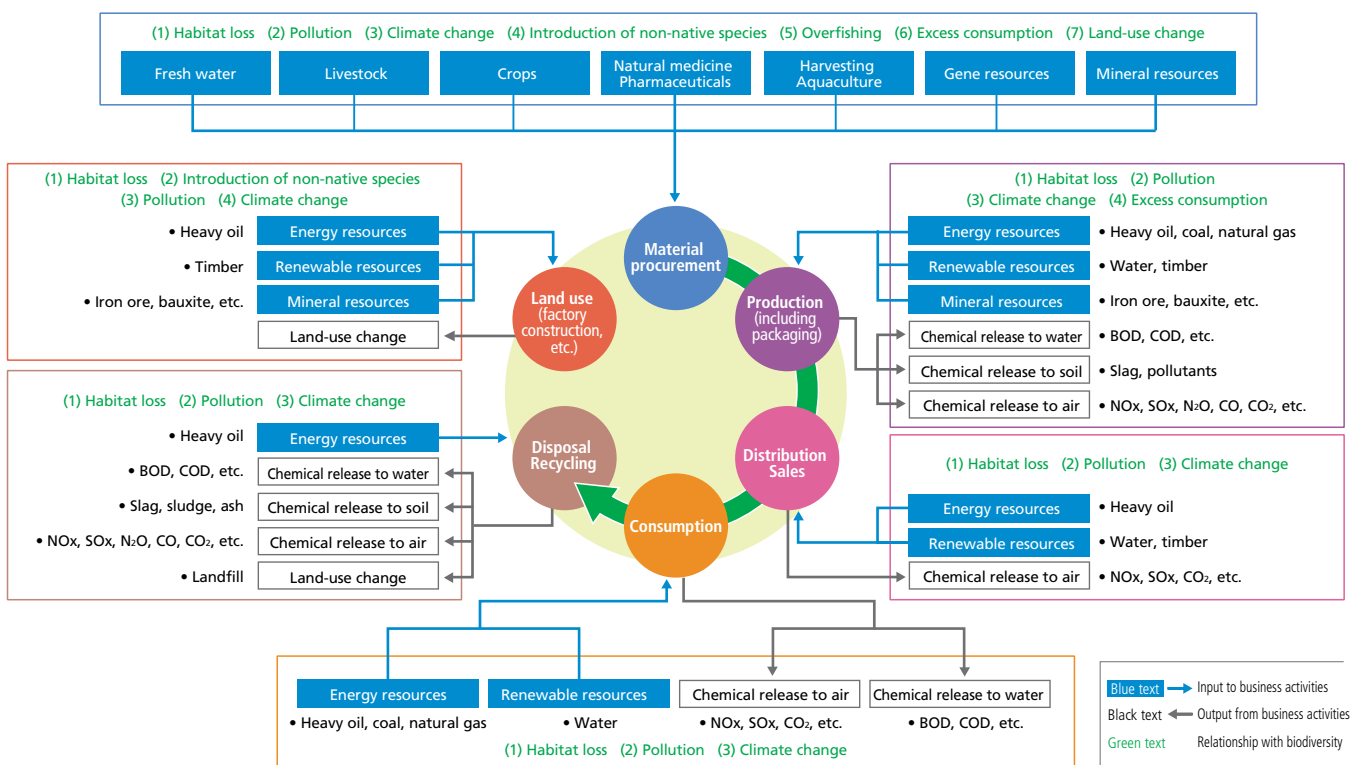
## Our business and biodiversity

Yakult clearly stipulates in one of the Action Directives in the Yakult Basic Policy on the Environment that “In all business activities, business units will give due consideration to the environment as well as biodiversity by promoting the reduction of environmental impacts.” We believe it is essential to give consideration to the global environment and biodiversity in our corporate activities that aim to benefit the health of our customers. We will strive to conserve biodiversity going forward by making good use of the technology we have built up in research and development over the years.

At each step of our business activities, from material procurement to disposal and recycling, we review our dependency and our impact on the environment, and then clarify the relationship between business activities and biodiversity as below:

## Map of relationship between business activities and biodiversity

**WEB** CSR > The Environment > Biodiversity Conservation  
<https://www.yakult.co.jp/english/csr/environment/biodiversity/index.html>



## Assessment of biodiversity risks for existing operations

In order to better understand the impact our existing operations have on biodiversity conservation, we conduct assessments of how each plant affects the natural ecosystems in the river basins where they are located.

We use IBAT to determine the presence of nature conservation areas (world natural heritage sites, IUCN Category I, II and III areas, Ramsar Convention wetlands) and habitats of IUCN-designated endangered species within 10km from each plant.

**Related information** p. 41 Assessment of biodiversity around production bases

## Conserving biodiversity through afforestation

### Participating in Green Wave 2019: Japan

As part of our CSR campaign, we participated in the Ministry of the Environment's Green Wave 2019 biodiversity activity, planting 22 trees at 13 locations throughout Japan on May 22nd, International Day for Biological Diversity.



Tree planting (Ibaraki Plant)

### "Million Trees Project": Yakult China Group

Since 2015, the group has participated in a public afforestation initiative to combat desertification in the Inner Mongolia Autonomous Region. During these five years, 10,000 trees have been planted, with a survival rate above 69.5%, according to an NGO study.



Success planting 10,000 trees

## Biodiversity conservation in partnership with stakeholders

Both in Japan and overseas, we partner with relevant authorities, local governments, NGOs, NPOs and other stakeholders to promote business activities and social contributions that further biodiversity conservation.

### Joining UN and Ministry of the Environment initiatives

The Yakult Group has implemented Yakult CSR campaigns for all workers since fiscal 1994 in line with Japan's Environment Month set forth by the Ministry of the Environment. In fiscal 2017, we joined the My Action Declaration program of the Japan Committee for United Nations Decade on Biodiversity (UNDB-J) that encourages biodiversity engagement in daily life, and 15,706 Yakult workers participated by selecting and declaring their commitment to any number of five actions to protect biodiversity. This initiative was highly rated and featured in the UNDB-J's collection of My Action Declaration initiatives.

**Related information** UNDB-J My Action Declaration Initiatives  
[https://undb.jp/wp/wp-content/uploads/2019/06/action\\_jirei.pdf](https://undb.jp/wp/wp-content/uploads/2019/06/action_jirei.pdf) (Japanese)

### Partnering with international NGO OISCA

Founded in 1961, OISCA International is an NGO with the highest UN consultative status. OISCA focuses on rural development, environmental conservation, and the cultivation of future talent in the Asia-Pacific region.

Yakult has worked with OISCA in both Japan and overseas to make social contributions since 1979.

### Supporting the Children's Forest Program

We support the OISCA Children's Forest Program as an activity related to biodiversity conservation. This program encourages local communities to understand the value of forests and the natural environment, and participate in forest conservation themselves, through activities such as environmental education, community-led tree planting, and helping children green the areas around their schools.

We consult with OISCA to determine specific regions to support, and our contributions have been used for activities in places such as Indonesia, the Philippines, and China (Inner Mongolia).]

In August 2019, six residents from the Philippines, including two children, visited Yakult Honsha to report on activities in the country, explaining how tree planting has resulted in mangrove growth and increase in wildlife, and has mitigated damage caused by disasters.

### Supporting the Coastal Forest Regeneration Project

We support OISCA's Coastal Forest Regeneration Project, which fosters recovery after the 2011 Tohoku earthquake and tsunami, and works to conserve biodiversity in the area around our production base (Fukushima Plant).

The Forestry Agency has designated Biodiversity-conscious Zones in the black pine coastal forests (Natori City, Miyagi Prefecture) where regeneration activities take place. Conservation and restoration of biodiversity in these zones has been confirmed by routine environmental assessments. Birds of prey are considered one index of biodiversity, and monitoring has confirmed six species: osprey, common kestrel, peregrine falcon, black kite, common buzzard, and eastern marsh harrier.

### Environmental assessments within Biodiversity-conscious Zones in the Natori area (including newly planted areas) (Source: Japan's Forestry Agency)

	2014	2015	2017	2019	Noteworthy species
Plants	325	337	370	369	4
Insects	274	278	312	362	13
Birds	34	43	44	48	3
Mammals	4	4	5	3	-
Amphibians	2	2	3	3	-
Reptiles	1	1	1	1	-
Fish	5	3	5	4	1
Zoobenthos	12	32	26	15	1
Total	657	700	766	805	22

Birds of prey photographed in the area (courtesy of OISCA)



Black kite



Peregrine falcon

## IV Labour Practices

# Improving the health and motivation of our employees

### Our Approach

As a company advocating health, we strive to create a workplace where employees can stay healthy and work with peace of mind, where there is respect for individuality, and where independent and creative people come together to cultivate a corporate culture that is open and free. We promote optimal personnel assignment based on abilities, aspirations, and aptitude, and regardless of age, gender, or educational background.



#### Health-focused Management: → P.46

**Policies / Guidelines / Targets** • Statement on Health

**Structures / Systems** • Mental health consultation desk  
• Stress checks

#### Promoting work-life balance: → P.50

**Policies** • Work style reform initiatives  
• Balancing work and childcare / nursing care

**Structures / Systems** • Round-table meetings for parental leave takers prior to returning to workplaces

#### Creating a dynamic workplace: → P.47

**Structures / Systems** • Personnel system that motivates employees

#### Human resources development: → P.51

**Policies / Guidelines / Targets** • Basic policies on human resources development

**Structures / Systems** • Educational programs  
• Global internship system

#### Promoting diversity: → P.49

**Policies / Guidelines / Targets**

• Fundamental philosophy for empowerment of female employees, employment of persons with disabilities, and re-employment of retirees

#### Occupational safety and health: → P.52

**Structures / Systems** • Occupational Safety and Health Committee  
• Safety and health inspection tours

**Policies / Guidelines / Targets** • Yakult Ethical Principles and Code of Conduct (6. Respect for Personality and Human Rights)

### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Promote Health-focused Management	• "White 500" certification for three consecutive years for outstanding health and productivity management
2. Achieve a 30% ratio of women at the assistant manager level (who are candidates for managerial positions) by fiscal 2020	• Ratio of women at the assistant manager level: <b>28.0%</b> • Ratio of female managers in Japan: <b>6.7%</b> • Ratio of female managers outside Japan: <b>24.7%</b>
3. Maintain the legally mandated ratio of employees with disabilities	• Ratio of employees with disabilities: <b>2.22%</b>
4. Increase the number of paid leave days used (Target acquisition rate: 75%)	• Annual paid leave acquisition rate: <b>76.9%</b> (average days taken: 14.6)
5. Promote work-life balance	• Improved working environment for Yakult Ladies: Invested <b>220 million yen</b> • Certification of Yakult daycare centers: <b>45 centers</b> in Japan • Formulated and implemented <b>personal action declaration</b> for all employees and <b>declaration of action for managers</b> in the Pharmaceutical Business Division on initiatives required to achieve work-life balance
6. Conduct health and safety inspections in plants	• <b>363</b> plant inspection tours, <b>3,099</b> findings, <b>99.2%</b> improved (15 plants in total)

### Fiscal 2019 legal compliance

In fiscal 2019 there were no major violations of laws and internal regulations related to labor.

# Promoting Health-focused Management

## Initiatives for health

### Initiatives based on our Statement on Health

The Yakult Group sees employee health maintenance and improvement as an investment in future profitability, and from a company standpoint we promote strategic Health-focused Management. We published our Statement on Health in September 2017. To actively promote Health-focused Management, we established a new, dedicated Health-focused Management Promotion Section within the Human Resources Department in fiscal 2020. While encouraging employees to manage health, the Group also shows proactive engagement in health maintenance and improvement to further boost their awareness. By keeping everyone in good health, we aim for continuous and stable business development.

#### Statement on Health

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

**Related information** CSR Communication Book 2020, p. 11, Feature 1

### White 500 certification for three consecutive years

In February 2020 we received “White 500” certification for the third year in a row. This is awarded to companies that meet the standards set by Japan’s Ministry of Economy, Trade and Industry to proactively promote employee health and productivity management.

### Yakult Health 21

Yakult Health 21 is a health activity promoted by Yakult Health Insurance Association. Every year, we set a priority period to promote lifestyle improvements, such as healthy meals, exercise and stopping smoking.

## Mental health measures

We promote motivation at work by reducing stress that comes from the pressure of workload and in relationships and also endeavor to create bright and welcoming workplaces through various measures and training sessions.

### Consultation desk

The mental health consultation desk has been set up to provide health consultations and counseling through resident health outreach workers and company-designated industrial physicians. We also established an external consultation service where not only employees but also members of their families can have consultations with experts about their problems including personal matters privately and anonymously.

### Cancer screenings for women: Japan

At some business sites we offer mobile cancer screenings for women that may be done during working hours, aiming for early-stage detection of breast and uterine cancer.

In fiscal 2020, we continued to make it easier for women to get screenings. We are aiming for over 70% of female employees to be screened by fiscal 2025.



Cancer screenings for women

### Periodic health consultations and discussing issues in the workplace: Japan

We offer periodic consultations with health outreach workers, and consultations with occupational health physicians for employees who have exceeded a specified amount of overtime. Management and employees also regularly exchange views on workplace issues and discuss improvements.

### Physical fitness check for factory workers: Yakult Vietnam Co., Ltd.

As well as medical checkups, an annual physical fitness check is performed to ensure workers stay physically fit and can work safely. Body shape, muscle strength and endurance are measured, and the results are reported back to the workers as a score. If the results are low for a worker’s age, they receive advice from an instructor on improving their fitness.



Fitness check for factory workers

### Health advisors

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

### Stress checks and organizational analysis

We conduct stress checks in accordance with the law, and compile the results for each organization to provide feedback to supervisors. This has proven useful in improving workplace environments.

# Creating a dynamic workplace

## Personnel system that motivates employees

Based on the conviction that our company has to reward hard work, Yakult is dedicated to providing a personnel system that is fair, impartial, and satisfactory to all, with the aim of bringing out employees' desire to work and motivating them to the utmost. Specifically, the company classifies employees into different role groups (job levels) and career courses (job types), according to the size of roles expected and the nature of their work. Thus, we provide the right person with the right job, which helps employees assume their responsibilities according to their abilities and offers them a clear career vision.

### Major personnel systems: Yakult Honsha

#### ● Self-reporting system

Employees state their personal opinions and desires concerning job details, skills development, placement and transfer once a year, with the aim being to increase each employee's job satisfaction.

#### ● In-house FA (Free Agent) system

Employees can voluntarily announce their desire to shift to a new position. This system helps those employees move to new workplaces where they can make the most of their individual capabilities at a higher level with greater motivation, which leads to organizational dynamism.

#### ● Career course switch system

Employees can use this system to switch to the career course they desire such as changing from the general track to the career track. This system enhances the levels of employees' missions and motivation by encouraging them

to select the course based on their individual career vision after joining the company, and creates dynamic workplaces full of vitality. Since it was introduced in 2005, about 20 employees every year change their career courses of their own volition and set about meeting the challenges of new career development paths.

#### ● Job rotation system

This system is designed to help assess employees' aptitudes and facilitate employees' long-term career development. Employees hired for the career track mainly in administrative roles are transferred to new positions at roughly 3-to-4-year intervals, thereby experiencing work in three organizational units within 10 years. By working in different locations at marketing, administrative departments and overseas offices, employees broaden their work experience in a balanced manner and gain an understanding of their own aptitude, which enable them to build their careers.

## Providing an enjoyable working environment

### Creating pleasant workplaces

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

### Local hiring for upper management positions: Yakult Europe B.V.

Yakult Europe and other companies of the Yakult Group in Europe actively recruit locally for upper management positions to continuously bolster the growth of regional communities. Local managing directors have been appointed for Yakult Group companies in Europe. At Yakult Europe, four out of six of the executive officers are local appointments, and approximately 80% of managerial staff is from the local area.

**Related information** p. 30 Our commitment to local employment and sourcing

### Personnel system that supports life events: Yakult Honsha

From fiscal 2019 we offer a temporary leave system for employees who wish to accompany their partners on job relocation. Regardless of whether the partner's new position is in Japan or overseas, leave may be taken up to a maximum of five years.

### Initiatives outside Japan

#### ● RPA introduced to increase efficiency: Yakult (China) Corporation

Robotic process automation (RPA) was introduced in 2019 to automate the processing of expenses, which significantly reduce manual input work. We are currently making improvements on the performance of the reading function.

#### ● Changes in salary system for maternity leave: Yakult Australia Pty. Ltd.

The salary system for maternity leave has been changed to improve employee retention. Australia currently allows up to 18 weeks of paid parental leave (paid by the state). Yakult Australia offers an additional 8 weeks of paid parental leave on top of the 18 weeks paid by the state, making a total of 26 weeks. Four employees are currently taking parental leave under the new system.

## Initiatives for Yakult Ladies



The Yakult Group boasts a unique home delivery system in which Yakult Ladies play an active role. Here we introduce various initiatives to support the health and improve the working environment of Yakult Ladies, who in turn support the health of local communities by delivering our products.

### Improving the working environment for Yakult Ladies

We are developing and introducing systems and equipment to improve the working environment for Yakult Ladies. Specific measures include the introduction of portable terminals to make customer information management tasks more efficient, as well as an online paying-in system allowing the paying-in process to be completed in the sales center without going to a bank. We have also introduced high-speed freezers and COMS electric vehicles to both reduce CO<sub>2</sub> emissions and make working more efficient.

We will continue to develop systems to improve efficiency and support different ways of working, as well as taking steps to make the working environment even more pleasant, such as updating uniforms.



COMS electric vehicle



Online paying-in system

### Supporting the health of Yakult Ladies

To create an environment where Yakult Ladies can continue working with peace of mind, in May 2017 we launched the Yakult Lady Health Hotline service, allowing Yakult Ladies and their families to consult with outside experts regarding their health concerns free of charge. This service is available to respond to urgent consultations 24 hours a day, seven days a week, and also provides consultations concerning illnesses specific to women. The hotline has received a total of 667 consultations since fiscal 2017, with many inquiries related to symptoms and childcare.

To promote comfortable working environments for Yakult Ladies throughout every stage of their lives, from fiscal 2019 we also launched a Nursing Care Consultation Service that offers consultations with qualified social welfare and nursing care professionals free-of-charge over the phone, a Financial Planning Consultation Desk, and money-related seminars for Yakult Ladies offering advice on savings methods from financial planners.



Health support seminar

### Yakult daycare centers for children

The Yakult Group has been running its own in-house daycare centers for employees' children since the 1970s, and now operates 1,091 centers in Japan (as of March 2020). We promote the operation of safe and secure daycare centers that meet national standards and offer quality childcare by providing our original childcare magazine, as well as training for teachers throughout the country.

To counter the recent severe lack of daycare centers, the Japanese government created the Comprehensive Support System for Children and Child-rearing that aims to provide more childcare support. As of April 2020, 45 Yakult Group daycare centers have received certification through this system and they are all modern and well-equipped. With the certification, we are able to offer improved services like daily meals and the ability to accept children from age zero, leading to a higher level of parent satisfaction. We also contribute to local communities by accepting children that live in vicinities of Yakult daycare centers.

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



Safe and secure childcare centers

### Yakult Ladies in Indonesia

Yakult Ladies are active in countries across the world including Japan. In Indonesia where our sales are steadily growing, the number of Yakult Ladies has reached approximately 10,000, growing five fold in the past 10 years. Particularly in rural areas, it can be difficult for women to engage in jobs outside the home. In order to support Yakult Ladies to balance their work and family life, we assign them areas that are in the immediate vicinity of their homes, and female employees are continuously present at the offices and home delivery centers to closely follow up on them regarding any questions or concerns they have about sales, as well as their worries at home.



# Promoting diversity

## Fundamental philosophy

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

## Empowerment of female employees

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

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

Additionally, employee evaluations and the treatment of

### Fundamental philosophy

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

### Numerical targets

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

employees are both fair and impartial, and there is no gender gap in basic pay or bonuses for employees.

### Number and ratio of female managers (Yakult Honsha)

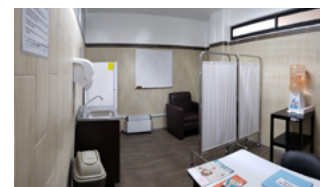
Fiscal year	2015	2016	2017	2018	2019
Number of female managers	44	44	45	47	52
Ratio of female managers (%)	6.1	6.0	6.2	6.3	6.7

### Career design training for women

To continue being a company where everyone can succeed regardless of gender, we offer career design training for women who have concerns about their future career, to help them work confidently towards advancement. Participants surveyed say the course has been a useful reference for their personal career plan, and that they were happy to speak with other women who had similar concerns.

### Lactation rooms: Yakult S.A. de C.V. (Mexico)

Since April 2019, two plants in Mexico provide dedicated rooms for nursing mothers to express milk. The room at the Guadalajara Plant has been used 127 times by 3 women. Users have commented that it is hygienic and gives them peace of mind.



Lactation room at the Ixtapaluca Plant

## Employment of persons with disabilities

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

### Rate of employees with disabilities (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Rate of employees with disabilities (%)	2.20	2.11	2.00	2.15	2.22
Statutory target employment rate (%)	2.0		2.2		

## Re-employment of retirees

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

**Related information** p. 51 Career design support

### Rate of continuous employment at retirement age (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Number of persons at mandatory retirement age	61	33	52	57	83
Number of persons in continuous employment at Yakult Honsha	43	21	34	38	60
Number of continuous workers who transfer to another company	11	6	9	9	7
Number of persons who choose to retire	7	6	9	10	16
Rate of continuous employment* (%)	88.5	81.8	82.7	82.5	80.7

\* Including those persons who have transferred to another company

# Promoting work-life balance

## Fundamental philosophy

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

## Initiatives for work style reform

### Promoting healthy work styles

To promote employees' use of their annual allotments of paid holidays, Yakult Honsha has created a system that encourages the use of a paid holiday by each employee on his or her birthday and anniversary, as well as for volunteer activities.

From fiscal 2019 annual leave may be taken in hourly increments, and we will push ahead with the creation of work environments in which it is even easier to take annual allotments of paid holidays.

### Annual paid leave usage rate and average overtime hours per month (per person) (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Annual paid leave acquisition rate (%)	55.5	58.9	58.8	70.9	76.9
Average overtime hours (per month)	8.9	8.9	8.5	10.5	10.7

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

### ● Reducing overtime and encouraging workers to use paid leave: Yakult China Group

Company regulations require overtime to be applied for in advance, and it cannot be performed without supervisor approval. Managers are responsible for periodically confirming if employees are using their compensated holidays if they work on a non-business day and ensuring days are being taken off, and this is referenced in the manager's own performance evaluation.

Workers on assignment (who were transferred from Japan) are encouraged to use paid leave for at least five consecutive days or a minimum of five days a year, giving them the chance to physically and mentally rest and rejuvenate.

## Balancing work and childcare / nursing care

### Acquisition of Kurumin Mark certification

Yakult Honsha has been certified by Japan's Ministry of Health, Labour and Welfare as an "enterprise that supports childcare" and received the Kurumin Mark. We are currently working towards Platinum Kurumin certification.



### Parental leave for fathers

Yakult Honsha has established a saved leave system in which employees can make use of the portion of paid leave that exceeds the limit allowed to carry forward for other purposes. Such saved leave can be used for parental leave or nursing care leave, which has led to an increase in the number of male employees taking parental leave. Furthermore, for both male and female employees, the rate of returning to work after parental leave has been 100%.

### Number of employees taking parental leave (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Male employees (number of people/utilization rate*)	5 5.4%	12 10.7%	8 8.7%	9 9.3%	18 19.6%
Female employees (number of people/utilization rate)	21 100%	36 100%	40 100%	36 100%	37 100%

\* Rate of male employees taking parental leave: Number of male employees taking parental leave divided by the number of male employees whose spouse has given birth. Our target is for a utilization rate of at least 50% for parental leave by male employees by 2025, and for them to take an average of five days or more.

### Building a good work environment for parental leave takers

As part of its efforts to provide pleasant workplace environments, Yakult Honsha organizes round-table meetings for parental leave takers prior to return to their workplaces. At the meetings we provide diverse kinds of information and support them so that they can return to their workplaces with peace of mind and subsequently maintain a good balance between work and childcare. The meetings serve as a platform for the Human Resources Department to provide information and to exchange ideas with employees who have already achieved a good work-childcare balance. Encouraging a smooth return to work for participants helps realize an efficient way of working in their limited time, and a dynamic work environment. Further, because ensuring the understanding and cooperation of coworkers is essential for providing a supportive environment for those returning to work, related training sessions have been conducted for supervisors of returning employees.



Participants in a round-table meeting

### Nursing care support system

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

# Human resources development

## Fundamental philosophy

We conduct our business based on our corporate philosophy of “We contribute to the health and happiness of people around the world through pursuit of excellence in life science in general and our research and experience in microorganisms in particular” which is based on Shirota-ism, the root of our business. People are the driving force behind the sustainable growth of a company, so we see our employees as an irreplaceable asset.

Based on this idea, we develop our human resources through a combination of evaluation and feedback through the personnel system and job-level-specific support for global human resources development, based around on-the-job training in the workplace.

### 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, and visit business sites to take part in programs that are being implemented.
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.

## Educational programs to encourage employee growth

We provide all employees with educational opportunities that promote their growth and are tailored to their respective job levels, including through group-based training sessions and correspondence courses, allowing them to take up and put into practice Yakult’s founding spirit, thereby contributing to the continual dynamism of the corporation and its improved performance. We have a five-job-level system established for employees, with defined roles for each assigned job level. We conduct training for employees which allows them to develop the capabilities to fulfill the roles expected of them.

We also offer theme-specific group training, correspondence

courses, and e-learning programs that enable them to voluntarily pursue further capacity development.

Additionally, we offer incentive payment systems for employees to acquire official skills certifications, as well as subsidies for attending external training courses.

**Related information** p. 49 Career design training for women

### Hours of training time and cost per person (Yakult Honsha)

Fiscal Year	2016	2017	2018	2019
Training time (hours)	15.09	13.88	12.21	13.99
Training costs (yen)	22,560	18,702	19,035	21,274

### Training programs overview chart (Yakult Honsha, fiscal 2019)

	Job-level-specific training	Fostering global human resources	Promoting women’s workplace advancement	Correspondence course training, etc.
General Managers	Training for General Managers			Correspondence courses E-learning courses Incentives for acquisition of certifications / Business magazine subscriptions External training courses
Managers				
Assistant Managers	Pre-promotion training for Managers		Career design training for women	
Senior Staff	Pre-promotion training for Assistant Managers	Global Internship		
General Staff	Pre-promotion training for Senior Staff			
		follow-up training		
	New employee training			

## Fostering global human resources

We place special priority on fostering personnel who can excel in our growing international business and other global capacities. Our global internship system provides work experience at overseas offices to help employees deepen their understanding of the Group’s international business, and to foster a global company culture.

In fiscal 2019 this system was used by 42 employees, who completed internships in Indonesia, Singapore, Mexico, and Vietnam.



Sales office at Yakult Vietnam

## Career design support

For employees at the age of 55, we offer a Life Plan Seminar that provides an opportunity to consider work styles and motivations in life, while also promoting understanding of the continuous employment system, to help them enjoy a fulfilling life after retirement age.

# Occupational safety and health

## Reducing occupational accidents

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

### Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019	Whole industry average*3
Work accident frequency rate*1	0.87	0.35	0.53	1.05	1.38	1.83
Work accident severity rate*2	0.0059	0.0081	0.0219	0.0109	0.0136	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 (2019)

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

We conduct safety and health inspection tours at each of our plants and actively respond to any findings for improvement.

As examples of improvements to address problems identified by these tours, we have recently installed measures to stop shelving tipping over in case of an earthquake, and added spot-type air conditioning units to keep workers comfortable in production areas which tend to get hot, as well as lift assist equipment in areas where heavy loads are transported by hand.

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

### Safety and health education at plants

To improve safety and health awareness, we conduct training sessions at each plant, utilizing external agencies and internal and external lecturers. This includes safety education for work involving hydrogen sulfide and oxygen deficiency risk and handling of hazardous materials, and training on risk assessment.

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

Additionally, as many employees commute by car, we hold courses on traffic safety to raise awareness of safe driving while commuting as members of local communities.

### Equipment to reduce workload and prevent workplace injury

Plant equipment is washed automatically at the end of production, but to prepare for this, detergent previously needed to be transported and inserted by workers. Out of concern that falls or chemical splashback may result in workplace injuries, we introduced automatic supply equipment for detergent.

Following on from last year, we continue to introduce equipment that reduces workload and improves safety, enabling all employees to perform their duties easily regardless of age or gender. This includes lift assist equipment for transporting heavy loads and floor cleaning equipment, as well as air conditioning in production workplaces.



Aluminum foil transportation trolley introduced to reduce workload

### Initiatives outside Japan

#### ● Improving the factory working environment using the 5S method: Yakult (Malaysia) Sdn. Bhd.

Yakult Malaysia sets two targets every year, and each group undertakes activities using the 5S method of workplace organization (sort, set in order, shine, standardize and sustain). The themes, plan, and progress are shared on display boards.



5S progress are shared on display boards

#### ● Periodic inspection tours and safety self-inspections: Yakult (China) Corporation

Regular inspection tours are conducted to confirm occupational safety of workers. These tours check for defects in the production safety management system and look for risks of potential accidents or occupational health risks. In fiscal 2019, 41 risks (including minor risks) were identified at the Shanghai Plant, 41 at the Tianjin Plant, and 26 at the Wuxi Plant, of which were addressed appropriately. Self-inspections are also performed for production safety at each factory.



Electrical safety self-inspection at the Shanghai Plant

### Measures taken for sales activities

To raise awareness of safe driving, we periodically conduct in-house information sessions as well as trainings at driving school sites for medical representatives who use corporate vehicles. In order to help prevent rear-end accidents we actively introduce vehicles equipped with automatic brake assist systems.

## V Human Rights

# Respect for human rights

### Our Approach

The Yakult Ethical Principles and Code of Conduct clearly state that “we maintain a working environment where there is no discrimination based on such grounds as race, religion, creed, nationality, ethnicity, origin, educational background, age, gender, gender identity, sexual orientation, disability, and health status, and also respect the personality and human rights of all individuals in all aspects of corporate activity.”

We regard each of our employees as a full member of society, and as an individual deserving of respect in conducting our operations.



#### Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (6. Respect for Personality and Human Rights)

#### Structures / Systems

- Employee consultation desk

### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Periodically run human rights awareness training	<ul style="list-style-type: none"> <li>• Human rights awareness training: Part of training for new employees. <b>1 session, 117 participants</b> (50-minute training session)</li> <li>Diversity training for newly appointed managers. <b>3 sessions, 70 participants</b> (60-minute training session)</li> <li>• Confirmed that <b>overseas offices have created their own Ethical Principles</b></li> </ul>
2. Run anti-harassment workshops	<ul style="list-style-type: none"> <li>• Compliance training: <b>23 sessions</b></li> <li>• Published a <b>compliance newsletter on the topic of preventing harassment</b></li> </ul>

### Fiscal 2019 legal compliance

In fiscal 2019, there were no major violations of laws or internal regulations related to human rights.

### Policy / Basic approach

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

As well as complying with the laws of each country and region, the Yakult Group complies with international human rights principles, including the Universal Declaration of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, upholding human rights in our business activities. We reject child labor and forced labor, respect basic human rights, and take working environments, health and safety into consideration in all our operations.

The Yakult Ethical Principles and Code of Conduct state zero tolerance for any type of discrimination or harassment based on such grounds as race, religion, creed, nationality, ethnicity,

origin, educational background, age, gender, gender identity, sexual orientation, disability, health, or differences in occupation and employment status.

We comply with the laws of each country and region and engage in responsible working practices, including proper management of working hours and paying reasonable wages that meet or exceed statutory minimum levels. We are also working to prevent overworking and reduce overtime to protect and improve the health of our workers.

Regarding human rights in the supply chain, we have established the Yakult Group Supplier CSR Guidelines, requiring all our suppliers to understand and cooperate with our policy of respecting human rights, including prohibiting the use of forced labor and child labor.

**Related information** p. 59 Promoting sustainable procurement



## Protecting employees' human rights and raising awareness

### Employee consultation desk

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

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

### Training on human rights

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

In fiscal 2019, we held nine workshops for compliance personnel and eight workshops for Group workers to raise awareness and basic knowledge of workplace harassment.

## Preventing harassment

The Yakult Ethical Principles and Code of Conduct state zero tolerance for harassment. All types of harassment, including power harassment and sexual harassment, can directly affect the victim's physical and mental health, as well as reducing workers' motivation, disturbing order in the workplace, and worsening the working environment. There is also a risk of direct or indirect damage from lawsuits and damage to the company's image, so we are doing all we can to prevent harassment.

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

At Yakult Honsha, we run level-specific compliance training according to employees' roles and responsibilities, to prevent harassment and bullying in the workplace. Particularly for managers, we run training sessions based on legal cases related to bullying and harassment, encouraging them to take appropriate measures as managers in the workplace.

We have designated compliance personnel within each

department, business site and Group company to act as points of contact for matters relating to non-compliance, including harassment.

We publish a quarterly compliance newsletter to raise awareness, which focused on the theme of power harassment in fiscal 2019.

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

**Related information** p. 56 Compliance promotion system  
p. 59 Promoting sustainable procurement

### Sexual Harassment Prevention Committee: Yakult Danone India Pvt. Ltd.

Based on Indian government regulations, Yakult India has set up a Sexual Harassment Prevention Committee made up of company executives and external lawyers. In fiscal 2019, the seven members of the committee held two regular meetings to promote improvement of the working environment.

## Respecting human rights and cultural diversity around the world

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

### Eradicating child labor: Yakult Myanmar Co., Ltd.

Child labor is still a major issue in Myanmar. In accordance with the law, Yakult Myanmar does not employ under-18s, even if they apply for work themselves. When new employees join the company, their National Registration Cards (NRC) are checked to confirm their age.

### Reduced working hours during Ramadan: Yakult Middle East FZCO

In the United Arab Emirates (UAE), the government requires companies to reduce working hours for Muslims during the month of Ramadan. Based on this, Yakult Middle East FZCO has reduced working time by two hours for Muslim employees and by one hour for other employees. Non-Muslim employees have deepened their respect and understanding of local culture and customs by trying their hand at fasting.

**Free Yakult products for Ramadan event: Yakult (Malaysia) Sdn. Bhd.**

Many different faiths are practiced in Malaysia, including Islam, Buddhism, and Hinduism. Yakult Malaysia respects the culture and customs of the followers of each religion.

In May 2019, free Yakult products were provided to a large-scale event for Iftar (the meal eaten by Muslims after sunset during Ramadan). Around 500 people took part, and this provided an opportunity to let them know about the benefits of Yakult products during Ramadan, a time when nutritional balance tends to be lost.



People drinking Yakult at an Iftar event

**Halal awareness training: Yakult (Thailand) Co., Ltd.**

The Muslim population in Thailand is not that large as it is a Buddhist country, but the company has acquired Thailand halal food certification, which has a high degree of credibility worldwide. Yakult products produced under stringently controlled conditions in compliance with this certification are highly trusted by Muslim consumers and are growing in popularity.

To promote greater awareness about halal, instructors from the Thailand Halal Assembly, an external organization, continuously provide halal training for all employees at the Bangkok and Ayutthaya Plants. Participants learn about the culture and history of Islam, as well as the basics of halal food.

**Compliance and respect for human rights in employment interviews: Yakult U.S.A. Inc.**

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

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

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

**Response to Modern Slavery legislation**

**UK Modern Slavery Act: Yakult UK Ltd.**

The UK’s Modern Slavery Act is a law to prevent human rights violations in business. Companies with an annual turnover of over 36 million pounds must report annually on measures to prevent forced labor in their operations and supply chains.

Yakult UK publishes a statement on its website in accordance with the Act, and has conducted internal risk assessments based on the statement since fiscal 2017.

The company checks that business partners who are subject to this law (e.g., logistics companies) have published statements, and requires signed statements from them. Business partners who are not subject to this law are made aware of Yakult’s efforts and required to sign Yakult UK’s statement.

In the future, the company will consider incorporating elements of this law into its ISO 9001 supplier audit.

**WEB** Yakult UK Statement on the Modern Slavery Act  
[https://www.yakult.co.uk/files/7015/8946/1975/Modern\\_Slavery\\_Act\\_2015\\_Update\\_25th\\_January\\_2020.pdf](https://www.yakult.co.uk/files/7015/8946/1975/Modern_Slavery_Act_2015_Update_25th_January_2020.pdf)

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

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

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

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

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

## VI Fair Operating Practices

# Ensuring fairness in our business

### Our Approach

The Yakult Group places a high priority on compliance and works on initiatives together with Group companies, with the understanding that actively promoting compliance is the basis of our business. Under the Yakult Group CSR Procurement Policy, we will continue increasing social sustainability throughout the supply chain by taking the impacts on the environment and society into consideration and reducing the risks.



#### Initiatives for business compliance: → P.56

##### Structures / Systems

- Compliance Committee
- Corporate Ethics Committee
- Internal reporting system
- Code of Practice of Yakult Honsha Pharmaceutical Business Division

#### Ensuring fair and sound transactions: → P.58

#### Promoting sustainable procurement: → P.59

##### Policies / Guidelines / Targets

- CSR Procurement Policy
- Supplier CSR Guidelines
- Yakult Basic Policy on Green Procurement

**Policies / Guidelines / Targets** • Yakult Ethical Principles and Code of Conduct (2. Compliance with Social Norms, 5. Resolute Stand against Antisocial Forces)

### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Ensure complete adherence to compliance	<ul style="list-style-type: none"> <li>• <b>Maintained and improved sound business relationships</b> in compliance with the basic transaction agreement between Yakult Honsha and marketing companies</li> <li>• Carried out group training using the <b>Compliance Guidebook</b></li> <li>• Carried out periodic <b>Code of Practice training</b> for medical representatives</li> <li>• Introduced <b>anti-bribery regulations</b> at overseas business sites</li> </ul>
2. Implement CSR procurement	<ul style="list-style-type: none"> <li>• Conducted <b>the first CSR procurement survey</b> of 102 business partners</li> <li>• Formulated the <b>Supplier CSR Guidelines</b></li> </ul>

#### Fiscal 2019 legal compliance

In fiscal 2019, there were no violations of laws or internal regulations relating to bribery, unfair competition or anti-monopoly laws. There were also no incidence of corruption, nor cases of fines or penalties paid.

## Initiatives for business compliance

### Compliance promotion system

#### Compliance Committee

Our Compliance Committee, established in 2000, is composed of independent outside experts. This 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 overall corporate activities from the

perspective of compliance, as well as practical advice regarding the theme of each meeting. In fiscal 2019, this committee met to discuss the status of compliance in the accounting, finance and advertising divisions in September, as well as in the Home Delivery Sales Department and Marketing Company Modernization Promotion Department in February.



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**Corporate Ethics Committee**

Our Corporate Ethics Committee, established in 2002, is primarily composed of independent outside experts. This committee convenes regularly for checking on the implementation status of our corporate ethics activities (such as refusing to engage with organized crime groups). Through oversight by committee members, we work on ensuring our sound management. In fiscal 2019, this committee held a meeting in November.

**Compliance Promotion Team and compliance personnel**

As the contact points for compliance-related initiatives, we created the Compliance Promotion Team, which is made up of

personnel from four departments (the Legal, General Affairs, Human Resources and Auditing Departments). We have also designated compliance personnel within each department, business site and Group company and given them responsibility for checking to ensure that business operations and actions are compliant with regulations and internal standards. When specific concerns arise, compliance personnel make the required responses in communication with the relevant department or business site.

To further promote compliance in each department, business site and Group company, we hold an annual meeting with compliance personnel to provide and share important information on compliance activities.

**Internal reporting system**

We set up the Yakult Compliance Hotline in 2006 as an internal reporting system for quickly discovering and correcting any violations of laws during the execution of business. The system is intended for directors and employees (including contract employees and part-time workers) at Yakult Honsha, Group companies and associations. We have established internal and external (consulting law office) contacts to operate the hotline, and have ensured the protection of whistleblowers through Internal Reporting Regulations that assure the confidentiality of reported information and prohibit the adverse treatment of whistleblowers.

Upon receipt of an internal report, the Compliance Promotion Team investigates the facts, and if the Team determines that there is an issue, the respondent and their superiors are ordered to correct it and take measures to prevent recurrence.

Employees are informed about this system during training for new employees and level-specific training. We also gather feedback from workers by regularly conducting compliance surveys.

We have also established internal reporting systems at some overseas Group companies, including Yakult (China) Corporation and Yakult S.A. de C.V. (Mexico). At Yakult Mexico, reports are accepted from both inside and outside the company, and can be filed by email from their website.

**Use of internal reporting system in the last three years (Yakult Honsha)**

Fiscal year	2017	2018	2019
Number of uses	6	3	3

**Compliance awareness activities**

Through various activities including compliance training and distribution of a Compliance Guidebook, we are working to raise compliance awareness.

**Compliance awareness activities**

Compliance training	We regularly organize level-specific compliance training programs for groups of employees from directors and managers to newly hired employees, such as legal workshops for directors (including the President). In fiscal 2019, compliance training was also held at plants and marketing companies, with a total of 32 sessions conducted within the Group. In addition, we took up anti-corruption practices, established anti-bribery guidelines and promoted the development of regulations at a meeting attended by management representatives of overseas offices.
Compliance education materials	We distribute the Group-wide Compliance Guidebook which covers compliance fundamentals to directors and employees. We also publish a quarterly compliance newsletter to boost awareness. In fiscal 2019, we focused on raising awareness of power harassment in particular. In April 2019, we created a new Compliance Manual for the Japanese Act against Unjustifiable Premiums and Misleading Representations to help increase knowledge of the Act. We also distribute educational materials to raise awareness on refusing to engage with organized crime groups to all Group companies.
Compliance Month	In fiscal 2019, we designated February as Compliance Month and conducted various activities to raise compliance awareness among Group employees. Specifically, the workers themselves set action targets on how to prevent power harassment and intensively worked on power harassment prevention activities for a month.
Compliance surveys	We implement a compliance survey once every three years. In the latest survey in August 2017 we received 9,763 responses from directors and workers (including contract employees, temporary staff, and part-time workers) of Yakult Honsha and 48 Group companies in Japan. The results of this survey were reported to the directors including the President, and to representatives of the Group companies. We have also analyzed the survey results and are using this in planning our compliance program.

## Protection of intellectual property

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

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

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

In recent years, we have been building up our monitoring system in collaboration with outside experts particularly for imitation products, which are rapidly increasing overseas.

We also conduct employee training on intellectual property to cultivate awareness and respect for the intellectual property rights of third parties.

## Compliance within the pharmaceutical business

We actively participate in compliance promotion activities of the Japan Pharmaceutical Manufacturers Association (JPMA) and others. We created the Yakult Honsha Pharmaceutical Business Division Code of Practice as a concrete code of conduct to promote ethically sound and transparent business practices between our directors and employees in the Pharmaceutical Business Division and researchers, medical professionals and patient organizations. As part of this initiative, we publish information about our funding to medical institutions according to the guidelines set by JPMA.

Following the implementation of the Guidelines for Activities Providing Sales Information on Prescription Drugs established by the Ministry of Health, Labour and Welfare, we set up a Sales Information Activities Supervisory Division in 2019 to check the

appropriateness of promotional activities and prevent improper ones. We also set up a review and supervisory committee that includes outside experts to check on the status of activities and provide concrete advice for promoting compliance, with the aim of ensuring that the Sales Information Activities Supervisory Division carries out its tasks properly. In fiscal 2019, the committee met in July, October and February.

For employees involved in promotional activities, we regularly provide group trainings and e-learning to promote compliance with relevant laws, legal notices, fair competition codes and other regulations during promotional activities.

**WEB** Initiatives for transparency in our business activities and relationships with medical institutions:  
<https://www.yakult.co.jp/company/transparency.html> (Japanese)

## Prohibition of illegal political contributions

When making political contributions as part of our corporate activities, we comply with the relevant laws and regulations such as the Political Funds Control Act, and undergo the proper approval process before contributing. Our expenditure on political contributions in fiscal 2019 was 3 million yen.

# Ensuring fair and sound transactions

## Fundamental philosophy

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

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

and mutually agreeing upon the roles and responsibilities that shall be fulfilled by Yakult Honsha and the marketing companies, we execute business activities based on a contract.

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

\* As of March 2020

### Compliance with the Subcontract Act

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

### Mutual prosperity with marketing companies

The Yakult Group has 102 marketing companies,\* and they play a key role in our point of contact with customers. After confirming

## Transparency in taxation

### Compliance with tax laws and fairness

In accordance with the Yakult Ethical Principles which stipulates "compliance with social norms," we comply with tax-related laws and regulations, as well as international rules, in all the countries and regions where we operate, and pay the appropriate taxes befitting our business conditions. We recognize that this plays an important role in the sound economic and social development of each country and region.

In fiscal 2019, our corporate taxes were 14.6 billion yen against a Group net sales of 406 billion yen.

The Yakult Group attaches great importance to contributing to the improvement of our corporate value through business practices. To that end, we comply with the corporate tax laws of all countries and regions in which we do business, as well as observe various related laws and regulations, and respect the spirit of the law. From the standpoint of fairness, we do not

carry out transactions or activities that are not associated with our actual business for the purpose of receiving tax incentives, and we do not use tax havens for the purpose of tax avoidance. To further ensure legal compliance, we actively gather information on the relevant laws and regulations in Japan and overseas that are necessary for our corporate activities on a regular basis, and make sure to keep fully informed by holding education and training sessions within the company.

### Tax payment report to the Board of Directors

The Yakult Group's tax payments are periodically reported to the Board of Directors by the principal accounting officer. In addition, we established a system that enables the principal accounting officer to report, and then receive instructions on significant tax payments from the Board of Directors.

## Promoting sustainable procurement

### Yakult Group CSR Procurement Policy

Under the Yakult Group CSR Procurement Policy, the Yakult Group recognizes the importance of sustainable procurement that takes into consideration issues such as human rights, labor, the environment and anti-corruption, and promotes sustainable procurement throughout the supply chain in collaboration with our business partners.

Promoting sustainable procurement has been designated as a key theme of the Yakult CSR Action Plan, with the aim of contributing to the responsible production and sale of products that improve health and the creation of a sustainable society.

### Yakult Group's vision for sustainable procurement

<p><b>Corporate Slogan</b>          In order for people to be healthy, everything around them must also be healthy.</p>	<p><b>Corporate Philosophy</b>          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.</p>	<p><b>Three key areas of CSR</b></p> <ul style="list-style-type: none"> <li>• Health</li> <li>• Local Communities</li> <li>• The Environment</li> </ul>
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<p><b>Basic policy on sustainable procurement</b></p>	<p><b>Yakult Group CSR Procurement Policy (Established in March, 2018)</b></p> <p>Recognizing the importance of sustainable procurement that takes into consideration issues such as human rights, labor, the environment, and anti-corruption, the Yakult Group will promote sustainable procurement throughout the supply chain, in cooperation with our business partners.</p>
<p><b>1 Respect regulatory compliance and international codes of conduct</b>          We will comply with national and local laws and regulations, respect international codes of conduct, and promote fair and equitable procurement activities.</p>	<p><b>4 Consider the global environment</b>          We will promote procurement activities that comply with the Yakult Basic Policy on the Environment and take into consideration the global environment.</p>
<p><b>2 Consider human rights, labor, safety and health</b>          We will prohibit the use of child labor and forced labor, respect fundamental human rights, and promote procurement activities that take into consideration the work environment, safety and health.</p>	<p><b>5 Maintain information security</b>          We will strictly control confidential information on procurement transactions and use it only for legitimate purposes.</p>
<p><b>3 Ensure safety and quality</b>          We will promote procurement activities, giving attention to cost and stable supplies, and aim to ensure high quality and safety.</p>	<p><b>6 Coexist with society</b>          We will promote procurement activities that take into consideration social contributions towards coexistence with society.</p>

<p><b>Request to our suppliers</b></p>	<p><b>Yakult Group Supplier CSR Guidelines</b></p> <p>We will increase social sustainability throughout the supply chain by taking the impacts on the environment and society into consideration and reducing the risks.</p>
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## Supplier communication

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

For our major business partners, such as raw material suppliers and manufacturing subcontractors, we explained the policy and conducted a survey in order to promote

understanding and implement the policy. In March 2019, we held a general briefing session on the Yakult Group CSR Procurement Policy for all our production subcontractors (19 companies) to ask for their understanding and cooperation. We share social issues and specific cases related to human rights, labor, the environment and anti-corruption. We also share our ongoing efforts to promote sustainable procurement that increases social sustainability throughout the supply chain, in order to consider the impact on society and the environment and reduce the risks.

## Supplier CSR Guidelines

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

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

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

**WEB** Yakult Group Supplier CSR Guidelines  
[https://www.yakult.co.jp/english/csr/operation/supplier\\_csr\\_guidelines.pdf](https://www.yakult.co.jp/english/csr/operation/supplier_csr_guidelines.pdf)

### Requests to our business partners (summary)

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

## Raising sustainable procurement awareness within the company

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

In fiscal 2018, we invited external lecturers to speak on how to better conduct sustainable procurement activities based on the policy. A total of seven study sessions promoting sustainable procurement were held mainly for department and section managers involved in procurement, with a total of 35 employees given awareness training and education on sustainable procurement policies and supply chain management. In fiscal 2019, we held a sustainable procurement promotion meeting for a similar group of employees to promote the planning and implementation of various types of measures for sustainable supply chain management.



Sustainable procurement promotion meeting

We educate personnel in charge of procurement within the Group on the subcontracting law, laws related to contracts, and various regulations for conducting fair transactions.

In fiscal 2019, we held a briefing session for personnel working in procurement who are in charge of requesting for survey responses and demanding corrections from business partners when conducting supplier risk assessment. The session included discussions on social issues related to human rights, labor, the environment and anti-corruption along with specific cases, as well as explanations on business partners briefings for addressing issues, SAQ, the importance of auditing, and the relationship between business practices and the SDGs, all of which helped promote understanding of the need for responsible procurement activities for the 22 participants.

## Green procurement

We engage in procurement based on the Yakult Basic Policy on Green Procurement.

**Related information** p. 41 Green procurement

## Evaluation of business partners and collaboration

Based on our CSR Procurement Policy, we carry out supplier risk assessments through a CSR procurement survey in order to identify high-risk suppliers on issues such as the environment, human rights, occupational safety and health, and anti-corruption. The survey of 104 business partners, which account for the top 90% of our total procurement cost related to manufacturing, was carried out in June 2020.

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

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

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

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

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

### CSR procurement survey (June 2020)

Target: In principle, primary business partners of Yakult Honsha's dairy products, soft drinks, cosmetics and pharmaceutical divisions  
Number of responses: 104 companies (100% response rate)

Item	Number of questions	Main questions (examples)	Average score*	Percentage of responses (%)			
				Level 3: Responded with "action being taken"	Level 2: Responded with "under consideration"	Level 1: Responded with "no action being taken"	No response
1. Corporate governance related to CSR	6	Have you set a vision, long-term goals, key areas, etc. for CSR in general?	92%	79.3	18.8	1.9	0.0
2. Human rights	4	Have you had any human rights issues in the last year, such as harassment, discrimination, or labor issues on foreign technical trainees?	94%	84.9	13.5	1.7	0.0
3. Labor practices	11	Are you taking action for fair application of working hours, holidays, paid leave, etc.?	98%	94.8	4.8	0.4	0.0
4. Environment	9	Are you taking action to reduce CO <sub>2</sub> and other greenhouse gas emissions, and use energy efficiently?	96%	87.9	7.1	3.1	1.9
5. Fair business	11	Are there regulations or are you taking action to build proper relationships with local authorities and government officials in Japan and overseas in carrying out business activities (e.g., prohibition of bribery)?	96%	85.8	9.5	1.2	3.5
6. Quality and safety	5	Do you have your own company policy and implementation system in line with our policies and guidelines on quality and safety of products and services?	99%	97.1	1.3	0.6	1.0
7. Information security	6	Do you have a mechanism or are you taking action related to personal data and privacy protection?	97%	92.8	6.4	0.8	0.0
8. Supply chain	4	Are you taking action to promote CSR activities in the supply chain, such as field surveys of business partners?	94%	82.2	14.7	2.2	1.0
9. Coexisting with the local community	2	Are you taking action to reduce social and environmental impact due to the production process or products and services?	96%	89.4	8.2	2.4	0.0
<b>Total</b>	<b>58</b>		<b>96%</b>	<b>89.1</b>	<b>8.9</b>	<b>1.5</b>	<b>0.5</b>

\* Score for each item calculated based on a score of 3 points if action is being taken; 2 points if action is not being taken but is planned; and 1 point if no action is being taken  
Note: Additional questions also asked to confirm details, depending on the content of the response

### Number of business partners by score

Score	Number of companies
90% or higher	87
80% - below 90%	12
70% - below 80%	2
Below 70%	0
Incomplete response	3
<b>Total</b>	<b>104</b>

### Call for signing an anti-corruption declaration: P.T. Yakult Indonesia Persada

In January 2019, Yakult Indonesia called on its suppliers to sign an anti-corruption declaration that mainly states their commitment to fight bribery, which was signed by all the suppliers. In the future, Yakult Indonesia will continue to prevent corruption and ask new suppliers to submit this declaration along with their company information.

# Promoting transparent management

### Our Approach

We 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.

**Corporate governance:**  **P.63**

**Structures / Systems** • Corporate governance framework

#### Policies / Guidelines / Targets

- Yakult Ethical Principles and Code of Conduct (2. Compliance with Social Norms, 3. Transparent Management, 5. Resolute Stand against Antisocial Forces)
- Risk Management Rules • Production Division Business Continuity Plan
- Raw Material Procurement Risk Management Manual • Information security rules



**WEB** For details, see Corporate governance Report:  
<https://www.yakult.co.jp/company/ir/management/governance/pdf/governance.pdf> (Japanese)

### Fiscal 2019 Targets and Achievements

Target	Achievement
1. Deepen understanding of our founder's philosophy (Shirota-ism)	• Held <b>Shirota-ism workshops</b> in and outside Japan during group training sessions and training for new employees
2. Strengthen support of the Corporate Governance Code	• Held various management meetings regularly (Board of Directors: <b>7 times</b> , Executive Officers Committee: <b>26 times</b> , etc.) • Held discussions prior to important meetings ( <b>2 times</b> )
3. Promote disclosure of information to stakeholders (e.g., shareholders)	• <b>Continued to appropriately disclose information</b> using convocation notices with a revised format to be easily understood • <b>Disclosed information on CSR activities</b> in our CSR Report and CSR Communication Book, and <b>enhanced ESG information</b>
4. Enhance understanding of the Yakult Ethical Principles and Code of Conduct	• <b>Explained the Yakult Ethical Principles and Code of Conduct</b> at each business site and Group company during compliance training and level-specific training • Revised the Yakult Ethical Principles and Code of Conduct (revised on April 2020) • <b>Supported offices in creating their own Ethical Principles</b> by sharing information on <b>being considerate of the laws, customs and religions</b> of each country and region, and preventing harassment
5. Ensure complete adherence to compliance	• Distributed educational materials, including a <b>Compliance Guidebook</b> , to encourage deeper understanding • <b>Held meetings for personnel in charge of compliance</b> in each region at Yakult Honsha in August and Group companies from September (8 meetings in total) to provide legal information and training from outside lecturers, and to share information between personnel • <b>Held Compliance Month</b> on the theme of power harassment in February 2020 for all Group workers • Continued to operate the <b>Compliance Hotline</b> to quickly discover and correct any violations of law • <b>Performed continuous auditing</b> to ensure sound compliance at offices outside Japan 1. J-SOX audit: Mexico (Aug.) 2. Business audit: Shanghai, China (Sept.), India (Oct.) 3. Audit by Audit & Supervisory Board Members, external audit: Guangzhou (Feb.), Mexico (March) 4. Accounting audit: each business site, 1-4 times per year (performed by local auditors under the guidance of an external auditor) • <b>Published vol. 11-15 of compliance newsletters</b> at overseas business sites to raise awareness of compliance

#### Fiscal 2019 legal compliance

In fiscal 2019 there were no major violations of laws or internal regulations relating to governance.

# Corporate governance

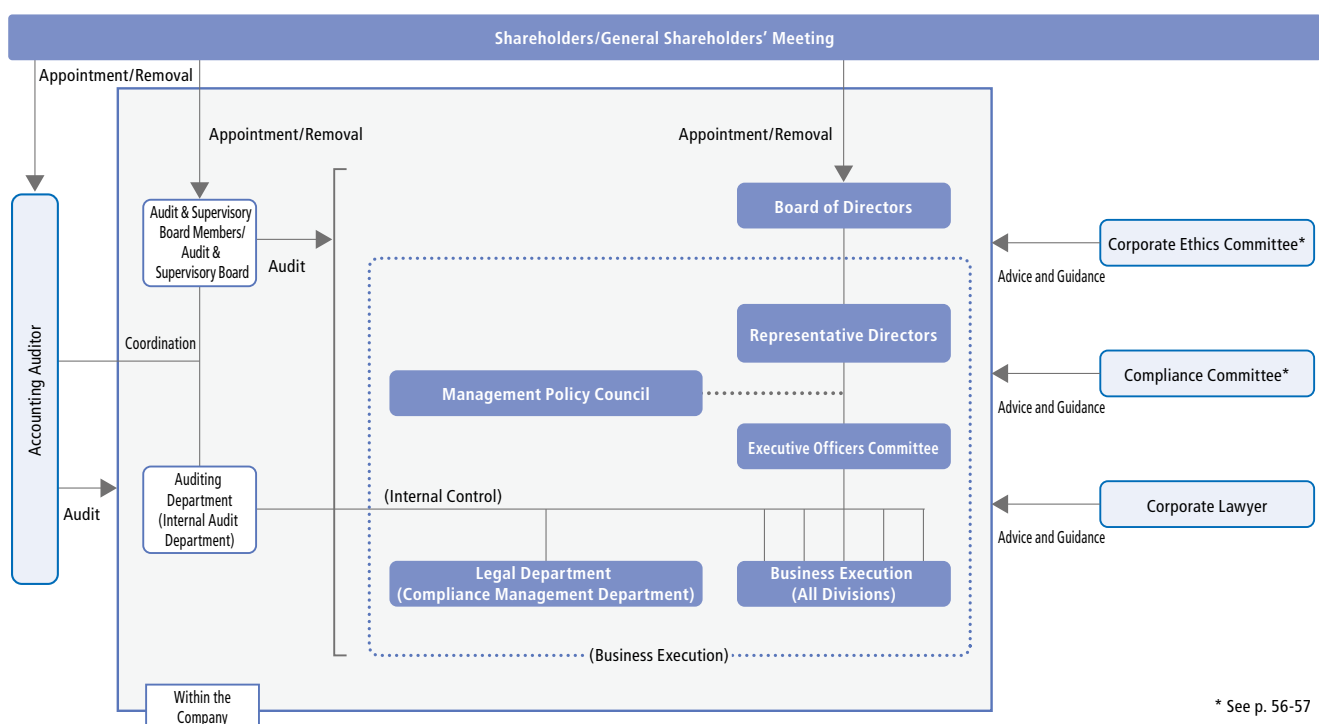
## Governance structure

Since its introduction in 2011, our executive officer system 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 Audit & Supervisory Board Members, and the Executive Officers Committee, which includes Executive Officers and Audit & Supervisory Board Members.

The Board of Directors is composed of 15 Directors (including five Outside Directors, one of whom is a female director), and the Audit & Supervisory Board is composed of five members (including three outside auditors, one of whom is a female auditor).\* Every year we evaluate the effectiveness of the Board of Directors by conducting a survey of Directors and Auditors. We have also put systems into place allowing active and full discussions within the Board of Directors by providing information on specific topics and opportunities for discussion, particularly for Outside Directors.

\*As of June 2020

## Corporate governance framework



\* See p. 56-57

## Development of internal control systems

As a corporate group widely trusted by society, we believe it is important to emphasize on enhancing internal control functions for our business management. After reviewing existing internal control systems, we have set our fundamental policies for system improvement. These policies will be revised when appropriate to further strengthen and enhance internal control functions in the face of amendments to laws and changes in internal and external business environments.

**WEB** For details, see Internal Control Systems and Policies:  
<https://www.yakult.co.jp/english/ir/management/governance.html>

## Compliance with Corporate Governance Code

We are actively working to implement each principle specified in the Corporate Governance Code that went into effect in June 2015, and we will continue striving to increase corporate value by improving governance based on the objective of each principle.

**WEB** For details, see the Corporate Governance Report:  
<https://www.yakult.co.jp/company/ir/management/governance/pdf/governance.pdf> (Japanese)

## Outside Directors

Ryuji Yasuda, Masayuki Fukuoka and Naoko Tobe maintain objective standpoints independent from our management team that executes business duties.

Ryuji Yasuda provides opinions regarding the overall management, based on expert knowledge regarding business strategy that he has accumulated over the years in wideranging positions, including those of university professor, consultant and business manager.

Masayuki Fukuoka provides objective views to our management, based on his expert knowledge and experience as a university professor specializing in political science studies.

Naoko Tobe provides opinions to our management from an objective viewpoint, based on her wealth of experience as a lawyer.

Norito Maeda offers advice on enhancing customer service in actual market conditions, based on his long record of managing a Yakult marketing company.

Pascal Yves De Petrini offers pertinent advice from a broad perspective regarding overall management, based on his abundant overseas management experience.

## Auditing entities

### Internal audits

We have set up the Auditing Department as an organization reporting directly to the president to perform accounting audits, operational audits and internal control system audits that also cover affiliated companies in and outside Japan. Under the department general manager, a 13-person staff uses the COSO framework and other references to perform risk-based internal audits covering the entire operations of each internal department and each affiliated company, and provides specific advice and recommendations for improving operations.

Regarding Group companies outside Japan, every fiscal year we select companies and visit them to perform on-site internal audits as in Japan. For internal control system audits, we also perform paper audits to appropriately evaluate the effectiveness of internal control systems for financial reporting.

### Audit & Supervisory Board Member audits

Based on the audit policies and audit plans of the Audit & Supervisory Board, the five Audit & Supervisory Board Members\* audit the operational execution situation of Directors and Executive Officers by attending meetings of the Board of Directors and other important meetings and examining documents related to decision-making and other matters. At the same time, they monitor and verify that appropriate auditing is performed by the accounting auditor. 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.

\* As of June 2020

### External audits

We have appointed Deloitte Touche Tohmatsu to serve as the auditor for accounting and other audits as required by law.

## Remuneration of officers

Because the nature of our business is to contribute to the health and happiness of people around the world, rather than focusing on short-term profits, we believe it is important to create an environment for sustainable growth by continuously promoting Shirota-ism inside and outside the company. As part of this approach, we have adopted a fixed remuneration system, rather than a remuneration system linked to temporary profit fluctuations. We have established a limit of 1,000 million yen per

year for remuneration of Directors. Within this limit, we consider internal and external factors including the duties of each Director, business performance in the relevant fiscal year, workers' salary level and social climate. The amount of remuneration is determined by the Board of Directors after consideration by the Representative Director and the officer in charge of the Administrative Division.

## Environmental and social governance

### CSR Promotion Committee

The CSR Promotion Committee is chaired by a Senior Managing Executive Officer and Director, and is made up of executive officers from each relevant department. The Committee analyzes and deliberates on the details of the CSR Action Plan, promoting initiatives to tackle environmental and social issues, including climate change. Details are reported to the President for guidance. The Board of Directors is consulted about important matters relating to management policy, and issues considered by the committee are also brought up for discussion at the

Executive Officers Committee when necessary.

### CSR training for managers

We hold annual CSR management seminars for executive officers including Directors and Auditors, enabling them to obtain the latest information on environmental and social issues from outside experts to bring a CSR perspective and knowledge to management.

**Related information** p.10 CSR management structure  
 p.11 CSR management seminars

### Risk management system

We have established a Risk Management Committee, comprised of Executive Directors and chaired by a Senior Managing Executive Officer and Director that heads cross-organizational risk auditing and response throughout the Group to prevent risk occurrence.

Management level takes control of risk identification and discusses the various risks as necessary at each meeting (with important matters brought to the Board of Directors and the Management Policy Council, formed of Directors and Auditors) while dealing with them. We then disclose information to shareholders and other stakeholders in our annual securities report.

From fiscal 2020, we have identified 18 risks related to not only weather, climate change, and disasters, but also brand defamation, intellectual property rights, lawsuits, compliance, mergers and acquisitions, financial exchange, information systems, management strategy impact, infectious disease outbreak, ocean plastic, reliance on *Yakult* products, and competitive environment, among others.

The scope of risk evaluation goes beyond direct operation of Yakult to include raw materials, suppliers and consumers that form both our upstream and downstream value chain. Cross-organizational risk auditing and Group response is handled mainly by the General Affairs Department, while each department handles risk management related to its own operations.

### Risk Management Rules

Our top priority is to ensure safety and respect for human life, and we have established our Risk Management Rules accordingly. We have also created individual risk management manuals in case of events such as an earthquake, virus outbreak or product recall. These manuals are updated as necessary to reflect changes or expansions in business, or office moves.

#### ● Safety confirmation system

We have introduced a safety confirmation system to efficiently check the safety of our employees when a disaster occurs. Drills are held annually for all employees to master the system operation and improve awareness.

#### ● Response during major earthquakes

All employees receive personal disaster supplies and are loaned three days' worth of emergency food rations and drinking water in preparation for a major earthquake.

At Yakult Honsha dairy product plants and bottling companies, we are working to set up an earthquake early warning system\* enabling employees to prepare and respond quickly in case of an earthquake.

\* Compared to unspecified warnings sent to large numbers of people (via TV, radio, mobile phones, etc.), this system receives forecast information issued for a specific area, providing information quicker and more accurately.

### Business Continuity Plan (BCP)

#### ● Preserving probiotic strains

At the Yakult Central Institute, in addition to ensuring the safety of our workers, one of our top priorities in an emergency is to preserve the probiotic strains which are key to our dairy products, so we have emergency power supplies which can provide power for around one week.

#### ● Production

Our Production Division has established and applies its own Business Continuity Plan. In accordance with the Cabinet Office's Business Continuity Guidelines, it sets forth policies, precautions, and emergency coordination and response to continue production of our core dairy products in the case of a natural disaster or critical event that would have a direct and sudden adverse effect on our business operations, as well as our policies on support for communities in an emergency.

#### ● Procurement

We have devised a Raw Material Procurement Risk Management Manual that details appropriate immediate actions to take during emergencies to secure the raw materials for our dairy products.

As part of formulating our Business Continuity Plan, in fiscal 2019 we performed simulations of the raw material supply systems for each plant. Specifically, for four main products (*New Yakult*, *New Yakult Calorie Half*, *Yakult 400* and *Yakult 400LT*), we surveyed raw material suppliers to confirm the possibility of substitute delivery to other plants or from other suppliers during an emergency. Based on these results, we ascertained the level of impact on continued production of these four main products in each affected area, determined current problems, and are now investigating solutions. We also revised the current Raw Material Procurement Risk Management Manual to increase its effectiveness.

#### ● Stable pharmaceutical supply

For our pharmaceutical business, in addition to securing at least two months' stock, we have two pharmaceutical distribution centers, one in Eastern Japan and one in Western Japan, to provide a stable supply and diversify risk.

#### ● Adequate storage of logistics management data

In terms of logistics management, we have transferred some of our information system assets to the cloud, and server equipment has been consolidated at a cloud center. This reduces the risk of system downtime in case of a disaster and shortens the response time for hardware failures.

### Information security

To protect information assets from threats, we have established Information Security Rules that define our policy on security measures and the person in charge of information security. The rules stipulate that relevant departments should discuss and quickly implement response measures if our information assets are threatened.

To protect the information assets necessary to execute our business, we have installed security software and equipment to prevent unauthorized access, leaks, falsification, loss and damage. We are striving to improve availability by keeping our servers and data at data centers with excellent seismic isolation, and by performing regular backups.

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

Under management of the COVID-19 General Response Headquarters we have been working to prevent infection throughout the Group and continue business activities. Our top priority is to ensure the safety of our customers and Yakult Group workers and their families in Japan and overseas. In response to requests from the government and communities, we are working to continue doing business to the extent possible in cooperation with local communities.

## Overview of COVID-19 response (February 2020-)

### Yakult Honsha COVID-19 General Response Headquarters (Head: President and Representative Director)

#### Fundamental philosophy (Japan and overseas)

- The safety of Yakult Group workers, their families, and our customers around the world is of top priority
- Based on the demands of national and local governments and the society of each country and region, we comply with laws and work together with local communities to continue operating to the furthest possible extent

#### Japan

- We deliver products to customers safely based on the government's policy on securing the stable supply of food products under a state of emergency

#### Overseas

- Having national and local governments of each country and region recognize our products as necessary goods, we put maximum effort into continuing our operations

### Concrete efforts

#### Employees

##### Groupwide

- Providing face masks, universal mask wearing
- Enforcing hand washing, coughing manners, alcohol-based disinfection, and temperature taking

##### Yakult Honsha

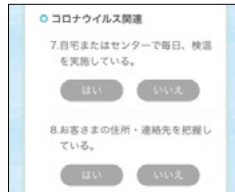
- Promoting working at home (remote work)
- Implementing flextime
- Voluntary restriction on business trips within Japan and overseas travel
- Voluntary restriction on holding meetings, promoting online meetings
- Voluntary restriction on holding various events and social gatherings, revising how these are held

##### Marketing companies

- Aid in the form of hand soap and rubber gloves
- Recommending delivery methods that avoid close contact (delivery using cool boxes, ordering via Yakult Delivery Net with payment by credit card)
- Providing guidelines in case of an infected person within the company

##### Yakult Ladies

- Aid in the form of alcohol-based disinfectant sprays and face masks
- Aid in the form of *Yakult 400LT* samples
- Aid in the form of *Lactdew S.E. Lotion* (prevents skin problems caused by mask wearing)
- Special relief payment
- Providing cooling face masks and sunscreens
- Creating a checklist of COVID-19 measures on the Safety and Security Clinic, a website for Yakult Ladies dedicated to a safe and secure delivery service



Checklist on the Safety and Security Clinic

#### Customers and local communities

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

#### Healthcare and government institutions, etc.

##### Healthcare institutions

- Providing medical masks
- Providing products and relief supplies
- Deepening understanding of Yakult's scientific evidence

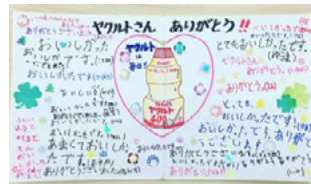
##### Government institutions

- Getting Yakult products recognized as daily necessities (providing scientific evidence, such as joint international research results)
- Donating face masks and protective clothing to local governments and authorities (China)
- Charity support (Shanghai Charity Foundation: 48 million yen)

##### Others

- Providing products to police, immigration bureaus, etc. (outside Japan)

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



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



Installation of a hand-washing stand (Yakult Vietnam Co., Ltd.)



Donating products to healthcare facilities (from left to right): Yakult U.S.A. Inc., Yakult Middle East FZCO, Yakult (Thailand) Co., Ltd.



# Third-Party Opinion



**Mika Takaoka**  
Professor  
College of Business  
Rikkyo University

This report describes the wide range of activities of the Yakult Group in various parts of the world under the 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.” The Group organizes its CSR activities to align with the seven core subjects of ISO 26000, and has in place the Yakult CSR Action Plan and specific action targets for each fiscal year. Reading the report provides a clear view of the relationship between each activity and the ESG and SDGs.

In this report, I especially endorse the following two areas. The first is the new establishment of the Yakult Group Supplier CSR Guidelines in July 2020. As stated in the Top Commitment, Yakult’s partnership with its suppliers is essential to its sustainable growth. Even though Yakult had established the Yakult Group CSR Procurement Policy in 2018, formulating the current guidelines, which require suppliers to consider issues such as human rights, labor, the environment and anti-corruption, makes it possible to implement environmental and social considerations throughout the supply chain, and thereby reduce business risks. Most businesses in modern society operate by forming supply chains. I would like to commend the establishment of a system that fully recognizes this and enhances social sustainability throughout the supply chain.

The second is the progress in disclosure of overseas environmental data. New disclosures for water use, CO<sub>2</sub> emissions, electricity use and energy use at plants in Asia and Oceania, the Americas and Europe have been added. The Yakult

Group is a global corporation with 29 offices overseas that sells products in 40 countries and regions, including Japan. As a business with global operations, conducting dialogues with local stakeholders is essential to fulfilling its social responsibilities in each country and region. This makes data preparation and disclosure necessary. Releasing the overseas environmental data in this year’s report is highly commendable from the perspective of sustainability communication.

For the environment, I would also like to recognize the announcement of the Declaration of Action on Plastic Recycling in January 2019, which states the Group’s commitment to maximum conversion to environmentally friendly containers and packaging by 2030.

In the area of diversity of human resources and work-life balance, steady progress can be seen with the ratio of females in management positions in Japan going up from the previous year to 6.7% and the ratio of male employees taking parental leave reaching nearly 20%. In the near future, organizational diversity and work-life balance will be key issues in promoting business innovation. I look forward to more developments in providing a better working environment in the future.

On the other hand, there are still some remaining issues. While the amount of data disclosed has increased since last year, in light of international standards, some items have yet to be disclosed. More work on disclosure and initiatives is needed to conform with international standards.

This fiscal year is the final year of Phase III (2017-2020) of Yakult Vision 2020 (2011-2020), the Group’s long-term vision. In the next vision, I believe that CSR and ESG should be included as a pillar of the Yakult Group’s strategic goals and directions to pursue in the future. In the next era, tackling ESG issues will be an essential condition for the Group to sustainably develop. This will require going beyond short-term measures towards a sustained and growing commitment in order to gain trust. By designating ESG as one of the pillars of the corporate vision and management plan, and diligently working on relevant issues, the Group will be able to increase its ability to respond to constantly changing demands and frameworks of the international community. I look forward to further development in the Yakult Group’s CSR.

## Response to third-party opinion



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

We deeply appreciate this valuable feedback on our Yakult CSR Report 2020.

We are delighted to receive high evaluations from Prof. Takaoka on our efforts on sustainable procurement, which we have been intensifying since fiscal 2018, as well as our disclosure of environmental information for the whole Group including overseas operations, on which we received suggestions from her last year.

Through her recommendations, we reaffirmed that in order for the Group to continue growing sustainably, it is important to include CSR and ESG perspectives into our management, and address various issues while adapting to the ever-changing social environment. Through analysis, assessment, and management of the risks caused by these changes, we are also confident that even if we face challenges of an unprecedented crisis such as the COVID-19 pandemic, we will be able to carry out our activities that lead to realizing our corporate slogan, “In order for people to be healthy, everything around them must also be healthy,” without losing sight of our Group vision.

The Yakult Group will continue to actively promote CSR activities, with the conviction that these efforts will get the full support of all our stakeholders.

- Overview of Yakult's Operations
- I Consumer Issues
- II Community Involvement and Development
- Business Operations
- Top Commitment
- Shiota-ism
- Research and Development
- Corporate Social Responsibility
- III The Environment
- IV Labour Practices
- V Human Rights
- VI Fair Operating Practices
- Third-Party Opinion
- VII Organizational Governance
- ESG Data

# ESG Data

## External evaluation

### SRI Index

Yakult Honsha is included in the MSCI Japan ESG Select Leaders Index by MSCI Inc., the world's largest provider of environmental, social and governance (ESG) indexes.

### 2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

THE INCLUSION OF Yakult Honsha Co., Ltd. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF Yakult Honsha Co., Ltd. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### Evaluations/certifications



### External awards

Date	Award	Details
May 2019	REVECY selected winner at the 2019 Worldstar Packaging Awards	Design strongly conveys the product message and takes universal design into consideration.
July 2019	Yakult S.A. de C.V. (Mexico) awarded 7th place in the Brand Asset Valuator Ranking, an influential Mexican brand ranking	A ranking of brands launched in Mexico, the company was recognized for aspects such as differentiation and familiarity.
Sept. 2019	Yakult (Malaysia) Sdn. Bhd. awarded Platinum in the Beverage - Dairy category at the Putra Brand Awards 2019	Awarded to premier brands based on surveys of Malaysian consumers, Yakult was lauded for its trustworthiness and other aspects.
Nov. 2019	<i>ikitel set</i> winner of the Packaging Idea Award in the Japan Packaging Contest 2019	Recognized for compact and easily recyclable packaging with clever labeling that is easily understood through universal design.
Nov. 2019	Awarded Brand of the Year (Global Award) for the third consecutive year in the World Branding Awards (WBA) run by the World Branding Forum	Recognized as a global brand, selected by WBA's unique judging method combining brand valuation, consumer market research and public online voting.
Feb. 2020	The Yakult CSR Report 2019 awarded Prize for Excellence in the Environmental Reporting category in the 23rd Environmental Communication Awards	Recognized for sufficient detail of our CSR Policy, key areas and CSR Action Plan, and for summarizing relevance to SDGs and ESG in a comprehensible way.
Feb. 2020	Awarded Prize for Highest Excellence in the Chairman's Awards run by the Saitama City-based Kanto Bureau of Economy, Trade and Industry's Kanto Area Electricity Use Rationalization Committee	Recognized for excellence in reducing CO <sub>2</sub> emissions at the Yakult Central Institute through activities based on the Yakult Environmental Action Plan.



Prize for Highest Excellence ceremony at the Kanto Area Electricity Use Rationalization Committee Chairman's Awards



Putra Brand Awards 2019 ceremony



World Branding Awards ceremony

## Environmental data

### Japanese business site reports

\*1 As of March 2020

\*2 City gas and LPG are the predominantly used fuels.

#### Fukushima Plant

Location: 10-1 Aza Tooki, Kuroiwa, Fukushima-shi, Fukushima, 960-8520  
 Site area: 32,528 m<sup>2</sup>  
 Products\*1: Concentrated Yakult, Sofuhl, Cup de Yakult, Mil-Mil, Mil-Mil S

Our top priority is providing safe and reliable products. Through initiatives such as cleanup activities and plant festivals, we aim to coexist in harmony with the local community. We have also worked to reduce environmental impacts and CO<sub>2</sub> emissions by reducing energy usage.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
164	1,424	7,512	239	4.10	6,669	0.000	2.361

#### Ibaraki Plant

Location: 1232-2 Oaza Kawatsuma, Goka-machi, Sashima-gun, Ibaraki 306-0314  
 Site area: 56,191 m<sup>2</sup>  
 Products\*1: Concentrated Yakult, Mainichi Nomu Yakult, Synbiotics Yakult W

To emphasize the importance of compliance, we have run an initiative where plant workers participated in plant tours as customers. This has provided them an opportunity to view the plant objectively and rethink their own actions, as well as to provide constructive feedback to public relations staff who lead the tours.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
152	900	4,925	176	0.38	4,045	0.000	1.244

#### Fuji Susono Plant / Fuji Susono Pharmaceutical Plant

Location: 653-1 Aza Juzaburo, Shimowada, Susono-shi, Shizuoka 410-1105  
 Site area: 192,738 m<sup>2</sup>  
 Products\*1: Concentrated Yakult, Pretio, Joie, Aloe Yogurt, Daily Iron & Folic Acid Yogurt, quasi-drug products, pharmaceutical products, active pharmaceutical ingredients

We have been involved in initiatives to support the local community and protect the environment, by offering plant tours, sponsoring and supporting local events, and taking part in cleanup activities. We have also endeavored to create a pleasant working environment such as by encouraging employees to take their annual paid leave, and improving all areas employees had apprehensions about.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
452	2,373	16,795	879	0.33	12,490	0.000	1.140

#### Hyogo Miki Plant

Location: 1838-266 Aza Nakao, Toda, Shijimi-cho, Miki-shi, Hyogo 673-0514  
 Site area: 80,874 m<sup>2</sup>  
 Products\*1: Concentrated Yakult, Sofuhl, Mil-Mil, BF-1

We have reduced the large physical burden on operators when transporting product containers and raw materials by installing vacuum lifters to assist in handling heavy loads. This has helped reduced employee workloads, contributing to the creation of comfortable working environments and improving labor practices.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
254	2,709	8,561	264	1.94	8,241	0.000	5.615

#### Saga Plant

Location: 2300 Tamichigari, Kanzaki-machi, Kanzaki-shi, Saga 842-0002  
 Site area: 25,238 m<sup>2</sup>  
 Products\*1: Concentrated Yakult, Mil-Mil S

We have created a more flexible system for plant tours, run activities to improve working environments for employees, and deepened relations with the local community through cleanup activities and plant festivals. We have also run energy-saving activities to lower our environmental impact.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
187	1,028	5,661	171	55.65	4,160	0.000	2.404

#### Shonan Cosmetics Plant

Location: 2-5-10 Kugenumashinmei, Fujisawa-shi, Kanagawa 251-0021  
 Site area: 4,394 m<sup>2</sup>  
 Products\*1: Basic skin-care products including PARABIO and REVECY

We are actively contributing to industrial promotion, tourism, and the local community in Fujisawa City through activities such as participating in the Enoshima beach cleanup, providing products and presenting at the Princess and Prince of the Sea Contest, participating in an annual event to promote the planting of flowers and greenery in Fujisawa City, and providing internships to junior and senior high school students. In total, 85 people took part in our monthly cleanup activities.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
15	37	573	19	11.85	340	0.000	0.023

#### Yakult Central Institute

Location: 5-11 Izumi, Kunitachi-shi, Tokyo 186-8650  
 Site area: 43,412 m<sup>2</sup>  
 \* For main research areas and fields, see p. 8-9.

We are building a strong network with the local community by sponsoring various events run by Kunitachi City, Tokyo, through cleanup activities by staff on the second Thursday of every month, and by concluding an agreement to provide water to the Kunitachi City fire department in emergencies. We have also donated a walkway to Kunitachi City, allowing people to enjoy flowers and greenery through the seasons. In May 2019 we participated in Green Wave 2019, planting fuzenzo cherry trees at nearby Teranoshita Shinsui Park.

Water used (1,000 m <sup>3</sup> )	Fuel used (kl on a crude oil conversion basis) (Scope 1)*2	Electric power used (1,000 kWh) (Scope 2)	Waste generated (t)	BOD (t)	CO <sub>2</sub> (t)	SOx (t)	NOx (t)
70	862	17,573	103	0.169	9,891	0.000	0.276

## Outside Japan business site reports\*1

Regions	Countries and Regions	Plant	Water used (m <sup>3</sup> )	Water usage per production unit (per filled kl)	CO <sub>2</sub> emissions (t)	Electric power used (1,000 kWh)	Electricity usage per production unit (per filled kl)	Fuel used (kl)	Crude oil equivalent of fuel usage per production unit (per filled kl)
Asia and Oceania	Taiwan	Zhongli Plant	171,272	6.847	8,399	9,726	0.389	1,266	0.051
	Hong Kong	Tai Po Plant	63,242	3.356	4,583	5,017	0.266	294	0.016
	Thailand	Bangkok Plant	179,646	5.473	4,927	8,616	0.263	269	0.008
		Ayutthaya Plant	180,331	5.898	5,097	9,531	0.312	142	0.005
	South Korea*2	Pyeongtaek Plant	238,187	4.827	9,996	11,986	0.243	1,098	0.022
		Nonsan Plant Cheonan Plant							
	Philippines	Calamba Plant	537,024	5.734	8,344	10,448	0.112	1,177	0.013
	Singapore	Singapore Plant	34,046	4.955	1,435	2,378	0.346	118	0.017
	Indonesia	Sukabumi Plant	209,740	3.141	11,421	12,207	0.183	801	0.012
		Surabaya Plant	270,574	3.161	16,061	16,325	0.191	1,459	0.017
	Australia	Australia Plant	28,337	4.717	1,801	1,741	0.290	212	0.035
	Malaysia	Malaysia Plant	12,103	1.028	1,093	521	0.044	387	0.033
	Vietnam	Vietnam Plant	84,938	6.536	2,221	3,822	0.294	384	0.030
	India	Sonipat/Rai Plant	57,131	9.892	3,386	2,741	0.475	319	0.055
	Myanmar	Myanmar Plant	16,522	104.301	268	1,231	7.772	56	0.353
	China		Guangzhou Plant 1	187,630	4.873	7,616	9,300	0.242	652
Guangzhou Plant 2			201,378	3.551	11,535	14,004	0.247	972	0.017
Shanghai Plant			115,203	4.211	7,579	7,921	0.290	522	0.019
Tianjin Plant (Including Plant 2)			433,662	5.693	25,809	19,806	0.260	1,843	0.024
Wuxi Plant (Including Plant 2)			366,729	5.180	21,769	21,200	0.299	2,171	0.031
Foshan Plant			135,253	11.202	6,951	7,713	0.639	960	0.080
Americas	Brazil	Lorena Plant	344,359	7.556	5,998	19,129	0.420	2,127	0.047
	Mexico	Ixtapaluca Plant	265,367	3.071	9,318	14,071	0.163	1,108	0.013
		Guadalajara Plant	116,110	3.694	5,806	8,200	0.261	787	0.025
	United States of America	California Plant	117,721	11.339	1,939	3,311	0.319	524	0.050
Europe	The Netherlands	Almere Plant	55,455	3.791	2,220	1,585	0.108	793	0.054
Total			4,421,960	4.826	185,571	222,529	0.243	20,442	0.022

\*1 CO<sub>2</sub> emissions calculated using value from the Japan Electrical Manufacturers' Association, while crude oil equivalent of fuel usage calculated using value from the Energy Conservation Act

\*2 Korea Yakult Co., Ltd. values are estimates calculated based on a proportion of volume filled *Yakult*

### Status of ISO 14001 Environmental Certification (As of September 2020)

	Certified sites	Certification rate
Yakult Honsha plants, bottling companies, and Yakult Central Institute*1 (13 sites in total)	13	100%
Marketing companies in Japan (102 in total)	16*2	15.7%
Plants outside Japan (27 sites in total)*3	5*4	18.5%

\*1 Analytical Science Laboratory III of the Analytical Science Department at Yakult Central Institute acquired the certification

\*2 Includes branches that have acquired the certification

\*3 As of April 2020

\*4 Includes one marketing company

### Substances used by the Yakult Central Institute (Kunitachi City, Tokyo) (Fiscal 2019)

Chemical	Amount handled (kg/year)	Amount released (kg/year)	Amount transferred (kg/year)	PRTR Act	Tokyo Metropolitan Ordinance
Chloroform	410	0	410	○	○
Ethyl acetate	300	15	290		
Hexane	350	7.2	340	○	
Methanol	540	19	520		
Sulfuric acid	210	0	0		

Note 1: Subject to reporting requirements based on the PRTR Act and the Tokyo Metropolitan Ordinance on Environmental Preservation.

Note 2: The chemicals are primarily used as reaction solvents and extraction solvents. Sulfuric acid is used to adjust pH, etc. The figures stated above were reported to the government and Tokyo officials.

## CO<sub>2</sub> emissions and CO<sub>2</sub> emissions per production unit by Yakult Honsha plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2010 (Base year)	2017	2018	2019
CO <sub>2</sub> emissions (fuel-related, Scope 1) (t-CO <sub>2</sub> )	20,311	20,144	19,936	20,198
CO <sub>2</sub> emissions (electric power-related, Scope 2) (t-CO <sub>2</sub> )	32,739	33,190	32,382	32,154
CO <sub>2</sub> emissions per production unit (t-CO <sub>2</sub> / 1,000 items)	0.0155	0.0143	0.0143	0.0146

\* CO<sub>2</sub> emissions per production unit are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

## Trends in energy use per production unit by Yakult Honsha Plants and bottling companies (Scope 1 + Scope 2)

Fiscal year	2010 (Base year)	2017	2018	2019
Crude oil equivalent (fuel-related, Scope 1) (kl)	8,253	9,957	9,850	9,987
Crude oil equivalent (electric power-related, Scope 2) (kl)	19,950	20,088	19,602	19,456
Energy use per production unit (kl / 1,000 items)	0.0082	0.0081	0.0080	0.0082

\* When doing calculations per production unit, crude oil equivalents are calculated using data from bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

## Scope 3 emissions (Fiscal 2019)

Category	Applicable Y/N	Calculation method or reason not applicable	Calculated result (t)
1 Purchased goods and services	Y	Calculated using cost of purchased packaging materials and raw ingredients for Yakult dairy products, pharmaceuticals and cosmetics, purchase price of soft drink, pharmaceutical and cosmetic products, and volume of municipal water use and wastewater.	242,788
2 Capital goods	Y	Calculated using increase in fixed assets for the year from the annual securities report.	24,441
3 Fuel- and energy-related activities not included in scopes 1 or 2	Y	Calculated using electricity and energy use volume also used in scope 1 and 2 calculations.	8,507
4 Upstream transportation and distribution	N	Logistics subsidiaries are covered in scopes 1 and 2. Emissions from upstream procurement logistics are included in scope 1 and 2 calculation, and we therefore have no significant emissions to calculate in this category.	—
5 Waste generated in operations	Y	Calculated using weight of waste produced at each business site.	192
6 Business travel	Y	Calculated using number of employees.	446
7 Employee commuting	Y	Calculated using number of employees at each business site.	1,175
8 Upstream leased assets	N	Volumes of energy use by upstream leased assets are all included in scopes 1 and 2, and we therefore have nothing to calculate in this category.	—
9 Downstream transportation and distribution	N	We have insufficient information on downstream distribution from logistics bases, and distribution to consumers or stores, making it therefore currently difficult to calculate.	—
10 Processing of sold products	N	Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we have no partially-finished products that are later processed. We therefore have no processing-related emissions.	—
11 Use of sold products	N	Our goods are mainly finished food (dairy products, soft drinks), pharmaceutical and cosmetic products that are all consumed, and we therefore have no use-related emissions.	—
12 End-of-life treatment of sold products	Y	Calculated using the weight of packaging materials for food (dairy products, soft drinks), pharmaceutical and cosmetic products.	25,607
13 Downstream leased assets	Y	Calculated using vending machine energy consumption.	22,413
14 Franchises	N	We are a manufacturer of food, pharmaceutical and cosmetic products, and do not offer franchising. We therefore have no emissions related to this category.	—
15 Investments	N	We are a manufacturer of food, pharmaceutical and cosmetic products, and have no business for the purpose of investment. This category is for financial businesses, and we have no emissions related to this category.	—
<b>Total</b>			<b>325,569</b>

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

Fiscal year	2015	2016	2017	2018	2019
Logistics subsidiary CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	6,679	6,210	5,673	5,004	5,033
Others CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	10,412	9,921	10,339	10,485	10,487

## Trend in waste generated at Yakult Honsha plants and bottling companies

Fiscal year	2010 (Base year)	2017	2018	2019
Yakult Honsha plants waste generated (t)	2,594	1,528	1,538	1,748
Bottling companies waste generated (t)	914	842	812	809
Waste generated per production unit (kg / 1,000 items)	1.080	0.657	0.663	0.732

\* The amount of waste generated per production unit is calculated using data of bottling companies and five Yakult Honsha plants, excluding those plants producing cosmetics and pharmaceuticals.

## Food waste recycling results (Fiscal 2019)

Volume generated (t)	Volume recycled (t)	Recycling, etc. rate (%)	Recycling applications
823.3	620.3	75.3	Fertilizer, animal feeds, etc.

## Waste generated and recycling rates by waste type at Yakult Honsha plants and bottling companies

2019	Waste Amount (t)	Recycled Amount (t)	Recycling Rate (%)
Sludge	886	885	99.6%
Paper waste	429	429	100.0%
Waste plastic	859	858	99.9%
Scrap metal	266	265	99.6%
Vegetable residues	19	16	84.2%
Glass fragments	4	4	100.0%
Cinders	68	46	67.6%
Oil	20	19	95.0%
Wood chips	3	3	100.0%
Rubber waste	2	2	100.0%
Others	1	1	100.0%
<b>Total</b>	<b>2,557</b>	<b>2,528</b>	<b>98.9%</b>

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

Fiscal year	2010 (Base year)	2017	2018	2019
Yakult Honsha plants water use (1,000m <sup>3</sup> )	1,651	1,335	1,237	1,225
Bottling companies water use (1,000m <sup>3</sup> )	483	499	449	438
Water use per production unit (m <sup>3</sup> / 1,000 items)	0.644	0.493	0.462	0.469

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

## Container and packaging obligatory recycling volume

Container and packaging type	Obligatory recycling volume (t)		
	2017	2018	2019
Glass bottles	311	281	266
PET plastic bottles	72	52	33
Plastic containers and packaging	5,401	5,795	5,894
Paper containers and packaging	92	90	91
<b>Total</b>	<b>5,876</b>	<b>6,218</b>	<b>6,284</b>

## Social data (Human resources data)

### Yakult Honsha Co., Ltd.

Fiscal year	2015	2016	2017	2018	2019
Regular employees	2,705	2,699	2,699	2,714	2,701
Male	2,079	2,071	2,057	2,049	2,012
Female	626	628	642	665	689
Full-time contract employees	167	161	149	162	181
Male	150	144	132	125	141
Female	17	17	17	37	40
Female employee ratio (%)	22.4	22.6	23.1	24.4	25.3
Average age (years)	41.6	41.9	42.1	42.2	42.1
Male	42.6	42.9	43.1	43.2	43.3
Female	38.0	38.3	38.6	38.8	38.8
Average length of service (years)	17.9	18.2	18.3	18.3	18.3
Male	19.0	19.3	19.4	19.5	19.5
Female	14.0	14.4	14.6	14.3	14.5
Average wage for 30-year-olds (yen / month)	359,200	359,200	359,200	359,200	359,200
Number of newly hired	59	64	74	93	103
Male	38	41	42	53	59
Female	21	23	32	40	44
New graduates' retention rate after three years (%)	93.9	92.3	95.1	97.6	95.7
Overall turnover rate (%)	3.5	2.5	1.6	1.4	1.7

### Yakult Group companies outside Japan (As of December 2019)

	Total	Male	Female	Management staff*	Female management staff*	Japanese officers	Non-Japanese officers	Japanese management staff*	Non-Japanese management staff*	Ratio of non-regular employees (%)
<b>Total</b>	24,425	16,753	7,672	1,473	364	19	50	13	1,460	4.1
Asia / Oceania	18,291	12,903	5,388	1,235	271	9	34	11	1,224	5.3
The Americas	5,944	3,752	2,192	213	81	9	10	2	211	0.2
Europe	190	98	92	25	12	1	6	0	25	4.2

\*Management staff are those at manager level and above

### Certifications acquired for product quality (As of September 2020)

(Number of certified locations)

	HACCP	ISO 9001	ISO 22000	FSSC 22000	GMP	Halal	OHSAS 18001	SQF
Yakult Honsha plants, bottling companies (10 dairy product plants)	10	10						
Marketing companies in Japan (102 in total)		18 <sup>*1</sup>	1					
Plants outside Japan (27 locations in total) <sup>*2</sup>	21	10 <sup>*3</sup>	7	3	9	8	2 <sup>*4</sup>	2

\*1 Includes branches that have acquired the certification \*2 As of March 2020 \*3 Includes one marketing company \*4 Acquisition rate at plants both in and outside Japan 5.4%

## WRI Aqueduct water risk evaluation in areas with production bases (March 2020)

Risks	No. of production bases	
	Japan	Overseas
Extremely High (4-5)	0	1
High (3-4)	0	10
Medium - High (2-3)	4	8
Low - Medium (1-2)	7	8
Low (0-1)	1	0
<b>Total</b>	<b>12</b>	<b>27</b>

\* Baseline Water Stress (Total, Overall water risk)

## Water risk survey cost

Fiscal year	2017	2018	2019
Cost (10,000s of yen)	0	90	120

## Number and ratio of female managers (Within Yakult Honsha and business sites outside Japan)

Fiscal year	2015	2016	2017	2018	2019
Japan: Number of female managers	44	44	45	47	52
Japan: Ratio of female managers (%)	6.1	6.0	6.2	6.3	6.7
Overseas: Ratio of female managers (%)	-	22.0	24.8	25.4	24.7

## Rate of employees with disabilities (Within Yakult Honsha and business sites outside Japan)

Fiscal year	2015	2016	2017	2018	2019
Japan: Rate of employees with disabilities (%)	2.20	2.11	2.00	2.15	2.22
Japan: Statutory target employment rate (%)	2.0		2.2		
Overseas: Rate of employees with disabilities (%)*	-	-	-	-	0.60

\* Disability is defined according to the standards set in each country and region

## Rate of continuous employment at retirement age (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Number of persons at mandatory retirement age	61	33	52	57	83
Number of persons in continuous employment at Yakult Honsha	43	21	34	38	60
Number of continuous workers who transfer to another company	11	6	9	9	7
Number of persons who choose to retire	7	6	9	10	16
Rate of continuous employment* (%)	88.5	81.8	82.7	82.5	80.7

\* Including those persons who have transferred to another company

## Annual paid leave usage rate and average overtime hours per month (per person) (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Annual paid leave acquisition rate (%)	55.5	58.9	58.8	70.9	76.9
Average overtime hours (per month)	8.9	8.9	8.5	10.5	10.7

## Shirota-ism Workshops: Numbers of workshops and participants (Fiscal 2019, Yakult Honsha)

Numbers of workshops and participants  
18 times, 470 participants

## Number of employees taking parental leave (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019
Male employees (number of people/utilization rate*)	5 5.4%	12 10.7%	8 8.7%	9 9.3%	18 19.6%
Female employees (number of people/utilization rate)	21 100%	36 100%	40 100%	36 100%	37 100%

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

## Hours of training time and cost per person (Yakult Honsha)

Fiscal Year	2016	2017	2018	2019
Training time (hours)	15.09	13.88	12.21	13.99
Training costs (yen)	22,560	18,702	19,035	21,274

## Work accident frequency rate and severity rate (Yakult Honsha)

Fiscal year	2015	2016	2017	2018	2019	Whole industry average*3
Work accident frequency rate*1	0.87	0.35	0.53	1.05	1.38	1.83
Work accident severity rate*2	0.0059	0.0081	0.0219	0.0109	0.0136	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 (2019)

## Community investment (social contribution activities)

Fiscal year	2016	2017	2018	2019
Amount invested (10,000s of yen)	397	332	467	620

## Governance data

### Organization\*

Type of organization	Company with Audit & Supervisory Board
Directors	15
Including: Outside Directors	5
Including: Independent Directors	3
Including: Female Directors	1
Directors' term of office (years)	1
Chair of Board of Directors	President
Auditors	5
Including: Outside Auditors	3
Including: Independent Auditors	2
Including: Female Auditors	1
Auditors' term of office (years)	4

\*As of June 2020

### Frequency of meetings

Board of Directors (meetings)	7
Outside Directors' attendance rate at Board of Directors (%)	97*
Audit & Supervisory Board (meetings)	7
Audit & Supervisory Board Members' attendance rate at Audit & Supervisory Board (%)	100
Outside Directors' attendance rate at Audit & Supervisory Board (%)	100
Compliance Committee (meetings)	2
Corporate Ethics Committee (meetings)	1
CSR Promotion Committee (meetings)	2

\* For unavoidable reasons, one outside director was absent from one Board of Directors meeting

### Audit report itemization

Internal audits	7
Audit & Supervisory Board Member audits	7
Accounting audits	4

\* For unavoidable reasons, one outside director was absent from one Board of Directors meeting

### Training

Compliance workshops	32 sessions
Human rights awareness training (Training for new employees)	1 session, 117 participants
Human rights awareness training (Diversity training for newly appointed managers)	3 sessions, 70 participants
Information security training (e-learning programs)	1 session, 2,221 participants,

### Remuneration of officers\*

Remuneration of Directors	614 million yen to 17 Directors (Including 50 million yen to 5 Outside Directors)
Remuneration of Auditors	118 million yen to 7 Auditors (Including 36 million yen to 5 Outside Auditors)

\*Amount of remuneration of Directors and Auditors in the 68th business report

### BCP

Participation in BCP safety confirmation system drills (response to email) (%)	98.7
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## Use of internal reporting system in the last three years (Yakult Honsha)

Fiscal year	2017	2018	2019
Number of uses	6	3	3



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